

TOWN OF REFUGIO, TEXAS

FINANCIAL STATEMENTS

For the Year Ended September 30, 2022

**TOWN OF REFUGIO, TEXAS
FINANCIAL STATEMENTS
For the Year Ended September 30, 2022**

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INTRODUCTORY SECTION

**TOWN OF REFUGIO, TEXAS
LIST OF PRINCIPAL OFFICIALS
For the Year Ended September 30, 2022**

Mayor	Wanda Dukes
Mayor Pro-Tem	Karen Watts
Aldermans	Leonard Anzaldua Frank Hosey Michael Rocha Dale Skrobarcek
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*
STEPHANIE S. KOCH, CPA

*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, 2022, 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, 2022, 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 53-58 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 May 1, 2023, 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 the 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.



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

May 1, 2023

TOWN OF REFUGIO, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended September 30, 2022

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, 2022. 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, 2022

Financial Highlights

- The assets of the Town of Refugio, Texas exceeded its liabilities at the close of the fiscal year ended September 30, 2022 by \$22,535,448. Of this amount, \$1,196,418 of the Governmental activities and \$481,474 of the Business-type activities' unrestricted net assets is available to meet the Town's ongoing obligations.
- At September 30, 2022, the Town's General Fund reported a combined ending fund balance of \$1,251,870 of which \$178,741 is non-spendable for inventory and prepaid insurance, \$883,470 is restricted and the unassigned fund balance was \$189,659.
- At September 30, 2022 unassigned fund balance for the General Fund was \$189,659 or 2% of total General Fund expenditures.
- The total cost of all Town activities was \$6,592,078 for the fiscal year.

Town as a Whole

Government-Wide Financial Statements

A condensed version of the Statement of Net Position at September 30, 2022 and 2021 follows:

Town of Refugio, Texas
Components of Net Position
September 30, 2022
With Comparative Totals for September 30, 2021
(in thousands)

	Governmental Activities		Business-type Activities		Total Government		Amount Change	% Change
	2022	2021	2022	2021	2022	2021		
Cash	\$ 46	\$ 611	\$ -	\$ -	\$ 46	\$ 611	\$ (565)	-92.5%
Restricted assets	1,815	1,382	667	644	2,482	2,026	456	22.5%
Current and other assets	3,961	1,302	718	645	4,679	1,947	2,732	140.3%
Capital assets	13,072	9,029	11,192	9,531	24,264	18,560	5,704	30.7%
Total assets	18,894	12,324	12,577	10,820	31,471	23,144	8,327	36.0%
Deferred outflows of resources	6	6	2	2	8	8	-	0.0%
Other liabilities	2,972	1,423	483	471	3,455	1,894	1,561	82.4%
Long term outstanding	2,144	2,507	3,084	3,303	5,228	5,810	(582)	-10.0%
Total liabilities	5,116	3,930	3,567	3,774	8,683	7,704	979	12.7%
Deferred inflows of resources	209	142	52	35	261	177	84	47.5%
Net position:								
Net investment in capital assets	10,564	8,410	7,890	6,022	18,454	14,432	4,022	27.9%
Restricted	3,747	1,382	589	566	4,336	1,948	2,388	122.6%
Unrestricted	(736)	(1,534)	481	425	(255)	(1,109)	854	-77.0%
Total net position	\$ 13,575	\$ 8,258	\$ 8,960	\$ 7,013	\$ 22,535	\$ 15,271	\$ 7,264	47.6%

TOWN OF REFUGIO, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended September 30, 2022

Financial Highlights (Continued)

The net position of the governmental activities increased by \$5,317,000, primarily due to an increase in capital assets of \$4,043,000 for equipment purchases and capital projects. Cash (unrestricted and restricted) decreased \$132,000. Current and other assets increased by \$2,659,000 primarily due to increases in grants receivable, prepaid insurance, and net pension assets. Deferred outflows stayed consistent. Current liabilities increased by \$1,549,000 primarily due to grants payable, accrued interest and the addition of current portion of debt obligations. Debt obligations decreased \$363,000, the Town made principal payments of \$202,000 on long-term debt and the amount of long-term debt reclassified as current portion increased \$161,000. Deferred inflows increased \$67,000.

The net position of the business-type funds increased by \$1,947,000, primarily due to a \$23,000 increase in cash. Current and other assets increased by \$73,000 primarily due to increases in net pension asset, grant receivable, service accounts receivable, and inventory. Capital assets increased by \$1,661,000 for equipment purchases and grant projects. Deferred outflows stayed consistent. Current liabilities increased \$12,000 primarily due to the increase in the current portion of long-term debt. Debt obligations decreased \$219,000, the Town made principal payments of \$206,000 and the amount of long-term debt reclassified as current increased by \$13,000. Deferred inflows increased \$17,000.

TOWN OF REFUGIO, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended September 30, 2022

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, 2022
With Comparative Totals for the Year Ended September 30, 2021
(in thousands)

	Governmental Activities		Business-type Activities		Total Government		Amount Change	% Change
	2022	2021	2022	2021	2022	2021		
Revenues								
Program revenues								
Charges for services	\$ 1,653	\$ 1,357	\$ 1,140	\$ 1,150	\$ 2,793	\$ 2,507	\$ 286	11.4%
Grants and contributions	7,099	1,696	1,999	216	9,098	1,912	7,186	375.8%
General revenues								
Taxes	2,166	1,797	-	-	2,166	1,797	369	20.5%
Other	1	1	1	1	2	2	-	0.0%
Total revenues	<u>10,919</u>	<u>4,851</u>	<u>3,140</u>	<u>1,367</u>	<u>14,059</u>	<u>6,218</u>	<u>7,841</u>	126.1%
Expenses								
General government	2,806	1,942	-	-	2,806	1,942	864	44.5%
Public safety	1,593	1,246	-	-	1,593	1,246	347	27.8%
Streets	548	545	-	-	548	545	3	0.6%
Animal control	41	41	-	-	41	41	-	0.0%
Tourism	81	54	-	-	81	54	27	50.0%
Parks	367	343	-	-	367	343	24	7.0%
Water and sewer	-	-	1,158	1,195	1,158	1,195	(37)	-3.1%
Interest on long-term debt	50	49	134	146	184	195	(11)	-5.6%
Total expenses	<u>5,486</u>	<u>4,220</u>	<u>1,292</u>	<u>1,341</u>	<u>6,778</u>	<u>5,561</u>	<u>1,217</u>	21.9%
Excess (deficiency) before transfers	5,433	631	1,848	26	7,281	657	6,624	1008.2%
Non operating revenues (expenses)	(17)	-	-	-	(17)	-	(17)	100.0%
Transfers	(99)	(130)	99	130	-	-	-	0.0%
Change in net position	<u>5,317</u>	<u>501</u>	<u>1,947</u>	<u>156</u>	<u>7,264</u>	<u>657</u>	<u>6,607</u>	1005.6%
Beginning net position	<u>8,258</u>	<u>7,757</u>	<u>7,013</u>	<u>6,857</u>	<u>15,271</u>	<u>14,614</u>	<u>657</u>	4.5%
Ending net position	<u>\$ 13,575</u>	<u>\$ 8,258</u>	<u>\$ 8,960</u>	<u>\$ 7,013</u>	<u>\$ 22,535</u>	<u>\$ 15,271</u>	<u>\$ 7,264</u>	47.6%

**TOWN OF REFUGIO, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended September 30, 2022**

Financial Highlights (Concluded)

Revenues from governmental activities increased by \$6,068,000 due to increases in ad valorem tax revenue, garbage fee revenue, franchise tax revenue, fines and forfeitures, RV park fee revenue, and grant revenues. Expenditures from governmental activities increased by \$1,266,000, primarily due to an increase in capital outlay from capital projects. The Town recognized a \$17,000 loss in asset disposals in the current fiscal year. Transfers decreased by \$31,000. Net transfers in the current year were transfer outs of approximately \$31,000 primarily due to Hurricane Harvey projects related to water and wastewater being transferred to the Water and Sewer Fund.

Revenues from business-type activities increased by \$1,773,000 primarily due to an increase in grant revenues. The operating expenses from the business-type activities decreased by \$49,000. Transfers decreased by \$31,000. Net transfers in the current year were transfer ins of approximately \$31,000 primarily due to Hurricane Harvey projects related to water and wastewater being transferred from the General Fund.

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 \$6,817,000, primarily due to receipt of \$6,965,000 in grant revenues, which was not budgeted. Actual sales tax revenues were less than budgeted sales tax revenues by \$318,000. Actual General Fund expenditures exceeded budgeted expenditures by approximately \$5,794,000, primarily due to the Town purchasing more equipment and expenditures related to Hurricane Harvey capital projects than were budgeted.

**TOWN OF REFUGIO, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended September 30, 2022**

Capital Assets

At September 30, 2022 the Town had recorded approximately \$24,264,000 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 \$5,704,000 or more than 30.7% compared to last year.

**Town of Refugio, Texas
Capital Assets
(net of accumulated depreciation)
September 30, 2022
With Comparative Totals for September 30, 2021
(in thousands)**

	Governmental Activities		Business-type Activities		Totals		Amount Change	% Change
	2022	2021	2022	2021	2022	2021		
Construction in progress	\$ 4,878	\$ 1,668	\$ 2,379	\$ 371	\$ 7,257	\$ 2,039	\$ 5,218	255.9%
Buildings and improvements	7,526	6,324	-	-	7,526	6,324	1,202	19.0%
Water system	-	-	3,980	3,980	3,980	3,980	-	0.0%
Sewer system	-	-	10,839	10,839	10,839	10,839	-	0.0%
Machinery and equipment	2,618	2,495	792	745	3,410	3,240	170	5.2%
Streets	3,315	3,315	-	-	3,315	3,315	-	0.0%
Subtotal	<u>18,337</u>	<u>13,802</u>	<u>17,990</u>	<u>15,935</u>	<u>36,327</u>	<u>29,737</u>	<u>6,590</u>	<u>22.2%</u>
Accumulated depreciation	<u>(5,265)</u>	<u>(4,773)</u>	<u>(6,798)</u>	<u>(6,404)</u>	<u>(12,063)</u>	<u>(11,177)</u>	<u>(886)</u>	<u>7.9%</u>
Capital assets, net	<u><u>\$ 13,072</u></u>	<u><u>\$ 9,029</u></u>	<u><u>\$ 11,192</u></u>	<u><u>\$ 9,531</u></u>	<u><u>\$ 24,264</u></u>	<u><u>\$ 18,560</u></u>	<u><u>\$ 5,704</u></u>	<u><u>30.7%</u></u>

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

The governmental capital assets increased by \$4,043,000 due to \$4,626,000 in asset additions (primarily due to public safety – equipment, city hall improvements, and street and drainage improvements) and depreciation of \$566,000. The Town recognized a \$17,000 net loss of asset disposals which were not fully depreciated at September 30, 2022.

The business-type capital assets increased by \$1,661,000 due to \$2,055,00 in asset additions (which consisted of improvements in the water system of \$347,000, improvements in the sewer system of \$1,661,000, and \$47,000 in machinery and equipment purchases) and depreciation of \$394,000. There were no assets that were disposed of during the fiscal year ended September 30, 2022.

**TOWN OF REFUGIO, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended September 30, 2022**

Debt Outstanding

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 \$206,000. The Town reduced the Series 2011 certificates of obligation in the governmental activities by \$202,000.

**Town of Refugio, Texas
Outstanding Debt
September 30, 2022
With Comparative Totals for September 30, 2021
(in thousands)**

	Governmental Activities		Business-type Activities		Totals		Amount Change	% Change
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>		
Revenue bonds and Certificates of Obligation	\$ 2,507	\$ 2,709	\$ 3,303	\$ 3,509	\$ 5,810	\$ 6,218	\$ (408)	-6.6%
Total debt	<u>\$ 2,507</u>	<u>\$ 2,709</u>	<u>\$ 3,303</u>	<u>\$ 3,509</u>	<u>\$ 5,810</u>	<u>\$ 6,218</u>	<u>\$ (408)</u>	-6.6%

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 2022/2023 fiscal year, the property tax rate will be \$0.9994/\$100 valuation, which is a \$0.0990 decrease from 2021/2022. The total taxable valuation is \$101,368,926 that should produce a tax of \$1,013,032.

There is no change to the water and sewer rates.

The General Fund budget for 2022/2023 is \$4,173,213 in revenues and expenditures and the Water and Sewer Fund budget for 2022/2023 is \$1,531,700 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, 2022

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash	\$ 46,543	\$ -	\$ 46,543
Restricted assets - cash	1,815,053	667,246	2,482,299
Receivables			
Service accounts	79,319	141,379	220,698
Sales tax	120,897	-	120,897
Franchise tax	26,801	-	26,801
Ad valorem taxes	75,913	-	75,913
Due from other governments	6,263	-	6,263
Occupancy tax	22,068	-	22,068
Grants	2,486,984	12,750	2,499,734
Due from other funds	-	305,700	305,700
Inventory	15,854	17,383	33,237
Prepaid insurance	164,387	-	164,387
Net pension asset	962,009	240,502	1,202,511
Capital assets, net of depreciation	13,071,589	11,192,273	24,263,862
Total assets	18,893,680	12,577,233	31,470,913
DEFERRED OUTFLOWS OF RESOURCES			
Difference in assumptions	332	83	415
Pension contributions after measurement date	6,378	1,595	7,973
Total deferred outflows of resources	6,710	1,678	8,388

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

TOWN OF REFUGIO, TEXAS
STATEMENT OF NET POSITION (Continued)
September 30, 2022

	Primary Government		
	Governmental Activities	Business-type Activities	Total
LIABILITIES			
Accounts payable	84,379	14,903	99,282
Accounts payable - grants	1,268,320	12,750	1,281,070
Accrued interest	9,535	27,137	36,672
Accrued vacation	31,378	4,679	36,057
Accrued liabilities	77,018	-	77,018
Unearned revenue	11,000	-	11,000
Due to other funds	305,700	-	305,700
Due to grantor agencies	821,421	126,304	947,725
Certificates of obligation payable - due within one year	53,573	181,427	235,000
Bonds payable - due within one year	310,000	37,000	347,000
Customer deposits payable	-	78,605	78,605
Certificates of obligation payable - due in more than one year	513,925	2,389,075	2,903,000
Bonds payable - due in more than one year	1,630,000	695,000	2,325,000
Total liabilities	5,116,249	3,566,880	8,683,129
DEFERRED INFLOWS OF RESOURCES			
Difference in investment returns	157,452	39,363	196,815
Difference in expected and actual pension experience	51,127	12,782	63,909
Total deferred inflows of resources	208,579	52,145	260,724
NET POSITION			
Net investment in capital assets	10,564,091	7,889,771	18,453,862
Restricted for:			
Parks	108,764	-	108,764
Public safety	19,114	-	19,114
Streets	23,674	-	23,674
General fund	731,918	-	731,918
Economic development	570,498	-	570,498
Law enforcement	110,965	-	110,965
Hotel/Motel	83,629	-	83,629
Debt service	92,879	588,641	681,520
Municipal court building security	35,053	-	35,053
Municipal court technology	38,559	-	38,559
Unrestricted	1,196,418	481,474	1,677,892
Total net position	\$ 13,575,562	\$ 8,959,886	\$ 22,535,448

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, 2022

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Capital Grants and Contributions	Primary Government		Total
				Governmental Activities	Business-type Activities	
Primary Government						
Governmental activities:						
General government	\$ 2,805,646	\$ 911,546	\$ 7,099,246	\$ 5,205,146	\$ -	\$ 5,205,146
Public safety	1,592,947	581,920	-	(1,011,027)	-	(1,011,027)
Streets	548,446	-	-	(548,446)	-	(548,446)
Animal control	40,913	-	-	(40,913)	-	(40,913)
Tourism	80,654	82,495	-	1,841	-	1,841
Parks	365,957	77,699	-	(288,258)	-	(288,258)
Total governmental activities	<u>5,434,563</u>	<u>1,653,660</u>	<u>7,099,246</u>	<u>3,318,343</u>	<u>-</u>	<u>3,318,343</u>
Business-type activities:						
Water and sewer	1,157,515	1,140,209	1,998,896	-	1,981,590	1,981,590
Total business-type activities	<u>1,157,515</u>	<u>1,140,209</u>	<u>1,998,896</u>	<u>-</u>	<u>1,981,590</u>	<u>1,981,590</u>
Total primary government	<u>\$ 6,592,078</u>	<u>\$ 2,793,869</u>	<u>\$ 9,098,142</u>	<u>3,318,343</u>	<u>1,981,590</u>	<u>5,299,933</u>
General revenues:						
Taxes:						
Property taxes, levied for general purposes				590,059	-	590,059
Property taxes, levied for debt service				254,742	-	254,742
Franchise taxes				145,490	-	145,490
Sales taxes				1,175,816	-	1,175,816
Interest income				778	513	1,291
Interest expense				(50,355)	(134,171)	(184,526)
Loss on asset disposal				(17,668)	-	(17,668)
Transfers				(99,266)	99,266	-
Total general revenues and transfers				<u>1,999,596</u>	<u>(34,392)</u>	<u>1,965,204</u>
Change in net position				5,317,939	1,947,198	7,265,137
Net position - beginning				8,257,623	7,012,688	15,270,311
Net position - ending				<u>\$ 13,575,562</u>	<u>\$ 8,959,886</u>	<u>\$ 22,535,448</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, 2022

	General Fund	Refugio Economic Development Corporation	Other Govern- mental Funds	Total Govern- mental Funds
ASSETS				
Cash	\$ 655,335	\$ 558,077	\$ 648,184	\$ 1,861,596
Receivables				
Garbage fees	79,319	-	-	79,319
Sales tax	90,673	30,224	-	120,897
Franchise tax	26,801	-	-	26,801
Ad valorem taxes	75,913	-	-	75,913
Due from other governments	2,797	-	3,466	6,263
Due from other funds	29,366	-	-	29,366
Occupancy taxes	-	-	22,068	22,068
Due from grantor agencies	2,481,304	-	5,680	2,486,984
Inventory	14,354	-	1,500	15,854
Prepaid insurance	164,387	-	-	164,387
Total assets	<u>\$ 3,620,249</u>	<u>\$ 588,301</u>	<u>\$ 680,898</u>	<u>\$ 4,889,448</u>
LIABILITIES				
Accounts payable	\$ 83,329	\$ -	\$ 1,050	\$ 84,379
Accounts payable - grants	1,268,320	-	-	1,268,320
Accrued vacation	31,378	-	-	31,378
Accrued liabilities	77,018	-	-	77,018
Due to grantor agencies	821,421	-	-	821,421
Unearned revenue	11,000	-	-	11,000
Due to other funds	-	17,803	317,263	335,066
Total liabilities	<u>2,292,466</u>	<u>17,803</u>	<u>318,313</u>	<u>2,628,582</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue - property taxes	75,913	-	-	75,913
Total deferred inflows of resources	<u>75,913</u>	<u>-</u>	<u>-</u>	<u>75,913</u>
FUND BALANCES				
Non-spendable	178,741	-	1,500	180,241
Restricted	883,470	570,498	361,085	1,815,053
Unassigned	189,659	-	-	189,659
Total fund balances	<u>1,251,870</u>	<u>570,498</u>	<u>362,585</u>	<u>2,184,953</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 3,620,249</u>	<u>\$ 588,301</u>	<u>\$ 680,898</u>	<u>\$ 4,889,448</u>

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, 2022

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

Total fund balances - governmental funds (page 15)	\$ 2,184,953
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	13,071,589
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	962,009
Other assets are not available to pay for current period expenditures and, therefore, are reported as unavailable revenue in the funds.	75,913
Deferred outflows related to pensions:	
Difference in assumptions	332
Deferred contributions	6,378
Interest that has accrued on long-term debt is not recorded as an expenditure in the governmental funds until the funds are expended.	(9,535)
Deferred inflows related to pensions:	
Difference in investment returns	(157,452)
Difference in expected and actual pension experience	(51,127)
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	(567,498)
Bond payable	(1,940,000)
Net position of governmental activities	<u><u>\$ 13,575,562</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, 2022

	General Fund	Refugio Economic Development Corporation	Other Govern- mental Funds	Total Govern- mental Funds
REVENUES				
Ad valorem taxes, penalty, and interest	\$ 577,315	\$ -	\$ 254,742	\$ 832,057
City sales tax	881,862	293,954	-	1,175,816
Franchise taxes	145,490	-	-	145,490
Occupancy taxes	-	-	82,495	82,495
Licenses and permits	22,943	-	-	22,943
Garbage fees	784,795	-	-	784,795
Fines and forfeitures	434,107	-	99,878	533,985
Rental fees	750	-	-	750
Concessions	559	-	-	559
RV park fees	77,140	-	-	77,140
Fire Department income	39,000	-	-	39,000
Resource officer reimbursement	39,315	-	-	39,315
Interest income	295	224	259	778
Grant income	6,964,722	-	134,524	7,099,246
Sale of assets	4,930	-	2,750	7,680
Training fund	-	-	940	940
Miscellaneous	34,396	-	29,662	64,058
Total revenues	10,007,619	294,178	605,250	10,907,047
EXPENDITURES				
Current:				
General government	1,563,066	-	-	1,563,066
Public safety	1,032,868	-	105,479	1,138,347
Streets	353,664	-	-	353,664
Animal control	40,913	-	-	40,913
Municipal court	235,987	-	-	235,987
Parks	245,048	-	-	245,048
Tourism	-	-	80,654	80,654
Grant expenditures	969,489	-	-	969,489
Foundation agreement	-	58,000	-	58,000
Hurricane recovery expenditures	307,751	-	-	307,751
Capital outlay	4,547,670	-	78,989	4,626,659
Debt service:				
Principal retirements	-	-	201,312	201,312
Interest and fiscal charges	-	-	68,405	68,405
Total expenditures	9,296,456	58,000	534,839	9,889,295
Excess (deficiency) of revenues over expenditures	711,163	236,178	70,411	1,017,752

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, 2022

	<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)				
Transfers in	2,890,715	-	-	2,890,715
Transfers out	(2,947,481)	-	(42,500)	(2,989,981)
Total other financing sources (uses)	<u>(56,766)</u>	<u>-</u>	<u>(42,500)</u>	<u>(99,266)</u>
Net change in fund balances	654,397	236,178	27,911	918,486
Fund balances - beginning	<u>597,473</u>	<u>334,320</u>	<u>334,674</u>	<u>1,266,467</u>
Fund balances - ending	<u><u>\$ 1,251,870</u></u>	<u><u>\$ 570,498</u></u>	<u><u>\$ 362,585</u></u>	<u><u>\$ 2,184,953</u></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, 2022

Amounts reported for governmental activities in the statement of activities (pages 17-18) are different because:

Net change in fund balances - total governmental funds (pages 17-18)	\$ 918,486
Governmental funds report capital outlay as expenditures. However, in the government-wide Statement of Activities and Changes in Net Assets, 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.	4,626,660
Depreciation expense on capital assets reported in the government-wide Statement of Activities and Changes in Net Assets does not require the use of current financial resources. Therefore, depreciation expense is not reported as an expenditure in governmental funds.	(566,146)
Loss on disposal of capital assets	(17,668)
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.	12,743
Principal payments on long-term debt are recorded as expenses in the governmental funds.	201,312
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.	(9,535)
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.	27,585
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.	124,502
Change in net position of governmental activities	<u><u>\$ 5,317,939</u></u>

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, 2022

	Business-type Activities	
	Water and Sewer Fund	Total Enterprise Funds
ASSETS		
Current assets:		
Cash - restricted	\$ 667,246	\$ 667,246
Accounts receivable - customers	96,137	96,137
Accounts receivable - grantor agencies	12,750	12,750
Unbilled receivables - customer	45,242	45,242
Due from other funds	305,700	305,700
Inventory	17,383	17,383
Total current assets	<u>1,144,458</u>	<u>1,144,458</u>
Noncurrent assets:		
Net pension asset	240,502	240,502
Capital assets		
Property, plant and equipment	17,990,592	17,990,592
Less: accumulated depreciation	<u>(6,798,319)</u>	<u>(6,798,319)</u>
Total noncurrent assets	<u>11,432,775</u>	<u>11,432,775</u>
Total assets	<u>12,577,233</u>	<u>12,577,233</u>
DEFERRED OUTFLOWS OF RESOURCES		
Difference in assumptions	83	83
Pension contributions after measurement date	<u>1,595</u>	<u>1,595</u>
Total deferred outflows of resources	<u>1,678</u>	<u>1,678</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, 2022

	Business-type Activities	
	Water and Sewer Fund	Total Enterprise Funds
LIABILITIES		
Current liabilities:		
Accounts payable	14,903	14,903
Accounts payable - grants	12,750	12,750
Accrued interest	27,137	27,137
Accrued vacation	4,679	4,679
Due to grantor agencies	126,304	126,304
Certificates of obligation payable - current portion	181,427	181,427
Bonds payable - current portion	37,000	37,000
Customer deposits payable	78,605	78,605
Total current liabilities	<u>482,805</u>	<u>482,805</u>
Noncurrent liabilities:		
Certificates of obligation payable	2,389,075	2,389,075
Bonds payable	695,000	695,000
Total noncurrent liabilities	<u>3,084,075</u>	<u>3,084,075</u>
Total liabilities	<u>3,566,880</u>	<u>3,566,880</u>
DEFERRED INFLOWS OF RESOURCES		
Difference in investment returns	39,363	39,363
Difference in projected and actual earnings on pension assets	12,782	12,782
Total deferred inflows of resources	<u>52,145</u>	<u>52,145</u>
NET POSITION		
Net investment in capital assets	7,889,771	7,889,771
Restricted for debt service	588,641	588,641
Unrestricted	481,474	481,474
Total net position	<u>\$ 8,959,886</u>	<u>\$ 8,959,886</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, 2022

	Business-type Activities	
	Water and Sewer Fund	Total Enterprise Fund
OPERATING REVENUES:		
Charges for services:		
Water sales	\$ 615,542	\$ 615,542
Sewer	503,897	503,897
Connections	20,770	20,770
Total operating revenues	1,140,209	1,140,209
OPERATING EXPENSES:		
Salaries	318,231	318,231
Repairs	36,397	36,397
Supplies	55,438	55,438
Materials	75,656	75,656
Lab tests	16,287	16,287
Service contracts	97,961	97,961
Utilities	88,146	88,146
Chemicals/insecticides	8,562	8,562
Dues and fees	5,473	5,473
Payroll taxes	38,531	38,531
Depreciation	394,171	394,171
Maintenance	45,520	45,520
Uniforms	6,572	6,572
Total operating expenses	1,186,945	1,186,945
Operating income (loss)	(46,736)	(46,736)
NON OPERATING REVENUES (EXPENSES):		
Grant revenue	1,998,896	1,998,896
Bond administration fees	(1,696)	(1,696)
Increase in net pension asset	31,126	31,126
Interest income	513	513
Interest expense	(134,171)	(134,171)
Total non operating revenues (expenses)	1,894,668	1,894,668
Income (loss) before transfers	1,847,932	1,847,932
Transfers in	2,947,481	2,947,481
Transfers out	(2,848,215)	(2,848,215)
Change in net position	1,947,198	1,947,198
Net position, beginning	7,012,688	7,012,688
Net position, ending	\$ 8,959,886	\$ 8,959,886

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, 2022

	Business-type Activities
	Water and Sewer Fund
CASH FLOWS FROM OPERATING ACTIVITIES	
Cash received from customers	\$ 1,120,182
Cash paid to suppliers for goods and services	(479,364)
Cash paid to employees for services	(318,231)
	<u>322,587</u>
Net cash provided (used) by operating activities	
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Grant receipts	1,998,896
Transfers in	2,947,481
Transfers out	(2,848,215)
	<u>2,098,162</u>
Net cash provided (used) by noncapital financing activities	
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Purchase of fixed assets	(2,055,190)
Principal payments on certificates of obligation payable	(171,688)
Principal payments on bonds payable	(35,000)
Bond administration fees	(1,696)
Interest paid	(134,171)
	<u>(2,397,745)</u>
Net cash provided (used) by capital and related financing activities	
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest income	513
	<u>513</u>
Net cash provided (used) by investing activities	
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	23,517
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	643,729
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u><u>\$ 667,246</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, 2022**

	Business-type Activities
	Water and Sewer Fund
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:	
Operating income (loss)	<u>\$ (46,736)</u>
Adjustments to reconcile operating income to net cash provided (used) by operating activities:	
Depreciation	394,171
(Increase) decrease in accounts receivable - customers	(1,258)
(Increase) decrease in accounts receivable - grantor agencies	(12,750)
(Increase) decrease in unbilled receivable	(6,019)
(Increase) decrease in inventory	(4,664)
Increase (decrease) in accounts payable	(6,942)
Increase (decrease) in accounts payable - grants	12,750
Increase (decrease) in accrued interest	(1,547)
Increase (decrease) in accrued vacation	1,638
Increase (decrease) in due to grantor agencies	(6,921)
Increase (decrease) in customer deposits payable	<u>865</u>
Total adjustments	<u>369,323</u>
Net cash provided (used) by operating activities	<u><u>\$ 322,587</u></u>

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, 2022

	<u>Custodial Fund</u>	<u>Total</u>
ASSETS		
Inventory - seized vehicles	\$ 1,500	\$ 1,500
Total assets	<u>\$ 1,500</u>	<u>\$ 1,500</u>
 LIABILITIES		
Due to others	\$ 1,500	\$ 1,500
Total liabilities	<u>\$ 1,500</u>	<u>\$ 1,500</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, 2022

	<u>Custodial Fund</u>	<u>Total</u>
ADDITIONS		
Inventory - seized vehicles	\$ 1,500	\$ 1,500
Total additions	<u>1,500</u>	<u>1,500</u>
DEDUCTIONS		
Inventory - seized vehicles	2,500	2,500
Total liabilities	<u>2,500</u>	<u>2,500</u>
Change in net position	(1,000)	(1,000)
Net position, beginning	<u>2,500</u>	<u>2,500</u>
Net position, ending	<u><u>\$ 1,500</u></u>	<u><u>\$ 1,500</u></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, 2022

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, 2022

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, 2022

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, 2022

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, 2022. 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, 2022

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, 2022, The Town levied an ad valorem tax for maintenance and operations at a rate of 1.0925 per \$100 of assessed value. A total tax levy of \$831,028 resulted based on a net taxable valuation of \$76,067,744 for the 2021 tax year.

TOWN OF REFUGIO, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended September 30, 2022

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, 2022. The amount of interest charged to expense was \$202,576.

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, 2022.

<u>Fund</u>	<u>Amount</u>
Debt Service Fund	\$ 14,761
Municipal Court Technology	\$ 1,393

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, 2022

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

During fiscal year ended September 30, 2022, the Town implemented 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, 2022

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, 2022

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, 2022. As of September 30, 2022, the carrying amount of the Town's deposits was \$2,528,341, and the bank balance was \$2,882,190. 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, 2022, accounts receivable for ad valorem taxes were as follows:

	<u>Amount</u>
Total receivables - ad valorem taxes	\$ 139,680
Less: allowance for doubtful accounts	<u>(63,767)</u>
Receivables - ad valorem taxes	<u><u>\$ 75,913</u></u>

TOWN OF REFUGIO, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended September 30, 2022

NOTE 4: CHANGES IN CAPITAL ASSETS

	Primary Government		
	Balance at 9/30/2021	Increases	Decreases
			Balance at 9/30/2022
Governmental activities:			
Capital assets not being depreciated			
Construction in progress	\$ 1,667,688	\$ 4,198,300	\$ (988,583)
Total capital assets not being depreciated	1,667,688	4,198,300	(988,583)
Other capital assets			
Buildings and improvements	6,323,611	1,239,357	(36,797)
Machinery and equipment	2,495,251	177,586	(54,628)
Streets	3,314,701	-	-
Total other capital assets at historical cost	12,133,563	1,416,943	(91,425)
Less accumulated depreciation for:			
Buildings and improvements	(996,633)	(227,470)	23,946
Machinery and equipment	(1,403,636)	(188,905)	49,811
Streets	(2,372,239)	(149,771)	-
Total accumulated depreciation	(4,772,508)	(566,146)	73,757
Other capital assets, net	7,361,055	850,797	(17,668)
Governmental activities capital assets, net	\$ 9,028,743	\$ 5,049,097	\$ (1,006,251)
Business-type activities:			
Capital assets not being depreciated			
Land	\$ -	\$ -	\$ -
Construction in progress	371,540	2,008,097	-
Total capital assets not being depreciated	371,540	2,008,097	-
Other capital assets			
Machinery and equipment	745,457	47,093	-
Water system	3,979,696	-	-
Sewer system	10,838,709	-	-
Total other capital assets at historical cost	15,563,862	47,093	-
Less accumulated depreciation for:			
Machinery and equipment	(558,503)	(41,337)	-
Water system	(1,790,985)	(84,940)	-
Sewer system	(4,054,660)	(267,894)	-
Total accumulated depreciation	(6,404,148)	(394,171)	-
Other capital assets, net	9,159,714	(347,078)	-
Business-type activities capital assets, net	\$ 9,531,254	\$ 1,661,019	\$ -

TOWN OF REFUGIO, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended September 30, 2022

NOTE 4: CHANGES IN CAPITAL ASSETS (Concluded)

Depreciation expense for the fiscal year ended September 30, 2022 was charged to functions as follows:

	<u>Amount</u>
Governmental activities:	
General government	\$ 31,842
Court	3,156
Public safety	118,280
Fire Department	97,177
Streets	194,782
Parks	120,909
Total governmental activities depreciation expense	<u>\$ 566,146</u>
Business-type activities:	
Water and sewer	\$ 394,171
Total business-type activities depreciation expense	<u>\$ 394,171</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 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, 2022

NOTE 5: COMMITMENTS AND CONTINGENCIES

Engineering, administration and construction contracts relating to construction or major repairs in progress aggregated approximately \$5,731,665. 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, 2022, the Town had outstanding Federal grant awards of \$11,314,964 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 \$30,000. During the fiscal year ended September 30, 2022, the Town did not incur expenses associated with its local match on this grant project.

As of September 30, 2022, the Town had outstanding Federal grant awards of \$2,066,038 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.

As of September 30, 2022, the Town had outstanding Federal grant awards of \$261,900 for water and wastewater improvements on approved projects by the U.S. Department of Housing and Urban Development, in which the grant is administered through the Texas Department of Agriculture. 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 Agriculture, 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 \$30,000. During the fiscal year ended September 30, 2022, the Town incurred \$9,200 in local match expenses, leaving the Town with a remaining commitment of \$20,800.

As of September 30, 2022, the Town had outstanding Federal grant awards of \$316,750 for water and wastewater improvements on approved projects by the U.S. Department of Housing and Urban Development, in which the grant is administered through the Texas Department of Agriculture. 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 Agriculture, 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 \$35,000. During the fiscal year ended September 30, 2022, the Town did not incur expenses associated with its local match on this grant project.

TOWN OF REFUGIO, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended September 30, 2022

NOTE 5: COMMITMENTS AND CONTINGENCIES (Continued)

As of September 30, 2022, the Town had outstanding Federal grant awards of \$583,250 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, 2022, the Town had outstanding Federal grant awards of \$854,418 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 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 \$462,773. During the fiscal year ended September 30, 2022, the Town incurred \$268,090 in local match expenses, leaving the Town with a remaining commitment of \$194,683.

As of September 30, 2022, the Town had outstanding Federal grant awards of \$172,804 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, 2022, the Town had outstanding State grant awards of \$392,707 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.

TOWN OF REFUGIO, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended September 30, 2022

NOTE 5: COMMITMENTS AND CONTINGENCIES (Concluded)

As of September 30, 2022, the Town had outstanding State grant awards of \$11,925 for police equipment approved by the Texas Office of the Governor, in which the grant is administered through the Criminal Justice 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 Criminal Justice 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. The Town is responsible for covering a local match in the amount of \$3,975. During the fiscal year ended September 30, 2022, the Town did not incur expenses associated with its local match on this grant project.

As of September 30, 2022, the Town had outstanding Federal grant awards of \$8,768 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 \$2,265. During the fiscal year ended September 30, 2022, the Town incurred \$268,090 in local match expenses, leaving the Town with a remaining commitment of \$686.

NOTE 6: LONG-TERM DEBT

Long-term debt activity for the year ended September 30, 2022 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>\$ 2,708,810</u>	<u>\$ -</u>	<u>\$ (201,312)</u>	<u>\$ 2,507,498</u>	<u>\$ 363,573</u>
Total governmental activities	<u>2,708,810</u>	<u>-</u>	<u>(201,312)</u>	<u>2,507,498</u>	<u>363,573</u>
Business-type activities:					
General obligation bonds	<u>3,509,190</u>	<u>-</u>	<u>(206,688)</u>	<u>3,302,502</u>	<u>218,427</u>
Total business-type activities	<u>3,509,190</u>	<u>-</u>	<u>(206,688)</u>	<u>3,302,502</u>	<u>218,427</u>
Total long-term debt	<u><u>\$ 6,218,000</u></u>	<u><u>\$ -</u></u>	<u><u>\$ (408,000)</u></u>	<u><u>\$ 5,810,000</u></u>	<u><u>\$ 582,000</u></u>

The interest paid for governmental activities was \$68,405 for revenue bonds and certificates of obligation. The Proprietary Fund interest expense consists of \$134,171 in revenue bonds and certificates of obligation debt.

TOWN OF REFUGIO, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended September 30, 2022

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 (USRDA). The USRDA 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, 2022, Revenue Bonds, Series 1996, are payable as follows:

Year Ended September 30,	Bond Principal	Interest	Total Payment
2023	\$ 27,000	\$ 27,828	\$ 54,828
2024	28,000	26,446	54,446
2025	30,000	25,010	55,010
2026	32,000	23,472	55,472
2027	33,000	21,831	54,831
2028 - 2032	195,000	81,746	276,746
2033 - 2036	198,000	25,984	223,984
	\$ 543,000	\$ 232,317	\$ 775,317

As of September 30, 2022, Revenue Bonds, Series 1996-A, are payable as follows:

Year Ended September 30,	Bond Principal	Interest	Total Payment
2023	\$ 10,000	\$ 8,505	\$ 18,505
2024	10,000	8,055	18,055
2025	11,000	7,605	18,605
2026	11,000	7,110	18,110
2027	12,000	6,615	18,615
2028 - 2032	68,000	24,570	92,570
2033 - 2036	67,000	7,695	74,695
	\$ 189,000	\$ 70,155	\$ 259,155

The Town is in compliance with all covenants of this bond ordinance at September 30, 2022.

TOWN OF REFUGIO, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended September 30, 2022

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, 2022.

At September 30, 2022, 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>
2023	\$ 35,000	\$ 32,516	\$ 67,516
2024	36,000	31,362	67,362
2025	37,000	30,176	67,176
2026	38,000	28,957	66,957
2027	39,000	27,706	66,706
2028 - 2032	217,000	118,155	335,155
2033 - 2037	254,000	79,951	333,951
2038 - 2042	298,000	35,167	333,167
2043	64,000	1,040	65,040
	<u>\$ 1,018,000</u>	<u>\$ 385,030</u>	<u>\$ 1,403,030</u>

TOWN OF REFUGIO, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended September 30, 2022

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, 2022.

At September 30, 2022, 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>
2023	\$ 53,573	\$ 21,427	\$ 75,000
2024	55,511	19,489	75,000
2025	57,867	17,133	75,000
2026	60,280	14,720	75,000
2027	62,759	12,241	75,000
2028 - 2031	277,509	22,491	300,000
	<u>\$ 567,498</u>	<u>\$ 107,502</u>	<u>\$ 675,000</u>

Business-Type Activities

<u>Year Ended September 30,</u>	<u>Certificates Principal</u>	<u>Interest</u>	<u>Total Payment</u>
2023	\$ 146,427	\$ 58,565	\$ 204,992
2024	149,489	52,484	201,973
2025	157,133	46,524	203,657
2026	164,720	40,225	204,945
2027	172,241	33,596	205,837
2028 - 2031	762,491	61,857	824,348
	<u>\$ 1,552,502</u>	<u>\$ 293,250</u>	<u>\$ 1,845,752</u>

TOWN OF REFUGIO, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended September 30, 2022

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, 2022, the Texas Tax Note, Series 2021 are payable as follows:

<u>Year Ended September 30,</u>	<u>Note Principal</u>	<u>Interest</u>	<u>Total Payment</u>
2023	\$ 310,000	\$ 30,345	\$ 340,345
2024	315,000	25,033	340,033
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>\$ 1,940,000</u>	<u>\$ 100,642</u>	<u>\$ 2,040,642</u>

TOWN OF REFUGIO, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended September 30, 2022

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
2023	\$ 363,573	\$ 51,772
2024	370,511	44,522
2025	377,867	36,769
2026	385,280	28,873
2027	392,759	20,826
2028 - 2031	617,509	25,381
	<u>\$ 2,507,498</u>	<u>\$ 208,144</u>

Year Ended September 30,	Business-Type Activities	
	General Obligation Bonds	
	Principal	Interest
2023	\$ 218,427	\$ 127,414
2024	223,489	118,347
2025	235,133	109,315
2026	245,720	99,764
2027	256,241	89,748
2028 - 2032	1,242,491	286,328
2033 - 2037	519,000	113,630
2038 - 2042	298,000	35,167
2043	64,000	1,040
	<u>\$ 3,302,502</u>	<u>\$ 980,752</u>

TOWN OF REFUGIO, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended September 30, 2022

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.

During the year, transfers are used to 1) move Community Development Block Grant – Disaster Recovery and Mitigation funds to the Enterprise Fund for projects relating to the water and wastewater systems, 2) to reimburse the General Fund for personnel and fringe benefits from the Police Fund.

Interfund transfers for the year ended September 30, 2022 are as follows:

	Transfers in		
	General Fund	Water and Sewer Fund	Total
<u>Transfers out</u>			
General Fund	\$ -	\$ 2,947,481	\$ 2,947,481
Water-Sewer Fund	2,848,215	-	2,848,215
Police Fund	42,500	-	42,500
Total transfers out	<u>\$ 2,890,715</u>	<u>\$ 2,947,481</u>	<u>\$ 5,838,196</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.”

	Due to		
	General Fund	Water and Sewer Fund	Total
<u>Due from</u>			
Debt Service Fund	\$ 4,283	\$ 305,700	\$ 309,983
Economic Development	17,803	-	17,803
Police Fund	7,280	-	7,280
Total due to	<u>\$ 29,366</u>	<u>\$ 305,700</u>	<u>\$ 335,066</u>

The balance of \$7,280 due to the General Fund from the Police Fund resulted from grant reimbursements for personnel and fringe benefits and equipment. The balance of \$17,803 due to the General Fund from the Economic Development Corporation Foundation resulted in payments the General Fund made on behalf of the Economic Development Corporation Foundation for the Heritage Park RV Park project and Volunteer Fire Department building. The \$4,283 due to the General Fund from the Debt Service Fund resulted in ad valorem tax receipts levied for maintenance and operating being deposited into the Debt Service Fund cash account. The \$305,700 due to the Enterprise Fund from the Debt Service Fund resulted in payments the Enterprise Fund made on behalf of the Debt Service Fund for the Texas Combination Tax and Revenue Certificates of Obligation, Series 2011.

TOWN OF REFUGIO, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended September 30, 2022

NOTE 8: PENSION PLAN

A. Plan Description

The Town participates as one of 901 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 Texas Government Code, Title 8, Subtitle G, (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 does not receive any funding from the State of Texas. TMRS issues a publicly available Annual Comprehensive Financial Report (Annual Report) that can be obtained at www.tmrs.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, the town-financed monetary credits with interest, and their age at retirement and other actuarial factors. 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 2021
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, 2021 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	15
Inactive employees entitled to but not yet receiving benefits	15
Active employees	29
Total	59

TOWN OF REFUGIO, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended September 30, 2022

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 1:1 (1 to 1), 1.5:1 (1 ½ to 1) or 2:1 (2 to 1), both as adopted by the governing body of the Town. Under the state law governing TMRS, the contribution rate for each city is determined annually by the actuary, using the Entry Age Normal (EAN) actuarial cost method. The city's contribution rate is based on the liabilities created from the benefit plan options selected by the city and any changes in benefits or actual experience over time.

Employees for the Town were required to contribute 5% of their annual compensation during the fiscal year 2022. The contributions rates for the Town were 0.00% in both calendar years 2021 and 2022, respectively. The Town's contributions to TMRS for the year ended September 30, 2022 were \$10,251, 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, 2021, 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, 2021 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 the Public Safety table used for males and the General Employee table used for females. Mortality rates for healthy retirees and beneficiaries are based on the Gender-distinct 2019 Municipal Retirees of Texas mortality tables. The rates for actives, healthy retirees and beneficiaries are projected on a fully generational basis by Scale UMP to account for future mortality improvements. For disabled annuitants, the same mortality tables for healthy retirees are used with a 4-year set-forward for males and a 3-year set-forward for females. In addition, a 3.5% and 3.0% minimum mortality rate is applied, for males and females respectively, to reflect the impairment for younger members who become disabled. The rates are projected on a fully generational basis by Scale UMP to account for future mortality improvements subject to the floor.

TOWN OF REFUGIO, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended September 30, 2022

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, 2014 through December 31, 2018. They were adopted in 2019 and first used in the December 31, 2019 actuarial valuation. The post-retirement mortality assumption for Annuity Purchase Rates (APRs) 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, in order to satisfy the short-term and long-term funding needs of TMRS.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of real rates of return for each major asset class in fiscal year 2022 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return (Arithmetic)
Global Equity	35.0%	7.55%
Core Fixed Income	6.0%	2.00%
Non-Core Fixed Income	20.0%	5.68%
Other Public & Private Markets	12.0%	7.22%
Real Estate	12.0%	6.85%
Hedge Funds	5.0%	5.35%
Private Equity	10.0%	10.00%
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, 2022

NOTE 8: PENSION PLAN (Continued)

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

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability(Asset) (a) - (b)
Balance at 12/31/2020	\$ 1,987,144	\$ 2,951,167	\$ (964,023)
Changes for the year:			
Service cost	76,923	-	76,923
Interest	133,424	-	133,424
Difference between expected and actual experience	6,147	-	6,147
Changes in assumptions	-	-	-
Contributions - employer	-	9,205	(9,205)
Contributions - employee	-	63,052	(63,052)
Net investment income	-	384,493	(384,493)
Benefit payments, including refunds of employee contributions	(97,919)	(97,919)	-
Administrative expense	-	(1,780)	1,780
Other changes	-	12	(12)
Net changes	118,575	357,063	(238,488)
Balance at 12/31/2021	\$ 2,105,719	\$ 3,308,230	\$ (1,202,511)

Sensitivity of the Net Pension Liability 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)	\$(950,949)	\$(1,202,511)	\$(1,412,554)

Pension Plan Fiduciary Net Position

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

TOWN OF REFUGIO, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended September 30, 2022

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, 2022, the Town recognized pension expense (income) of (\$145,377).

At September 30, 2022, 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	\$ -	(\$ 63,909)
Changes in actuarial assumptions	415	-
Difference between projected and actual investment earnings	-	(196,815)
Contributions subsequent to the measurement date December 31, 2021	7,973	-
Total	\$8,388	(\$260,724)

\$7,973 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, 2022. 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
2022	(\$ 65,458)
2023	(115,503)
2024	(42,568)
2025	(36,780)
2026	-
Thereafter	-
Total	(\$260,309)

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, 2022, the Town abated property taxes totaling \$1,326 under this program.

TOWN OF REFUGIO, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended September 30, 2022

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	\$ 14,354	\$ -	\$ 1,500	\$ 15,854
Prepays	164,387	-	-	164,387
Restricted for:				
Parks	108,764	-	-	108,764
Public safety - fire	19,114	-	-	19,114
Streets	23,674	-	-	23,674
General fund	731,918	-	-	731,918
Economic development	-	570,498	-	570,498
Law enforcement purposes	-	-	110,965	110,965
Hotel/Motel	-	-	83,629	83,629
Debt service	-	-	92,879	92,879
Municipal court building security	-	-	35,053	35,053
Municipal court technology	-	-	38,559	38,559
Unassigned	189,659	-	-	189,659
Total fund balances	\$ 1,251,870	\$ 570,498	\$ 362,585	\$ 2,184,953

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.

NOTE 11: SUBSEQUENT EVENTS

In preparing these financial statements, events and transactions have been evaluated for potential recognition or disclosure through May 1, 2023, 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, 2022

	Original and Final Budget Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)
REVENUES			
Ad valorem taxes, penalty and interest	\$ 570,000	\$ 577,315	\$ 7,315
City sales tax	1,200,000	881,862	(318,138)
Franchise taxes	150,000	145,490	(4,510)
Licenses and permits	3,000	22,943	19,943
Garbage fees	700,000	784,795	84,795
Fines and forfeitures	200,000	238,393	38,393
Rental fees	10,000	750	(9,250)
Concessions	1,000	559	(441)
RV park fees	75,000	77,140	2,140
Fire income	39,000	39,000	-
Code enforcement officer reimbursement	43,410	39,315	(4,095)
Interest income	500	295	(205)
Grant income	-	6,964,722	6,964,722
Sale of asset	-	4,930	4,930
Miscellaneous	3,000	34,396	31,396
Total revenues	<u>2,994,910</u>	<u>9,811,905</u>	<u>6,816,995</u>
EXPENDITURES			
Current:			
General government	1,418,250	1,870,817	(452,567)
Public safety	1,030,360	1,032,868	(2,508)
Streets	365,700	353,664	12,036
Animal control	40,913	40,913	-
Municipal court	29,040	40,273	(11,233)
Parks	314,900	245,048	69,852
Grant expenditures	-	969,489	(969,489)
Capital outlay	108,000	4,547,670	(4,439,670)
Total expenditures	<u>3,307,163</u>	<u>9,100,742</u>	<u>(5,793,579)</u>
Excess (deficit) of revenues over expenditures	<u>(312,253)</u>	<u>711,163</u>	<u>1,023,416</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	150,000	2,890,715	2,740,715
Transfers out	(262,500)	(2,947,481)	(2,684,981)
Total other financing sources (uses)	<u>(112,500)</u>	<u>(56,766)</u>	<u>55,734</u>
Net changes in fund balance	<u>\$ (424,753)</u>	<u>654,397</u>	<u>\$ 1,079,150</u>
Fund balance, beginning		<u>597,473</u>	
Fund balance, ending		<u>\$ 1,251,870</u>	

TOWN OF REFUGIO, TEXAS
NOTE TO REQUIRED SUPPLEMENTARY INFORMATION
For the Year Ended September 30, 2022

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, 2022

	Measurement Year 2014	Measurement Year 2015	Measurement Year 2016	Measurement Year 2017	Measurement Year 2018	Measurement Year 2019	Measurement Year 2020	Measurement Year 2021
Total pension liability								
Service cost	\$ 64,328	\$ 69,135	\$ 71,562	\$ 72,737	\$ 69,183	\$ 69,601	\$ 72,593	\$ 76,923
Interest (on the total pension liability)	103,293	107,369	111,885	118,014	123,832	128,719	135,303	133,424
Difference between expected and actual experience	5,443	15,814	13,938	16,849	(3,641)	2,498	(135,798)	6,147
Change of assumptions	-	43,139	-	-	-	1,107	-	-
Benefit payments, including refunds of employee contributions	(112,603)	(121,887)	(104,030)	(110,314)	(128,930)	(105,447)	(106,301)	(97,919)
Net change in total pension liability	60,461	113,570	93,355	97,286	60,444	96,478	(34,203)	118,575
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
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>
Plan fiduciary net position								
Contributions - employer	\$ 8,597	\$ 8,800	\$ 8,721	\$ 8,847	\$ 8,517	\$ 8,399	\$ 8,876	\$ 9,205
Contributions - employee	58,884	60,645	59,735	60,513	58,333	57,521	60,798	63,052
Net investment income	124,087	3,315	148,357	319,639	(77,366)	377,412	210,757	384,493
Benefit payments, including refunds of employee contributions	(112,603)	(121,887)	(104,030)	(110,314)	(128,930)	(105,447)	(106,301)	(97,919)
Administrative expense	(1,296)	(2,020)	(1,676)	(1,657)	(1,496)	(2,134)	(1,365)	(1,778)
Other	(107)	(100)	(90)	(84)	(78)	(63)	(53)	12
Net change in plan fiduciary net position	77,562	(51,247)	111,017	276,944	(141,020)	335,688	172,712	357,065
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
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>

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, 2022

	Measurement Year 2014	Measurement Year 2015	Measurement Year 2016	Measurement Year 2017	Measurement Year 2018	Measurement Year 2019	Measurement Year 2020	Measurement Year 2021
Net pension liability/(asset) - ending (a)-(b)	\$ (686,856)	\$ (522,039)	\$ (539,701)	\$ (719,359)	\$ (517,896)	\$ (757,106)	\$ (964,021)	\$ (1,202,511)
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%
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
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%

**TOWN OF REFUGIO, TEXAS
TEXAS MUNICIPAL RETIREMENT SYSTEM
SCHEDULE OF CONTRIBUTIONS (unaudited)
For the Year Ended September 30, 2022**

	Fiscal Year 2015	Fiscal Year 2016	Fiscal Year 2017	Fiscal Year 2018	Fiscal Year 2019	Fiscal Year 2020	Fiscal Year 2021	Fiscal Year 2022
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>
Contribution deficiency (excess)	<u><u>\$ (8,421)</u></u>	<u><u>\$ (8,884)</u></u>	<u><u>\$ (9,040)</u></u>	<u><u>\$ (8,283)</u></u>	<u><u>\$ (8,397)</u></u>	<u><u>\$ (8,733)</u></u>	<u><u>\$ (9,426)</u></u>	<u><u>\$ (10,251)</u></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
Contributions as a percentage of covered payroll	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, 2022**

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	3.50% to 11.50% including inflation
Investment Rate of Return	6.75%
Retirement Age	Experience-based table of rates that are specific to the Town's plan of benefits. Last updated for the 2019 valuation pursuant to an experience study of the period 2014-2018.
Mortality	Post-retirement: 2019 Municipal Retirees of Texas Mortality Tables. The rates are projected on a fully generational basis with scale UMP. Pre-retirement: PUB(10) mortality tables, with the Public Safety table used for males and the General Employee table used for females. The rates are projected on a fully generational basis with scale UMP.

Other Information:

Notes There were no benefit changes during the year.

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, 2022 and 2021

	2022	2021
Current assets	\$ 1,144,458	\$ 1,096,250
Long-term assets	11,432,775	9,724,059
Total assets	12,577,233	10,820,309
Deferred outflows of resources	1,678	1,515
Total deferred outflows of resources	1,678	1,515
Current liabilities	482,805	471,224
Long-term liabilities	3,084,075	3,302,502
Total liabilities	3,566,880	3,773,726
Deferred inflows of resources	52,145	35,410
Total deferred inflows of resources	52,145	35,410
Net position	\$ 8,959,886	\$ 7,012,688
Operating income:		
Charges for water service	\$ 615,542	\$ 616,689
Charges for sewer service	503,897	514,794
Other operating income	20,770	18,270
Total operating income	1,140,209	1,149,753
Non operating income	1,999,409	216,845
Gross revenue	3,139,618	1,366,598
Depreciation	394,171	386,762
All other O&M expenses (excluding interest)	763,344	808,244
Total O&M expense	1,157,515	1,195,006
Net from operations	\$ 1,982,103	\$ 171,592
USDA debt service:		
Principal	\$ 68,000	\$ 65,000
Interest	71,048	77,031
Other debt service:		
Principal	138,688	135,471
Interest	63,123	68,786
Total debt service	\$ 340,859	\$ 346,288

OTHER SUPPLEMENTARY INFORMATION

**TOWN OF REFUGIO, TEXAS
COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
September 30, 2022**

	Police Fund	Hotel/ Motel Tax Fund	Debt Service Fund	Municipal Court Building Security Fund	Municipal Court Technology Fund	Total Non- Major Govern- mental Funds
ASSETS						
Cash - restricted	\$ 113,615	\$ 61,561	\$ 399,396	\$ 35,053	\$ 38,559	\$ 648,184
Occupancy taxes	-	22,068	-	-	-	22,068
Inventory	1,500	-	-	-	-	1,500
Receivables - TAC	-	-	3,466	-	-	3,466
Receivables - grant agency	5,680	-	-	-	-	5,680
Total assets	<u>\$ 120,795</u>	<u>\$ 83,629</u>	<u>\$ 402,862</u>	<u>\$ 35,053</u>	<u>\$ 38,559</u>	<u>\$ 680,898</u>
LIABILITIES						
Accounts payable	\$ 1,050	\$ -	\$ -	\$ -	\$ -	\$ 1,050
Due to other funds	7,280	-	309,983	-	-	317,263
Total liabilities	<u>8,330</u>	<u>-</u>	<u>309,983</u>	<u>-</u>	<u>-</u>	<u>318,313</u>
FUND BALANCES						
Non-spendable:						
Police Fund - inventory	1,500	-	-	-	-	1,500
Restricted:						
Police Fund	110,965	-	-	-	-	110,965
Debt Service Fund	-	-	92,879	-	-	92,879
Municipal Court Building Security	-	-	-	35,053	-	35,053
Municipal Court Technology	-	-	-	-	38,559	38,559
Tourism	-	83,629	-	-	-	83,629
Total fund balances	<u>112,465</u>	<u>83,629</u>	<u>92,879</u>	<u>35,053</u>	<u>38,559</u>	<u>362,585</u>
Total liabilities and fund balances	<u>\$ 120,795</u>	<u>\$ 83,629</u>	<u>\$ 402,862</u>	<u>\$ 35,053</u>	<u>\$ 38,559</u>	<u>\$ 680,898</u>

TOWN OF REFUGIO, TEXAS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NON-MAJOR GOVERNMENTAL FUNDS
For the Year Ended September 30, 2022

	Police Fund	Hotel/ Motel Tax Fund	Debt Service Fund	Municipal Court Building Security Fund	Municipal Court Technology Fund	Total Non- Major Govern- mental Funds
REVENUES						
Fines and forfeitures	\$ 99,878	\$ -	\$ -	\$ -	\$ -	\$ 99,878
Occupancy taxes	-	82,495	-	-	-	82,495
Ad valorem taxes, penalty and interest	-	-	254,742	-	-	254,742
Proceeds - sale of assets	2,750	-	-	-	-	2,750
Training fund	940	-	-	-	-	940
Interest income	24	21	214	-	-	259
Miscellaneous income	13,964	-	-	8,591	7,107	29,662
Grant income	134,524	-	-	-	-	134,524
Total revenues	252,080	82,516	254,956	8,591	7,107	605,250
EXPENDITURES						
Current:						
Public safety	96,979	-	-	-	8,500	105,479
Tourism	-	80,654	-	-	-	80,654
Capital outlay	78,989	-	-	-	-	78,989
Debt Service:						
Principal retirements	-	-	201,312	-	-	201,312
Interest and fiscal charges	-	-	68,405	-	-	68,405
Total expenditures	175,968	80,654	269,717	-	8,500	534,839
Excess (deficit) of revenues over expenditures	76,112	1,862	(14,761)	8,591	(1,393)	70,411
OTHER FINANCING SOURCES (USES)						
Transfer out	(42,500)	-	-	-	-	(42,500)
Total other financing sources (uses)	(42,500)	-	-	-	-	(42,500)
Net change in fund balances	33,612	1,862	(14,761)	8,591	(1,393)	27,911
FUND BALANCES, beginning of year	78,853	81,767	107,640	26,462	39,952	334,674
FUND BALANCES, end of year	\$112,465	\$ 83,629	\$ 92,879	\$ 35,053	\$ 38,559	\$ 362,585

INDIVIDUAL GRANT INFORMATION

TOWN OF REFUGIO, TEXAS
GRANT REVENUE AND EXPENDITURE SCHEDULE
For the Year Ended September 30, 2022

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: 3192706 – EMW-2020-SS-00054-S01
Contract Period: March 1, 2021 to February 28, 2022

	<u>Budget</u>	<u>Prior Year</u>	<u>Current Year</u>	<u>Total</u>	<u>Remaining Budget</u>
Revenue:					
Federal/State	\$ 130,000	\$ 43,210	\$ 29,536	\$ 72,746	\$ 57,254
Total revenue	<u>130,000</u>	<u>43,210</u>	<u>29,536</u>	<u>72,746</u>	<u>57,254</u>
Expenditures:					
Federal/State					
Personnel	58,440	5,354	10,625	15,979	42,461
Equipment	60,280	37,365	18,335	55,700	4,580
Direct operating expense	<u>11,280</u>	<u>491</u>	<u>576</u>	<u>1,067</u>	<u>10,213</u>
Total expenditures	<u>130,000</u>	<u>43,210</u>	<u>29,536</u>	<u>72,746</u>	<u>57,254</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, 2022

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: 3192707 – EMW-2021-SS-00062-S01
Contract Period: March 1, 2022 to February 28, 2023

	<u>Budget</u>	<u>Prior Year</u>	<u>Current Year</u>	<u>Total</u>	<u>Remaining Budget</u>
Revenue:					
Federal/State	\$ 125,000	\$ -	\$ 9,450	\$ 9,450	\$ 115,550
Total revenue	<u>125,000</u>	<u>-</u>	<u>9,450</u>	<u>9,450</u>	<u>115,550</u>
Expenditures:					
Federal/State					
Personnel	36,379	-	8,540	8,540	27,839
Equipment	83,000	-	-	-	83,000
Direct operating expense	<u>5,621</u>	<u>-</u>	<u>910</u>	<u>910</u>	<u>4,711</u>
Total expenditures	<u>125,000</u>	<u>-</u>	<u>9,450</u>	<u>9,450</u>	<u>115,550</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, 2022

Grantor: Texas Office of the Governor
 Pass Through Grantor: Homeland Security Grants Division (HSGD)
 Local Border Security Program
 Contract Number: 2991907
 Contract Period: September 1, 2021 to August 31, 2022

	<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>\$ 19,976</u>	<u>\$ 19,976</u>	<u>\$ 24</u>
Total revenue	<u>20,000</u>	<u>-</u>	<u>19,976</u>	<u>19,976</u>	<u>24</u>
Expenditures:					
Federal/State					
Personnel	<u>20,000</u>	<u>-</u>	<u>19,976</u>	<u>19,976</u>	<u>24</u>
Total expenditures	<u>20,000</u>	<u>-</u>	<u>19,976</u>	<u>19,976</u>	<u>24</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, 2022

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 Period: October 1, 2021 to September 30, 2022

	Budget	Prior Year	Current Year	Total	Remaining Budget
Revenue:					
Federal/State	\$ 11,909	\$ -	\$ 3,141	\$ 3,141	\$ 8,768
Local match	3,189	-	686	686	2,503
Total revenue	15,098	-	3,827	3,827	11,271
Expenditures:					
Federal/State					
Salaries	11,909	-	3,141	3,141	8,768
Local match					
Administration	923	-	-	-	923
Salaries	370	-	315	315	55
Fringe benefits	1,896	-	371	371	1,525
Total expenditures	15,098	-	3,827	3,827	11,271
Excess revenue over expenditures	\$ -	\$ -	\$ -	\$ -	\$ -

TOWN OF REFUGIO, TEXAS
GRANT REVENUE AND EXPENDITURE SCHEDULE
For the Year Ended September 30, 2022

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, 2022

	<u>Budget</u>	<u>Prior Year</u>	<u>Current Year</u>	<u>Total</u>	<u>Remaining Budget</u>
Revenue:					
Federal/State	\$ 511,192	\$ -	\$ 118,485	\$ 118,485	\$ 392,707
Total revenue	<u>511,192</u>	<u>-</u>	<u>118,485</u>	<u>118,485</u>	<u>392,707</u>
Expenditures:					
Federal/State					
Personnel	178,286	-	-	-	178,286
Equipment	218,709	-	69,260	69,260	149,449
Supplies and DOE	114,197	-	49,225	49,225	64,972
Total expenditures	<u>511,192</u>	<u>-</u>	<u>118,485</u>	<u>118,485</u>	<u>392,707</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, 2022

Grantor: Texas Office of the Governor
 Pass Through Grantor: Criminal Justice Division
 Body Worn Camera Grant Program
 Contract Number: 4362301
 Contract Period: March 1, 2022 to February 28, 2023

	<u>Budget</u>	<u>Prior Year</u>	<u>Current Year</u>	<u>Total</u>	<u>Remaining Budget</u>
Revenue:					
Federal/State	\$ 11,925	\$ -	\$ -	\$ -	\$ 11,925
Local match	3,975	-	-	-	3,975
	<u>15,900</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>15,900</u>
Expenditures:					
Federal/State					
Supplies and DOE	11,925	-	-	-	11,925
Local match					
Supplies and DOE	3,975	-	-	-	3,975
	<u>15,900</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>15,900</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, 2022

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>\$ 338,723</u>	<u>\$ 340,062</u>	<u>\$ 678,785</u>	<u>\$ -</u>
Total revenue	<u>677,447</u>	<u>678,785</u>	<u>338,723</u>	<u>340,062</u>	<u>678,785</u>	<u>-</u>
Expenditures:						
Federal/State	<u>677,447</u>	<u>678,785</u>	<u>-</u>	<u>95,535</u>	<u>95,535</u>	<u>583,250</u>
Total expenditures	<u>677,447</u>	<u>678,785</u>	<u>-</u>	<u>95,535</u>	<u>95,535</u>	<u>583,250</u>
Excess revenue over expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 338,723</u>	<u>\$ 244,527</u>	<u>\$ 583,250</u>	<u>\$ (583,250)</u>

TOWN OF REFUGIO, TEXAS
GRANT REVENUE AND EXPENDITURE SCHEDULE
For the Year Ended September 30, 2022

Grantor: U.S. Department of Housing and Urban Development
 Pass Through Grantor: Texas General Land Office
 Community Development Block Grant – Disaster Recovery Program Infrastructure Projects
 AL Number: 14.228
 Grant Number: 20-065-057-C169
 Contract Period: January 13, 2020 to March 31, 2022, Amended to September 30, 2023

	<u>Budget</u>	<u>Prior Year</u>	<u>Current Year</u>	<u>Total</u>	<u>Remaining Budget</u>
Revenue:					
Federal/State	<u>\$ 8,419,112</u>	<u>\$ 1,028,467</u>	<u>\$ 5,324,607</u>	<u>\$ 6,353,074</u>	<u>\$ 2,066,038</u>
Total revenue	<u>8,419,112</u>	<u>1,028,467</u>	<u>5,324,607</u>	<u>6,353,074</u>	<u>2,066,038</u>
Expenditures:					
Federal/State					
Street improvements	4,494,787	549,077	3,229,732	3,778,809	715,978
Drainage improvements	886,967	108,351	717,750	826,101	60,866
Water facilities improvements	1,539,043	188,007	183,002	371,009	1,168,034
Sewer facilities improvements	<u>1,498,315</u>	<u>183,032</u>	<u>1,194,123</u>	<u>1,377,155</u>	<u>121,160</u>
Total expenditures	<u>8,419,112</u>	<u>1,028,467</u>	<u>5,324,607</u>	<u>6,353,074</u>	<u>2,066,038</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, 2022

Grantor: U.S. Department of Housing and Urban Development
 Pass Through Grantor: Texas Department of Agriculture
 Community Development Block Grant – 2020 Community Development
 AL Number: 14.228
 Grant Number: 7220389
 Contract Period: February 1, 2021 to January 31, 2023

	<u>Budget</u>	<u>Prior Year</u>	<u>Current Year</u>	<u>Total</u>	<u>Remaining Budget</u>
Revenue:					
Federal/State	\$ 300,000	\$ 9,900	\$ 28,200	\$ 38,100	\$ 261,900
Local match	30,000	-	9,200	9,200	20,800
Total revenue	<u>330,000</u>	<u>9,900</u>	<u>37,400</u>	<u>47,300</u>	<u>282,700</u>
Expenditures:					
Federal/State					
Water improvements - construction	252,000	-	-	-	252,000
Water improvements - engineering	15,000	-	15,000	15,000	-
General administration	33,000	9,900	13,200	23,100	9,900
Local match					
Water improvements - engineering	<u>30,000</u>	<u>-</u>	<u>9,200</u>	<u>9,200</u>	<u>20,800</u>
Total expenditures	<u>330,000</u>	<u>9,900</u>	<u>37,400</u>	<u>47,300</u>	<u>282,700</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, 2022

Grantor: U.S. Department of Homeland Security
Federal Emergency Management Agency
Pass Through Grantor: Texas Division of Emergency Management
February 2021 Freeze Damages
AL Number: 97.036
Grant Number: 184952
Contract Period: February 19, 2021 to August 19, 2021

	Original Budget	Amended Budget	Prior Year	Current Year	Total	Remaining Budget
Revenue:						
Federal/State	\$ 16,781	\$ 20,137	\$ -	\$ 20,137	\$ 20,137	\$ -
Local	5,594	2,237	-	2,237	2,237	-
Total revenue	<u>22,375</u>	<u>22,374</u>	<u>-</u>	<u>22,374</u>	<u>22,374</u>	<u>-</u>
Expenditures:						
Federal/State	16,781	20,137	20,137	-	20,137	-
Local	5,594	2,237	2,237	-	2,237	-
Total expenditures	<u>22,375</u>	<u>22,374</u>	<u>22,374</u>	<u>-</u>	<u>22,374</u>	<u>-</u>
Excess revenue over expenditures	<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, 2022

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

	Budget	Prior Year	Current Year	Total	Remaining Budget
Revenue:					
Federal/State	\$ 12,112,636	\$ -	\$ 797,672	\$ 797,672	\$ 11,314,964
Local match	122,350	-	-	-	122,350
Total revenue	12,234,986	-	797,672	797,672	11,437,314
Expenditures:					
Federal/State					
Flood and drainage improvements	3,709,275	-	244,273	244,273	3,465,002
Water facilities improvements	1,700,084	-	111,958	111,958	1,588,126
Sewer facilities improvements	6,703,277	-	441,441	441,441	6,261,836
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	12,234,986	-	797,672	797,672	11,437,314
Excess revenue over expenditures	\$ -	\$ -	\$ -	\$ -	\$ -

TOWN OF REFUGIO, TEXAS
GRANT REVENUE AND EXPENDITURE SCHEDULE
For the Year Ended September 30, 2022

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

	Budget	Prior Year	Current Year	Total	Remaining Budget
Revenue:					
Federal/State	\$ 350,000	\$ -	\$ 33,250	\$ 33,250	\$ 316,750
Local match	35,000	-	-	-	35,000
Total revenue	385,000	-	33,250	33,250	351,750
Expenditures:					
Federal/State					
Construction	260,000	-	-	-	260,000
Engineering	55,000	-	15,750	15,750	39,250
General administration	35,000	-	17,500	17,500	17,500
Local match					
Construction	35,000	-	-	-	35,000
Total expenditures	385,000	-	33,250	33,250	351,750
Excess revenue over expenditures	\$ -	\$ -	\$ -	\$ -	\$ -

TOWN OF REFUGIO, TEXAS
GRANT REVENUE AND EXPENDITURE SCHEDULE
For the Year Ended September 30, 2022

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	\$ 5,182,203	\$ 1,841,686	\$ 2,486,099	\$ 4,327,785	\$ 854,418
Local match - TDEM	202,470	81,287	120,197	201,484	986
Local match - Town	367,847	125,310	96,790	222,100	145,747
Total revenue	5,752,520	2,048,283	2,703,086	4,751,369	1,001,151
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	5,945	60,942	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	89,371	605,134	694,505	-
City drainage and culverts	48,209	40,546	-	40,546	7,663
Plasuela water plant	44,597	17,705	250	17,955	26,642
Sanitary lift stations (5)	77,960	77,960	-	77,960	-
Wastewater Treatment Plant	55,773	38,790	6,122	44,912	10,861
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	28,854	148,161	177,015	20,298
Street Signs	154,836	56,758	98,078	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	3,000	33,763	36,763	64,254
Lions/Shelley Park	12,187	6,315	779	7,094	5,093
Animal Control building	170,503	2,160	5,112	7,272	163,231

TOWN OF REFUGIO, TEXAS
GRANT REVENUE AND EXPENDITURE SCHEDULE (Continued)
For the Year Ended September 30, 2022

	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	-	-	-	-	-
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
Roca St WTP Warehouse	-	-	-	-	-
Fire House Contents	-	-	-	-	-
City Street Lights	-	-	-	-	-
Street Signs	-	-	-	-	-
Police and Annex buildings	-	-	-	-	-
PAAP DAC	-	-	-	-	-
Fire Dept Training Grounds	-	-	-	-	-
Lions/Shelley Park	-	-	-	-	-
Animal Control building	-	-	-	-	-

TOWN OF REFUGIO, TEXAS
GRANT REVENUE AND EXPENDITURE SCHEDULE (Continued)
For the Year Ended September 30, 2022

	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	77,167	9,930	67,237	77,167	-
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
Roca St WTP Warehouse	23,432	50	-	50	23,382
Fire House Contents	47,220	792	-	792	46,428
City Street Lights	21,924	3,206	16,462	19,668	2,256
Street Signs	17,204	6,306	10,898	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	1,354	-	87	87	1,267
Animal Control building	18,945	240	248	488	18,457
Total expenditures	5,752,520	3,078,068	1,063,931	4,141,999	1,610,521
Excess (deficiency) revenue over expenditures	<u>\$ -</u>	<u>\$ (1,029,785)</u>	<u>\$ 1,639,155</u>	<u>\$ 609,370</u>	<u>\$ (609,370)</u>

SINGLE AUDIT SECTION

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

Certified Public Accountants

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D. DALE HUNT, CPA
JAMIE K. NOTZ, CPA, CVA*

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TEXAS SOCIETY OF
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*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, 2022, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements, and have issued our report thereon dated May 1, 2023.

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 2022-001, 2022-002, and 2022-003 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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs as item 2022-004.

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.

May 1, 2023

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

Certified Public Accountants

DONALD G. GOLDMAN, CPA
D. DALE HUNT, CPA
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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, 2022. 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, 2022.

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.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as item 2022-004. Our opinion on each major federal program is not modified with respect to these matters.

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

Report on Internal Control over Compliance

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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, as discussed below, we did identify certain deficiencies in internal control over compliance that we consider to be significant deficiencies.

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. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2022-004 to be a significant deficiency.

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.

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

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.

May 1, 2023

TOWN OF REFUGIO, TEXAS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended September 30, 2022

<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	\$ 3,141
Total State and Community Highway Safety			3,141
Total Department of Transportation			3,141
Total Highway Safety Cluster-Cluster			3,141
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	958,891
Total Disaster Grants-Public Assistance (Presidentially Declared Disasters)			958,891
Homeland Security Grant Program			
Homeland Security Grant Program	97.067	Texas Department of Public Safety, M9LEE5FFNNK4	29,536
Homeland Security Grant Program	97.067	Texas Department of Public Safety, M9LEE5FFNNK4	9,450
Total Homeland Security Grant Program			38,986
Total Department of Homeland Security			997,877

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, 2022

<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	797,672
Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii	14.228	Texas Department of Agriculture, 7220389	28,200
Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii	14.228	Texas Department of Agriculture, CDV21-0193	33,250
Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii	14.228	Texas General Land Office, 20-065-057-C169	5,324,607
Total Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii			6,183,729
Total Department of Housing and Urban Development			6,183,729
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	95,535
Total Coronavirus State and Local Fiscal Recovery Funds (Single or Program-specific Audit)			95,535
Total Department of the Treasury			95,535
Total Other Programs			7,277,141
Total Expenditures of Federal Awards			\$ 7,280,282

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, 2022

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, 2022. 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.

TOWN OF REFUGIO, TEXAS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended September 30, 2022

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	_____	x	no
*	Significant deficiency(ies) identified?	_____	x	yes	_____	no

Noncompliance material to financial statements noted?

_____	yes	_____	x	no
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Federal Awards

Internal control over major federal programs:

*	Material weakness(es) identified?	_____	yes	_____	x	no
*	Significant deficiency(ies) identified?	_____	x	yes	_____	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)?

_____	x	yes	_____	no
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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?

No

TOWN OF REFUGIO, TEXAS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
For the Year Ended September 30, 2022

Section II- Financial Statement Findings

Significant Deficiencies in Internal Control over Financial Reporting

2022-001 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.

**TOWN OF REFUGIO, TEXAS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
For the Year Ended September 30, 2022**

Section II- Financial Statement Findings (Continued)

Significant Deficiencies in Internal Control Over Financial Reporting

2022-002 Lack of Segregation of Duties

Criteria

The Town is expected to maintain sufficient internal controls to be able to prevent or detect misstatements in the financial statements and related note disclosures. The following finding represents a significant deficiency in the Town's internal control.

Statement of Condition

The Town does not have sufficient staff to separate the performance of key business functions.

Statement of Cause

The Town's lack segregation of duties is primarily driven by the Town's limited resources. The Town has a limited staff that is not fully cross-trained to provide the necessary segregation of duties to ensure proper financial reporting and compliance with related grant requirements.

Statement of Effect or Potential Effect

This significant deficiency in the Town's internal control could result in the Town failing to identify errors or potential fraud in the financial statements and related note disclosures.

Recommendation

To remedy the control deficiency related to the segregation of duties, the Town would need to ensure that sufficient personnel are in place and that they have the appropriate knowledge and tools to be able to effectively separate key steps of high risk procedures and provide sufficient oversight to assist with the identification of errors or possible fraud.

Views of Responsible Officials and Corrective Action Plan

As of September 30, 2022, the Town has completed drafts of manuals and written procedures and will refine them and finalize them by September 30, 2023. Segregation of duties for all programs is well under way with municipal court and utilities programs complete and all others to be completed by September 30, 2023. The addition of another office employee in September 2022 has allowed this process to proceed more efficiently.

TOWN OF REFUGIO, TEXAS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
For the Year Ended September 30, 2022

Section II- Financial Statement Findings (Concluded)

Significant Deficiencies in Internal Control Over Financial Reporting

2022-003 Lack of Cross-Training – General Ledger Accounting

Criteria

The Town is required to maintain sufficient oversight over their operations to ensure that misstatements of the financial statements and note disclosures can be readily identified or prevented. The Town does not have full cross-training procedures of the general ledger to allow for these oversight operations to be effective. This has been identified as a significant deficiency in internal control over financial reporting.

Statement of Condition

While the Town may not have sufficient staff to separate the performance of key business functions, the Town has the means for cross-training personnel. Cross-training of the general ledger accounting has not been sufficiently implemented in order to eliminate the related risks to the fair presentation of the financial statements and related note disclosures.

Statement of Cause

Due the Town's limited staff, cross-training of the general ledger accounting has not been fully implemented.

Statement of Effect or Potential Effect

Without sufficient cross-training of the general ledger accounting procedures, the temporary loss of an employee due to sickness, family emergency, vacation leave, departure, or other reasons leaves the Town susceptible to vulnerabilities in operations and internal control.

Recommendation

To remedy the control deficiency related to cross-training, the Town would need to train employees to perform general ledger accounting duties and provide sufficient oversight to assist with the identification of errors or possible fraud.

Views of Responsible Officials and Corrective Action Plan

As of September 30, 2022, the Town has completed drafts of manuals and written procedures and will refine them and finalize them by September 30, 2023. Cross training for all programs is well under way with municipal court and utilities programs complete and all others to be completed by September 30, 2023. The addition of another office employee in September 2022 has allowed this process to proceed more efficiently.

TOWN OF REFUGIO, TEXAS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
For the Year Ended September 30, 2022

Section III- Federal Award Findings and Questioned Costs

Significant Deficiency in Internal Control over Major Federal Programs

2022-004 Grant Funds Disbursement

Major Program

U.S. Department of Housing and Urban Development
Pass-through: Texas General Land Office and Texas Department of Agriculture
Community Development Block Grants
AL: 14.228

Criteria

Federal grant payment requirements as per 24 CFR 570.489(c) states that the State's requests for payment, and the Federal Government's payments upon such requests, must comply with 31 CFR part 205. The State must use procedures to minimize the time elapsing between the transfer of grant funds and disbursement of funds by the State to units of general local government. States must also have procedures in place, and units of general local government must use these procedures to minimize the time elapsing between the transfer of funds by the State and disbursement for CDBG activities. As the grant is administered through the Texas General Land Office (GLO), the GLO defines the "time elapsed" to be a period not to exceed 3 business days from the date of receipt/deposit of funds. The Town is expected to disburse grant funds within this specific timeframe as stated by the GLO. If the Town is unable to disburse grant funds within the specified timeframe, the Town is to document the specific reasons for such a delay. This has been identified as a significant deficiency in the Town's internal control over compliance.

Statement of Condition

In the course of performing the audits of the CDBG-DR and CDBG-MIT grants, it was determined that an instance in the CDBG-DR grant and an instance in the CDBG-MIT grant in which grant funds had been disbursed after the required 3 business day timeframe.

Statement of Cause

The Town is inefficiently monitoring the bank account in which grant funds are deposited and ensuring that grant funds are then disbursed within the 3-business day requirement as stated by the GLO.

Statement of Effect or Potential Effect

This significant deficiency in the Town's internal control over compliance results in a compliance issue associated with the time elapsed requirements of the CDBG-DR and CDBG-MIT grants.

Questioned Costs

No questioned costs were identified in association with this finding.

Perspective Information

This finding is considered an isolated instance as the instance in the CDBG-DR grant and the instance in the CDBG-MIT grant occurred in the same time period and the fact that all other CDBG-DR and CDBG-MIT grant funds were disbursed within the 3-business day requirement.

TOWN OF REFUGIO, TEXAS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
For the Year Ended September 30, 2022

Section III- Federal Award Findings and Questioned Costs

Significant Deficiency in Internal Control over Major Federal Programs

2022-004 Grant Funds Disbursement (Concluded)

Identification of Repeat Findings

This is not a repeat finding.

Recommendation

To remedy the control deficiency related to grant funds being disbursed within the 3-business day compliance requirement, the Town would need to monitor bank account activity on a timely basis.

Views of Responsible Officials and Corrective Action Plan

It is always the intention of the Town of Refugio to comply with all grant requirements. The Town does not implement online banking. Bank statements are received around the 10th of the next month. The Town works closely with grant administrators, and they monitor the Comptroller's website for disbursements made to the Town. The grant administrators stated that for a period in August and September 2022 the Comptroller's website was not updating anything beyond July release dates. On August 30, 2022, the administrator asked the Town to reach out to the bank to see if the Town had received any direct deposits. The bank was contacted near the end of the day on August 30, 2022, and they stated that direct deposit funds were received August 26, 2022. The responsible party was out the next day (August 31, 2022) so the check was written on September 1, 2022 upon their return to the office. With the completion of cross-training for all programs, it is anticipated that this will not be an issue in the future. There will be a second person fully trained to make the disbursements in the proper timeframes.

TOWN OF REFUGIO, TEXAS
SCHEDULE OF PRIOR AUDIT FINDINGS
For the Year Ended September 30, 2022

Finding Number	Fiscal Year	Finding	Corrective Action Taken
(1) Audit findings that have been fully corrected:			
2021-004	9/30/2021	Capitalization Policy	Corrective action has been taken and this matter has been fully resolved. The Town adopted a capitalization policy during fiscal year ended September 30, 2022.
2020-004	9/30/2020	Capitalization Policy	Corrective action has been taken and this matter has been fully resolved. The Town adopted a capitalization policy during fiscal year ended September 30, 2022.
2021-005	9/30/2021	Lack of Controls Over Financial Reporting - Compliance over Major Programs	Corrective action has been taken and this matter has been fully resolved. The Town takes full responsibility of the schedule of expenditures of financial awards.
2020-005	9/30/2020	Lack of Controls Over Financial Reporting - Compliance over Major Programs	Corrective action has been taken and this matter has been fully resolved. The Town takes full responsibility of the schedule of expenditures of financial awards.
2021-006	9/30/2021	Lack of Segregation of Duties - Compliance over Major Programs	Corrective action has been taken and this matter has been fully resolved. There are segregation of duties of grant transactions and monitoring.
2020-006	9/30/2020	Lack of Segregation of Duties - Compliance over Major Programs	Corrective action has been taken and this matter has been fully resolved. There are segregation of duties of grant transactions and monitoring.

TOWN OF REFUGIO, TEXAS
SCHEDULE OF PRIOR AUDIT FINDINGS (Continued)
For the Year Ended September 30, 2022

Finding Number	Fiscal Year	Finding	Corrective Action Taken
(2) Audit findings not corrected or partially corrected:			
2021-001	9/30/2021	Lack of Controls Over Financial Reporting	The Town does not have the resources to hire a professional accountant, therefore, the Town does not have the personnel who possess the skills and competencies necessary to prepare the financial statements and related note disclosures in accordance with generally accepted accounting principles. This audit finding is ongoing.
2020-001	9/30/2020	Lack of Controls Over Financial Reporting	The Town does not have the resources to hire a professional accountant, therefore, the Town does not have the personnel who possess the skills and competencies necessary to prepare the financial statements and related note disclosures in accordance with generally accepted accounting principles. This audit finding is ongoing.
2021-002	9/30/2021	Lack of Segregation of Duties	The Town is in process of correcting this audit finding and is scheduled to be corrected by September 30, 2023. Segregation of duties were fully implemented within Municipal Court and Utility Billing during fiscal year 2022. The Town is in the process of implementing segregation of duties in General Ledger Accounting.

TOWN OF REFUGIO, TEXAS
SCHEDULE OF PRIOR AUDIT FINDINGS (Continued)
For the Year Ended September 30, 2022

Finding Number	Fiscal Year	Finding	Corrective Action Taken
2020-002	9/30/2020	Lack of Segregation of Duties	The Town is in process of correcting this audit finding and is scheduled to be corrected by September 30, 2023. Segregation of duties were fully implemented within Municipal Court and Utility Billing during fiscal year 2022. The Town is in the process of implementing segregation of duties in General Ledger Accounting.
2021-003	9/30/2021	Lack of Cross-Training	The Town is in process of correcting this audit finding and is scheduled to be corrected by September 30, 2023. Segregation of duties were fully implemented within Municipal Court and Utility Billing during fiscal year 2022. The Town is in the process of implementing segregation of duties in General Ledger Accounting.
2020-003	9/30/2020	Lack of Cross-Training	The Town is in process of correcting this audit finding and is scheduled to be corrected by September 30, 2023. Segregation of duties were fully implemented within Municipal Court and Utility Billing during fiscal year 2022. The Town is in the process of implementing segregation of duties in General Ledger Accounting.

(3) Audit findings that are no longer valid:

None