

TOWN OF REFUGIO, TEXAS

FINANCIAL STATEMENTS

For the Year Ended September 30, 2024

**TOWN OF REFUGIO, TEXAS
FINANCIAL STATEMENTS
For the Year Ended September 30, 2024**

TABLE OF CONTENTS

Page No.

INTRODUCTORY SECTION

List of Principal Officials	1
-----------------------------	---

FINANCIAL SECTION

Independent Auditor's Report	2 - 4
-------------------------------------	-------

Management's Discussion and Analysis	5 - 11
---	--------

Basic Financial Statements:

Government-Wide Financial Statements:

Statement of Net Position	12 - 13
---------------------------	---------

Statement of Activities	14
-------------------------	----

Fund Financial Statements:

Balance Sheet – Governmental Funds	15
------------------------------------	----

Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position	16
---	----

Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds	17 - 18
---	---------

Reconciliation of the Statement of Revenues, Expenditures, and Changes In Fund Balances of Governmental Funds to the Statement of Activities	19
---	----

Statement of Net Position – Proprietary Funds	20 - 21
---	---------

Statement of Revenues, Expenses, and Changes in Net Position – Proprietary Funds	22
---	----

Statement of Cash Flows – Proprietary Funds	23 - 24
---	---------

Statement of Fiduciary Net Position – Custodial Fund	25
--	----

Statement of Changes in Fiduciary Net Position – Custodial Fund	26
---	----

Notes to the Financial Statements	27 - 53
-----------------------------------	---------

**TOWN OF REFUGIO, TEXAS
FINANCIAL STATEMENTS
For the Year Ended September 30, 2024**

TABLE OF CONTENTS

	<u>Page No.</u>
Required Supplementary Information:	
Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – General Fund	54
Note to Required Supplementary Information	55
Texas Municipal Retirement System – Schedule of Changes in Net Pension Liability and Related Ratios (unaudited)	56 - 57
Texas Municipal Retirement System – Schedule of Contributions (unaudited)	58
Texas Municipal Retirement System – Notes to Schedule of Contributions (unaudited)	59
Supplementary Information for Rural Development:	
Comparative Schedule – Water and Sewer Fund	60
Other Supplementary Information:	
Combining Balance Sheet – Non-Major Governmental Funds	61
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Non-Major Governmental Funds	62
Individual Grant Information:	
Grant Revenue and Expenditure Schedule – AL No. 97.067; Contract No. 3192708-EMW-2022-SS-00021	63
Grant Revenue and Expenditure Schedule – AL No. 97.067; Contract No. 3192709-EMW-2023-SS-00025	64
Grant Revenue and Expenditure Schedule – Contract No. 2991909	65
Grant Revenue and Expenditure Schedule – AL No. 20.600 Contract No. 2023-REFUGIOPD-S-CMV-00040	66
Grant Revenue and Expenditure Schedule – AL No. 20.600 Contract No. 2024-REFUGIOPD-S-CMV-00030	67
Grant Revenue and Expenditure Schedule – Contract No. 4400001	68
Grant Revenue and Expenditure Schedule – Contract No. 4400002	69
Grant Revenue and Expenditure Schedule – AL No. 21.027 Coronavirus State and Local Fiscal Recovery Funds	70

**TOWN OF REFUGIO, TEXAS
FINANCIAL STATEMENTS
For the Year Ended September 30, 2024**

TABLE OF CONTENTS

	<u>Page No.</u>
Grant Revenue and Expenditure Schedule – AL No. 14.228; Grant No. 24-055-023-E478	71
Grant Revenue and Expenditure Schedule – AL No. 97.044; Grant No. EMW-2022-FG-05284	72
Grant Revenue and Expenditure Schedule – AL No. 14.228; Grant No. 20-085-019-D255	73
Grant Revenue and Expenditure Schedule – AL No. 14.228; Grant No. CDV21-0193	74
Grant Revenue and Expenditure Schedule – AL No. 97.036; Contract No. 754565	75
Grant Revenue and Expenditure Schedule – AL No. 97.036; Contract No. 4332-DR	76- 78
Single Audit Section:	
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	79 - 80
Independent Auditor's Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance	81 - 83
Schedule of Expenditures of Federal Awards	84 - 85
Notes to Schedule of Expenditures of Federal Awards	86
Schedule of Findings and Questioned Costs	87 - 89
Schedule of Prior Audit Findings	90

INTRODUCTORY SECTION

**TOWN OF REFUGIO, TEXAS
LIST OF PRINCIPAL OFFICIALS
For the Year Ended September 30, 2024**

Mayor	Wanda Dukes
Mayor Pro-Tem	Leonard Anzaldua
Aldermans	Frank Hosey Michael Rocha Dale Skrobarcek Ixtlaziuhatl (Lala) Vasquez
City Secretary	Callie Shreckengost
Municipal Attorney	Michael Morris
Municipal Court Judge	Emi Riemenschneider
Chief of Police	Enrique Diaz

FINANCIAL SECTION

Goldman, Hunt & Notz, L.L.P.

Certified Public Accountants

DONALD G. GOLDMAN, CPA
D. DALE HUNT, CPA
JAMIE K. NOTZ, CPA, CVA*

MEMBERS OF:
AMERICAN INSTITUTE OF
CERTIFIED PUBLIC ACCOUNTANTS

KEITH H. COX, CPA, CISA
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*CERTIFIED VALUATION ANALYST

TEXAS SOCIETY OF
CERTIFIED PUBLIC ACCOUNTANTS

*CERTIFIED INFORMATION SYSTEMS AUDITOR

INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor and
Members of the Town Council
Town of Refugio, 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 Town of Refugio, Texas, as of and for the year ended September 30, 2024, and the related notes to the financial statements, which collectively comprise the Town of Refugio, Texas's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Refugio, Texas, as of September 30, 2024, and the respective changes in financial position and 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 Town of Refugio, 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, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, and Texas Municipal Retirement System (TMRS) information on pages 5-11 and 54-59 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Refugio, Texas's basic financial statements. The accompanying combining and individual nonmajor fund financial statements and the schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The supplementary information for Rural Development and Individual Grant information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated February 27, 2025, on our consideration of the Town of Refugio, Texas's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Town of Refugio, Texas's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Town of Refugio, Texas's internal control over financial reporting and compliance.

A handwritten signature in blue ink that reads "Goldman, Hunt & Notz, LLP". The signature is stylized and cursive.

Goldman, Hunt & Notz, L.L.P.

February 27, 2025

TOWN OF REFUGIO, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended September 30, 2024

This discussion and analysis is intended to be an easily readable analysis of the Town of Refugio, Texas's (the Town) financial activities based on currently known facts, decisions or conditions. This analysis focuses on current year activities and should be read in conjunction with the financial statements that follow.

Report Layout

In addition to the Management's Discussion and Analysis (MD&A), the report consists of government-wide statements, fund financial statements, notes to the financial statements and supplementary information. The first several statements are highly condensed and present a government-wide view of the Town's finances. Within this view, all Town operations are categorized and reported as either governmental or business-type activities. Governmental activities include basic services such as general government, public safety, municipal court, streets, animal control, tourism, parks, debt service and economic development. The Town's business-type activity provides water and sewer to the citizens. These government-wide statements are designed to be more corporate-like in that all activities are consolidated into a total for the Town.

Basic Financial Statements

- The Statement of Net Position focuses on resources available for future operations. In simple terms, this statement presents a snapshot view of the assets the community owns, the liabilities it owes and the net difference. The net difference is further separated into amounts restricted for specific purposes and unrestricted amounts.
- The Statement of Activities focuses on gross and net costs of Town programs and the extent to which such programs rely upon general tax and other revenues. This statement summarizes and simplifies the user's analysis to determine the extent to which programs are self-supporting and/or subsidized by general revenues.
- Fund financial statements focus separately on major governmental funds and proprietary funds. Governmental fund statements follow the more traditional presentation of financial statements. The Town's major governmental funds are presented in their own columns. Statements for the Town's proprietary fund follow the governmental funds and include net position, revenue, expenses and changes in net position, and cash flow.
- The notes to the financial statements provide additional disclosure required by governmental accounting standards and provide information to assist the reader in understanding the Town's financial condition.

The discussion and analysis of the Town of Refugio, Texas's financial performance provides an overall review of the Town's financial activities for the year ended September 30, 2024. The intent of this discussion and analysis is to look at the Town's financial performance as a whole; readers should also review the basic financial statements to enhance their understanding of the Town's financial performance.

TOWN OF REFUGIO, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended September 30, 2024

Financial Highlights

- The assets of the Town of Refugio, Texas exceeded its liabilities at the close of the fiscal year ended September 30, 2024 by \$26,831,466. Of this amount, \$654,572 of the Governmental activities and \$231,471 of the Business-type activities unrestricted net assets is available to meet the Town's ongoing obligations.
- At September 30, 2024, the Town's General Fund reported a combined ending fund balance of \$197,999 of which \$18,394 is non-spendable for inventory, \$508,186 is restricted and the unassigned fund balance was a deficit of (\$328,581).
- At September 30, 2024 unassigned fund balance for the General Fund was a deficit of (\$328,581).
- The total cost of all Town activities was \$6,891,234 for the fiscal year.

Town as a Whole

Government-Wide Financial Statements

A condensed version of the Statement of Net Position at September 30, 2024 and 2023 follows:

Town of Refugio, Texas
Components of Net Position
September 30, 2024
With Comparative Totals for September 30, 2023
(in thousands)

	Governmental Activities		Business-type Activities		Total Government		Amount Change	% Change
	2024	2023	2024	2023	2024	2023		
Cash	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	0.0%
Restricted assets	1,562	1,589	811	752	2,373	2,341	32	1.4%
Current and other assets	2,045	1,420	393	341	2,438	1,761	677	38.4%
Capital assets	14,966	14,653	13,908	12,397	28,874	27,050	1,824	6.7%
Total assets	18,573	17,662	15,112	13,490	33,685	31,152	2,533	8.1%
Deferred outflows of resources	73	173	18	43	91	216	(125)	-57.9%
Current and other liabilities	1,723	1,328	486	506	2,209	1,834	375	20.4%
Long term outstanding	2,051	1,773	2,610	2,861	4,661	4,634	27	0.6%
Total liabilities	3,774	3,101	3,096	3,367	6,870	6,468	402	6.2%
Deferred inflows of resources	60	68	15	17	75	85	(10)	-11.8%
Net position:								
Net investment in capital assets	12,443	12,510	11,062	9,313	23,505	21,823	1,682	7.7%
Restricted	1,714	1,961	726	672	2,440	2,633	(193)	-7.3%
Unrestricted	655	195	231	164	886	359	527	146.8%
Total net position	\$ 14,812	\$ 14,666	\$ 12,019	\$ 10,149	\$ 26,831	\$ 24,815	\$ 2,016	8.1%

TOWN OF REFUGIO, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended September 30, 2024

Financial Highlights (Continued)

The net position of the governmental activities increased by \$146,000, primarily due to an increase in current and other assets of \$625,000 due to an increase in ad valorem and grant receivables. Capital assets increased \$313,000 due to street and drainage improvement capital projects. Cash (unrestricted and restricted) decreased \$27,000. Deferred outflows decreased \$100,000. Current and other liabilities increased by \$395,000 primarily due to the increase of trade and grants accounts payable and the addition of current portion of a new debt obligation. Long-term debt outstanding increased \$278,000, due to the Town receiving \$750,000 in loan proceeds and making principal payments of \$371,000 on long-term debt. The amount of long-term debt reclassified as current portion increased \$101,000. Deferred inflows decreased \$8,000.

The net position of the business-type funds increased by \$1,870,000. Cash increased \$59,000. Current and other assets increased by \$52,000 primarily due to an increase in customer accounts receivable. Capital assets increased by \$1,511,000 for water and sewer improvements grant projects. Deferred outflows decreased \$25,000. Current and other liabilities decreased \$20,000 primarily due to the decrease in accounts payable – grants and an increase in the current portion of long-term debt. Long-term debt outstanding decreased \$251,000, the Town made principal payments of \$239,000 and the amount of long-term debt reclassified as current increased by \$12,000. Deferred inflows decreased \$2,000.

TOWN OF REFUGIO, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended September 30, 2024

Financial Highlights (Continued)

A condensed version of the Statement of Activities follows:

Town of Refugio, Texas
Condensed Statement of Activities
For the Year Ended September 30, 2024
With Comparative Totals for the Year Ended September 30, 2023
(in thousands)

	Governmental Activities		Business-type Activities		Total Government		Amount Change	% Change
	2024	2023	2024	2023	2024	2023		
Revenues								
Program revenues								
Charges for services	\$ 1,731	\$ 1,892	\$ 1,274	\$ 1,112	\$ 3,005	\$ 3,004	\$ 1	0.0%
Grants and contributions	1,493	2,380	1,945	1,466	3,438	3,846	(408)	-10.6%
General revenues								
Taxes	2,636	2,614	-	-	2,636	2,614	22	0.8%
Other	4	2	2	1	6	3	3	100.0%
Total revenues	<u>5,864</u>	<u>6,888</u>	<u>3,221</u>	<u>2,579</u>	<u>9,085</u>	<u>9,467</u>	<u>(382)</u>	-4.0%
Expenses								
General government	2,049	2,835	-	-	2,049	2,835	(786)	-27.7%
Public safety	1,864	1,774	-	-	1,864	1,774	90	5.1%
Streets	927	645	-	-	927	645	282	43.7%
Animal control	41	41	-	-	41	41	-	0.0%
Tourism	71	116	-	-	71	116	(45)	-38.8%
Parks	378	383	-	-	378	383	(5)	-1.3%
Water and sewer	-	-	1,562	1,217	1,562	1,217	345	28.3%
Interest on long-term debt	60	50	117	126	177	176	1	0.6%
Total expenses	<u>5,390</u>	<u>5,844</u>	<u>1,679</u>	<u>1,343</u>	<u>7,069</u>	<u>7,187</u>	<u>(118)</u>	-1.6%
Excess (deficiency) before transfers	474	1,044	1,542	1,236	2,016	2,280	(264)	-11.6%
Transfers	<u>(328)</u>	<u>47</u>	<u>328</u>	<u>(47)</u>	<u>-</u>	<u>-</u>	<u>-</u>	0.0%
Change in net position	146	1,091	1,870	1,189	2,016	2,280	(264)	-11.6%
Beginning net position, as restated	14,666	-	-	-	14,666	-	14,666	
Beginning net position	-	13,575	10,149	8,960	10,149	22,535	(12,386)	-55.0%
Ending net position	<u>\$ 14,812</u>	<u>\$ 14,666</u>	<u>\$ 12,019</u>	<u>\$ 10,149</u>	<u>\$ 26,831</u>	<u>\$ 24,815</u>	<u>\$ 2,016</u>	8.1%

**TOWN OF REFUGIO, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended September 30, 2024**

Financial Highlights (Concluded)

Revenues from governmental activities decreased by \$1,024,000 due to a decrease in grant revenues due to prior year capital projects being completed in the current year and newly active capital projects having minimal activity. The Town received donated property, with an appraised value of \$240,000, from the Refugio Volunteer Fire Department during 2023. Decreases in ad valorem revenue and fines and forfeitures. Increases were in garbage fee revenue and RV Park fees. Expenditures from governmental activities decreased by \$454,000, primarily due to a decrease in grant expenditures and capital outlay from capital projects. Transfers decreased by \$375,000. Net transfers in the current year were transfer outs of approximately \$328,000.

Revenues from business-type activities increased by \$642,000 due to an increase in water and sewer rates effective during 2024 and an increase in grant revenues for water and sewer capital projects. The operating expenses from the business-type activities increased by \$336,000. Transfers increased by \$375,000. Net transfers in the current year were transfer ins of approximately \$328,000.

Prior Period Adjustment

Capital assets in the governmental activities were understated during 2023 by \$233,600. Net position as previously reported was \$14,432,000 for 2023. Net position as restated during 2024 is \$14,666,000. Additional information on the prior period adjustment can be found in the notes to the financial statements.

Budgetary Highlights

The Town did not revise its budget for the General Fund during the fiscal year. Actual revenues in the General Fund exceeded budgeted revenues by approximately \$955,000, primarily due to receipt of \$1,201,000 in grant revenues which was not budgeted. Actual sales tax revenues were less than budgeted sales tax revenues by \$204,000. Actual General Fund expenditures exceeded budgeted expenditures by approximately \$1,047,000, primarily due to the Town purchasing more equipment and expenditures related to capital projects than were budgeted.

**TOWN OF REFUGIO, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended September 30, 2024**

Capital Assets

At September 30, 2024 the Town had recorded approximately \$28,874,000 in capital assets, net of depreciation, including police, fire equipment, park and recreation facilities, buildings, roads, and water and sewer infrastructure. This amount represents a net increase (additions, deletions, and depreciation) of approximately \$1,824,000 or more than 6.7% compared to last year.

**Town of Refugio, Texas
Capital Assets
(net of accumulated depreciation)
September 30, 2024
With Comparative Totals for September 30, 2023
(in thousands)**

	Governmental Activities		Business-type Activities		Totals		Amount Change	% Change
	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>		
Construction in progress	\$ 941	\$ 374	\$ 2,616	\$ 1,184	\$ 3,557	\$ 1,558	\$ 1,999	128.3%
Buildings and improvements	7,813	7,813	-	-	7,813	7,813	-	0.0%
Water system	-	-	5,405	4,838	5,405	4,838	567	11.7%
Sewer system	-	-	12,743	12,743	12,743	12,743	-	0.0%
Machinery and equipment	3,676	2,977	861	861	4,537	3,838	699	18.2%
Streets	9,477	9,477	-	-	9,477	9,477	-	0.0%
Subtotal	<u>21,907</u>	<u>20,641</u>	<u>21,625</u>	<u>19,626</u>	<u>43,532</u>	<u>40,267</u>	<u>3,265</u>	<u>8.1%</u>
Accumulated depreciation	<u>(6,941)</u>	<u>(5,988)</u>	<u>(7,717)</u>	<u>(7,229)</u>	<u>(14,658)</u>	<u>(13,217)</u>	<u>(1,441)</u>	<u>10.9%</u>
Capital assets, net	<u>\$ 14,966</u>	<u>\$ 14,653</u>	<u>\$ 13,908</u>	<u>\$ 12,397</u>	<u>\$ 28,874</u>	<u>\$ 27,050</u>	<u>\$ 1,824</u>	<u>6.7%</u>

Prior period adjustment to buildings and improvements for 2023. An asset addition in the amount of \$240,000 and depreciation expense in the amount of \$6,000. Refer to Note 11 for additional details.

Additional information on the Town's capital assets can be found in the notes to the financial statements.

The governmental capital assets increased by \$313,000 due to \$1,277,000 in asset additions (which consisted of public safety – vehicles & equipment of \$800,000 and street and drainage improvements of \$477,000) and depreciation of \$964,000. The Town disposed of \$11,000 of assets which were fully depreciated at September 30, 2024.

The business-type capital assets increased by \$1,511,000 due to \$1,999,000 in asset additions (which consisted of improvements in the water system of \$1,465,000 and improvements in the sewer system of \$534,000) and depreciation of \$488,000. There were no assets that were disposed of during the fiscal year ended September 30, 2024.

**TOWN OF REFUGIO, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended September 30, 2024**

Debt Outstanding

At year-end, the Town had \$5,368,000 outstanding in Long-Term Debt. During 2024, the Town reduced the Series 1996 and 1996-A revenue bonds and the Series 2003 and 2011 certificates of obligation in the business-type activities by \$239,000. The Town reduced the Series 2011 and 2021 certificates of obligation in the governmental activities by \$370,511. During 2024, the Town received \$750,000 in loan proceeds on new long-term debt, Series 2024 certificates of obligation.

**Town of Refugio, Texas
Outstanding Debt
September 30, 2024
With Comparative Totals for September 30, 2023
(in thousands)**

	Governmental Activities		Business-type Activities		Totals		Amount Change	% Change
	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>		
Revenue bonds and								
Certificates of Obligation	\$ 2,523	\$ 2,144	\$ 2,845	\$ 3,084	\$ 5,368	\$ 5,228	\$ 140	2.7%
Total debt	<u>\$ 2,523</u>	<u>\$ 2,144</u>	<u>\$ 2,845</u>	<u>\$ 3,084</u>	<u>\$ 5,368</u>	<u>\$ 5,228</u>	<u>\$ 140</u>	<u>2.7%</u>

More detailed information on the Town's long-term liabilities is presented in the notes to the financial statements.

Economic Factors and Next Year's Budgets and Rates

For the 2024/2025 fiscal year, the property tax rate will be \$1.0414/\$100 valuation, which is a \$0.1931 increase from 2023/2024. The total taxable valuation is \$125,937,012 that should produce a tax of \$1,311,501.

For the 2024/2025 fiscal year, water and sewer rates were increased to help cover anticipated general increases in operational costs.

The General Fund budget for 2024/2025 is \$4,730,078 in revenues and expenditures and the Water and Sewer Fund budget for 2024/2025 is \$1,493,700 in revenues and expenses.

The Town will continue to make needed repairs for damages sustained by Hurricane Harvey.

Financial Contact

The Town's financial statements are designed to present users (citizens, taxpayers, customers, investors, and creditors) with a general overview of the Town's finances and to demonstrate the Town's accountability. If you have questions about the report or need additional financial information, please contact the City Secretary at 613 Commerce, Refugio, Texas 78377.

BASIC FINANCIAL STATEMENTS

GOVERNMENT-WIDE FINANCIAL STATEMENTS

TOWN OF REFUGIO, TEXAS
STATEMENT OF NET POSITION
September 30, 2024

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash	\$ -	\$ -	\$ -
Restricted assets - cash	1,561,796	810,551	2,372,347
Receivables			
Service accounts	87,245	168,596	255,841
Sales tax	106,294	-	106,294
Franchise tax	25,865	-	25,865
Ad valorem taxes	104,256	-	104,256
Other	21,830	-	21,830
Due from other governments	5,357	-	5,357
Occupancy tax	26,888	-	26,888
Grants	789,051	3,500	792,551
Inventory	20,394	7,520	27,914
Net pension asset	858,051	214,513	1,072,564
Capital assets, net of depreciation	14,966,118	13,907,648	28,873,766
Total assets	18,573,145	15,112,328	33,685,473
DEFERRED OUTFLOWS OF RESOURCES			
Difference in investment returns	65,531	16,383	81,914
Pension contributions after measurement date	7,457	1,864	9,321
Total deferred outflows of resources	72,988	18,247	91,235

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

TOWN OF REFUGIO, TEXAS
STATEMENT OF NET POSITION (Continued)
September 30, 2024

	Primary Government		
	Governmental Activities	Business-type Activities	Total
LIABILITIES			
Accounts payable	169,560	26,823	196,383
Accounts payable - grants	415,023	3,500	418,523
Accrued interest	12,515	23,661	36,176
Accrued vacation	32,844	1,120	33,964
Accrued liabilities	39,200	-	39,200
Unearned revenue	10,750	-	10,750
Due to grantor agencies	570,798	110,795	681,593
Certificates of obligation payable - due within one year	57,867	194,133	252,000
Bonds payable - due within one year	415,000	41,000	456,000
Customer deposits payable	-	85,015	85,015
Certificates of obligation payable - due in more than one year	400,547	1,994,064	2,394,611
Bonds payable - due in more than one year	1,650,000	616,000	2,266,000
Total liabilities	3,774,104	3,096,111	6,870,215
DEFERRED INFLOWS OF RESOURCES			
Difference in investment returns	11,058	2,765	13,823
Difference in expected and actual pension experience	48,963	12,241	61,204
Total deferred inflows of resources	60,021	15,006	75,027
NET POSITION			
Net investment in capital assets	12,442,704	11,062,451	23,505,155
Restricted for:			
Parks	108,764	-	108,764
Public safety	83,368	-	83,368
Streets	23,674	-	23,674
General fund	292,380	-	292,380
Economic development	1,016,730	-	1,016,730
Law enforcement	8,986	-	8,986
Hotel/Motel	36,660	-	36,660
Debt service	52,134	725,536	777,670
Municipal court building security	52,358	-	52,358
Municipal court technology	27,590	-	27,590
Special events	12,088	-	12,088
Unrestricted	654,572	231,471	886,043
Total net position	\$ 14,812,008	\$ 12,019,458	\$ 26,831,466

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

TOWN OF REFUGIO, TEXAS
STATEMENT OF ACTIVITIES
For the Year Ended September 30, 2024

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Capital Grants and Contributions	Primary Government		
				Governmental Activities	Business-type Activities	Total
Primary Government						
Governmental activities:						
General government	\$ 2,048,394	\$ 982,951	\$ 1,492,909	\$ 427,466	\$ -	\$ 427,466
Public safety	1,864,124	577,845	-	(1,286,279)	-	(1,286,279)
Streets	926,572	-	-	(926,572)	-	(926,572)
Animal control	40,913	-	-	(40,913)	-	(40,913)
Tourism	70,713	85,508	-	14,795	-	14,795
Parks	378,379	84,225	-	(294,154)	-	(294,154)
Total governmental activities	<u>5,329,095</u>	<u>1,730,529</u>	<u>1,492,909</u>	<u>(2,105,657)</u>	<u>-</u>	<u>(2,105,657)</u>
Business-type activities:						
Water and sewer	1,562,139	1,274,134	1,945,345	-	1,657,340	1,657,340
Total business-type activities	<u>1,562,139</u>	<u>1,274,134</u>	<u>1,945,345</u>	<u>-</u>	<u>1,657,340</u>	<u>1,657,340</u>
Total primary government	<u>\$ 6,891,234</u>	<u>\$ 3,004,663</u>	<u>\$ 3,438,254</u>	<u>(2,105,657)</u>	<u>1,657,340</u>	<u>(448,317)</u>
General revenues:						
Taxes:						
Property taxes, levied for general purposes				648,666	-	648,666
Property taxes, levied for debt service				392,609	-	392,609
Franchise taxes				131,799	-	131,799
Sales taxes				1,461,895	-	1,461,895
Interest income				3,906	2,850	6,756
Interest expense				(59,802)	(116,505)	(176,307)
Transfers				(327,588)	327,588	-
Total general revenues and transfers				<u>2,251,485</u>	<u>213,933</u>	<u>2,465,418</u>
Change in net position				145,828	1,871,273	2,017,101
Net position - beginning, restated				14,666,180	-	14,666,180
Net position - beginning				-	10,148,185	10,148,185
Net position - ending				<u>\$ 14,812,008</u>	<u>\$ 12,019,458</u>	<u>\$ 26,831,466</u>

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

FUND FINANCIAL STATEMENTS

**TOWN OF REFUGIO, TEXAS
BALANCE SHEET
GOVERNMENTAL FUNDS
September 30, 2024**

	General Fund	Refugio Economic Development Corporation	Other Govern- mental Funds	Total Govern- mental Funds
ASSETS				
Cash	\$ 343,079	\$ 990,156	\$ 228,561	\$ 1,561,796
Receivables				
Garbage fees	87,245	-	-	87,245
Sales tax	79,720	26,574	-	106,294
Franchise tax	25,865	-	-	25,865
Ad valorem taxes	104,256	-	-	104,256
Other	18,230	-	3,600	21,830
Due from other governments	2,047	-	3,310	5,357
Due from other funds	12,012	-	-	12,012
Occupancy taxes	-	-	26,888	26,888
Due from grantor agencies	778,272	-	10,779	789,051
Inventory	18,394	-	2,000	20,394
Total assets	\$ 1,469,120	\$ 1,016,730	\$ 275,138	\$ 2,760,988
LIABILITIES				
Accounts payable	\$ 160,861	\$ -	\$ 8,699	\$ 169,560
Accounts payable - grants	415,023	-	-	415,023
Accrued vacation	32,844	-	-	32,844
Accrued liabilities	39,200	-	-	39,200
Due to grantor agencies	508,187	-	62,611	570,798
Unearned revenue	10,750	-	-	10,750
Due to other funds	-	-	12,012	12,012
Total liabilities	1,166,865	-	83,322	1,250,187
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue - property taxes	104,256	-	-	104,256
Total deferred inflows of resources	104,256	-	-	104,256
FUND BALANCES				
Non-spendable	18,394	-	2,000	20,394
Restricted	508,186	1,016,730	189,816	1,714,732
Unassigned	(328,581)	-	-	(328,581)
Total fund balances	197,999	1,016,730	191,816	1,406,545
Total liabilities, deferred inflows of resources and fund balances	\$ 1,469,120	\$ 1,016,730	\$ 275,138	\$ 2,760,988

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

TOWN OF REFUGIO, TEXAS
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
September 30, 2024

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

Total fund balances - governmental funds (page 15)	\$ 1,406,545
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	14,966,118
Noncurrent assets are not available to pay for current period expenditures and, therefore, are not reported in the funds. These assets are comprised of the following:	
Net pension asset	858,051
Other assets are not available to pay for current period expenditures and, therefore, are reported as unavailable revenue in the funds.	104,256
Deferred outflows related to pensions:	
Difference in investment returns	65,531
Deferred contributions	7,457
Interest that has accrued on long-term debt is not recorded as an expenditure in the governmental funds until the funds are expended.	(12,515)
Deferred inflows related to pensions:	
Difference in investment returns	(11,058)
Difference in expected and actual pension experience	(48,963)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds. These liabilities are comprised of the following:	
Certificates of Obligation payable	(458,414)
Bond payable	<u>(2,065,000)</u>
Net position of governmental activities	<u><u>\$ 14,812,008</u></u>

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

TOWN OF REFUGIO, TEXAS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the Year Ended September 30, 2024

	General Fund	Refugio Economic Development Corporation	Other Govern- mental Funds	Total Govern- mental Funds
REVENUES				
Ad valorem taxes, penalty, and interest	\$ 613,369	\$ -	\$ 392,609	\$ 1,005,978
City sales tax	1,096,421	365,474	-	1,461,895
Franchise taxes	131,799	-	-	131,799
Occupancy taxes	-	-	85,508	85,508
Licenses and permits	22,008	-	-	22,008
Garbage fees	840,465	-	-	840,465
Fines and forfeitures	442,469	-	32,663	475,132
Rental fees	4,645	-	-	4,645
Concessions	285	-	-	285
RV park fees	83,940	-	-	83,940
Fire Department income	42,000	-	-	42,000
Resource officer reimbursement	96,492	-	-	96,492
Interest income	1,502	1,685	719	3,906
Grant income	1,381,168	-	111,741	1,492,909
Sale of assets	-	-	3,600	3,600
Training fund	-	-	2,621	2,621
Miscellaneous	22,265	-	51,568	73,833
Total revenues	4,778,828	367,159	681,029	5,827,016
EXPENDITURES				
Current:				
General government	1,882,028	217	3,344	1,885,589
Public safety	1,262,143	-	119,298	1,381,441
Streets	421,584	-	-	421,584
Animal control	40,913	-	-	40,913
Municipal court	228,211	-	-	228,211
Parks	251,594	-	-	251,594
Tourism	-	-	70,713	70,713
Grant expenditures	54,677	-	-	54,677
Foundation agreement	-	55,000	-	55,000
Capital outlay	1,179,053	-	97,805	1,276,858
Debt service:				
Principal retirements	-	-	370,511	370,511
Interest and fiscal charges	-	-	55,188	55,188
Total expenditures	5,320,203	55,217	716,859	6,092,279
Excess (deficiency) of revenues over expenditures	(541,375)	311,942	(35,830)	(265,263)

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

TOWN OF REFUGIO, TEXAS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS (Continued)
For the Year Ended September 30, 2024

	<u>General Fund</u>	<u>Refugio Economic Development Corporation</u>	<u>Other Govern- mental Funds</u>	<u>Total Govern- mental Funds</u>
OTHER FINANCING SOURCES (USES)				
Bond proceeds	750,000	-	-	750,000
Bond issuance cost	(32,525)	-	-	(32,525)
Transfers in	3,165,447	-	13,985	3,179,432
Transfers out	(3,247,878)	(229,021)	(30,121)	(3,507,020)
Total other financing sources (uses)	<u>635,044</u>	<u>(229,021)</u>	<u>(16,136)</u>	<u>389,887</u>
Net change in fund balances	93,669	82,921	(51,966)	124,624
Fund balances - beginning	<u>104,330</u>	<u>933,809</u>	<u>243,782</u>	<u>1,281,921</u>
Fund balances - ending	<u>\$ 197,999</u>	<u>\$ 1,016,730</u>	<u>\$ 191,816</u>	<u>\$ 1,406,545</u>

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

TOWN OF REFUGIO, TEXAS
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
For the Year Ended September 30, 2024

Amounts reported for governmental activities in the statement of activities (page 14) are different because:

Net change in fund balances - total governmental funds (pages 17-18)	\$ 124,624
Governmental funds report capital outlay as expenditures. However, in the government-wide Statement of Activities and Changes in Net Position, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount of capital assets recorded in the current period.	1,276,858
Depreciation expense on capital assets reported in the government-wide Statement of Activities and Changes in Net Position does not require the use of current financial resources. Therefore, depreciation expense is not reported as an expenditure in governmental funds.	(963,817)
The issuance of long-term debt 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.	(750,000)
Some property taxes will not be collected for several months after the Town's fiscal year end, and are not considered "available" revenues in the governmental funds.	35,297
Principal payments on long-term debt are recorded as expenses in the governmental funds.	370,511
Interest is not recorded as an expense in the governmental funds until the expenditure is actually made. However, interest is accrued in the Statement of Activities to match the interest expense to the period incurred.	(12,515)
Payments made for interest expense that was incurred in prior periods is recorded as an expenditure in the governmental funds, but is matched to the period incurred in the Statement of Activities.	7,901
Expenditures are recognized in the governmental funds when paid are due for items not normally paid with available financial resources. However, the Statement of Activities is presented on an accrual basis and expenses reported when incurred.	56,969
Change in net position of governmental activities	\$ 145,828

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

TOWN OF REFUGIO, TEXAS
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
September 30, 2024

	Business-type Activities	
	Water and Sewer Fund	Total Enterprise Funds
ASSETS		
Current assets:		
Cash - restricted	\$ 810,551	\$ 810,551
Accounts receivable - customers	114,550	114,550
Accounts receivable - grantor agencies	3,500	3,500
Unbilled receivables - customer	54,046	54,046
Inventory	7,520	7,520
Total current assets	<u>990,167</u>	<u>990,167</u>
Noncurrent assets:		
Net pension asset	214,513	214,513
Capital assets		
Property, plant and equipment	21,625,349	21,625,349
Less: accumulated depreciation	<u>(7,717,701)</u>	<u>(7,717,701)</u>
Total noncurrent assets	<u>14,122,161</u>	<u>14,122,161</u>
Total assets	<u>15,112,328</u>	<u>15,112,328</u>
DEFERRED OUTFLOWS OF RESOURCES		
Difference in projected and actual earnings on pension assets	16,383	16,383
Pension contributions after measurement date	<u>1,864</u>	<u>1,864</u>
Total deferred outflows of resources	<u>18,247</u>	<u>18,247</u>

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

TOWN OF REFUGIO, TEXAS
STATEMENT OF NET POSITION
PROPRIETARY FUNDS (Continued)
September 30, 2024

	Business-type Activities	
	Water and Sewer Fund	Total Enterprise Funds
LIABILITIES		
Current liabilities:		
Accounts payable	26,823	26,823
Accounts payable - grants	3,500	3,500
Accrued interest	23,661	23,661
Accrued vacation	1,120	1,120
Due to grantor agencies	110,795	110,795
Certificates of obligation payable - current portion	194,133	194,133
Bonds payable - current portion	41,000	41,000
Customer deposits payable	85,015	85,015
Total current liabilities	<u>486,047</u>	<u>486,047</u>
Noncurrent liabilities:		
Certificates of obligation payable	1,994,064	1,994,064
Bonds payable	616,000	616,000
Total noncurrent liabilities	<u>2,610,064</u>	<u>2,610,064</u>
Total liabilities	<u>3,096,111</u>	<u>3,096,111</u>
DEFERRED INFLOWS OF RESOURCES		
Difference in investment returns	2,765	2,765
Difference in projected and actual earnings on pension assets	12,241	12,241
Total deferred inflows of resources	<u>15,006</u>	<u>15,006</u>
NET POSITION		
Net investment in capital assets	11,062,451	11,062,451
Restricted for debt service	725,536	725,536
Unrestricted	231,471	231,471
Total net position	<u>\$ 12,019,458</u>	<u>\$ 12,019,458</u>

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

TOWN OF REFUGIO, TEXAS
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
For the Year Ended September 30, 2024

	Business-type Activities	
	Water and Sewer Fund	Total Enterprise Fund
OPERATING REVENUES:		
Charges for services:		
Water sales	\$ 692,140	\$ 692,140
Sewer	553,844	553,844
Connections	28,150	28,150
Total operating revenues	1,274,134	1,274,134
OPERATING EXPENSES:		
Salaries	332,571	332,571
Repairs	55,930	55,930
Supplies	91,906	91,906
Materials	63,771	63,771
Lab tests	18,313	18,313
Service contracts	257,847	257,847
Utilities	108,900	108,900
Chemicals/insecticides	17,447	17,447
Dues and fees	3,850	3,850
Payroll taxes	44,043	44,043
Depreciation	488,927	488,927
Maintenance	71,341	71,341
Uniforms	11,524	11,524
Total operating expenses	1,566,370	1,566,370
Operating income (loss)	(292,236)	(292,236)
NON OPERATING REVENUES (EXPENSES):		
Grant revenue	1,945,345	1,945,345
Grant expenditures	(8,155)	(8,155)
Bond administration fees	(1,855)	(1,855)
Increase in net pension asset	14,241	14,241
Interest income	2,850	2,850
Interest expense	(116,505)	(116,505)
Total non operating revenues (expenses)	1,835,921	1,835,921
Income (loss) before transfers	1,543,685	1,543,685
Transfers in	3,233,893	3,233,893
Transfers out	(2,906,305)	(2,906,305)
Change in net position	1,871,273	1,871,273
Net position, beginning	10,148,185	10,148,185
Net position, ending	\$ 12,019,458	\$ 12,019,458

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

TOWN OF REFUGIO, TEXAS
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the Year Ended September 30, 2024

	Business-type Activities Water and Sewer Fund
CASH FLOWS FROM OPERATING ACTIVITIES	
Cash received from customers	\$ 1,257,691
Cash paid to suppliers for goods and services	(777,077)
Cash paid to employees for services	(332,571)
	<u>148,043</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Grant receipts	1,945,345
Grant expenditures	(8,155)
Transfers in	3,233,893
Transfers out	(2,906,305)
	<u>2,264,778</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Purchase of fixed assets	(1,999,976)
Principal payments on certificates of obligation payable	(200,878)
Principal payments on bonds payable	(38,000)
Bond administration fees	(1,855)
Interest paid	(116,505)
	<u>(2,357,214)</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest income	<u>2,850</u>
	<u>2,850</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	58,457
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	<u>752,094</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u><u>\$ 810,551</u></u>
NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES	
None	

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

**TOWN OF REFUGIO, TEXAS
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS (Continued)
For the Year Ended September 30, 2024**

	Business-type Activities
	Water and Sewer Fund
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:	
Operating income (loss)	\$ (292,236)
Adjustments to reconcile operating income to net cash provided (used) by operating activities:	
Depreciation	488,927
(Increase) decrease in accounts receivable - customers	(11,193)
(Increase) decrease in accounts receivable - grantor agencies	25,000
(Increase) decrease in unbilled receivable	(30,250)
(Increase) decrease in inventory	50
Increase (decrease) in accounts payable	8,327
Increase (decrease) in accounts payable - grants	(41,400)
Increase (decrease) in accrued interest	(1,842)
Increase (decrease) in accrued vacation	(2,070)
Increase (decrease) in customer deposits payable	4,730
Total adjustments	440,279
Net cash provided (used) by operating activities	\$ 148,043

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

TOWN OF REFUGIO, TEXAS
STATEMENT OF FIDUCIARY NET POSITION
CUSTODIAL FUND
September 30, 2024

	<u>Custodial Fund</u>	<u>Total</u>
ASSETS		
Inventory - seized vehicles	\$ 1,000	\$ 1,000
Total assets	<u>\$ 1,000</u>	<u>\$ 1,000</u>
 LIABILITIES		
Due to others	\$ 1,000	\$ 1,000
Total liabilities	<u>\$ 1,000</u>	<u>\$ 1,000</u>

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

TOWN OF REFUGIO, TEXAS
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
CUSTODIAL FUND
September 30, 2024

	<u>Custodial Fund</u>	<u>Total</u>
ADDITIONS		
Inventory - seized vehicles	\$ 1,000	\$ 1,000
Total additions	<u>1,000</u>	<u>1,000</u>
DEDUCTIONS		
Inventory - seized vehicles	<u>500</u>	<u>500</u>
Total liabilities	<u>500</u>	<u>500</u>
Change in net position	500	500
Net position, beginning	<u>500</u>	<u>500</u>
Net position, ending	<u>\$ 1,000</u>	<u>\$ 1,000</u>

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

NOTES TO THE FINANCIAL STATEMENTS

TOWN OF REFUGIO, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended September 30, 2024

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

On March 5, 1918, the Town Council of Town of Refugio, Texas (the "Town") adopted and accepted the laws governing Town of Refugio, Texas, in lieu of the charter granted by the Congress of the Republic of Texas, by the provisions of chapters one to thirteen of the Title Twenty-two of the revised statutes of Texas of 1911 and amendments thereto as provided in Chapter 48 of the Acts of the Regular Session of the 35th Legislature of Texas.

Town of Refugio, Texas, was incorporated in 1912 as a Type A General Law Municipality. The governing body of the Town is the Town Council consisting of a mayor and five council members. The Town provides the following services: water and sewer, police, streets, sanitation, health and welfare, culture and recreation, and general administrative services. Fire protection is provided by an agreement with Town of Refugio Volunteer Fire Department.

Blended Component Unit

Refugio Economic Development Corporation is a nonprofit corporation, and is an industrial development corporation under the Development Corporation Act of 1979, Texas Revised Civil Statutes Annotated Article 5190.6, that was organized to assist the Town to promote economic development. The corporation is governed by a board of directors, which is responsible for approving the corporation's projects. Although a legally separate entity in substance, the corporation is part of the Town's operations and so data from this unit is combined with data of the primary government. Resource flows between the primary government and blended component unit are classified as interfund transactions in the financial statements.

Basis of Accounting/Measurement Focus

The accounts of the Town are organized on the basis of funds, each of which is considered a separate accounting entity, and a blended component unit. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures or expenses, as appropriate. Governmental resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

The accounting and reporting policies of the Town relating to the funds included in the accompanying combined financial statements conform to generally accepted accounting principles applicable to state and local governments. Generally accepted accounting principles for local governments include those principles prescribed by the Governmental Accounting Standards Board (GASB), the American Institute of Certified Public Accountants in the publication entitled *Audits of State and Local Governmental Units*, and by the Financial Accounting Standards Board (when applicable). As allowed in GASB's *Codification of Governmental Accounting and Financial Reporting Standards*, the Town has elected not to apply to its proprietary activities Financial Accounting Standards Board Statements and interpretations, Accounting Principles Board Opinions and Accounting Research Bulletins of the Committee of Accounting Procedure issued after November 30, 1989. The more significant accounting policies of the Town are described below.

TOWN OF REFUGIO, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended September 30, 2024

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

A. Government-Wide Financial Statements

The Government-Wide Financial Statements include a Statement of Net Position and a Statement of Activities. These statements present summaries of Governmental and Business-Type Activities for the Town accompanied by a total column.

These statements are presented on an “economic resources” measurement focus and the accrual basis of accounting. Accordingly, all of the Town’s assets and liabilities, including capital assets as well as infrastructure assets and long-term liabilities, are included in the accompanying Statement of Net Position. The Statement of Activities presents changes in net position. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred. The types of transactions reported as program revenues for the Town are reported in three categories: 1) charges for services, 2) operating grants and contributions, and 3) capital grants and contributions.

Certain eliminations have been made as prescribed by GASB Statement No. 34 in regards to interfund activities, payables and receivables. All internal balances in the Statement of Net Position have been eliminated except those representing balances between the governmental activities and the business-type activities, which are presented as internal balances and eliminated in the total primary government column.

B. Governmental Fund Financial Statements

Governmental Fund Financial Statements include a Balance Sheet and a Statement of Revenues, Expenditures and Changes in Fund Balances for all major governmental funds and non-major funds aggregated. An accompanying schedule is presented to reconcile and explain the differences in fund balances and changes in fund balances as presented in these statements to the net assets and changes in net assets presented in the Government-Wide financial statements. The Town has presented all major funds that met those qualifications.

All governmental funds are accounted for on a spending or “current financial resources” measurement focus and the modified accrual basis of accounting. Accordingly, only current assets and current liabilities are included on the Balance Sheets. The Statement of Revenues, Expenditures and Changes in Fund Balances present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Under the modified accrual basis of accounting, revenues are recognized in the accounting period in which they become both measurable and available to finance expenditures of the current period. Accordingly, revenues are recorded when received in cash, except that revenues subject to accrual (generally 60 days after year-end) are recognized when due. The primary revenue sources, which have been treated as susceptible to accrual by the Town, are property tax, sales tax, intergovernmental revenues, and other taxes. Expenditures are recorded in the accounting period in which the related fund liability is incurred.

TOWN OF REFUGIO, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended September 30, 2024

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Governmental Fund Financial Statements (Concluded)

The Town reports the following major governmental Funds:

General Fund

The General Fund is the general operating fund of the Town. All financial resources, except those required to be accounted for in another fund, are accounted for in the General Fund.

Refugio Economic Development Corporation

The Corporation promotes economic development in Refugio, Texas primarily utilizing sales tax revenues.

C. Proprietary Fund Financial Statements

Proprietary Fund Financial Statements include a Statement of Net Position, a Statement of Revenues, Expenses and Changes in Fund Net Position, and a Statement of Cash Flows for each major proprietary fund.

Proprietary funds are accounted for using the “economic resources” measurement focus and the accrual basis of accounting. Accordingly, all assets and liabilities (whether current or noncurrent) are included on the Statement of Net Position. The Statement of Revenues, Expenses and Changes in Fund Net Position presents increases (revenues) and decreases (expenses) in total net assets. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred.

Operating revenues in the proprietary funds are those revenues that are generated from the primary operations of the fund. All other revenues are reported as non-operating revenues. Operating expenses are those expenses that are essential to the primary operations of the fund. All other expenses are reported as non-operating expenses.

The Town reports the following major proprietary fund:

Water and Sewer Fund

The Water and Sewer Fund accounts for the activities necessary to provide water and sewer services to the residents of the Town. These activities include administration, water and sewer system operations and maintenance, new construction, financing, and related debt service.

D. Fiduciary Fund

Custodial Fund

Custodial funds are one of four types of fiduciary funds. Custodial funds are used to report resources held by the reporting government in a purely custodial capacity (assets equal liabilities). Custodial funds typically involve only the receipt, temporary investment, and remittance of fiduciary resources to individuals, private organizations, or other governments.

TOWN OF REFUGIO, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended September 30, 2024

NOTE1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Budget

The Town Council follows these procedures in establishing the Town budgets:

1. Thirty to sixty days prior to the beginning of each fiscal year, the Mayor and Town Council discuss and prepare a proposed budget for the fiscal year beginning on the following October 1.
2. The budget is legally enacted by the Town Council prior to the beginning of the fiscal year.
3. An amended budget is adopted by the Town Council prior to year-end to approve such additional expenditures/expenses, if necessary.

F. Inventory

Inventory in the General Fund and Water and Sewer Fund is valued at the lower of cost (first-in, first-out) or market and consists of expendable supplies held for consumption. The cost is recorded as an expenditure at the time individual inventory items are consumed. Inventory in the Police Fund consists of automobiles and is valued at approximate fair market value.

G. Vacation and Sick Leave

The Town mandates that vacation leave must be used before the end of the calendar year; any unused vacation time is forfeited. The liability for accrued vacation represents vacation that must be used by December 31, 2024. Full time employees are granted sick leave. Upon termination or retirement, no accumulated sick leave will be paid. As a result, no liability for sick leave has been recorded in the applicable funds.

H. Restricted Resources

The Town applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

TOWN OF REFUGIO, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended September 30, 2024

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

I. Classification of Fund Balances and Net Assets

In accordance with *Government Accounting Standards Board 54, Fund Balance Reporting and Governmental Fund Type Definitions*, the Town classifies governmental fund balances as follows:

Non-spendable – includes fund balance amounts that cannot be spent either because it is not in spendable form or because of legal or contractual constraints.

Restricted – includes fund balance amounts that are constrained for specific purposes which are externally imposed by providers, such as creditors or amounts constrained due to constitutional provisions or enabling legislation.

Committed – includes fund balance amounts that are constrained for specific purposes that are internally imposed by the government through formal action of the highest level of decision making authority and does not lapse at year-end.

Assigned – includes fund balance amounts that are intended to be used for specific purposes that are neither considered restricted or committed. Fund Balance may be assigned by the Town Council.

Unassigned – includes positive fund balance within the General Fund which has not been classified within the above mentioned categories and negative fund balances in other governmental funds.

The details of the fund balances are included in Note 10.

J. Property Tax

Taxes are levied on October 1 and are due and payable on or before January 31 of the following year. Property taxes attach as an enforceable lien on property as of February 1.

The Town reports deferred revenue on its General Fund balance sheet. Deferred revenues arise when potential revenue does not meet both the "measurable" and "available" criteria for recognition in the current period. Deferred revenues also arise when the Town receives resources before it has legal claim to them. In subsequent periods, when both revenue recognition criteria are met, or when the Town has a legal claim to the resources, the liability for deferred revenue is removed from the combined balance sheet and revenue is recognized.

During the year ended September 30, 2024, The Town levied an ad valorem tax for maintenance and operations at a rate of .8483 per \$100 of assessed value. A total tax levy of \$1,020,263 resulted based on a net taxable valuation of \$120,276,588 for the 2023 tax year.

TOWN OF REFUGIO, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended September 30, 2024

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

K. Capital Assets

Capital assets purchased or acquired are carried at historical cost or estimated historical cost. Contributed assets are recorded at fair market value as of the date donated. Additions, improvements, and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Depreciation on capital assets is calculated on the straight-line basis over the following estimated useful lives:

	<u>Useful Life</u>
Buildings	20 - 50 years
Land improvements	20 - 30 years
Equipment	3 - 25 years
Water and sewer lines	20 - 50 years
Streets	20 years

Interest is capitalized on assets, other than infrastructure assets, acquired with tax-exempt debt. The amount of interest capitalized is the net interest expense incurred (interest expense less interest income) from the date of the borrowing until completion of the project. No interest was capitalized for the year ended September 30, 2024. The amount of interest charged to expense was \$171,693.

L. Excess of Expenditures/Expenses over Revenues in Individual Funds

An excess of expenditures over revenues occurred in the following funds during the year ended September 30, 2024:

<u>Fund</u>	<u>Amount</u>
General Fund	\$ 541,375
Police Fund	\$ 25,360
Debt Service Fund	\$ 32,574

M. Statement of Cash Flows

For purposes of the Statement of Cash Flows, the Proprietary funds consider all highly liquid investments to be cash equivalents.

TOWN OF REFUGIO, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended September 30, 2024

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

N. Restricted Assets

Certain resources of the Town have been set aside in the General Fund for bond requirements, infrastructure and equipment repair and replacement, and law enforcement. These resources are classified as restricted assets on the Statement of Net Position because their use is limited by applicable bond covenants or other restrictions.

O. Risk Management

The Town is exposed to various risks of loss due to torts, theft of, damage to and destruction of assets, errors and omissions, the health of and injuries to employees and natural disasters. The Town uses commercial insurance to manage these risks. Claims have not exceeded its insurance coverage.

Hurricanes can cause flooding, particularly in coastal areas such as the area where the Town is located. Hurricanes can also cause windstorm and other damage and hurricane induced flooding can submerge roadways connecting coastal areas such as the Town with inland areas, thus preventing evacuation of people and/or property. If a hurricane (or any other natural disaster) destroyed all or part of the Town, the assessed value of property within the Town could be substantially reduced, with a corresponding decrease in tax revenues or increase in the tax rate. Further, there can be no assurance that a casualty loss will be covered by insurance (certain casualties, including flood, are usually excluded unless specific insurance is purchased), that any insurance company will fulfill its obligation to provide insurance proceeds, or that insurance proceeds will be used to rebuild or repair any damaged Town property. Even if insurance proceeds are available and the Town is rebuilt, there could be a lengthy period in which assessed values within the Town could be adversely affected. The Gulf Coast region in which the Town is located is subject to occasional destructive weather. There can be no assurance the Town will not endure damage from future meteorological events.

The Town operates in an industry regulated by Texas Commission on Environmental Quality (TCEQ). As a result, various lawsuits, claims, and legal and regulatory proceedings can be instituted or asserted against the Town.

P. Leases

The Town implements Governmental Accounting Standards Board (GASBS) No. 87 *Leases*. However, the amount of the total lease is immaterial to the financial statements.

TOWN OF REFUGIO, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended September 30, 2024

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Concluded)

Q. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position or fund balance that applies to a future period(s) and thus, will not be recognized as an outflow of resources (expense/expenditure) until then. The Town has four items that qualify for reporting in this category. They are related to the deferred future pension expense related to the net pension liability (asset). Deferred future pension expense results from the difference in projected and actual experience on pension plan investments, difference in expected and actual experience (which also includes difference in assumption changes), and pension contributions remitted after the measurement date. All differences are based on actuarial gains or losses. These amounts are deferred and amortized over their respective remaining recognition period.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. The government has two types of this item, which arises only under a modified accrual basis of accounting that qualifies for reporting in this category. Accordingly, the item, *unavailable revenue*, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenue from one source: property taxes. This amount is deferred and recognized as an inflow of resources in the period that the amount becomes available. The second item is related to the deferred future pension expense related to the net pension liability. Deferred future pension income results from the difference in projected and actual experience on pension plan investments, difference in expected and actual experience, and difference in assumption changes.

R. 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.

NOTE 2: CASH

The Town maintains cash that is available for use by all funds, except as restricted. Each fund type's portion of these monies is displayed on the fund balance sheets with the description of "cash" under each fund's caption.

TOWN OF REFUGIO, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended September 30, 2024

NOTE 2: CASH (Concluded)

Deposits

State statutes require that all deposits in financial institutions be fully collateralized by U.S. Government obligations or obligations of Texas and its agencies that have a market value of not less than the principal amount of the deposits. The Town's deposits were fully collateralized at September 30, 2024. As of September 30, 2024, the carrying amount of the Town's deposits was \$2,372,348, and the bank balance was \$3,558,700. The entire bank balance was covered by Federal Depository Insurance, a Letter of Credit in the amount of \$2,250,000 and a Letter of Credit in the amount of \$2,750,000 issued by the Federal Home Loan Bank Dallas.

Texas Government Code authorizes Town of Refugio, Texas to invest in the following eligible securities:

1. A surety bond;
2. An investment security;
3. An ownership or beneficial interest in an investment security, other than an option contract to purchase or sell an investment security;
4. A fixed-rate collateralized mortgage obligation that has an expected weighted average life of ten years or less and does not constitute a high-risk mortgage security;
5. A floating-rate collateralized mortgage obligation that does not constitute a high-risk mortgage security;
6. A letter of credit issued by a federal home loan bank.

Investment securities are defined as:

1. An obligation that in the opinion of the Attorney General of the United States is a general obligation of the United States and backed by its full faith and credit;
2. A general or special obligation issued by a public agency that is payable from taxes, revenues, or a combination of taxes and revenues;
3. A security in which a public entity may invest under Subchapter A, Chapter 2256 of Texas Statutes.

Investment Risks

As the Town does not have investments, it is not exposed to Credit Risk, Concentration of Credit Risk, or Interest Rate Risk.

NOTE 3: ACCOUNTS RECEIVABLE AND ALLOWANCE FOR DOUBTFUL ACCOUNTS

At September 30, 2024, accounts receivable for ad valorem taxes were as follows:

	Amount
Total receivables - ad valorem taxes	\$ 175,933
Less: allowance for doubtful accounts	(71,677)
Receivables - ad valorem taxes	<u>\$ 104,256</u>

TOWN OF REFUGIO, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended September 30, 2024

NOTE 4: CHANGES IN CAPITAL ASSETS

	Primary Government		
	Balance at 09/30/23	Increases	Decreases
Governmental activities:			
Capital assets not being depreciated			
Construction in progress	\$ 373,746	\$ 567,207	\$ -
Total capital assets not being depreciated	373,746	567,207	-
Other capital assets			
Buildings and improvements	* 7,813,348	-	-
Machinery and equipment	2,976,877	709,651	(11,017)
Streets	9,477,728	-	-
Total other capital assets at historical cost	20,267,953	709,651	(11,017)
Less accumulated depreciation for:			
Buildings and improvements	* (1,447,750)	(272,571)	-
Machinery and equipment	(1,766,374)	(233,575)	11,017
Streets	(2,774,498)	(457,671)	-
Total accumulated depreciation	(5,988,622)	(963,817)	11,017
Other capital assets, net	14,279,331	(254,166)	-
Governmental activities capital assets, net	\$ 14,653,077	\$ 313,041	\$ -
Business-type activities:			
Capital assets not being depreciated			
Land	\$ -	\$ -	\$ -
Construction in progress	1,183,769	1,825,975	(393,564)
Total capital assets not being depreciated	1,183,769	1,825,975	(393,564)
Other capital assets			
Machinery and equipment	860,634	-	-
Water system	4,837,524	567,565	-
Sewer system	12,743,446	-	-
Total other capital assets at historical cost	18,441,604	567,565	-
Less accumulated depreciation for:			
Machinery and equipment	(660,966)	(57,317)	-
Water system	(1,966,370)	(310,979)	-
Sewer system	(4,601,438)	(120,631)	-
Total accumulated depreciation	(7,228,774)	(488,927)	-
Other capital assets, net	11,212,830	78,638	-
Business-type activities capital assets, net	\$ 12,396,599	\$ 1,904,613	\$ (393,564)

* beginning balances to Building and improvements changed due to the addition of a capital asset in the prior period. Refer to Note 11.

TOWN OF REFUGIO, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended September 30, 2024

NOTE 4: CHANGES IN CAPITAL ASSETS (Concluded)

Depreciation expense for the fiscal year ended September 30, 2024 was charged to functions as follows:

	<u>Amount</u>
Governmental activities:	
General government	\$ 77,572
Court	3,156
Public safety	146,573
Fire Department	104,743
Streets	504,988
Parks	126,785
Total governmental activities depreciation expense	<u>\$ 963,817</u>
Business-type activities:	
Water and sewer	\$ 488,927
Total business-type activities depreciation expense	<u>\$ 488,927</u>

Impairment of Capital Assets

On August 25, 2017, Hurricane Harvey passed through Refugio County, Texas, and the region was subsequently declared a federal disaster area. As a result of this storm, the Town lost electrical power, and its water and sewer plants were taken out of full service for a period of approximately nine days. During this time, the Town was required to incur additional expenditures beyond the normal operations in order to provide services to customers, bring their water and sewer plants back online, and perform cleanup operations once the storm had passed. The Town's Engineering firm gave an opinion of probable construction costs in the amount of \$1,592,540. Through the fiscal year ended September 30, 2020, insurance recoveries in the amount of \$1,910,203 had been received and were recorded as revenues.

The Town continues to make needed repairs and the Town's water and wastewater facilities are operational. Impairment losses were recognized for fiscal years ended September 30, 2019 and 2018 due to fully damaged assets having been replaced and substantial repairs to major facilities continue to be performed.

TOWN OF REFUGIO, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended September 30, 2024

NOTE 5: COMMITMENTS AND CONTINGENCIES

Engineering, administration, and construction contracts relating to construction or major repairs in progress aggregated approximately \$10,566,610. These contracts will be paid in future periods as work is performed. Payment will be made with proceeds remaining from insurance proceeds, past bond issues and Federal and State grants to be received.

As of September 30, 2024, the Town had outstanding Federal grant awards of \$11,607,404 for improvements on approved projects by the U.S. Department of Housing and Urban Development, in which the grant is administered through the Texas General Land Office. The Federal grant funds are not available to the Town until expenses are incurred and therefore, are not recorded as receivables. The grant expenses are subject to audit by the Texas General Land Office, the purpose of which is to ensure compliance with conditions precedent to the granting of funds. Any liability for reimbursement that may arise as the result of these audits is not believed to be material by management. The Town is responsible for covering a local match in the amount of \$122,350. During the fiscal year ended September 30, 2024, the Town did not incur expenses associated with its local match on this grant project.

As of September 30, 2024, the Town had outstanding Federal grant awards of \$270,016 from the U.S. Treasury Department's American Rescue Plan Act - Coronavirus Local Fiscal Recovery Fund (CLFRF). The funds provide funding for local governments to respond to the COVID-19 public health emergency. The Town may use the funds to respond to the COVID-19 emergency or its negative economic impacts, provide premium pay for essential workers, replace lost public sector revenue, and invest in water, sewer, and infrastructure. The grant is administered through the Texas Division of Emergency Management (TDEM). The grant expenses are subject to audit by the TDEM. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by TDEM cannot be determined at this time although the Town expects such amounts, if any, to be immaterial.

As of September 30, 2024, the Town had outstanding Federal grant awards of \$969,679 for sundry repair and replacement projects related to Hurricane Harvey damages on approved projects by the U.S. Department of Treasury, Federal Emergency Management Agency (FEMA), in which the grant is administered through the Texas Division of Emergency Management (TDEM). For a large project, the Federal grant funds are not available to the Town until expenses are incurred and therefore, are not recorded as receivables. The grant expenses are subject to audit by TDEM, the purpose of which is to ensure compliance with conditions precedent to the granting of funds. Any liability for reimbursement that may arise as the result of these audits is not believed to be material by management. Amounts received or receivable for small projects are subject to audit and adjustment by FEMA. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by FEMA cannot be determined at this time although the Town expects such amounts, if any, to be immaterial. The Town is responsible for covering a local match in the amount of \$313,312. During the fiscal year ended September 30, 2024, the Town incurred \$16,614 in local match expenses, leaving the Town with a remaining commitment of \$145,111.

TOWN OF REFUGIO, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended September 30, 2024

NOTE 5: COMMITMENTS AND CONTINGENCIES (Concluded)

As of September 30, 2024, the Town had outstanding Federal grant awards of \$60,787 for police salaries, supplies, and equipment approved by the U.S. Department of Homeland Security, in which the grant is administered through the Texas Department of Public Safety. The Federal grant funds are not available to the Town until expenses are incurred and therefore, are not recorded as receivables. The grant expenses are subject to audit by the Texas Department of Public Safety, the purpose of which is to ensure compliance with conditions precedent to the granting of funds. Any liability for reimbursement that may arise as the result of these audits is not believed to be material by management.

As of September 30, 2024, the Town had outstanding State grant awards of \$218,479 for police salaries, supplies, and equipment approved by the Texas Office of the Governor, in which the grant is administered through the Homeland Security Grants Division. The State grant funds are not available to the Town until expenses are incurred and therefore, are not recorded as receivables. The grant expenses are subject to audit by the Homeland Security Grants Division, the purpose of which is to ensure compliance with conditions precedent to the granting of funds. Any liability for reimbursement that may arise as the result of these audits is not believed to be material by management.

As of September 30, 2024, the Town had outstanding Federal grant awards of \$13,803 for police salaries approved by the U.S. Department of Transportation, in which the grant is administered through the Texas Department of Transportation. The Federal grant funds are not available to the Town until expenses are incurred and therefore, are not recorded as receivables. The grant expenses are subject to audit by the Texas Department of Transportation, the purpose of which is to ensure compliance with conditions precedent to the granting of funds. Any liability for reimbursement that may arise as the result of these audits is not believed to be material by management. The Town is responsible for covering a local match in the amount of \$6,017. During the fiscal year ended September 30, 2024, the Town incurred \$1,019 in local match expenses, leaving the Town with a remaining commitment of \$4,021.

TOWN OF REFUGIO, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended September 30, 2024

NOTE 6: LONG-TERM DEBT

Long-term debt activity for the year ended September 30, 2024 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental activities:					
General obligation bonds	<u>\$ 2,143,925</u>	<u>\$ 750,000</u>	<u>\$ (370,511)</u>	<u>\$ 2,523,414</u>	<u>\$ 472,867</u>
Total governmental activities	<u>2,143,925</u>	<u>750,000</u>	<u>(370,511)</u>	<u>2,523,414</u>	<u>472,867</u>
Business-type activities:					
General obligation bonds	<u>3,084,075</u>	<u>-</u>	<u>(238,878)</u>	<u>2,845,197</u>	<u>235,133</u>
Total business-type activities	<u>3,084,075</u>	<u>-</u>	<u>(238,878)</u>	<u>2,845,197</u>	<u>235,133</u>
Total long-term debt	<u>\$ 5,228,000</u>	<u>\$ 750,000</u>	<u>\$ (609,389)</u>	<u>\$ 5,368,611</u>	<u>\$ 708,000</u>

The interest paid for governmental activities was \$55,188 for revenue bonds and certificates of obligation. The Proprietary Fund interest expense consists of \$116,505 in revenue bonds and certificates of obligation debt.

TOWN OF REFUGIO, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended September 30, 2024

NOTE 6: LONG-TERM DEBT (Continued)

Long-Term Debt – Governmental Activities

Town of Refugio, Texas Tax Note, Series 2021

On March 15, 2021, Town of Refugio, Texas adopted an ordinance authorizing the issuance of “Town of Refugio, Texas Tax Note, Series 2021” in the amount of \$2,090,000 at 1.699148% fixed interest; providing for the payment of said notes by the levy of an ad valorem tax upon all taxable property within the Town, for the purpose of paying contractual obligations of the Town to be incurred for: (1) to construct and equip a fire station, (2) utility system improvements, (3) to construct, acquire, improve, or equip real property to expand and/or relocate various Town departments, including the Town’s Road and Bridge Department, the Animal Control Department, and Maintenance Department, and other Town administrative offices, and (4) to pay costs of issuance. Interest is payable February 1 and August 1 of each year. Principal is payable February 1 of each year.

At September 30, 2024, the Texas Tax Note, Series 2021 is payable as follows:

<u>Year Ended September 30,</u>	<u>Note Principal</u>	<u>Interest</u>	<u>Total Payment</u>
2025	\$ 320,000	\$ 19,636	\$ 339,636
2026	325,000	14,153	339,153
2027	330,000	8,585	338,585
2028	340,000	2,890	342,890
	<u>\$ 1,315,000</u>	<u>\$ 45,264</u>	<u>\$ 1,360,264</u>

Town of Refugio, Texas Tax Note, Series 2024

On March 12, 2024, Town of Refugio, Texas adopted an ordinance authorizing the issuance of “Town of Refugio, Texas Tax Note, Series 2024” in the amount of \$750,000 at a variable interest rate ranging from 3.9% - 4.75%; providing for the payment of said notes by the levy of an ad valorem tax upon all taxable property within the Town, for the purpose of paying contractual obligations of the Town to be incurred: (1) for the acquisition of a new fire truck for the Town, and (2) to pay costs of professional services and costs of issuance of the Notes. Interest is payable February 1 and August 1 of each year. Principal is payable February 1 of each year.

At September 30, 2024, the Texas Tax Note, Series 2024 is payable as follows:

<u>Year Ended September 30,</u>	<u>Note Principal</u>	<u>Interest</u>	<u>Total Payment</u>
2025	\$ 95,000	\$ 28,464	\$ 123,464
2026	100,000	24,058	124,058
2027	105,000	19,782	124,782
2028	105,000	15,556	120,556
2029	110,000	11,311	121,311
2030 - 2031	235,000	9,263	244,263
	<u>\$ 750,000</u>	<u>\$ 108,434</u>	<u>\$ 858,434</u>

TOWN OF REFUGIO, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended September 30, 2024

NOTE 6: LONG-TERM DEBT (Continued)

Long-Term Debt – Governmental and Business-Type Activities

Town of Refugio, Texas Combination Tax and Revenue Certificates of Obligation, Series 2011

On September 27, 2011, Town of Refugio, Texas adopted an ordinance authorizing the issuance of “Town of Refugio, Texas Combination Tax and Revenue Certificates of Obligation, Series 2011” in the amount of \$3,670,000 at 3.96% fixed interest; providing for the payment of said certificates by the levy of an annual ad valorem tax, within the limitations prescribed by law, upon all taxable property within the Town, and a limited pledge (not to exceed \$1,000) of the surplus revenues of the Town’s Water and Wastewater System, for the purpose of paying contractual obligations of the Town to be incurred for the construction and improvements to the Town’s water and wastewater system, including: (1) drilling a new water well and various other water tank improvements along with wastewater treatment plant improvements, and (2) the payment of professional services and costs of issuance related thereto. Interest is payable February 1 and August 1 of each year. Principal is payable February 1 of each year. This debt is split between governmental activities and business-type activities of which \$890,061 was obligated to the governmental activities and \$2,779,939 was obligated to the business-type activities.

The Town is in compliance with all covenants of this certificate of obligation ordinance at September 30, 2024.

At September 30, 2024, the Combination Tax and Revenue Certificates of Obligation, Series 2011 are payable as follows:

Governmental Activities

<u>Year Ended September 30,</u>	<u>Certificates Principal</u>	<u>Interest</u>	<u>Total Payment</u>
2025	\$ 57,867	\$ 17,133	\$ 75,000
2026	60,280	14,720	75,000
2027	62,759	12,241	75,000
2028	65,314	9,686	75,000
2029	67,956	7,044	75,000
2030 - 2031	144,238	5,761	149,999
	<u>\$ 458,414</u>	<u>\$ 66,585</u>	<u>\$ 524,999</u>

Business-Type Activities

<u>Year Ended September 30,</u>	<u>Certificates Principal</u>	<u>Interest</u>	<u>Total Payment</u>
2025	\$ 157,133	\$ 46,524	\$ 203,657
2026	164,720	40,225	204,945
2027	172,241	33,596	205,837
2028	179,686	26,647	206,333
2029	187,044	19,389	206,433
2030 - 2031	395,762	15,721	411,483
	<u>\$ 1,256,586</u>	<u>\$ 182,102</u>	<u>\$ 1,438,688</u>

TOWN OF REFUGIO, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended September 30, 2024

NOTE 6: LONG-TERM DEBT (Continued)

Long-Term Debt – Business-Type Activities

Town of Refugio, Texas Revenue Bonds, Series 1996 and 1996-A

The System Revenue Bonds Series 1996 and 1996-A were authorized in the amount of \$917,000 and \$337,000, respectively. As of the year ended September 30, 2003, a total of \$917,000 and \$337,000 have been issued and delivered to the purchaser, United States of America, Rural Development Administration (USDA). The USDA purchases the Town's Revenue bonds when expenditures become evident by the Town's engineers. The interest rates on these issuances are fixed at 5.125% and 4.50%, respectively and are payable February 1 and August 1 of each year. The principal on these issuances are payable August 1 of each year. Town of Refugio, Texas used the proceeds from these bonds for construction and improvements to the U.S. Hwy. 77 Water/Sewer system. A separate bank account has been set up to accumulate an amount of water and sewer revenues designated for payment of these bonds.

As of September 30, 2024, Revenue Bonds, Series 1996, are payable as follows:

<u>Year Ended September 30,</u>	<u>Bond Principal</u>	<u>Interest</u>	<u>Total Payment</u>
2025	\$ 30,000	\$ 25,010	\$ 55,010
2026	32,000	23,472	55,472
2027	33,000	21,831	54,831
2028	35,000	20,142	55,142
2029	37,000	18,348	55,348
2030 - 2034	217,000	61,194	278,194
2035 - 2036	104,000	8,046	112,046
	<u>\$ 488,000</u>	<u>\$ 178,043</u>	<u>\$ 666,043</u>

As of September 30, 2024, Revenue Bonds, Series 1996-A, are payable as follows:

<u>Year Ended September 30,</u>	<u>Bond Principal</u>	<u>Interest</u>	<u>Total Payment</u>
2025	\$ 11,000	\$ 7,605	\$ 18,605
2026	11,000	7,110	18,110
2027	12,000	6,615	18,615
2028	12,000	6,075	18,075
2029	13,000	5,535	18,535
2030 - 2034	75,000	18,270	93,270
2035 - 2036	35,000	2,385	37,385
	<u>\$ 169,000</u>	<u>\$ 53,595</u>	<u>\$ 222,595</u>

The Town is in compliance with all covenants of this bond ordinance at September 30, 2024.

TOWN OF REFUGIO, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended September 30, 2024

NOTE 6: LONG-TERM DEBT (Continued)

Long-Term Debt – Business-Type Activities

Town of Refugio, Texas Combination Tax and Subordinate Lien Revenue Certificates of Obligation, Series 2003

On May 13, 2003, Town of Refugio, Texas adopted an ordinance authorizing the issuance of “Town of Refugio, Texas Combination Tax and Subordinate Lien Revenue Certificates of Obligation, Series 2003” in the amount of \$1,501,000 at 3.25% fixed interest; providing for the payment of said certificates by the levy of an ad valorem tax upon all taxable property within the Town and further securing said certificates by a subordinate and inferior lien on and pledge of the net revenues of the system, for the purpose of paying contractual obligations of the Town to be incurred for making permanent public improvements and for other public purposes, to wit: (1) constructing, building, improving, acquiring, purchasing, enlarging, and renovating the Town’s utility system (the “system”), (2) the purchase of materials, supplies, equipment, land, rights-of-way, and machinery for authorized needs and purposes relating to the system, and (3) the payment of professional services and engineering fees relating to the construction and financing of the aforementioned projects. This certificate of obligation contains that in the event the City (a) defaults in the payments to be made or (b) defaults in the observance or performance of any other of the covenants, conditions, or obligations set forth, the holders of any of the certificates shall be entitled to see a writ of mandamus issued by a court of proper jurisdiction compelling and requiring the governing body of the Town and other officers of the Town to observe and perform any covenant, condition, or obligation prescribed. Interest is payable June 1 and December 1 of each year. Principal is payable December 1 of each year. At this time, the Town does not levy an ad valorem tax to service this debt.

The Town was in compliance with all covenants of this certificate of obligation ordinance at September 30, 2024.

At September 30, 2024, the Combination Tax and Subordinate Lien Revenue Certificates of Obligation, Series 2003 are payable as follows:

<u>Year Ended September 30,</u>	<u>Certificates Principal</u>	<u>Interest</u>	<u>Total Payment</u>
2025	\$ 37,000	\$ 30,176	\$ 67,176
2026	38,000	28,957	66,957
2027	39,000	27,706	66,706
2028	41,000	26,406	67,406
2029	42,000	25,058	67,058
2030 - 2034	231,000	103,595	334,595
2035 - 2039	271,000	62,906	333,906
2040 - 2043	232,611	16,348	248,959
	<u>\$ 931,611</u>	<u>\$ 321,152</u>	<u>\$ 1,252,763</u>

TOWN OF REFUGIO, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended September 30, 2024

NOTE 6: LONG-TERM DEBT (Concluded)

Annual debt service requirements to maturity for all long-term debt are as follows:

Year Ended September 30,	Governmental Activities	
	General Obligation Bonds	
	Principal	Interest
2025	\$ 472,867	\$ 65,233
2026	485,280	52,931
2027	497,759	40,608
2028	510,314	28,132
2029	177,956	18,355
2030 - 2031	379,238	15,024
	<u>\$ 2,523,414</u>	<u>\$ 220,283</u>

Year Ended September 30,	Business-Type Activities	
	General Obligation Bonds	
	Principal	Interest
2025	\$ 235,133	\$ 109,315
2026	245,720	99,764
2027	256,241	89,748
2028	267,686	79,270
2029	279,044	68,330
2030 - 2034	918,762	198,780
2035 - 2039	410,000	73,337
2040 - 2043	232,611	16,348
	<u>\$ 2,845,197</u>	<u>\$ 734,892</u>

TOWN OF REFUGIO, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended September 30, 2024

NOTE 7: INTERFUND TRANSFERS, RECEIVABLES AND PAYABLES

Permanent reallocations of resources between funds of the reporting entity are classified as interfund transfers. For the purpose of the statement of activities, all interfund transfers between individual governmental funds have been eliminated. Interfund transfers for the year ended September 30, 2024 are as follows:

	General Fund	Refugio Economic Development Corporation	Other Govern- mental Funds	Water and Sewer Fund	Total
Transfers in	\$ 3,165,447	\$ -	\$ 13,985	\$ 3,233,893	\$ 6,413,325
Transfers out	<u>(3,247,878)</u>	<u>(229,021)</u>	<u>(30,121)</u>	<u>(2,906,305)</u>	<u>(6,413,325)</u>
Net	<u><u>\$ (82,431)</u></u>	<u><u>\$ (229,021)</u></u>	<u><u>\$ (16,136)</u></u>	<u><u>\$ 327,588</u></u>	<u><u>\$ -</u></u>

During the course of operations, numerous transactions occur between individual funds that resulted in amounts owed between funds. Those related to goods and services type transactions are classified as "due to and from other funds." Short-term interfund loans are reported as "interfund receivables and payables." Long-term interfund loans (noncurrent portion) are reported as "advances from and to other funds."

	General Fund	Other Govern- mental Funds	Total
Interfund receivables	\$ 12,012	\$ -	\$ 12,012
Interfund payables	<u>-</u>	<u>(12,012)</u>	<u>(12,012)</u>
Net	<u><u>\$ 12,012</u></u>	<u><u>\$ (12,012)</u></u>	<u><u>\$ -</u></u>

TOWN OF REFUGIO, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended September 30, 2024

NOTE 8: PENSION PLAN

A. Plan Description

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

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

B. Benefits Provided

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

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

Plan provisions for the Town were as follows:

	Plan Year 2023
Employee deposit rate	5.0%
Matching ratio (town to employee)	1 to 1
Years required for vesting	5
Service retirement eligibility (expressed as age / years of service)	60/5, 0/25
Updated Service Credit	100% Repeating
Annuity Increase (to retirees)	0% of CPI Repeating

Employees covered by benefit terms

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

Inactive employees or beneficiaries currently receiving benefits	14
Inactive employees entitled to but not yet receiving benefits	18
Active employees	33
Total	65

TOWN OF REFUGIO, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended September 30, 2024

NOTE 8: PENSION PLAN (Continued)

C. Contributions

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

Employees for the Town were required to contribute 5% of their annual compensation during the fiscal year 2024. The required contributions rates for the Town were 0.00% in both calendar years 2023 and 2024, respectively, however, the Town adopted to contribute at a rate of 0.73%. The Town's contributions to TMRS for the year ended September 30, 2024 were \$12,344, which were in excess of the required contributions.

D. Net Pension Liability/(Asset)

The Town's Net Pension Liability/(Asset) (NPL/(A)) was measured as of December 31, 2023, and the Total Pension Liability (TPL) used to calculate the Net Pension Liability/(Asset) was determined by an actuarial valuation as of that date.

Actuarial assumptions:

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

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

Salary increases were based on a service-related table. Mortality rates for active members are based on PUB(10) mortality tables with 110% of the Public Safety table used for males and 100% of the General Employee table used for females. Mortality rates for healthy retirees and beneficiaries are based on the Gender-distinct 2019 Municipal Retirees of Texas mortality tables. Male rates are multiplied by 103% and female rates are multiplied by 105%. The rates for actives, healthy retirees and beneficiaries are projected on a fully generational basis by the most recent Scale MP-2021 to account for future mortality improvements. For disabled annuitants, the same mortality tables for healthy retirees are used with a 4-year set-forward for males and a 3-year set-forward for females. In addition, a 3.5% and 3.0% minimum mortality rate is applied, for males and females respectively, to reflect the impairment for younger members who become disabled. The rates are projected on a fully generational basis by the most recent Scale MP-2021 to account for future mortality improvements subject to the 3% floor.

TOWN OF REFUGIO, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended September 30, 2024

NOTE 8: PENSION PLAN (Continued)

D. Net Pension Liability/(Asset) (Continued)

The actuarial assumptions were developed primarily from the actuarial investigation of the experience of TMRS over the four-year period from December 31, 2018 through December 31, 2022. The assumptions were adopted in 2023 and first used in the December 31, 2023 actuarial valuation. The post-retirement mortality assumption for Annuity Purchase Rates (APRs) are based on the Mortality Experience Investigation Study covering 2009 through 2011 and dated December 31, 2013. Plan assets are managed on a total return basis with an emphasis on both capital appreciation as well as the production of income to order to satisfy the short-term and long-term funding needs of TMRS.

The long-term expected rate of return on pension plan investments was determined by best estimate ranges of expected returns for each major asset class. The long-term expected rate of return is determined by weighting the expected return for each major asset class by the respective target asset allocation percentage. The target allocation and best estimates of the expected return for each major asset class in fiscal year 2024 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return (Arithmetic)
Global Equity	35.0%	6.70%
Core Fixed Income	6.0%	4.70%
Non-Core Fixed Income	20.0%	8.00%
Other Public & Private Markets	12.0%	8.00%
Real Estate	12.0%	7.60%
Hedge Funds	5.0%	6.40%
Private Equity	10.0%	11.60%
Total	100.0%	

Discount Rate

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

TOWN OF REFUGIO, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended September 30, 2024

NOTE 8: PENSION PLAN (Continued)

D. Net Pension Liability/(Asset) (Concluded)

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability(Asset)
	(a)	(b)	(a) - (b)
Balance at 12/31/2022	\$ 2,180,255	\$ 3,066,625	\$ (886,370)
Changes for the year:			
Service cost	110,971	-	110,971
Interest	150,232	-	150,232
Change in benefit terms including substantively automatic status	44,148	-	44,148
Difference between expected and actual experience	(34,635)	-	(34,635)
Changes in assumptions	(18,690)	-	(18,690)
Contributions - employer	-	10,947	(10,947)
Contributions - employee	-	74,980	(74,980)
Net investment income	-	354,566	(354,566)
Benefit payments, including refunds of employee contributions	(108,456)	(108,456)	-
Administrative expense	-	(2,258)	2,258
Other changes	-	(15)	15
Net changes	143,570	329,764	(186,194)
Balance at 12/31/2023	\$ 2,323,825	\$ 3,396,389	\$ (1,072,564)

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

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

	1% Decrease in Discount Rate (5.75%)	Discount Rate (6.75%)	1% Increase in Discount Rate (7.75%)
Town's Net Pension Liability(Asset)	\$(813,152)	\$(1,072,564)	\$(1,293,599)

Pension Plan Fiduciary Net Position

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

TOWN OF REFUGIO, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended September 30, 2024

NOTE 8: PENSION PLAN (Concluded)

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

For the year ended September 30, 2024, the Town recognized pension expense (income) of (\$58,866).

At September 30, 2024, the Town 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	\$ -	(\$61,204)
Changes in actuarial assumptions	-	(13,823)
Difference between projected and actual investment earnings	81,914	-
Contributions subsequent to the measurement date December 31, 2023	9,321	-
Total	\$91,235	(\$75,027)

\$9,321 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 (asset) for the year ending September 30, 2024. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended December 31:	Net deferred outflows (inflows) of resources
2024	(\$ 11,579)
2025	(3,753)
2026	51,731
2027	(29,512)
2028	-
Thereafter	-
Total	\$ 6,887

NOTE 9: TAX ABATEMENTS

The Town enters into property tax abatement agreements with local residents and businesses under Chapter 312 of the State Local Government Code. Under Chapter 312, the Town may provide property tax abatements for the purpose of stimulating economic development and growth within the Town. Tax abatements shall be for a period of four years and are abated in 20 percent increments for each year, with 80 percent being abated in the first year. The Town does not provide for recapture of abated taxes. Tax abatements may be granted to any new residential construction with a minimum investment of \$150,000 or any new or existing business located within the Town. Any existing business renovation projects are required to have a \$50,000 minimum investment. For the period ended September 30, 2024, the Town abated property taxes totaling \$136 under this program.

TOWN OF REFUGIO, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended September 30, 2024

NOTE 10: FUND BALANCES

A schedule of fund balances is provided below:

	General Fund	Refugio Economic Development Corporation	Other Governmental Funds	Total Governmental Funds
FUND BALANCES:				
Non-spendable:				
Inventory	\$ 18,394	\$ -	\$ 2,000	\$ 20,394
Prepays	-	-	-	-
Restricted for:				
Parks	108,764	-	-	108,764
Public safety - fire	83,368	-	-	83,368
Streets	23,674	-	-	23,674
General fund	292,380	-	-	292,380
Economic development	-	1,016,730	-	1,016,730
Law enforcement purposes	-	-	8,986	8,986
Hotel/Motel	-	-	36,660	36,660
Debt service	-	-	52,134	52,134
Municipal court building security	-	-	52,358	52,358
Municipal court technology	-	-	27,590	27,590
Special events	-	-	12,088	12,088
Unassigned	(328,581)	-	-	(328,581)
Total fund balances	<u>\$ 197,999</u>	<u>\$ 1,016,730</u>	<u>\$ 191,816</u>	<u>\$ 1,406,545</u>

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the Town considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the Town considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless Town Council has provided otherwise in its commitment or assignment actions. Assigned funds are reduced to the extent that expenditure authority has been budgeted by Town Council or the Assignment has been changed by the Mayor. Decreases to fund balance first reduce Unassigned fund balance; in the event that Unassigned fund balance becomes zero, then Assigned and Committed fund balances are used in that order.

TOWN OF REFUGIO, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended September 30, 2024

NOTE 11: RESTATEMENT OF BEGINNING BALANCES

During the current year, it was discovered that donated property which the Town received during the fiscal year ended September 30, 2023, was excluded from capital assets. The appraised value of the donated property was \$240,000 and depreciation expense associated with the asset for the fiscal year ended September 30, 2023 was \$6,400. Therefore, the General Fund's net position was understated by \$233,600. To correct this understatement, the net position of the Town's governmental activities for the fiscal year ended September 30, 2023 has been restated. The impact of this restatement on net position is as follows:

	<u>Govern- mental Activities</u>
Net position, September 30, 2023, as previously stated	\$ 14,432,580
Restatement of capital assets, net of depreciation	<u>233,600</u>
Net position, September 30, 2023, as restated	<u><u>\$ 14,666,180</u></u>

There was no impact to the General Fund's fund balance.

NOTE 12: SUBSEQUENT EVENTS

In preparing these financial statements, events and transactions have been evaluated for potential recognition or disclosure through February 27, 2025, the date the financial statements were available to be issued.

REQUIRED SUPPLEMENTARY INFORMATION

TOWN OF REFUGIO, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL – GENERAL FUND
For the Year Ended September 30, 2024

	Original and Final Budget Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)
REVENUES			
Ad valorem taxes, penalty and interest	\$ 570,000	\$ 613,369	\$ 43,369
City sales tax	1,300,000	1,096,421	(203,579)
Franchise taxes	150,000	131,799	(18,201)
Licenses and permits	20,000	22,008	2,008
Garbage fees	800,000	840,465	40,465
Fines and forfeitures	350,000	270,726	(79,274)
Rental fees	5,000	4,645	(355)
Concessions	500	285	(215)
RV park fees	75,000	83,940	8,940
Fire income	41,000	42,000	1,000
Code enforcement officer reimbursement	115,000	96,492	(18,508)
Interest income	200	1,502	1,302
Grant income	180,000	1,381,168	1,201,168
Miscellaneous	5,000	22,265	17,265
Total revenues	<u>3,611,700</u>	<u>4,607,085</u>	<u>995,385</u>
EXPENDITURES			
Current:			
General government	1,731,600	1,882,028	(150,428)
Public safety	1,408,520	1,262,143	146,377
Streets	391,700	421,584	(29,884)
Animal control	40,913	40,913	-
Municipal court	51,600	56,468	(4,868)
Parks	331,900	251,594	80,306
Grant expenditures	-	54,677	(54,677)
Capital outlay	145,000	1,179,053	(1,034,053)
Total expenditures	<u>4,101,233</u>	<u>5,148,460</u>	<u>(1,047,227)</u>
Excess (deficit) of revenues over expenditures	<u>(489,533)</u>	<u>(541,375)</u>	<u>(51,842)</u>
OTHER FINANCING SOURCES (USES)			
Bond proceeds	-	750,000	750,000
Bond issuance cost	-	(32,525)	(32,525)
Transfers in	-	3,165,447	3,165,447
Transfers out	(325,000)	(3,247,878)	(2,922,878)
Total other financing sources (uses)	<u>(325,000)</u>	<u>635,044</u>	<u>960,044</u>
Net changes in fund balance	<u>\$ (814,533)</u>	<u>93,669</u>	<u>\$ 908,202</u>
Fund balance, beginning		<u>104,330</u>	
Fund balance, ending		<u>\$ 197,999</u>	

TOWN OF REFUGIO, TEXAS
NOTE TO REQUIRED SUPPLEMENTARY INFORMATION
For the Year Ended September 30, 2024

NOTE 1: BUDGET

The budget for the General Fund adopted during the year by the Town Council was prepared using the modified accrual basis of accounting in accordance with generally accepted accounting principles. The General Fund has a legally adopted budget.

TOWN OF REFUGIO, TEXAS
TEXAS MUNICIPAL RETIREMENT SYSTEM
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS (unaudited)
For the Year Ended September 30, 2024

	Measurement Year 2014	Measurement Year 2015	Measurement Year 2016	Measurement Year 2017	Measurement Year 2018	Measurement Year 2019	Measurement Year 2020	Measurement Year 2021	Measurement Year 2022	Measurement Year 2023
Total pension liability										
Service cost	\$ 64,328	\$ 69,135	\$ 71,562	\$ 72,737	\$ 69,183	\$ 69,601	\$ 72,593	\$ 76,923	\$ 87,889	\$ 110,971
Interest (on the total pension liability)	103,293	107,369	111,885	118,014	123,832	128,719	135,303	133,424	142,281	150,232
Changes of benefit terms including substantively automatic status	-	-	-	-	-	-	-	-	-	44,148
Difference between expected and actual experience	5,443	15,814	13,938	16,849	(3,641)	2,498	(135,798)	6,147	(72,036)	(34,635)
Change of assumptions	-	43,139	-	-	-	1,107	-	-	-	(18,690)
Benefit payments, including refunds of employee contributions	(112,603)	(121,887)	(104,030)	(110,314)	(128,930)	(105,447)	(106,301)	(97,919)	(83,598)	(108,456)
Net change in total pension liability	60,461	113,570	93,355	97,286	60,444	96,478	(34,203)	118,575	74,536	143,570
Total pension liability-beginning	1,499,753	1,560,214	1,673,784	1,767,139	1,864,425	1,924,869	2,021,347	1,987,144	2,105,719	2,180,255
Total pension liability-ending (a)	<u>\$ 1,560,214</u>	<u>\$ 1,673,784</u>	<u>\$ 1,767,139</u>	<u>\$ 1,864,425</u>	<u>\$ 1,924,869</u>	<u>\$ 2,021,347</u>	<u>\$ 1,987,144</u>	<u>\$ 2,105,719</u>	<u>\$ 2,180,255</u>	<u>\$ 2,323,825</u>
Plan fiduciary net position										
Contributions - employer	\$ 8,597	\$ 8,800	\$ 8,721	\$ 8,847	\$ 8,517	\$ 8,399	\$ 8,876	\$ 9,205	\$ 10,553	\$ 10,947
Contributions - employee	58,884	60,645	59,735	60,513	58,333	57,521	60,798	63,052	72,277	74,980
Net investment income	124,087	3,315	148,357	319,639	(77,366)	377,412	210,757	384,493	(241,241)	354,566
Benefit payments, including refunds of employee contributions	(112,603)	(121,887)	(104,030)	(110,314)	(128,930)	(105,447)	(106,301)	(97,919)	(83,598)	(108,456)
Administrative expense	(1,296)	(2,020)	(1,676)	(1,657)	(1,496)	(2,134)	(1,365)	(1,778)	(2,090)	(2,258)
Other	(107)	(100)	(90)	(84)	(78)	(63)	(53)	12	2,494	(15)
Net change in plan fiduciary net position	77,562	(51,247)	111,017	276,944	(141,020)	335,688	172,712	357,065	(241,605)	329,764
Plan fiduciary net position-beginning	2,169,508	2,247,070	2,195,823	2,306,840	2,583,785	2,442,765	2,778,453	2,951,165	3,308,230	3,066,625
Plan fiduciary net position-ending (b)	<u>\$ 2,247,070</u>	<u>\$ 2,195,823</u>	<u>\$ 2,306,840</u>	<u>\$ 2,583,784</u>	<u>\$ 2,442,765</u>	<u>\$ 2,778,453</u>	<u>\$ 2,951,165</u>	<u>\$ 3,308,230</u>	<u>\$ 3,066,625</u>	<u>\$ 3,396,389</u>

TOWN OF REFUGIO, TEXAS
TEXAS MUNICIPAL RETIREMENT SYSTEM
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS (unaudited) (Continued)
For the Year Ended September 30, 2024

	Measurement Year 2014	Measurement Year 2015	Measurement Year 2016	Measurement Year 2017	Measurement Year 2018	Measurement Year 2019	Measurement Year 2020	Measurement Year 2021	Measurement Year 2022	Measurement Year 2023
Net pension liability/(asset) - ending (a)-(b)	\$ (686,856)	\$ (522,039)	\$ (539,701)	\$ (719,359)	\$ (517,896)	\$ (757,106)	\$ (964,021)	\$ (1,202,511)	\$ (886,370)	\$ (1,072,564)
Plan fiduciary net position as a percentage of total pension liability	144.02%	131.19%	130.54%	138.58%	126.91%	137.46%	148.51%	157.11%	140.65%	146.16%
Covered payroll	\$ 1,177,689	\$ 1,212,890	\$ 1,194,695	\$ 1,210,266	\$ 1,166,663	\$ 1,150,429	\$ 1,215,968	\$ 1,261,041	\$ 1,445,540	\$ 1,499,606
Net pension liability/(asset) as a percentage of covered payroll	-58.32%	-43.04%	-45.17%	-59.44%	-44.39%	-65.81%	-79.28%	-95.36%	-61.32%	-71.52%

**TOWN OF REFUGIO, TEXAS
TEXAS MUNICIPAL RETIREMENT SYSTEM
SCHEDULE OF CONTRIBUTIONS (unaudited)
For the Year Ended September 30, 2024**

	Fiscal Year 2015	Fiscal Year 2016	Fiscal Year 2017	Fiscal Year 2018	Fiscal Year 2019	Fiscal Year 2020	Fiscal Year 2021	Fiscal Year 2022	Fiscal Year 2023	Fiscal Year 2024
Actuarially determined contribution	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Contributions in relation to the actuarially determined contribution	<u>8,421</u>	<u>8,884</u>	<u>9,040</u>	<u>8,283</u>	<u>8,397</u>	<u>8,733</u>	<u>9,426</u>	<u>10,251</u>	<u>10,504</u>	<u>12,344</u>
Contribution deficiency (excess)	<u>\$ (8,421)</u>	<u>\$ (8,884)</u>	<u>\$ (9,040)</u>	<u>\$ (8,283)</u>	<u>\$ (8,397)</u>	<u>\$ (8,733)</u>	<u>\$ (9,426)</u>	<u>\$ (10,251)</u>	<u>\$ (10,504)</u>	<u>\$ (12,344)</u>
Covered payroll	\$ 1,153,564	\$ 1,216,963	\$ 1,238,411	\$ 1,134,710	\$ 1,150,340	\$ 1,196,315	\$ 1,291,189	\$ 1,404,244	\$ 1,438,841	\$ 1,691,025
Contributions as a percentage of covered payroll	0.73%	0.73%	0.73%	0.73%	0.73%	0.73%	0.73%	0.73%	0.73%	0.73%

**TOWN OF REFUGIO, TEXAS
TEXAS MUNICIPAL RETIREMENT SYSTEM
NOTES TO SCHEDULE OF CONTRIBUTIONS (unaudited)
For the Year Ended September 30, 2024**

Valuation Date: 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 of percent of payroll, Closed
Remaining Amortization Period	N/A
Asset Valuation Method	10 Year smoothed market; 12% soft corridor
Inflation	2.50%
Salary Increases	3.60% to 11.85% including inflation
Investment Rate of Return	6.75%
Retirement Age	Experience-based table of rates that vary by age. Last updated for the 2023 valuation pursuant to an experience study of the period ending 2022.
Mortality	Post-retirement: 2019 Municipal Retirees of Texas Mortality Tables. Male rates are multiplied by 103% and female rates are multiplied by 105%. The rates are projected on a fully generational basis by the most recent Scale MP-2021 (with immediate convergence). Pre-retirement: PUB(10) mortality tables, with the 110% of the Public Safety table used for males and the 100% of the General Employee table used for females. The rates are projected on a fully generational basis by the most recent Scale MP-2021 (with immediate convergence).

Other Information:

Notes: There were no benefit changes during the year.

SUPPLEMENTARY INFORMATION FOR RURAL DEVELOPMENT

TOWN OF REFUGIO, TEXAS
SUPPLEMENTARY INFORMATION FOR RURAL DEVELOPMENT
COMPARATIVE SCHEDULE – WATER AND SEWER FUND
For the Years Ended September 30, 2024 and 2023

	2024	2023
Current assets	\$ 990,167	\$ 915,317
Long-term assets	14,122,161	12,573,873
Total assets	<u>15,112,328</u>	<u>13,489,190</u>
Deferred outflows of resources	18,247	43,357
Total deferred outflows of resources	<u>18,247</u>	<u>43,357</u>
Current liabilities	486,047	506,658
Long-term liabilities	2,610,064	2,860,586
Total liabilities	<u>3,096,111</u>	<u>3,367,244</u>
Deferred inflows of resources	15,006	17,118
Total deferred inflows of resources	<u>15,006</u>	<u>17,118</u>
Net position	<u>\$ 12,019,458</u>	<u>\$ 10,148,185</u>
Operating income:		
Charges for water service	\$ 692,140	\$ 605,743
Charges for sewer service	553,844	485,687
Other operating income	28,150	20,940
Total operating income	1,274,134	1,112,370
Non operating income	1,948,195	1,466,894
Gross revenue	<u>3,222,329</u>	<u>2,579,264</u>
Depreciation	488,927	430,455
All other O&M expenses (excluding interest)	1,073,212	787,068
Total O&M expense	<u>1,562,139</u>	<u>1,217,523</u>
Net from operations	<u>\$ 1,660,190</u>	<u>\$ 1,361,741</u>
USDA debt service:		
Principal	\$ 89,389	\$ 72,000
Interest	64,994	68,145
Other debt service:		
Principal	149,489	146,427
Interest	51,511	57,612
Total debt service	<u>\$ 355,383</u>	<u>\$ 344,184</u>

OTHER SUPPLEMENTARY INFORMATION

**TOWN OF REFUGIO, TEXAS
COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
September 30, 2024**

	Police Fund	Hotel/ Motel Tax Fund	Debt Service Fund	Municipal Court Building Security Fund	Municipal Court Tech- nology Fund	Special Events Fund	Total Non- Major Govern- mental Funds
ASSETS							
Cash - restricted	\$ 77,929	\$ 9,772	\$ 48,824	\$ 52,358	\$ 27,590	\$ -	\$ 216,473
Cash - unrestricted	-	-	-	-	-	12,088	12,088
Occupancy taxes	-	26,888	-	-	-	-	26,888
Inventory	2,000	-	-	-	-	-	2,000
Receivables	3,600	-	-	-	-	-	3,600
Receivables - TAC	-	-	3,310	-	-	-	3,310
Receivables - grant agency	10,779	-	-	-	-	-	10,779
Total assets	\$ 94,308	\$ 36,660	\$ 52,134	\$ 52,358	\$ 27,590	\$ 12,088	\$ 275,138
LIABILITIES							
Accounts payable	\$ 8,699	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 8,699
Deferred revenue - grants	62,611	-	-	-	-	-	62,611
Due to other funds	12,012	-	-	-	-	-	12,012
Total liabilities	83,322	-	-	-	-	-	83,322
FUND BALANCES							
Non-spendable:							
Police Fund - inventory	2,000	-	-	-	-	-	2,000
Restricted:							
Police Fund	8,986	-	-	-	-	-	8,986
Debt Service Fund	-	-	52,134	-	-	-	52,134
Municipal Court Building Security	-	-	-	52,358	-	-	52,358
Municipal Court Technology	-	-	-	-	27,590	-	27,590
Tourism	-	36,660	-	-	-	-	36,660
Special events	-	-	-	-	-	12,088	12,088
Total fund balances	10,986	36,660	52,134	52,358	27,590	12,088	191,816
Total liabilities and fund balances	\$ 94,308	\$ 36,660	\$ 52,134	\$ 52,358	\$ 27,590	\$ 12,088	\$ 275,138

TOWN OF REFUGIO, TEXAS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NON-MAJOR GOVERNMENTAL FUNDS
For the Year Ended September 30, 2024

	Police Fund	Hotel/ Motel Tax Fund	Debt Service Fund	Municipal Court Building Security Fund	Municipal Court Tech- nology Fund	Special Events Fund	Total Non- Major Govern- mental Funds
REVENUES							
Fines and forfeitures	\$ 32,663	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 32,663
Occupancy taxes	-	85,508	-	-	-	-	85,508
Ad valorem taxes, penalty and interest	-	-	392,609	-	-	-	392,609
Proceeds - sale of assets	3,600	-	-	-	-	-	3,600
Training fund	2,621	-	-	-	-	-	2,621
Interest income	173	17	516	-	-	13	719
Miscellaneous income	40,945	-	-	-	-	10,623	51,568
Grant income	111,741	-	-	-	-	-	111,741
Total revenues	191,743	85,525	393,125	-	-	10,636	681,029
EXPENDITURES							
Current:							
Public safety	119,298	-	-	-	-	-	119,298
Tourism	-	70,713	-	-	-	-	70,713
Special events	-	-	-	-	-	3,344	3,344
Capital outlay	97,805	-	-	-	-	-	97,805
Debt Service:							
Principal retirements	-	-	370,511	-	-	-	370,511
Interest and fiscal charges	-	-	55,188	-	-	-	55,188
Total expenditures	217,103	70,713	425,699	-	-	3,344	716,859
Excess (deficit) of revenues over expenditures	(25,360)	14,812	(32,574)	-	-	7,292	(35,830)
OTHER FINANCING SOURCES (USES)							
Transfer in	-	-	-	7,666	6,319	-	13,985
Transfer out	-	-	-	(2,692)	(27,429)	-	(30,121)
Total other financing sources (uses)	-	-	-	4,974	(21,110)	-	(16,136)
Net change in fund balances	(25,360)	14,812	(32,574)	4,974	(21,110)	7,292	(51,966)
FUND BALANCES, beginning of year	36,346	21,848	84,708	47,384	48,700	4,796	243,782
FUND BALANCES, end of year	\$ 10,986	\$ 36,660	\$ 52,134	\$ 52,358	\$ 27,590	\$ 12,088	\$ 191,816

INDIVIDUAL GRANT INFORMATION

TOWN OF REFUGIO, TEXAS
GRANT REVENUE AND EXPENDITURE SCHEDULE
For the Year Ended September 30, 2024

Grantor: U.S. Department of Homeland Security
Federal Emergency Management Agency
Pass Through Grantor: Texas Office of the Governor – Homeland Security Grants Division (HSGD)
Homeland Security Grant Program
AL Number: 97.067
Contract Number: 3192708 – EMW-2022-SS-00021
Contract Period: March 1, 2023 to February 29, 2024

	<u>Budget</u>	<u>Prior Year</u>	<u>Current Year</u>	<u>Total</u>	<u>Remaining Budget</u>
Revenue:					
Federal/State	<u>\$ 121,400</u>	<u>\$ 10,431</u>	<u>\$ 87,220</u>	<u>\$ 97,651</u>	<u>\$ 23,749</u>
Total revenue	<u>121,400</u>	<u>10,431</u>	<u>87,220</u>	<u>97,651</u>	<u>23,749</u>
Expenditures:					
Federal/State					
Personnel	36,400	9,611	15,902	25,513	10,887
Equipment	65,000	-	45,195	45,195	19,805
Direct operating expense	<u>20,000</u>	<u>820</u>	<u>6,318</u>	<u>7,138</u>	<u>12,862</u>
Total expenditures	<u>121,400</u>	<u>10,431</u>	<u>67,415</u>	<u>77,846</u>	<u>43,554</u>
Excess revenue over expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 19,805</u>	<u>\$ 19,805</u>	<u>\$ (19,805)</u>

TOWN OF REFUGIO, TEXAS
GRANT REVENUE AND EXPENDITURE SCHEDULE
For the Year Ended September 30, 2024

Grantor: U.S. Department of Homeland Security
Federal Emergency Management Agency
Pass Through Grantor: Texas Office of the Governor – Homeland Security Grants Division (HSGD)
Homeland Security Grant Program
AL Number: 97.067
Contract Number: 3192709 – EMW-2023-SS-00025
Contract Period: March 1, 2024 to February 28, 2025

	<u>Budget</u>	<u>Prior Year</u>	<u>Current Year</u>	<u>Total</u>	<u>Remaining Budget</u>
Revenue:					
Federal/State	\$ 65,879	\$ -	\$ 37,852	\$ 37,852	\$ 28,027
Total revenue	<u>65,879</u>	<u>-</u>	<u>37,852</u>	<u>37,852</u>	<u>28,027</u>
Expenditures:					
Federal/State					
Personnel	36,379	-	31,461	31,461	4,918
Direct operating expense	<u>29,500</u>	<u>-</u>	<u>6,391</u>	<u>6,391</u>	<u>23,109</u>
Total expenditures	<u>65,879</u>	<u>-</u>	<u>37,852</u>	<u>37,852</u>	<u>28,027</u>
Excess revenue over expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

TOWN OF REFUGIO, TEXAS
GRANT REVENUE AND EXPENDITURE SCHEDULE
For the Year Ended September 30, 2024

Grantor: Texas Office of the Governor
 Pass Through Grantor: Homeland Security Grants Division (HSGD)
 Local Border Security Program
 Contract Number: 2991909
 Contract Period: September 1, 2023 to August 31, 2024

	<u>Budget</u>	<u>Prior Year</u>	<u>Current Year</u>	<u>Total</u>	<u>Remaining Budget</u>
Revenue:					
Federal/State	<u>\$ 20,000</u>	<u>\$ -</u>	<u>\$ 19,917</u>	<u>\$ 19,917</u>	<u>\$ 83</u>
Total revenue	<u>20,000</u>	<u>-</u>	<u>19,917</u>	<u>19,917</u>	<u>83</u>
 Expenditures:					
Federal/State					
Personnel	<u>20,000</u>	<u>-</u>	<u>19,917</u>	<u>19,917</u>	<u>83</u>
Total expenditures	<u>20,000</u>	<u>-</u>	<u>19,917</u>	<u>19,917</u>	<u>83</u>
Excess revenue over expenditures	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

TOWN OF REFUGIO, TEXAS
GRANT REVENUE AND EXPENDITURE SCHEDULE
For the Year Ended September 30, 2024

Grantor: U. S. Department of Transportation
 Pass Through Grantor: Texas Department of Transportation
 State and Community Highway Safety Grant Program – STEP CMV
 AL Number: 20.600
 Contract Number: 2023-REFUGIOPD-S-CMV-00040
 Contract Period: October 1, 2022 to September 30, 2023

	Budget	Prior Year	Current Year	Total	Remaining Budget
Revenue:					
Federal/State	\$ 11,924	\$ 4,532	\$ 1,085	\$ 5,617	\$ 6,307
Local match	2,983	977	168	1,145	1,838
Total revenue	14,907	5,509	1,253	6,762	8,145
Expenditures:					
Federal/State					
Salaries	11,924	4,532	1,085	5,617	6,307
Local match					
Administration	715	-	-	-	715
Salaries	370	198	-	198	172
Fringe benefits	1,898	779	168	947	951
Total expenditures	14,907	5,509	1,253	6,762	8,145
Excess revenue over expenditures	\$ -	\$ -	\$ -	\$ -	\$ -

TOWN OF REFUGIO, TEXAS
GRANT REVENUE AND EXPENDITURE SCHEDULE
For the Year Ended September 30, 2024

Grantor: U. S. Department of Transportation
 Pass Through Grantor: Texas Department of Transportation
 State and Community Highway Safety Grant Program – STEP CMV
 AL Number: 20.600
 Contract Number: 2024-REFUGIOPD-S-CMV-00030
 Contract Period: October 1, 2023 to September 30, 2024

	Budget	Prior Year	Current Year	Total	Remaining Budget
Revenue:					
Federal/State	\$ 11,924	\$ -	\$ 4,428	\$ 4,428	\$ 7,496
Local match	3,034	-	851	851	2,183
Total revenue	14,958	-	5,279	5,279	9,679
Expenditures:					
Federal/State					
Salaries	11,924	-	4,428	4,428	7,496
Local match					
Administration	1,192	-	-	-	1,192
Fringe benefits	1,842	-	851	851	991
Total expenditures	14,958	-	5,279	5,279	9,679
Excess revenue over expenditures	\$ -	\$ -	\$ -	\$ -	\$ -

TOWN OF REFUGIO, TEXAS
GRANT REVENUE AND EXPENDITURE SCHEDULE
For the Year Ended September 30, 2024

Grantor: Texas Office of the Governor
 Pass Through Grantor: Homeland Security Grants Division (HSGD)
 Operation Lone Star Grant Program
 Contract Number: 4400001
 Contract Period: September 1, 2021 to August 31, 2023

	Budget	Prior Year	Current Year	Total	Remaining Budget
Revenue:					
Federal/State	\$ 511,192	\$ 358,035	\$ -	\$ 358,035	\$ 153,157
Total revenue	<u>511,192</u>	<u>358,035</u>	<u>-</u>	<u>358,035</u>	<u>153,157</u>
Expenditures:					
Federal/State					
Personnel	178,286	68,821	-	68,821	109,465
Equipment	218,709	218,709	-	218,709	-
Supplies and DOE	114,197	64,825	5,680	70,505	43,692
Total expenditures	<u>511,192</u>	<u>352,355</u>	<u>5,680</u>	<u>358,035</u>	<u>153,157</u>
Excess revenue over expenditures	<u>\$ -</u>	<u>\$ 5,680</u>	<u>\$ (5,680)</u>	<u>\$ -</u>	<u>\$ -</u>

TOWN OF REFUGIO, TEXAS
GRANT REVENUE AND EXPENDITURE SCHEDULE
For the Year Ended September 30, 2024

Grantor: Texas Office of the Governor
 Pass Through Grantor: Homeland Security Grants Division (HSGD)
 Operation Lone Star Grant Program
 Contract Number: 4400002
 Contract Period: September 1, 2023 to August 31, 2024

	<u>Budget</u>	<u>Prior Year</u>	<u>Current Year</u>	<u>Total</u>	<u>Remaining Budget</u>
Revenue:					
Federal/State	\$ 249,191	\$ -	\$ 183,869	\$ 183,869	\$ 65,322
Total revenue	<u>249,191</u>	<u>-</u>	<u>183,869</u>	<u>183,869</u>	<u>65,322</u>
Expenditures:					
Federal/State					
Personnel	108,400	-	81,833	81,833	26,567
Travel and training	8,000	-	-	-	8,000
Equipment	110,000	-	52,110	52,110	57,890
Supplies and DOE	22,791	-	7,119	7,119	15,672
Total expenditures	<u>249,191</u>	<u>-</u>	<u>141,062</u>	<u>141,062</u>	<u>108,129</u>
Excess revenue over expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 42,807</u>	<u>\$ 42,807</u>	<u>\$ (42,807)</u>

TOWN OF REFUGIO, TEXAS
GRANT REVENUE AND EXPENDITURE SCHEDULE
For the Year Ended September 30, 2024

Grantor: U. S. Department of Treasury
 Pass Through Grantor: Texas Division of Emergency Management
 American Rescue Plan Act
 Coronavirus State and Local Fiscal Recovery Funds
 AL Number: 21.027
 Contract Period: March 3, 2021 to December 30, 2026

	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Prior Year</u>	<u>Current Year</u>	<u>Total</u>	<u>Remaining Budget</u>
Revenue:						
Federal/State	<u>\$ 677,447</u>	<u>\$ 678,785</u>	<u>\$ 678,785</u>	<u>\$ -</u>	<u>\$ 678,785</u>	<u>\$ -</u>
Total revenue	<u>677,447</u>	<u>678,785</u>	<u>678,785</u>	<u>-</u>	<u>678,785</u>	<u>-</u>
Expenditures:						
Federal/State	<u>677,447</u>	<u>678,785</u>	<u>256,549</u>	<u>152,220</u>	<u>408,769</u>	<u>270,016</u>
Total expenditures	<u>677,447</u>	<u>678,785</u>	<u>256,549</u>	<u>152,220</u>	<u>408,769</u>	<u>270,016</u>
Excess revenue over expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 422,236</u>	<u>\$ (152,220)</u>	<u>\$ 270,016</u>	<u>\$ (270,016)</u>

TOWN OF REFUGIO, TEXAS
GRANT REVENUE AND EXPENDITURE SCHEDULE
For the Year Ended September 30, 2024

Grantor: U.S. Department of Housing and Urban Development
 Pass Through Grantor: Texas General Land Office
 Community Development Block Grant – Mitigation Program Infrastructure Projects
 AL Number: 14.228
 Grant Number: 24-065-023-E478
 Contract Period: February 28, 2024 to May 31, 2026

	Budget	Prior Year	Current Year	Total	Remaining Budget
Revenue:					
Federal/State	\$ 2,813,300	\$ -	\$ 81,647	\$ 81,647	\$ 2,731,653
Total revenue	2,813,300	-	81,647	81,647	2,731,653
Expenditures:					
Federal/State					
Construction	2,322,809	-	-	-	2,322,809
Engineering	348,421	-	28,215	28,215	320,206
General administration	142,070	-	53,432	53,432	88,638
Total expenditures	2,813,300	-	81,647	81,647	2,731,653
Excess revenue over expenditures	\$ -	\$ -	\$ -	\$ -	\$ -

TOWN OF REFUGIO, TEXAS
GRANT REVENUE AND EXPENDITURE SCHEDULE
For the Year Ended September 30, 2024

Federal Grantor: Federal Emergency Management Agency
 Pass Through Grantor: Texas Division of Emergency Management
 FY 2022 Assistance to Firefighters Grant
 AL Number: 97.044
 Grant Number: EMW-2022-FG-05284
 Contract Period: August 8, 2023 – August 8, 2025

	<u>Budget</u>	<u>Prior Year</u>	<u>Current Year</u>	<u>Total</u>	<u>Remaining Budget</u>
Revenue:					
Federal/State	\$ 668,095	\$ -	\$ 668,095	\$ 668,095	\$ -
Local match	33,405	-	33,405	33,405	-
Total revenue	<u>701,500</u>	<u>-</u>	<u>701,500</u>	<u>701,500</u>	<u>-</u>
Expenditures:					
Federal/State	668,095	-	668,095	668,095	-
Local match	33,405	-	33,405	33,405	-
Total expenditures	<u>701,500</u>	<u>-</u>	<u>701,500</u>	<u>701,500</u>	<u>-</u>
Excess revenue over expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

TOWN OF REFUGIO, TEXAS
GRANT REVENUE AND EXPENDITURE SCHEDULE
For the Year Ended September 30, 2024

Grantor: U.S. Department of Housing and Urban Development
 Pass Through Grantor: Texas General Land Office
 Community Development Block Grant – Mitigation Program Infrastructure Projects
 AL Number: 14.228
 Grant Number: 20-085-019-D255
 Contract Period: December 21, 2021 to February 28, 2025

	<u>Budget</u>	<u>Prior Year</u>	<u>Current Year</u>	<u>Total</u>	<u>Remaining Budget</u>
Revenue:					
Federal/State	\$ 12,112,636	\$ 1,128,304	\$ 2,108,581	\$ 3,236,885	\$ 8,875,751
Local match	122,350	-	-	-	122,350
Total revenue	<u>12,234,986</u>	<u>1,128,304</u>	<u>2,108,581</u>	<u>3,236,885</u>	<u>8,998,101</u>
Expenditures:					
Federal/State					
Flood and drainage improvements	3,709,275	345,523	282,606	628,129	3,081,146
Water facilities improvements	1,700,084	158,364	1,377,583	1,535,947	164,137
Sewer facilities improvements	6,703,277	624,417	448,392	1,072,809	5,630,468
Local match					
Flood and drainage improvements	37,467	-	-	-	37,467
Water facilities improvements	17,173	-	-	-	17,173
Sewer facilities improvements	67,710	-	-	-	67,710
Total expenditures	<u>12,234,986</u>	<u>1,128,304</u>	<u>2,108,581</u>	<u>3,236,885</u>	<u>8,998,101</u>
Excess revenue over expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

TOWN OF REFUGIO, TEXAS
GRANT REVENUE AND EXPENDITURE SCHEDULE
For the Year Ended September 30, 2024

Grantor: U.S. Department of Housing and Urban Development
 Pass Through Grantor: Texas Department of Agriculture
 Community Development Block Grant – 2021 Community Development
 AL Number: 14.228
 Grant Number: CDV21-0193
 Contract Period: March 1, 2022 to February 29, 2024, Amended to June 30, 2024

	<u>Budget</u>	<u>Prior Year</u>	<u>Current Year</u>	<u>Total</u>	<u>Remaining Budget</u>
Revenue:					
Federal/State	\$ 350,000	\$ 323,050	\$ 26,950	\$ 350,000	\$ -
Local match	35,000	35,000	-	35,000	-
Total revenue	<u>385,000</u>	<u>358,050</u>	<u>26,950</u>	<u>385,000</u>	<u>-</u>
Expenditures:					
Federal/State					
Construction	260,000	247,000	13,000	260,000	-
Engineering	55,000	44,550	10,450	55,000	-
General administration	35,000	31,500	3,500	35,000	-
Local match					
Construction	<u>35,000</u>	<u>35,000</u>	<u>-</u>	<u>35,000</u>	<u>-</u>
Total expenditures	<u>385,000</u>	<u>358,050</u>	<u>26,950</u>	<u>385,000</u>	<u>-</u>
Excess revenue over expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

TOWN OF REFUGIO, TEXAS
GRANT REVENUE AND EXPENDITURE SCHEDULE
For the Year Ended September 30, 2024

Public Assistance Grant Program
Federal Grantor: Federal Emergency Management Agency
Pass Through Grantor: Texas Division of Emergency Management
AL Number: 97.036
Contract Number: 754565 – Refugio Hurricane Beryl
Contract Period: July 5, 2024 – January 9, 2025

	<u>Budget</u>	<u>Prior Year</u>	<u>Current Year</u>	<u>Total</u>	<u>Remaining Budget</u>
Revenue:					
Federal/State	\$ 34,286	\$ -	\$ 34,286	\$ 34,286	\$ -
Local match	11,429	-	11,429	11,429	-
	<u>45,715</u>	<u>-</u>	<u>45,715</u>	<u>45,715</u>	<u>-</u>
Total revenue	<u>45,715</u>	<u>-</u>	<u>45,715</u>	<u>45,715</u>	<u>-</u>
Expenditures:					
Federal/State					
Beryl	30,452	-	30,452	30,452	-
Donated resources	3,834	-	3,834	3,834	-
Local match					
Beryl	10,151	-	10,151	10,151	-
Donated resources	1,278	-	1,278	1,278	-
	<u>45,715</u>	<u>-</u>	<u>45,715</u>	<u>45,715</u>	<u>-</u>
Total expenditures	<u>45,715</u>	<u>-</u>	<u>45,715</u>	<u>45,715</u>	<u>-</u>
Excess revenue over expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

TOWN OF REFUGIO, TEXAS
GRANT REVENUE AND EXPENDITURE SCHEDULE
For the Year Ended September 30, 2024

Public Assistance Grant Program

Federal Grantor: Federal Emergency Management Agency

Pass Through Grantor: Texas Division of Emergency Management

AL Number: 97.036

Contract Number: 4332-DR, Texas Hurricane Harvey

Contract Period: August 25, 2017 to February 25, 2022, Amended to December 30, 2022

	Budget	Prior Year	Current Year	Total	Remaining Budget
Revenue:					
Federal - FEMA	\$ 5,411,918	\$ 4,358,944	\$ 83,295	\$ 4,442,239	\$ 969,679
Local match - TDEM	282,529	275,802	5,741	281,543	986
Local match - Town	313,312	151,587	16,614	168,201	145,111
Total revenue	6,007,759	4,786,333	105,650	4,891,983	1,115,776
Expenditures:					
Federal - FEMA					
Debris removal	52,030	52,030	-	52,030	-
Emergency measures	49,357	49,357	-	49,357	-
Communication					
tower/radios	68,247	54,820	-	54,820	13,427
City Hall	32,111	32,111	-	32,111	-
Heritage park restroom	329,755	317,925	-	317,925	11,830
City Hall storage building	4,465	4,465	-	4,465	-
New fire station building	1,442,372	1,442,372	-	1,442,372	-
Billboards-four in Town	41,201	22,270	-	22,270	18,931
Shelley Park streets	11,071	-	-	-	11,071
Lions/Shelley Park repairs	100,397	-	-	-	100,397
Kings Park	66,887	66,887	-	66,887	-
Baseball fields and facilities	286,746	16,167	-	16,167	270,579
Vance Street plant					
chlorination building	4,500	-	-	-	4,500
WWTP storage building	8,435	550	-	550	7,885
Vance Street pump building	31,843	31,843	-	31,843	-
Vance Street water plant	61,821	-	-	-	61,821
City ditches	694,505	694,505	-	694,505	-
City drainage and culverts	48,209	40,546	-	40,546	7,663
Plasuela water plant	44,597	17,955	-	17,955	26,642
Sanitary lift stations (5)	77,960	77,960	-	77,960	-
Wastewater Treatment Plant	55,773	55,773	-	55,773	-
Roca St WTP Warehouse	210,885	450	-	450	210,435
Fire House Contents	424,981	7,131	-	7,131	417,850
City Street Lights	197,313	197,313	-	197,313	-
Street Signs	154,836	154,836	-	154,836	-
Police and Annex buildings	101,742	101,742	-	101,742	-
PAAP DAC	296,457	296,457	-	296,457	-
Fire Dept Training Grounds	101,017	36,763	-	36,763	64,254
Lions/Shelley Park	241,902	7,094	83,295	90,389	151,513
Animal Control building	170,503	7,272	-	7,272	163,231

TOWN OF REFUGIO, TEXAS
GRANT REVENUE AND EXPENDITURE SCHEDULE (Continued)
For the Year Ended September 30, 2024

	Budget	Prior Year	Current Year	Total	Remaining Budget
Local match - TDEM					
Debris removal	-	-	-	-	-
Emergency measures	-	-	-	-	-
Communication					
tower/radios	5,687	-	-	-	5,687
City Hall	2,676	2,676	-	2,676	-
Heritage Park restroom	27,480	26,494	-	26,494	986
City Hall storage building	372	372	-	372	-
New fire station building	120,197	120,197	-	120,197	-
Billboards-four in Town	3,433	-	-	-	3,433
Shelley Park streets	923	-	-	-	923
Lions/Shelley Park repairs	8,366	-	-	-	8,366
Kings Park	5,574	5,574	-	5,574	-
Baseball fields and facilities	-	-	-	-	-
Vance Street plant					
chlorination building	375	-	-	-	375
WWTP storage building	703	-	-	-	703
Vance Street pump building	2,654	2,654	-	2,654	-
Vance Street water plant	5,152	-	-	-	5,152
City ditches	57,875	57,875	-	57,875	-
City drainage and culverts	4,017	-	-	-	4,017
Plasuela water plant	3,716	-	-	-	3,716
Sanitary lift stations (5)	6,497	6,497	-	6,497	-
Wastewater Treatment Plant	4,648	4,648	-	4,648	-
Roca St WTP Warehouse	-	-	-	-	-
Fire House Contents	-	-	-	-	-
City Street Lights	16,443	16,443	-	16,443	-
Street Signs	-	-	-	-	-
Police and Annex buildings	-	-	-	-	-
PAAP DAC	-	-	-	-	-
Fire Dept Training Grounds	-	-	-	-	-
Lions/Shelley Park	5,741	-	5,741	5,741	-
Animal Control building	-	-	-	-	-

TOWN OF REFUGIO, TEXAS
GRANT REVENUE AND EXPENDITURE SCHEDULE (Continued)
For the Year Ended September 30, 2024

	Budget	Prior Year	Current Year	Total	Remaining Budget
Local match - Town					
Debris removal	5,781	5,781	-	5,781	-
Emergency measures	-	-	-	-	-
Communication					
tower/radios	1,896	-	-	-	1,896
City Hall	892	892	-	892	-
Heritage Park restroom	9,159	8,831	-	8,831	328
City Hall storage building	124	124	-	124	-
New fire station building	40,068	40,068	-	40,068	-
Billboards-four in Town	1,145	-	-	-	1,145
Shelley Park streets	307	-	-	-	307
Lions/Shelley Park repairs	2,789	-	-	-	2,789
Kings Park	1,858	1,858	-	1,858	-
Baseball fields and facilities	31,861	1,796	-	1,796	30,065
Vance Street plant					
chlorination building	125	-	-	-	125
WWTP storage building	234	-	-	-	234
Vance Street pump building	884	884	-	884	-
Vance Street water plant	1,717	-	-	-	1,717
City ditches	19,292	19,292	-	19,292	-
City drainage and culverts	1,339	-	-	-	1,339
Plasuela water plant	1,239	-	-	-	1,239
Sanitary lift stations (5)	2,165	2,165	-	2,165	-
Wastewater Treatment Plant	1,549	1,549	-	1,549	-
Roca St WTP Warehouse	23,432	50	-	50	23,382
Fire House Contents	47,220	792	-	792	46,428
City Street Lights	5,481	5,481	-	5,481	-
Street Signs	17,204	17,204	-	17,204	-
Police and Annex buildings	11,305	11,305	-	11,305	-
PAAP DAC	32,940	32,940	-	32,940	-
Fire Dept Training Grounds	11,224	-	-	-	11,224
Lions/Shelley Park	21,137	87	16,614	16,701	4,436
Animal Control building	18,945	488	-	488	18,457
Total expenditures	6,007,759	4,181,611	105,650	4,287,261	1,720,498
Excess (deficiency) revenue over expenditures	<u>\$ -</u>	<u>\$ 604,722</u>	<u>\$ -</u>	<u>\$ 604,722</u>	<u>\$ (604,722)</u>

SINGLE AUDIT SECTION

Goldman, Hunt & Notz, L.L.P.

Certified Public Accountants

DONALD G. GOLDMAN, CPA
D. DALE HUNT, CPA
JAMIE K. NOTZ, CPA, CVA*

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*CERTIFIED VALUATION ANALYST

TEXAS SOCIETY OF
CERTIFIED PUBLIC ACCOUNTANTS

*CERTIFIED INFORMATION SYSTEMS AUDITOR

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 Town Council
Town of Refugio, Texas

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Town of Refugio, Texas (the Town), as of and for the year ended September 30, 2024, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements, and have issued our report thereon dated February 27, 2025.

Report on Internal Control over Financial Reporting

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

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

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

Report on Compliance and Other Matters

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

The Town of Refugio, Texas's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the Town's response to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. The Town's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

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



Goldman, Hunt & Notz, L.L.P.

February 27, 2025

Goldman, Hunt & Notz, L.L.P.

Certified Public Accountants

DONALD G. GOLDMAN, CPA
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TEXAS SOCIETY OF
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*CERTIFIED INFORMATION SYSTEMS AUDITOR

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

To the Honorable Mayor and
Members of the Town Council
Town of Refugio, Texas

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Town of Refugio, Texas's (the Town's) compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Town's major federal programs for the year ended September 30, 2024. The Town's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Town complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2024.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Town and to meet our other ethical responsibilities, in accordance with 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 opinion on compliance for each major federal program. Our audit does not provide a legal determination of Town's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to Town's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Town's compliance based on our audit. 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, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Town's compliance with the requirements of each major federal program as a whole.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 Town's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Town's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of Town's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses or significant deficiencies, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.



Goldman, Hunt & Notz, L.L.P.

February 27, 2025

TOWN OF REFUGIO, TEXAS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended September 30, 2024

<i>Federal Grantor/Program or Cluster Title</i>	<i>Federal Assistance Listing Number</i>	<i>Pass-through Grantor and Number</i>	<i>Federal Expenditures (\$)</i>
Highway Safety Cluster-Cluster			
Department of Transportation			
State and Community Highway Safety			
State and Community Highway Safety	20.600	Texas Department of Transportation 2022-RefugioPD-S-CMV-00040	\$ 1,085
State and Community Highway Safety	20.600	Texas Department of Transportation 2022-RefugioPD-S-CMV-00030	4,428
Total State and Community Highway Safety			<u>5,513</u>
Total Department of Transportation			<u>5,513</u>
Total Highway Safety Cluster-Cluster			<u>5,513</u>
Other Programs			
Department of Homeland Security			
Disaster Grants-Public Assistance (Presidentially Declared Disasters)			
Disaster Grants-Public Assistance (Presidentially Declared Disasters)	97.036	Texas Division of Emergency Management, 391-61436-00	83,295
Disaster Grants-Public Assistance (Presidentially Declared Disasters)	97.037	Texas Division of Emergency Management, 391-61436-00	<u>34,286</u>
Total Disaster Grants-Public Assistance (Presidentially Declared Disasters)			<u>117,581</u>
Assistance to Firefighters Grant			
Assistance to Firefighters Grant	97.044	N/A	<u>668,095</u>
Total Assistance to Firefighters Grant			<u>668,095</u>
Homeland Security Grant Program			
Homeland Security Grant Program	97.067	Texas Department of Public Safety, M9LEE5FFNNK4	67,415
Homeland Security Grant Program	97.067	Texas Department of Public Safety, M9LEE5FFNNK4	<u>28,841</u>
Total Homeland Security Grant Program			<u>96,256</u>
Total Department of Homeland Security			<u>881,932</u>

The accompanying notes are an integral part of this schedule.

TOWN OF REFUGIO, TEXAS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (Continued)
For the Year Ended September 30, 2024

<i>Federal Grantor/Program or Cluster Title</i>	<i>Federal Assistance Listing Number</i>	<i>Pass-through Grantor and Number</i>	<i>Federal Expenditures (\$)</i>
Department of Housing and Urban Development			
Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii			
Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii	14.228	Texas General Land Office, 20-085-019-D255	2,108,581
Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii	14.228	Texas Department of Agriculture, NT4XL1YGLGC5	26,950
Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii	14.228	Texas General Land Office, 24-065-023-E478	81,647
Total Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii			2,217,178
<i>Total Department of Housing and Urban Development</i>			<i>2,217,178</i>
Department of the Treasury			
Coronavirus State and Local Fiscal Recovery Funds (Single or Program-specific Audit)			
Coronavirus State and Local Fiscal Recovery Funds (Single or Program-specific Audit)	21.027	Texas Division of Emergency Management, 391-61436-00	152,220
Total Coronavirus State and Local Fiscal Recovery Funds (Single or Program-specific Audit)			152,220
<i>Total Department of the Treasury</i>			<i>152,220</i>
<i>Total Other Programs</i>			<i>3,251,330</i>
<i>Total Expenditures of Federal Awards</i>			<i>\$ 3,256,843</i>

The accompanying notes are an integral part of this schedule.

TOWN OF REFUGIO, TEXAS
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended September 30, 2024

NOTE 1: BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of Town of Refugio, Texas under programs of the federal government for the year ended September 30, 2024. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operation of Town of Refugio, Texas, it is not intended to be and does not present the financial position, changes in net assets, or cash flows of Town of Refugio, Texas.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in wherein certain types of expenditures are not allowable or are limited as to reimbursement.

NOTE 3: INDIRECT COST RATE

The Town of Refugio, Texas did not elect to use the 10% de Minimis indirect cost rate as allowed under the Uniform Guidance.

NOTE 4: PRIOR YEAR EXPENDITURES

Of the \$3,256,843 in federal expenditures listed on the Schedule, \$7,500 were expended during fiscal year ended 2023.

TOWN OF REFUGIO, TEXAS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended September 30, 2024

Section I - Summary of Auditor's Results

Financial Statements

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP:

Unmodified

Internal control over financial reporting:

*	Material weakness(es) identified?	_____ yes	_____ <u>x</u> no
*	Significant deficiency(ies) identified?	_____ <u>x</u> yes	_____ no

Noncompliance material to financial statements noted?

_____ yes _____ x no

Federal Awards

Internal control over major federal programs:

*	Material weakness(es) identified?	_____ yes	_____ <u>x</u> no
*	Significant deficiency(ies) identified?	_____ yes	_____ <u>x</u> no

Type of auditor's report issued on compliance for major federal programs:

Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?

_____ yes _____ x no

Identification of major federal programs:

Federal Assistance Listing Number

Name of Federal Program or Cluster

14.228

Community Development Block Grant

Dollar threshold used to distinguish between type A and type B programs:

\$750,000

Auditee qualified as low-risk auditee?

Yes

TOWN OF REFUGIO, TEXAS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
For the Year Ended September 30, 2024

Section II- Financial Statement Findings

Significant Deficiencies in Internal Control over Financial Reporting

2024-001 Lack of Controls over Financial Reporting

Criteria

The Town is expected to prepare and take responsibility for the annual financial statements and related note disclosures. The Town should have a control structure in place to ensure these statements are prepared accurately, completely, and in compliance with regulatory requirements.

Statement of Condition

The Town has requested that Goldman, Hunt & Notz, L.L.P. (GHN) draft the financial statements and related note disclosures subject to the Town's personnel review and acceptance. This was done because, due to its limited resources, the Town's internal personnel do not possess all the skills necessary to prepare the financial statements and related note disclosures in accordance with the highly technical requirements of generally accepted accounting principles. However, the Town's personnel do possess the suitable skills, knowledge, or experience to effectively process the accounting and internal control functions of the Town. This scenario is common for towns this size. This is considered to be a significant deficiency in the Town's system of internal control.

Statement of Cause

The Town's lack of controls over the preparation of the annual financial statements and related note disclosures are primarily driven by the Town's professional accounting limited resources.

Statement of Effect or Potential Effect

This significant deficiency in the Town's internal control could result in misstatements in the financial statements and related note disclosures.

Recommendation

To remedy the control deficiency related to the preparation of the annual financial statements, the Town would need to ensure that sufficient personnel are in place and that they have the appropriate knowledge and tools (i.e., current accounting literature, current disclosure checklist, etc.) to be an effective element of the internal control process over financial reporting. It is understood that this may not be feasible because of the Town's size and limited resources. Management may make a conscious decision to accept the degree of risk in this control deficiency because of cost or other considerations.

Views of Responsible Officials and Corrective Action Plan

The Town of Refugio does not have the resources to hire a certified public accountant or other professional accountant to be on staff available to prepare the financial statements and related note disclosures. The Town has prepared manuals and written procedures for the various office duties and has worked diligently to cross-train all office employees so that at least two office personnel know each process. The Town will amplify their efforts to add a third Town employee to train for each process and then divide and rotate those duties to keep current with each process. Succession planning should be completed by the end of fiscal year-ended September 30, 2025.

TOWN OF REFUGIO, TEXAS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
For the Year Ended September 30, 2024

Section II- Financial Statement Findings (Concluded)

Significant Deficiencies in Internal Control over Financial Reporting

2024-002 Cash Monitoring – Restricted

Criteria

The Town is expected to use grant funds specifically for the use stated in the grant contract. As such, these funds are to be considered restricted cash. Restricted cash refers to money that is held for a specific purpose and thus not available to the Town for immediate or general operational use. The Town should have a control structure in place to ensure these funds are only used for grant-specific purposes and not for daily operations of the Town.

Statement of Condition

The amount of the reconciled restricted cash balance as of September 30, 2024 was less than the calculation of the Town's required restricted cash balance at September 30, 2024. This is considered to be a significant deficiency in the Town's system of internal control.

Statement of Cause

The Town is ineffectively monitoring the cash usage on a regular basis and not ensuring that grant funds are utilized for grant activities only.

Statement of Effect or Potential Effect

This significant deficiency in the Town's internal control could result in misstatements in the financial statements and related note disclosures.

Recommendation

To remedy the control deficiency related to the monitoring of restricted cash balances, the Town of Refugio, Texas would need to ensure that effective monitoring of cash activity is performed on a timely basis.

Views of Responsible Officials and Corrective Action Plan

The Town is still working closely with grant administrators to work through complicated amendment processes to be able to request reimbursements for substantial grant expenditures paid by the Town in previous fiscal years. The Town obtained a tax note to fund another grant. It is their goal to have most of their reimbursements paid to them by the end of fiscal year-ended September 30, 2025.

**TOWN OF REFUGIO, TEXAS
SCHEDULE OF PRIOR AUDIT FINDINGS
For the Year Ended September 30, 2024**

	Finding Number	Fiscal Year	Finding	Corrective Action Taken
(1)	Audit findings that have been fully corrected:			
	2022-004	9/30/2022	Grant Funds Disbursement	The Town is expected to disburse grant funds within a specified timeframe. This finding has been fully corrected. The Town is monitoring receipt of grant funds that are passed-through the State more closely to disburse grant funds within the specified timeframe.
(2)	Audit findings not corrected or partially corrected:			
	N/A			
(3)	Audit findings that are no longer valid:			
	N/A			