TOWN OF FULTON, TEXAS

ANNUAL FINANCIAL REPORT
For the year ended September 30, 2024

TOWN OF FULTON, TEXAS

ANNUAL FINANCIAL REPORT
For the year ended September 30, 2024

CONTENTS

FINANCIAL SECTION

INDEPENDENT AUDITOR'S REPORT

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

Report on the Audit of the Financial Statements

Opinions

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

In our opinion, the accompanying 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 as of September 30, 2024, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States *(Government Auditing Standards)*. 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, 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.

Emphasis of Matter

As discussed in note 3 to the financial statements, errors in the prior year were discovered by management of the Town during the current year. Adjustments have been made to governmental activities net position as of October 1, 2023 to correct those errors. Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

(Continued)

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'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 GAAS 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 GAAS 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'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'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, schedules of changes in net pension and total other postemployment benefits liability and related ratios, and schedule of contributions, identified as Required Supplementary Information on the table of contents, 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.

(Continued)

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town's basic financial statements. The nonmajor governmental fund financial statements and budget comparison schedules 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 nonmajor governmental fund financial statements and budgetary comparison schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated August 17, 2026 on our consideration of the Town'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's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town's internal control over financial reporting and compliance.

Crowe LLP

Crowe LLP

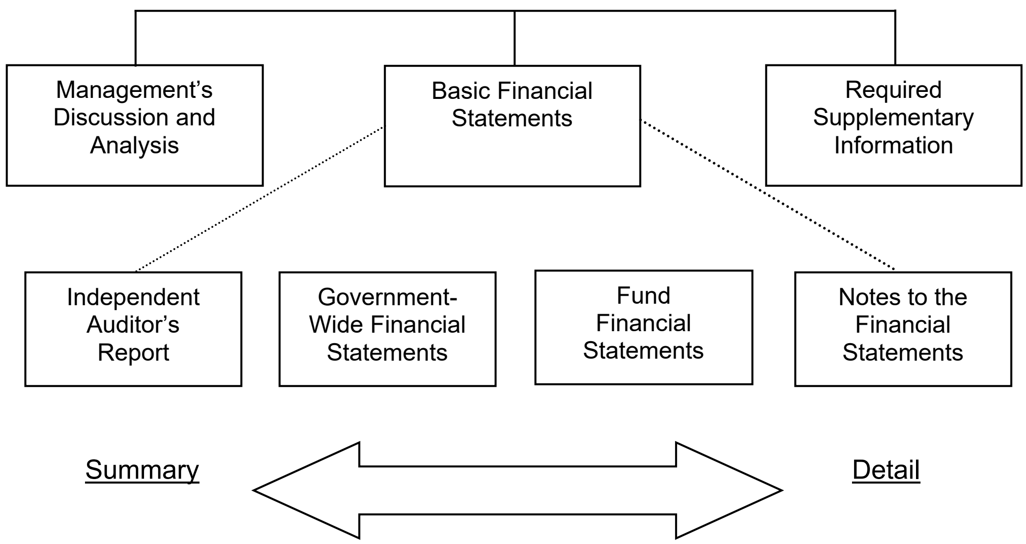
Houston, Texas
August 17, 2026

MANAGEMENT’S DISCUSSION AND ANALYSIS

The purpose of the Management's Discussion and Analysis (MD&A) is to give the readers an objective and easily readable analysis of the financial activities of the Town of Fulton, Texas (the "Town") for the year ended September 30, 2024. The analysis is based on currently known facts, decisions, or economic conditions. It presents short and long-term analysis of the Town's activities, compares current year results with those of the prior year, and discusses the positive and negative aspects of that comparison. Please read the MD&A in conjunction with the Town's financial statements, which follow this section.

THE STRUCTURE OF OUR ANNUAL REPORT

Components of the Financial Section



The Town's basic financial statements include (1) government-wide financial statements, (2) individual fund financial statements, and (3) notes to the financial statements. This report also includes supplementary information intended to furnish additional detail to support the basic financial statements themselves.

Government-Wide Statements

The government-wide statements report information for the Town as a whole. These statements include transactions and balances relating to all assets, including infrastructure capital assets. These statements are designed to provide information about cost of services, operating results, and financial position of the Town as an economic entity. The Statement of Net Position and the Statement of Activities, which appear first in the Town's financial statements, report information on the Town's activities that enable the reader to understand the financial condition of the Town. These statements are prepared using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account even if cash has not yet changed hands.

The Statement of Net Position presents information on all of the Town's assets, liabilities, and deferred outflows/inflows of resources, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Town is improving or deteriorating. Other nonfinancial factors, such as the Town's property tax base and the condition of the Town's infrastructure, need to be considered in order to assess the overall health of the Town.

(Continued)

The Statement of Activities presents information showing how the Town's net position changed during the most recent year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows using the accrual method rather than modified accrual that is used in the fund level statements.

The Statement of Net Position and the Statement of Activities divide the Town's financials into two classes of activities:

1. *Governmental Activities* – Most of the Town's basic services are reported here including general administration, public facilities, public safety, public transportation, and culture and recreation. Interest payments on the Town's debt are also reported here. Property tax, sales tax, franchise fees, municipal court fines, and permit fees finance most of these activities.

2. *Business-Type Activities* – Services involving a fee for those services are reported here. These services include the Town's sewer, convention center, and pier services.

The government-wide financial statements can be found after the MD&A.

FUND FINANCIAL STATEMENTS

Funds may be considered as operating companies of the parent corporation, which is the Town. They are usually segregated for specific activities or objectives. The Town uses fund accounting to ensure and demonstrate compliance with finance-related legal reporting requirements. The two categories of Town funds are governmental and proprietary.

Governmental Funds

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

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

The Town maintains 5 individual governmental funds. Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures, and changes in fund balances for the general fund and the special projects fund. These funds are considered to be major funds for reporting purposes. The debt service fund, hotel/motel tax fund, and donation fund are considered to be nonmajor funds for reporting purposes.

The Town adopts an annual appropriated budget for its general fund, debt service fund, and the hotel/motel tax fund. Budgetary comparison schedules have been provided for these funds to demonstrate compliance with these budgets.

(Continued)

Proprietary Funds

The Town maintains one type of proprietary fund, enterprise funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The Town uses enterprise funds to account for its sewer, convention center, and pier services. The proprietary fund financial statements can be found in the basic financial statements of this report.

Notes to Financial Statements

The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes are the last section of the basic financial statements.

Other Information

In addition to basic financial statements, MD&A, and accompanying notes, this report also presents certain Required Supplementary Information (RSI). The RSI includes a budgetary comparison schedule for the general fund and schedules of changes in net pension and total other postemployment benefits liability and related ratios and the schedule of contributions for the Texas Municipal Retirement System. RSI can be found after the notes to the basic financial statements.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of the Town's financial position. For the Town, assets and deferred outflows of resources exceed liabilities and deferred inflows of resources by $15,568,026 as of September 30, 2024. A portion of the Town's net position (84%) reflects its investment in capital assets (e.g., land, buildings, equipment, improvements, and infrastructure), less any debt used to acquire those assets that is still outstanding. The Town uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Town's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the assets themselves cannot be used to liquidate these liabilities.

(Continued)

Statement of Net Position

The following table reflects the condensed Statement of Net Position:

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2024	2023*	2024	2023	2024	2023*
ASSETS						
Current and other assets	$ 2,305,847	$ 3,107,833	$ 734,049	$ 599,707	$ 3,039,896	$ 3,707,540
Capital assets, net	8,255,431	6,223,979	5,910,179	6,150,570	14,165,610	12,374,549
Total assets	10,561,278	9,331,812	6,644,228	6,750,277	17,205,506	16,082,089
DEFERRED OUTFLOWS OF RESOURCES						
Deferred outflows - pensions	30,439	41,231	19,035	27,233	49,474	68,464
Deferred outflows - OPEB	3,070	3,075	1,921	2,031	4,991	5,106
Total deferred outflows of resources	33,509	44,306	20,956	29,264	54,465	73,570
LIABILITIES						
Long-term liabilities	1,158,779	1,408,785	27,092	64,767	1,185,871	1,473,552
Other liabilities	377,412	1,488,664	84,677	67,612	462,089	1,556,276
Total liabilities	1,536,191	2,897,449	111,769	132,379	1,647,960	3,029,828
DEFERRED INFLOWS OF RESOURCES						
Deferred inflows - pensions	18,396	21,483	11,505	14,192	29,901	35,675
Deferred inflows - OPEB	4,993	7,066	3,123	4,668	8,116	11,734
Deferred inflows - leases	5,968	11,937	-	-	5,968	11,937
Total deferred inflows of resources	29,357	40,486	14,628	18,860	43,985	59,346
NET POSITION						
Net investment in capital assets	7,125,411	4,831,876	5,899,753	6,099,514	13,025,164	10,931,390
Restricted	468,783	463,755	21,807	11,086	490,590	474,841
Unrestricted	1,435,045	1,142,552	617,227	517,702	2,052,272	1,660,254
Total net position	$ 9,029,239	$ 6,438,183	$ 6,538,787	$ 6,628,302	$ 15,568,026	$ 13,066,485

*Prior year balances were corrected to adjust construction in progress and net position balances due to restatement. More detailed information is presented in note 3 to the financial statements.

A portion of the primary government's net position, $490,590 or 3%, represents resources that are subject to external restriction on how they may be used. The remaining balance of unrestricted net position, $2,052,272 or 13%, may be used to meet the Town's ongoing obligation to citizens and creditors.

Total assets are $17,205,506, an increase of $1,123,417 compared to prior year. Total assets includes an increase in capital assets and a decrease in current and other assets. Capital assets increased compared to the prior year primarily due to completion of drainage and roadway improvement projects. The decrease to current and other assets was primarily a result of decreases in grant receivables related to reimbursable costs that occurred during the current fiscal year. Total liabilities are $1,647,960, a decrease of $1,381,868 compared to prior year. Total liabilities includes a decrease in both long-term liabilities and other liabilities. The decrease in long-term liabilities is mainly due to bond payments made during the fiscal year. The decrease in other liabilities is primarily due to a decrease in accounts payable and accrued liabilities related to less construction costs that were owed at the end of the fiscal year. Total deferred outflows of resources are $54,465 which is a decrease of $19,105 compared to the prior year. Total deferred inflows of resources decreased by $15,361 from the prior year which was primarily due to the actuarial changes and assumptions related to the Town's pension plan assets.

(Continued)

Statement of Activities

The following table provides a summary of the Town's changes in net position:

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2024	2023*	2024	2023	2024	2023*
Revenues						
Program revenues:						
Charges for services	$ 69,439	$ 80,349	$ 918,388	$ 949,657	$ 987,827	$ 1,030,006
Operating grants and contributions	293,504	565	-	-	293,504	565
Capital grants and contributions	2,304,119	2,495,330	-	-	2,304,119	2,495,330
General revenues:						
Property taxes	911,034	769,493	-	-	911,034	769,493
Sales taxes	358,886	352,755	-	-	358,886	352,755
Franchise fees and local taxes	117,642	104,184	-	-	117,642	104,184
Hotel occupancy taxes	379,717	408,121	-	-	379,717	408,121
Investment income	61,088	57,597	35,065	20,180	96,153	77,777
Other revenues	13,567	15,450	89	-	13,656	15,450
Total revenues	4,508,996	4,283,844	953,542	969,837	5,462,538	5,253,681
Expenses						
General administration	1,087,049	739,043	-	-	1,087,049	739,043
Public facilities	10,370	24,447	-	-	10,370	24,447
Public safety	514,489	430,892	-	-	514,489	430,892
Public transportation	237,207	137,868	-	-	237,207	137,868
Culture and recreation	6,155	19,455	-	-	6,155	19,455
Interest and fiscal charges	55,670	68,937	-	-	55,670	68,937
Sewer	-	-	553,567	558,867	553,567	558,867
Convention Center	-	-	331,967	347,378	331,967	347,378
Pier	-	-	164,523	214,549	164,523	214,549
Total expenses	1,910,940	1,420,642	1,050,057	1,120,794	2,960,997	2,541,436
Increase (decrease) in net position before transfers	2,598,056	2,863,202	(96,515)	(150,957)	2,501,541	2,712,245
Transfers in (out)	(7,000)	(254,905)	7,000	254,905	-	-
Change in net position	2,591,056	2,608,297	(89,515)	103,948	2,501,541	2,712,245
Beginning net position*	6,438,183	3,829,886	6,628,302	6,524,354	13,066,485	10,354,240
Ending net position	$ 9,029,239	$ 6,438,183	$ 6,538,787	$ 6,628,302	$15,568,026	$13,066,485

*Prior year balances were corrected to adjust beginning net position balances due to restatement. More detailed information is presented in note 3 to the financial statements.

For the year, revenues from governmental activities increased by $225,152. This increase is mainly due to revenue from operating grants and contributions for reimbursements from the Federal Emergency Management Agency (FEMA) for costs incurred in prior years, along with an increase in property tax revenues as a result of higher appraised property values.

(Continued)

Expenses from governmental activities increased by $490,298, which was primarily due to an increase in expenses for personnel costs for general administration and public safety and depreciation expense for public transportation.

Revenues from business-type activities decreased by $16,295, which was mainly due to a decrease in charges for services for the Pier fund's pole fees. Total expenses decreased by $70,737 due primarily to repairs and maintenance, fuel, and insurance costs.

FINANCIAL ANALYSIS OF THE TOWN'S FUNDS

As noted earlier, fund accounting is used to demonstrate and ensure compliance with finance-related legal requirements.

Governmental Funds – The focus of the Town's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the Town's financing requirements. In particular, unassigned fund balance may serve as a useful measure of the Town's net resources available for spending at the end of the year.

The Town's governmental funds reflect a combined fund balance of $1,811,137, a net increase of $272,679 from the prior year. Of this combined fund balance, $21,775 is nonspendable for prepaids, $6,670 is restricted for administration, $58,747 is restricted for debt service, $344,274 is restricted for tourism, and $253,236 is assigned to special projects. Unassigned fund balance totaled $1,126,435 as of September 30, 2024.

Total revenues increased by $220,703 mostly due to FEMA grant monies and an increase in property tax revenues. Compared to the prior year, expenditures decreased by $96,157 due mainly to a decrease in expenditures for accounting services, legal services, equipment costs, and insurance.

The general fund is the chief operating fund of the Town. At the end of the current year, the total fund balance was $1,146,520, a net increase of $161,931 from the prior year. Total expenditures increased by $9,076. This net increase is primarily due to an increase in general administration and public safety expenditures for personnel costs, offset by a decrease in capital outlay expenditures for equipment and vehicles. Compared to the prior year, total revenues increased $104,281 due mainly to increases in property tax revenue from an increase in the assessed values of properties within the Town. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance and total fund balance represent 98% and 100%, respectively, of total general fund expenditures.

The special projects fund had a total fund balance of $253,236. The revenues increased by $92,619 and expenditures decreased by $29,503 from prior year. The increase in revenues and decrease in expenditures is primarily due to revenue from Community Development Block Grant (CDBG), FEMA, and Coronavirus Local Fiscal Recovery Fund (CLFRF) grants and expenditures related to these grants. The Town was reimbursed for FEMA-related expenditures incurred in prior years, which caused revenues to be higher in the current year compared to prior year.

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

(Continued)

GENERAL FUND BUDGETARY HIGHLIGHTS

The Town's amended budget planned for no change to budgeted general fund balance. The Town's actual revenues were less than budgeted revenues by a net $18,407 primarily due to less intergovernmental and fines and forfeitures revenue than expected, offset by more sales tax and franchise fees received than expected. Actual expenditures were less than budgeted expenditures by a net $180,338 mainly due to less public transportation and capital outlay expenditures than expected.

CAPITAL ASSETS

At year end, the Town's governmental and business-type activities had invested $14,165,610 in a variety of capital assets and infrastructure (net of accumulated depreciation). This represents a net increase of $1,791,061 from the prior year. This net increase includes depreciation and amortization of capital assets of $618,592.

Major capital asset events during the year included the following:

- Construction in progress related to drainage and roadway improvements of $2,192,006
- Purchase of equipment for $53,829
- Purchase of vehicles for $117,559

More detailed information about the Town's capital assets is presented in note 3 to the financial statements.

LONG-TERM DEBT

At the end of the current year, the Town's governmental activities had total certificates of obligation outstanding of $1,125,000.

More detailed information about the Town's long-term liabilities is presented in note 3 to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

The Town Council approved a $2.8 million budget for the 2024/2025 fiscal year. The property tax rate for the fiscal year 2025 decreased to $0.250843 per $100 of valuation.

The Town adopted a $1,120,867 general fund expenditure budget for fiscal year 2024-2025, which is an increase of $270,812 compared to the fiscal year 2023-2024 budget. The Town budgeted for fiscal year 2024-2025 general fund revenues of $1,130,638, which is an increase of $68,399 compared to the fiscal year 2023-2024 budget. The Town approved a 2024-2025 Maintenance and Operation tax rate of $0.160790 and an Interest and Sinking tax rate of $0.090053 for total of $0.250843 per $100 property valuation.

CONTACTING THE TOWN'S FINANCIAL MANAGEMENT

This financial report is designed to provide a general overview of the Town's finances. Questions concerning this report or requests for additional financial information should be directed to Town of Fulton, 201 N. Seventh Street, Fulton, Texas, 78358.

BASIC FINANCIAL STATEMENTS

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

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and cash equivalents	$ 1,440,080	$ 778,506	$ 2,218,586
Receivables, net	253,725	61,664	315,389
Lease receivables	5,979	-	5,979
Prepaids	21,775	21,909	43,684
Due from other governments	399,581	-	399,581
Internal balances	149,837	(149,837)	-
Total current assets	2,270,977	712,242	2,983,219
Noncurrent assets			
Net pension asset	34,870	21,807	56,677
Right-to-use assets, net of amortization	4,762	9,269	14,031
Nondepreciable capital assets	295,000	-	295,000
Net depreciable capital assets	7,955,669	5,900,910	13,856,579
Total noncurrent assets	8,290,301	5,931,986	14,222,287
Total assets	10,561,278	6,644,228	17,205,506
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows - pensions	30,439	19,035	49,474
Deferred outflows - OPEB	3,070	1,921	4,991
Total deferred outflows of resources	33,509	20,956	54,465
LIABILITIES			
Accounts payable and accrued liabilities	333,173	42,477	375,650
Unearned revenue	35,967	-	35,967
Accrued interest payable	8,272	-	8,272
Customer deposits	-	42,200	42,200
Total current liabilities	377,412	84,677	462,089
Long-term liabilities			
Long-term liabilities due within one year	284,047	16,600	300,647
Long-term liabilities due in more than one year	874,732	10,492	885,224
Total long-term liabilities	1,158,779	27,092	1,185,871
Total liabilities	1,536,191	111,769	1,647,960

(Continued)

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

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows - pensions	$ 18,396	$ 11,505	$ 29,901
Deferred inflows - OPEB	4,993	3,123	8,116
Deferred inflows - leases	5,968	-	5,968
Total deferred inflows of resources	29,357	14,628	43,985
NET POSITION			
Net investment in capital assets	7,125,411	5,899,753	13,025,164
Restricted for			
Pension	34,870	21,807	56,677
Administration	6,670	-	6,670
Debt service	81,279	-	81,279
Tourism	345,964	-	345,964
Unrestricted	1,435,045	617,227	2,052,272
Total net position	$ 9,029,239	$ 6,538,787	$ 15,568,026

See notes to financial statements.

TOWN OF FULTON, TEXAS
STATEMENT OF ACTIVITIES
For the year ended September 30, 2024

		Program Revenues			Net Revenue (Expense) and Changes in Net Position — Primary Government		
Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Primary Government							
Governmental activities							
General administration	$ 1,087,049	$ -	$ 291,959	$ 2,304,119	$ 1,509,029	$ -	$ 1,509,029
Public facilities	10,370	57,389	-	-	47,019	-	47,019
Public safety	514,489	12,050	1,545	-	(500,894)	-	(500,894)
Public transportation	237,207	-	-	-	(237,207)	-	(237,207)
Culture and recreation	6,155	-	-	-	(6,155)	-	(6,155)
Interest and fiscal charges	55,670	-	-	-	(55,670)	-	(55,670)
Total governmental activities	1,910,940	69,439	293,504	2,304,119	756,122	-	756,122
Business-type activities							
Sewer	553,567	674,705	-	-	-	121,138	121,138
Convention center	331,967	117,750	-	-	-	(214,217)	(214,217)
Pier	164,523	125,933	-	-	-	(38,590)	(38,590)
Total business-type activities	1,050,057	918,388	-	-	-	(131,669)	(131,669)
Total primary government	$ 2,960,997	$ 987,827	$ 293,504	$ 2,304,119	756,122	(131,669)	624,453
General revenues							
Property taxes					911,034	-	911,034
Sales taxes					358,886	-	358,886
Franchise fees and local taxes					117,642	-	117,642
Hotel occupancy tax					379,717	-	379,717
Investment revenue					61,088	35,065	96,153
Other revenues					13,567	89	13,656
Transfers					(7,000)	7,000	-
Total general revenues and transfers					1,834,934	42,154	1,877,088
Change in net position					2,591,056	(89,515)	2,501,541
Beginning net position, October 1, 2023					6,106,666	6,628,302	12,734,968
Restatement for correction of error					331,517	-	331,517
Beginning net position, as restated					6,438,183	6,628,302	13,066,485
Ending net position					$ 9,029,239	$ 6,538,787	$ 15,568,026

See notes to financial statements.

TOWN OF FULTON, TEXAS
BALANCE SHEET
GOVERNMENTAL FUNDS
September 30, 2024

	General	Special Projects	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS				
Cash and cash equivalents	$ 637,771	$ 466,589	$ 335,720	$ 1,440,080
Receivables, net	128,473	-	125,252	253,725
Lease receivables	5,979	-	-	5,979
Prepaids	20,085	-	1,690	21,775
Due from other governments	-	399,581	-	399,581
Due from other funds	498,299	-	-	498,299
Total assets	$ 1,290,607	$ 866,170	$ 462,662	$ 2,619,439
LIABILITIES				
Accounts payable and accrued liabilities	$ 81,079	$ 251,848	$ 246	$ 333,173
Unearned revenue	-	35,967	-	35,967
Due to other funds	3,112	325,119	20,231	348,462
Total liabilities	84,191	612,934	20,477	717,602
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue - property taxes	35,954	-	30,804	66,758
Unavailable revenue - court fines	17,974	-	-	17,974
Deferred inflows - leases	5,968	-	-	5,968
Total deferred inflows of resources	59,896	-	30,804	90,700
FUND BALANCES				
Nonspendable				
Prepaids	20,085	-	1,690	21,775
Restricted for				
Administration	-	-	6,670	6,670
Debt service	-	-	58,747	58,747
Tourism	-	-	344,274	344,274
Assigned for				
Special projects	-	253,236	-	253,236
Unassigned	1,126,435	-	-	1,126,435
Total fund balances	1,146,520	253,236	411,381	1,811,137
Total liabilities, deferred inflows of resources, and fund balances	$ 1,290,607	$ 866,170	$ 462,662	$ 2,619,439

See notes to financial statements.

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

Total fund balances - total governmental funds	$ 1,811,137
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, not reported in the governmental funds.	
Right-to-use assets, net of amortization	4,762
Capital assets - nondepreciable	295,000
Capital assets - net depreciable	7,955,669
Changes in pension/other postemployment benefits (OPEB) activity do not affect the fund balance on the statement of revenues, expenditures, and changes in fund balance for the governmental funds. These changes in pension/OPEB activity that affect the Town's net position are as follows:	
Net pension asset	34,870
Total OPEB liability	(17,229)
Deferred outflows - pensions	30,439
Deferred outflows - OPEB	3,070
Deferred inflows - pensions	(18,396)
Deferred inflows - OPEB	(4,993)
Other long-term assets are not available to pay for current period expenditures and, therefore, are reported as unavailable revenue in the governmental funds.	
Property taxes receivable	66,758
Court fines receivable	17,974
Some liabilities, including debt payable, compensated absences, and accrued interest payable, are not reported as liabilities in the governmental funds.	
Certificates of obligation	(1,125,000)
Leases payable	(5,020)
Compensated absences	(11,530)
Accrued interest payable	(8,272)
Net position of governmental activities	$ 9,029,239

See notes to financial statements.

TOWN OF FULTON, TEXAS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the year ended September 30, 2024

	General	(Formerly Major) Debt Service	Special Projects	(Formerly Major) Hotel/Motel Tax	(Formerly Major) Donation	Nonmajor Governmental Funds	Total Governmental Funds
Revenues							
Property taxes	$ 518,610		$ -			$ 372,096	$ 890,706
Sales taxes	358,886		-			-	358,886
Franchise fees and local taxes	117,642		-			-	117,642
Hotel occupancy taxes	-		-			379,717	379,717
Permits, licenses, and fees	57,389		-			-	57,389
Fines and forfeitures	10,050		-			-	10,050
Intergovernmental	1,545		2,596,078			-	2,597,623
Investment income	24,718		21,323			15,047	61,088
Miscellaneous revenue	13,567		-			-	13,567
Total revenues	1,102,407		2,617,401			766,860	4,486,668
Expenditures							
Current							
General administration	611,785		2,483,123			258,002	3,352,910
Public facilities	9,785		585			-	10,370
Public safety	484,791		-			-	484,791
Public transportation	32,368		-			-	32,368
Culture and recreation	4,742		-			-	4,742
Capital outlay	1,913		-			-	1,913
Debt service							-
Principal	2,083		-			260,000	262,083
Interest and fiscal agent fees	259		-			57,553	57,812
Total expenditures	1,147,726		2,483,708			575,555	4,206,989
Excess (deficiency) of revenues over (under) expenditures	(45,319)		133,693			191,305	279,679

(Continued)

TOWN OF FULTON, TEXAS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the year ended September 30, 2024

	General	(Formerly Major) Debt Service	Special Projects	(Formerly Major) Hotel/Motel Tax	(Formerly Major) Donation	Nonmajor Governmental Funds	Total Governmental Funds
Other Financing Sources (Uses)							
Transfers in	$ 207,250		$ -			$ -	$ 207,250
Transfers (out)	-		-			(214,250)	(214,250)
Total other financing sources (uses)	207,250		-			(214,250)	(7,000)
Net change in fund balances	161,931		133,693			(22,945)	272,679
Beginning fund balances	984,589	1,822	119,543	425,951	6,553	-	1,538,458
Changes within the reporting entity	-	(1,822)	-	(425,951)	(6,553)	434,326	-
Beginning fund balances, adjusted	984,589	-	119,543	-	-	434,326	1,538,458
Ending fund balances	$ 1,146,520	$ -	$ 253,236	$ -	$ -	$ 411,381	$ 1,811,137

See notes to financial statements.

TOWN OF FULTON, TEXAS
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF THE GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
For the year ended September 30, 2024

Net changes in fund balances - total governmental funds	$	272,679
Amounts reported for governmental activities in the Statement of Activities are different because:		
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation/amortization expense.		
Capital outlay		2,327,847
Depreciation and amortization expense		(296,395)
Revenue in the Statement of Activities that does not provide current financial resources is not reported as revenue in the funds.		22,328
The issuance of long-term debt (e.g. bonds, leases, certificates of obligation, etc.) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas, these amounts are deferred and amortized in the Statement of Activities.		
Principal payments		262,083
Accrued interest		2,142
Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.		
Compensated absences		(9,351)
Net pension asset		18,086
Total OPEB liability		(2,726)
Deferred outflows - pensions		(10,792)
Deferred outflows - OPEB		(5)
Deferred inflows - pensions		3,087
Deferred inflows - OPEB		2,073
Change in net position of governmental activities	$	2,591,056

See notes to financial statements.

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

	Sewer	Convention Center	Pier	Total Proprietary Funds
ASSETS				
Current assets				
Cash and cash equivalents	$ 486,047	$ 206,881	$ 85,578	$ 778,506
Receivables, net	60,452	-	1,212	61,664
Prepaids	-	21,909	-	21,909
Due from other funds	18,850	-	4,657	23,507
Total current assets	565,349	228,790	91,447	885,586
Noncurrent assets				
Net pension asset	12,649	4,776	4,382	21,807
Right-to-use assets, net of amortization	-	9,269	-	9,269
Net depreciable capital assets	1,328,327	2,799,590	1,772,993	5,900,910
Total noncurrent assets	1,340,976	2,813,635	1,777,375	5,931,986
Total assets	1,906,325	3,042,425	1,868,822	6,817,572
DEFERRED OUTFLOWS OF RESOURCES				
Deferred outflows - pensions	11,041	4,169	3,825	19,035
Deferred outflows - OPEB	1,114	421	386	1,921
Total deferred outflows of resources	12,155	4,590	4,211	20,956
LIABILITIES				
Current liabilities				
Accounts payable and accrued liabilities	29,390	10,443	2,644	42,477
Due to other funds	-	152,801	20,543	173,344
Customer deposits	-	42,200	-	42,200
Compensated absences - current	5,598	-	-	5,598
Lease payable - current	-	10,426	-	10,426
Total OPEB liability - current	334	126	116	576
Total current liabilities	35,322	215,996	23,303	274,621
Noncurrent liabilities				
Compensated absences	294	-	-	294
Total OPEB liability	5,915	2,234	2,049	10,198
Total noncurrent liabilities	6,209	2,234	2,049	10,492
Total liabilities	41,531	218,230	25,352	285,113
DEFERRED INFLOWS OF RESOURCES				
Deferred inflows - pensions	6,673	2,520	2,312	11,505
Deferred inflows - OPEB	1,811	684	628	3,123
Total deferred inflows of resources	8,484	3,204	2,940	14,628
NET POSITION				
Net investment in capital assets	1,328,327	2,798,433	1,772,993	5,899,753
Restricted for pension	12,649	4,776	4,382	21,807
Unrestricted	527,489	22,372	67,366	617,227
Total net position	$ 1,868,465	$ 2,825,581	$ 1,844,741	$ 6,538,787

See notes to financial statements.

TOWN OF FULTON, TEXAS
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
For the year ended September 30, 2024

	Sewer	Convention Center	Pier	Total Proprietary Funds
Operating revenues				
Charges for services	$ 674,705	$ 117,750	$ 125,933	$ 918,388
Miscellaneous	7	-	82	89
Total operating revenues	674,712	117,750	126,015	918,477
Operating expenses				
Personnel services	181,713	89,730	99,905	371,348
Supplies	11,539	6,329	1,166	19,034
Other services and charges	235,548	86,737	13,822	336,107
Depreciation/amortization	124,767	147,800	49,630	322,197
Total operating expenses	553,567	330,596	164,523	1,048,686
Operating income (loss)	121,145	(212,846)	(38,508)	(130,209)
Nonoperating revenues (expenses)				
Investment income	22,556	8,526	3,983	35,065
Interest expense	-	(1,371)	-	(1,371)
Total nonoperating revenues	22,556	7,155	3,983	33,694
Income (loss) before transfers	143,701	(205,691)	(34,525)	(96,515)
Transfers				
Transfers in	-	200,000	-	200,000
Transfers (out)	(155,000)	(21,500)	(16,500)	(193,000)
Total transfers	(155,000)	178,500	(16,500)	7,000
Change in net position	(11,299)	(27,191)	(51,025)	(89,515)
Beginning net position	1,879,764	2,852,772	1,895,766	6,628,302
Ending net position	$ 1,868,465	$ 2,825,581	$ 1,844,741	$ 6,538,787

See notes to financial statements.

TOWN OF FULTON, TEXAS
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the year ended September 30, 2024

	Sewer	Convention Center	Pier	Total Proprietary Funds
Cash flows from operating activities				
Receipts from customers and users	$ 661,089	$ 116,853	$ 120,676	$ 898,618
Payments to suppliers	(267,176)	(114,378)	(26,519)	(408,073)
Payments to employees	(182,318)	(90,859)	(101,861)	(375,038)
Net cash provided (used) by operating activities	211,595	(88,384)	(7,704)	115,507
Cash flows from noncapital financing activities				
Transfers from other funds	-	200,000	-	200,000
Transfers to other funds	(155,000)	(21,500)	(16,500)	(193,000)
Net cash provided (used) by noncapital financing activities	(155,000)	178,500	(16,500)	7,000
Cash flows from capital and related financing activities				
Acquisition and construction of capital assets	(64,600)	(17,205)	(1)	(81,806)
Principal paid on capital debt	-	(40,630)	-	(40,630)
Interest and fiscal charges	-	(1,371)	-	(1,371)
Net cash provided (used) by capital and related financing activities	(64,600)	(59,206)	(1)	(123,807)
Cash flows from investing activities				
Interest received	22,556	8,526	3,983	35,065
Net cash provided by investing activities	22,556	8,526	3,983	35,065
Net increase (decrease) in cash and cash equivalents	14,551	39,436	(20,222)	33,765
Beginning cash and cash equivalents	471,496	167,445	105,800	744,741
Ending cash and cash equivalents	$ 486,047	$ 206,881	$ 85,578	$ 778,506

(Continued)

	Sewer	Convention Center	Pier	Total Proprietary Funds
Reconciliation of operating income (loss) to net cash provided (used) by operating activities				
Operating income (loss)	$ 121,145	$ (212,846)	$ (38,508)	$ (130,209)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities				
Depreciation/amortization	124,767	147,800	49,630	322,197
Changes in operating assets and liabilities				
(Increase) decrease in current assets				
Accounts receivable	5,227	-	(682)	4,545
Prepaids	-	(897)	-	(897)
Due from other funds	(18,850)	-	(4,657)	(23,507)
Deferred outflows - pensions	6,577	1,943	(322)	8,198
Deferred outflows - OPEB	200	35	(125)	110
Net pension asset	(5,477)	(2,288)	(2,956)	(10,721)
Increase (decrease) in current liabilities				
Accounts payable and accrued liabilities	(7,205)	3,488	(1,668)	(5,385)
Due to other funds	(12,884)	(47,250)	(9,863)	(69,997)
Customer deposits	-	22,450	-	22,450
Compensated absences	1,760	-	-	1,760
Deferred inflows - pensions	(2,508)	(665)	486	(2,687)
Deferred inflows - OPEB	(1,209)	(364)	28	(1,545)
Total OPEB liability	52	210	933	1,195
Net cash provided (used) by operating activities	$ 211,595	$ (88,384)	$ (7,704)	$ 115,507

See notes to financial statements.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity: The Town of Fulton (the "Town") was incorporated under the laws of the State of Texas (the "State") on May 3, 1979. The Town operates under a Mayor-Council form of government.

The Town provides the following services: general administration, public facilities, public safety, public transportation, and culture and recreation.

The Town is an independent political subdivision of the State governed by an elected council and a mayor and is considered a primary government. As required by generally accepted accounting principles, these basic financial statements have been prepared based on considerations regarding the potential for inclusion of other entities, organizations, or functions as part of the Town's financial reporting entity. No other entities have been included in the Town's reporting entity. Additionally, as the Town is considered a primary government for financial reporting purposes, its activities are not considered a part of any other governmental or other type of reporting entity.

Considerations regarding the potential for inclusion of other entities, organizations, or functions in the Town's financial reporting entity are based on criteria prescribed by generally accepted accounting principles. These same criteria are evaluated in considering whether the Town is a part of any other governmental or other type of reporting entity. The overriding elements associated with prescribed criteria considered in determining that the Town's financial reporting entity status is that of a primary government are that it has a separately elected governing body, it is legally separate, and it is fiscally independent of other state and local governments. Additionally, prescribed criteria under generally accepted accounting principles include considerations pertaining to organizations for which the primary government is financially accountable and considerations pertaining to organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

Government-Wide Financial Statements: The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all of the activities of the primary government. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges to external customers for support.

Basis of Presentation - Government-Wide Financial Statements: While separate government-wide and fund financial statements are presented, they are interrelated. The governmental activities column incorporates data from governmental funds while business-type activities incorporate data from the Town's enterprise funds. Separate financial statements are provided for governmental funds and proprietary funds.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments in lieu of taxes where the amounts are reasonably equivalent in value to the interfund services provided and other charges between the Town's sewer functions and various other functions of the Town. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Basis of Presentation - Fund Financial Statements: The fund financial statements provide information about the Town's funds. Separate statements for each fund category – governmental and proprietary – are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds.

(Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The Town reports the following governmental funds:

General Fund: The *general fund* is used to account for all financial transactions not properly includable in other funds. The principal sources of revenues include local property taxes, sales taxes, franchise fees, licenses and permits, fines and forfeitures, and charges for services. Expenditures include general administration, public facilities, public safety, public transportation, and culture and recreation. The general fund is always considered a major fund for reporting purposes.

Debt Service Fund: The *debt service* fund is used to account for the payment of principal and interest on all general obligation bonds and other long-term debt of the Town. The primary source of revenue for debt service is local property taxes. During the current fiscal year, the debt service fund was reclassified from a major governmental fund to a nonmajor governmental fund. This change was the result of the fund's financial activity and significance relative to the Town's total governmental funds.

Special Projects Fund: The *special projects fund* is a capital projects fund used to account for the proceeds of specific revenue and funding sources that are from grant reimbursements and expenditures for specified construction projects. The special projects fund is considered a major fund for reporting purposes.

Hotel/Motel Tax Fund: The *hotel/motel tax fund* is a special revenue fund used to account for occupancy tax monies used to further the Town's area culture and recreation. During the current fiscal year, the hotel/motel tax fund was reclassified from a major governmental fund to a nonmajor governmental fund. This change was the result of the fund's financial activity and significance relative to the Town's total governmental funds.

Donation Fund: The *donation fund* is a special revenue fund used to account for proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes. During the current fiscal year, the donation fund was reclassified from a major governmental fund to a nonmajor governmental fund. This change was the result of the fund's financial activity and significance relative to the Town's total governmental funds.

The Town reports the following proprietary fund:

Enterprise Funds: The *enterprise funds* are used to account for the operations that provide sewer, convention center, and pier services. The services are financed and operated in a manner similar to private business enterprises where the intent of the governing body is that the costs (expenses including depreciation) of providing goods or services to the general public on a continuing basis will be financed or recovered primarily through user charges. The sewer, convention center, and pier funds are considered major funds for reporting purposes.

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

(Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

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

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

Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance:

Cash and Cash Equivalents: The Town's cash and cash equivalents are considered to be cash on hand, demand deposits, balances in statewide investment pools, and short-term investments with original maturities of three months or less from the date of acquisition. For the purpose of the statement of cash flows, the proprietary fund types consider temporary investments with maturity of three months or less when purchased to be cash equivalents.

(Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Investments: Investments, except for certain investment pools, commercial paper, money market funds, and investment contracts, are reported at fair value. The investment pools operate in accordance with appropriate state laws and regulations and are reported at amortized cost. Money market funds, which are short-term highly liquid debt instruments that may include U.S. Treasury and agency obligations and commercial paper that have a remaining maturity of one year or less upon acquisition, are reported at amortized cost. Investments in nonparticipating interest earning contracts, such as certificates of deposit, are reported at cost.

The Town has adopted a written investment policy regarding the investment of its funds as defined in the Public Funds Investment Act, Chapter 2256, Texas Government Code. In summary, the Town is authorized to invest in the following:

- Direct obligations of the U.S. Government or U.S. Government agencies
- Fully collateralized certificates of deposit
- Money market mutual funds that meet certain criteria
- Bankers' acceptances
- Statewide investment pools

Inventories and Prepaid Items: The costs of governmental fund type inventories are recorded as expenditures when the related liability is incurred (i.e., the purchase method). Certain payments to vendors reflect costs applicable to future accounting periods (prepaid expenditures) and are recognized as expenditures when utilized.

Capital Assets: Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. In accordance with GASB Statement No. 34, infrastructure has been capitalized retroactively. Capital assets are defined by the Town as assets with an initial, individual cost of more than $3,500 and an estimated useful life in excess of five years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest costs incurred in connection with the construction of the enterprise fund capital assets are capitalized when the effects of capitalization materially impact the financial statements.

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

Property, plant, and equipment of the primary government are depreciated using the straight-line method over the following estimated useful years:

Asset Description	Estimated Useful Life
Buildings	10 to 50 years
Improvements other than buildings	10 to 40 years
Infrastructure	20 to 40 years
Sewer system	20 to 40 years
Vehicles	5 years
Machinery, equipment, and office furniture	5 to 10 years

(Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Deferred Outflows/Inflows of Resources: In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. In addition to liabilities, the statement of net 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.

Deferred outflows/inflows of resources are amortized as follows:

- Deferred outflows/inflows from pension/other postemployment benefits (OPEB) activities are amortized over the average of the expected service lives of pension/OPEB plan members, except for the net differences between the projected and actual investment earnings on the pension/OPEB plan assets, which are amortized over a period of five years.
- For employer pension/OPEB plan contributions that were made subsequent to the measurement date through the end of the Town's fiscal year, the amount is deferred and recognized as a reduction to the net pension/OPEB liability during the measurement period in which the contributions were made.
- Deferred inflows related to leases are amortized over the term of the lease.

At the fund level, the Town has only one type of 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 revenues from property taxes and court fines. These amounts are deferred and recognized as inflows of resources in the period that the amounts become available.

The Town also recognizes a deferred inflow of resources that is related to leases receivable at the fund level under the modified accrual basis of accounting and on the Statement of Net Position under the full accrual basis of accounting. This amount is amortized at the fund level and on the Statement of Activities over the term of the lease agreement.

Compensated Employee Absences: It is the Town's policy to permit employees to accumulate earned but unused vacation time and compensatory time. Vacation amounts accumulated, up to certain amounts, may be paid to employees upon termination of employment. The estimated amount of compensation for services provided that is expected to be liquidated with expendable, available financial resources is reported as an expenditure and a fund liability of the governmental fund that will pay it when it matures or becomes due. Amounts of vested or accumulated vacation leave that are not expected to be liquidated with expendable, available financial resources are maintained separately and represent a reconciling item between the fund and government-wide presentations.

Long-Term Obligations: In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type Statement of Net Position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight- line method. Bonds payable are reported net of applicable bond premiums or discounts.

(Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

The property tax rate is allocated each year between the general and debt service funds. The full amount estimated to be required for debt service on general obligation debt is provided by the tax along with the interest earned in the debt service fund. Although a portion of the general obligation debt was directly related to the purchase of sewer infrastructure, the debt service expenditures are included in the governmental fund financial statements as they are expected to be paid from debt service tax revenues instead of sewer service revenues.

Leases

Lessee: The Town is a lessee for noncancellable leases of equipment and land. The Town recognizes a lease liability and intangible right-to-use lease assets (the “lease asset”) in the government-wide financial statements.

At the commencement of a lease, the Town initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over the term of the lease.

Key estimates and judgments related to leases include how the Town determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments.

- The Town uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the Town generally uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancellable period of the lease.
- Lease payments included in the measurement of the lease liability are composed of fixed payments and the purchase option price that the Town is reasonably certain to exercise.

The Town monitors changes in circumstances that would require a measurement of its leases and will remeasure the lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability.

Lease assets are reported with other capital assets and lease liabilities are reported with long-term debt on the Statement of Net Position.

Lessor: The Town is a lessor for noncancellable leases. The Town recognizes a lease receivable and a deferred inflow of resources in the government-wide and governmental fund financial statements.

(Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

At the commencement of a lease, the Town initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term.

Key estimates and judgments include how the Town determines (1) the discount rate it uses to discount the expected lease receipts to present value, (2) lease term, and (3) lease receipts.

- The Town uses its estimated borrowing rate as the discount rate for these leases.
- The lease term includes the noncancellable period of the lease.
- Lease receipts included in the measurement of the lease receivable are composed of fixed payments from the lessee.

The Town monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease receivable and deferred inflow of resources if certain changes occur that are expected to significantly affect the amount of the lease receivable.

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

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

Fund Balance Policies: Fund balances of governmental funds are reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The Town itself can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance).

Amounts that cannot be spent because they are either not in spendable form or legally or contractually required to be maintained intact are classified as nonspendable fund balance. Amounts that are externally imposed by creditors, grantors, contributors, or laws or regulations of other governments or imposed by law through constitutional provisions are classified as restricted.

(Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the Town's highest level of decision-making authority. The Town Council is the highest level of decision-making authority for the Town that can, by adoption of an ordinance prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the ordinance remains in place until a similar action is taken (the adoption of another ordinance) to remove or revise the limitation.

Amounts in the assigned fund balance classification are intended to be used by the Town for specific purposes but do not meet the criteria to be classified as committed. The Town Council may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.

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

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

Other Postemployment Benefits: The Town participates in a defined benefit group-term life insurance plan administered by TMRS known as the Supplemental Death Benefits Fund (SDBF). The Town elected, by ordinance, to provide group-term life insurance coverage to both current and retired employees. The funding policy for the SDBF program is to assure that adequate resources are available to meet all death benefit payments for the upcoming year. Benefit payments are treated as being equal to the employer's yearly contributions for retirees. Benefit payments and refunds are due and payable in accordance with the benefit terms. Information about the Town's total OPEB liability, deferred outflows of resources, deferred inflows of resources, and OPEB expense is provided by TMRS from reports prepared by their consulting actuary.

Revenues and Expenditures/Expenses:

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

(Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Property Taxes: Property taxes are levied during October of each year, are due upon receipt of the Town's tax bill, and become delinquent if unpaid on February 1, with late fees assessed monthly. After June 30, any taxes still uncollected are subject to lawsuit for collection and additional charges to offset legal costs.

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

NOTE 2 - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Budgetary Information: Annual budgets are adopted for governmental funds on a basis consistent with generally accepted accounting principles. The original budget is adopted by the Town Council prior to the beginning of the year. The legal level of control as defined by the charter is the object and purpose stated in the approved budget. Appropriations lapse at the end of the year. Supplemental budget appropriations were made for the year ended September 30, 2024.

Expenditures in Excess of Appropriations: As of September 30, 2024, expenditures exceeded appropriations at the legal level of control as follows:

General fund		
Culture and recreation	$	1,742
Principal	$	2,083
Interest	$	259
Debt service fund		
Interest	$	248
Hotel/motel tax fund		
General administration	$	102,710

NOTE 3 - DETAILED NOTES ON ALL FUNDS

Deposits and Investments: The Town's bank balances include bank deposits and investment pools. The bank balances were $1,572,866 at year end. The Town's bank balances were collateralized by pledged securities of the depository bank for amounts in excess of the Federal Deposit Insurance Corporation (FDIC) insurance limits. As of September 30, 2024, the carrying amount of the Town's bank deposits was $1,512,099, and the carrying amount of the Town's investment pools was $706,487. The Town's bank deposits and investment pools were reported with cash and cash equivalents

(Continued)

NOTE 3 - DETAILED NOTES ON ALL FUNDS (Continued)

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

Investment Type	Value	Weighted Average Maturity (Years)
TexPool	$ 706,487	0.08
Portfolio weighted average maturity		0.08

Custodial credit risk - deposits. In the case of deposits, this is the risk that in the event of a bank failure, the Town's deposits may not be returned to it. The Town's investment policy requires funds on deposit at the depository bank to be collateralized by securities. As of year end, fair market values of pledged securities and FDIC coverage exceeded bank balances.

Interest rate risk. In accordance with its investment policy, the Town manages its exposure to declines in fair values by structuring the investment portfolio so that securities mature to meet cash requirements for ongoing operations and invest operating funds primarily in short-term securities.

Credit risk. The Town's investment policy limits investments in public fund investment pools rated as to investment quality not less than 'AAA' or 'AAAm', or at an equivalent rating by at least one nationally recognized rating service. As of September 30, 2024, the Town's investments in the investment pool was rated 'AAAm' by Standard & Poor's.

TexPool - TexPool was established as a trust company with the Treasurer of the State as trustee, segregated from all other trustees, investments, and activities of the trust company. The State Comptroller of Public Accounts exercises oversight responsibility over TexPool. Oversight includes the ability to significantly influence operations, designation of management, and accountability for fiscal matters. Additionally, the State Comptroller has established an advisory board composed of both participants in TexPool and other persons who do not have a business relationship with TexPool. The advisory board members review the investment policy and management fee structure. Finally, Standard & Poor's rates TexPool 'AAAm'. As a requirement to maintain the rating, weekly portfolio information must be submitted to Standard & Poor's, as well as to the office of the Comptroller of Public Accounts for review.

TexPool is an external investment pool measured at amortized cost. In order to meet the criteria to be recorded at amortized cost, TexPool must transact at a stable net asset value per share and maintain certain maturity, quality, liquidity, and diversification requirements within TexPool. TexPool transacts at a net asset value of $1.00 per share, has weighted average maturities of 60 days or less, and weighted average lives of 120 days or less. Investments held are highly rated by nationally recognized statistical rating organizations, have no more than five percent of portfolio with one issuer (excluding U.S. government securities), and can meet reasonably foreseeable redemptions. TexPool has a redemption notice period of one day and may redeem daily. TexPool may only impose restrictions on redemptions in the event of a general suspension of trading on major securities markets, general banking moratorium, or national state of emergency that affects TexPool's liquidity.

(Continued)

NOTE 3 - DETAILED NOTES ON ALL FUNDS (Continued)

Receivables: The following comprise receivable balances as of September 30, 2024:

	General	Nonmajor Governmental	Total Governmental
Property taxes	$ 36,812	$ 31,591	$ 68,403
Other taxes	56,542	-	56,542
Accounts	35,977	94,448	130,425
Less allowance	(858)	(787)	(1,645)
Totals	$ 128,473	$ 125,252	$ 253,725

	Sewer	Pier	Total Business-Type
Accounts	$ 69,274	$ 1,212	$ 70,486
Less allowance	(8,822)	-	(8,822)
Totals	$ 60,452	$ 1,212	$ 61,664

Lease Receivable: The Town is a lessor for facilities used for housing and operating certain communications equipment. As of September 30, 2024, the value of the lease receivable was $5,979. The Town received principal and interest payments on the lease in fiscal year 2024 for $13,537. The Town will continue to receive principal and interest payments on the lease through the fiscal year 2025. The estimated incremental borrowing rate is 4.21%. The lease is amortized based on the term of the lease agreement which is 3 years from the beginning of fiscal year 2023. The value of the deferred inflows for fiscal year 2024 was $5,968. The remaining principal and interest payments along with the amortization of the deferred inflows of resources from the lease are as follows:

Fiscal Year Ending September 30,	Lease Receipts Principal	Lease Receipts Interest	Lease Receipts Total	Amortization of Deferred Inflows of Resources
2025	$ 5,979	$ 21	$ 6,000	$ 5,968
Totals	$ 5,979	$ 21	$ 6,000	$ 5,968

(Continued)

NOTE 3 - DETAILED NOTES ON ALL FUNDS (Continued)

Capital Assets: A summary of changes in capital assets for governmental activities for the fiscal year ended September 30, 2024 is as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities				
Capital assets not being depreciated/ amortized				
Land	$ 295,000	$ -	$ -	$ 295,000
Construction in progress*	2,839,196	2,192,006	(5,031,202)	-
Total capital assets not being depreciated/amortized	3,134,196	2,192,006	(5,031,202)	295,000
Other capital assets				
Buildings and improvements	267,072	11,500	-	278,572
Equipment	323,891	124,341	-	448,232
Infrastructure	4,111,389	5,031,202	-	9,142,591
Right-to-use assets	10,581	-	-	10,581
Total other capital assets	4,712,933	5,167,043	-	9,879,976
Less accumulated depreciation/ amortization for				
Buildings and improvements	(109,536)	(9,813)	-	(119,349)
Equipment	(231,326)	(55,899)	-	(287,225)
Infrastructure	(1,278,585)	(228,567)	-	(1,507,152)
Right-to-use assets	(3,703)	(2,116)	-	(5,819)
Total accumulated depreciation/ amortization	(1,623,150)	(296,395)	-	(1,919,545)
Other capital assets, net	3,089,783	4,870,648	-	7,960,431
Governmental activities capital assets, net	$ 6,223,979	$ 7,062,654	$ (5,031,202)	8,255,431
Beginning balance has been restated.			Less associated debt	(1,130,020)
			Net investment in capital assets	$ 7,125,411

Depreciation/amortization was charged to governmental functions as follows:

General government	$ 36,275
Public safety	30,140
Public transportation	228,567
Culture and recreation	1,413
Total governmental activities depreciation/amortization expense	$ 296,395

(Continued)

NOTE 3 - DETAILED NOTES ON ALL FUNDS (Continued)

The following is a summary of changes in capital assets for business-type activities for the fiscal year ended September 30, 2024:

	Beginning Balance	Increases	Decreases	Ending Balance
Business-type activities				
Other capital assets				
Buildings and other improvements	$ 5,197,795	$ 17,205	$ -	$ 5,215,000
Equipment	654,028	47,047	-	701,075
Infrastructure	3,000,626	17,554	-	3,018,180
Right-to-use assets	120,493	-	-	120,493
Total other capital assets	8,972,942	81,806	-	9,054,748
Less accumulated depreciation/ amortization for				
Buildings and other improvements	(490,607)	(140,444)	-	(631,051)
Equipment	(419,718)	(67,354)	-	(487,072)
Infrastructure	(1,837,897)	(77,325)	-	(1,915,222)
Right-to-use assets	(74,150)	(37,074)	-	(111,224)
Total accumulated depreciation/ amortization	(2,822,372)	(322,197)	-	(3,144,569)
Other capital assets, net	6,150,570	(240,391)	-	5,910,179
Business-type activities capital assets, net	$ 6,150,570	$ (240,391)	$ -	5,910,179
			Less associated debt	(10,426)
			Net investment in capital assets	$ 5,899,753

Depreciation/amortization was charged to business-type functions as follows:

Sewer	$ 124,767
Convention center	147,800
Pier	49,630
Total business-type activities depreciation/amortization expense	$ 322,197

There were no significant commitments related to construction in progress at year end.

(Continued)

NOTE 3 - DETAILED NOTES ON ALL FUNDS (Continued)

Long-Term Debt: The following is a summary of changes in the Town's total long-term liabilities for the year. In general, the Town uses the general and debt service funds to liquidate governmental long-term liabilities.

Long-term liabilities applicable to the Town's governmental activities are not due and payable in the current period and, accordingly, are not reported as fund liabilities in the governmental funds. The governmental activities compensated absences and total OPEB liability are generally liquidated by the general fund. Interest on long-term debt is not accrued in governmental funds but rather is recognized as an expenditure when due.

	Beginning Balance	Additions	Reductions	Ending Balance		Amounts Due Within One Year
Governmental activities						
Certificates of obligation	$ 1,385,000	$ -	$ (260,000)	$ 1,125,000		$ 270,000
Leases payable	7,103	-	(2,083)	5,020		2,172
	1,392,103	-	(262,083)	1,130,020	*	272,172
Other liabilities						
Total OPEB liability	14,503	2,726	-	17,229		921
Compensated absences	2,179	17,390	(8,039)	11,530		10,954
Total governmental activities	$ 1,408,785	$ 20,116	$ (270,122)	$ 1,158,779		$ 284,047
Long-term liabilities due in more than one year				$ 874,732		
*Debt associated with capital assets				$ 1,130,020		

	Beginning Balance	Additions	Reductions	Ending Balance		Amounts Due Within One Year
Business-type activities						
Lease payable	$ 51,056	$ -	$ (40,630)	$ 10,426	*	$ 10,426
Other liabilities						
Total OPEB liability	9,579	1,195	-	10,774		576
Compensated absences	4,132	9,103	(7,343)	5,892		5,598
Total business-type activities	$ 64,767	$ 10,298	$ (47,973)	$ 27,092		$ 16,600
Long-term liabilities due in more than one year				$ 10,492		
*Debt associated with capital assets				$ 10,426		

(Continued)

NOTE 3 - DETAILED NOTES ON ALL FUNDS (Continued)

Long-term debt at year end was comprised of the following debt issues:

Description	Interest Rates	Balance
Governmental activities		
Certificates of obligation		
Series 2006	5.77%	$ 670,000
Series 2016	2.65%	455,000
Total governmental activities long-term debt		$ 1,125,000

The annual requirements to amortize debt issues outstanding at year end were as follows:

Governmental Activities Long-Term Debt

Fiscal Year Ending September 30,	Certificates of Obligation Principal	Certificates of Obligation Interest
2025	$ 270,000	$ 43,880
2026	285,000	29,734
2027	300,000	14,800
2028	65,000	6,294
2029	65,000	4,571
2030-2031	140,000	3,710
	$ 1,125,000	$ 102,989

Leases Payable: The Town is a lessee for the acquisition and use of equipment and land. As of September 30, 2024, the value of the equipment lease liability for governmental-type activities was $5,020, and the value of the land lease liability for business-type activities was $10,426. The Town made principal and interest payments on the leases in fiscal year 2024 for $44,342. The Town will continue to make principal and interest payments on leases through the fiscal year 2027. The estimated incremental borrowing rate is 4.21%. The leases are amortized based on the term of the lease agreements which range from 15 to 39 months from the beginning of fiscal year 2024. The value of the right-to-use assets for fiscal year 2024 was $131,074 and had accumulated amortization of $117,043.

The future principal and interest lease payments as of September 30, 2024 were as follows:

Governmental Activities

Fiscal Year Ending September 30,	Leases Principal	Leases Interest	Leases Total
2025	$ 2,172	$ 170	$ 2,342
2026	2,266	76	2,342
2027	582	4	586
Total	$ 5,020	$ 250	$ 5,270

(Continued)

NOTE 3 - DETAILED NOTES ON ALL FUNDS (Continued)

Business-Type Activities

Fiscal Year Ending September 30,	Leases Principal	Leases Interest	Leases Total
2025	$ 10,426	$ 74	$ 10,500
Total	$ 10,426	$ 74	$ 10,500

Federal Arbitrage: The Tax Reform Act of 1986 instituted certain arbitrage restrictions consisting of complex regulations with respect to issuance of tax-exempt bonds after August 31, 1986. Arbitrage regulations deal with the investment of tax-exempt bond proceeds at an interest yield greater than the interest yield paid to bondholders. Generally, all interest paid to bondholders can be retroactively rendered taxable if applicable rebates are not reported and paid to the Internal Revenue Service (IRS) at least every five years for applicable bond issues. Accordingly, there is the risk that if such calculations are not performed, or are not performed correctly, it could result in a substantial liability to the Town. The Town engages an arbitrage consultant to perform the calculations in accordance with the rules and regulations of the IRS.

Interfund Transactions: Transfers between the primary government funds during the year were as follows:

Transfer In	Transfer Out	Amounts
General	Sewer	$ 155,000
General	Convention center	21,500
General	Pier	16,500
General	Nonmajor governmental	14,250
Convention Center	Nonmajor governmental	200,000
		$ 407,250

Transfers to the general fund were subsidies for administrative expenditures. The other amounts transferred between funds are for reimbursements to the Convention Center fund for costs related to hotel/motel tax restrictions.

The composition of interfund balances as of year end is as follows:

Due To	Due From	Amounts
General	Special projects	$ 320,361
General	Convention center	137,171
General	Pier	20,536
General	Nonmajor governmental	20,231
Sewer	General	3,112
Sewer	Special projects	101
Sewer	Convention center	15,630
Sewer	Pier	7
Pier	Special projects	4,657
		$ 521,806

The amounts recorded as due to/from are considered to be a temporary loan and will be repaid during the following year.

(Continued)

NOTE 3 - DETAILED NOTES ON ALL FUNDS (Continued)

Restatement of Beginning Net Position: During the current fiscal year, the Town identified an error related to the accounting for construction in progress (CIP) associated with a Community Development Block Grant (CDBG) roadway and drainage improvement project. Certain engineering and project-related costs totaling $331,517 incurred in fiscal years 2021 and 2022 were inadvertently omitted from construction in progress within the governmental activities' capital asset records.

The omission occurred during the accumulation of project costs in the pre-construction phase of the project. During the current year, upon completion of the project and capitalization of the related infrastructure asset, management identified the previously omitted costs and determined they should have been recorded as construction in progress in prior periods.

Accordingly, beginning net position of governmental activities and the primary government has been restated to correct the error. Governmental activities' nondepreciable capital assets were understated by $331,517, and general administration and public facilities expenses were overstated by $331,517. The effect of the restatement is as follows:

	Governmental Activities	Total Primary Government
Net position, October 1, 2023	$ 6,106,666	$ 12,734,968
Correction of error for CIP	331,517	331,517
Net postion, as restated	$ 6,438,183	$ 13,066,485

There was no effect on the change in governmental activities' net position for the year ended September 30, 2023. The correction affected only the government-wide financial statements and had no effect on governmental fund balances because the related expenditures were properly reported as capital outlay expenditures in the governmental funds in the periods incurred. Depreciation related to the project did not commence until the current year because the project was not substantially complete and placed into service until the current fiscal year.

NOTE 4 - OTHER INFORMATION

Risk Management: The Town is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters for which the Town participates along with more than 2,800 other entities in the Texas Municipal League's Intergovernmental Risk Pools (the "Pool"). The Pool purchases commercial insurance at group rates for participants in the Pool. The Town has no additional risk or responsibility to the Pool, outside of the payment of insurance premiums. The Town has not significantly reduced insurance coverage or had settlements which exceeded coverage amounts for the past three years.

Contingent Liabilities: Amounts received or receivable from granting agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amounts of expenditures which may be disallowed by the grantor cannot be determined at this time although the Town expects such amounts, if any, to be immaterial.

(Continued)

NOTE 4 - OTHER INFORMATION (Continued)

Liabilities are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported. Claim liabilities are calculated considering the effects of inflation, recent claim settlement trends including frequency and amount of payouts, and other economic and social factors. No claim liabilities are reported at year end.

Pension Plan:

Texas Municipal Retirement System

Plan Description: The Town participates as one of 921 plans in the defined benefit cash-balance plan administered by TMRS. TMRS is a statewide public retirement plan created by the State and administered in accordance with the Texas Government Code, Title 8, Subtitle G (the “TMRS Act”) as an agent multiple-employer retirement system for municipal 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 (the “Board”); however, TMRS is not fiscally dependent on the State. TMRS issues a publicly available annual comprehensive financial report that can be obtained at www.tmrs.com.

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

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

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

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

	2024	2023
Employee deposit rate	7.00%	6.00%
Matching ratio (Town to employee)	2 to 1	2 to 1
Years required for vesting	5	5
Service requirement eligibility		
(expressed as age/yrs of service)	60/5, 0/20	60/5, 0/20
Updated service credit	0%	0%
Annuity increase (to retirees)	0% of CPI	0% of CPI

(Continued)

NOTE 4 - OTHER INFORMATION (Continued)

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

Inactive employees or beneficiaries currently receiving benefits	5
Inactive employees entitled to, but not yet receiving, benefits	8
Active employees	14
Total	27

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

Employees for the Town were required to contribute 7% of their annual gross earnings during the fiscal year. The contribution rates for the Town were 6.11% and 7.34% in calendar years 2023 and 2024, respectively. The Town's contributions to TMRS for the fiscal year ended September 30, 2024 were $43,888 and were equal to the required contributions.

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

Actuarial Assumptions: The TPL in the December 31, 2023 actuarial valuation was determined using the following actuarial assumptions:

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

Salary increases are based on a service-related table. Mortality rates for active members are based on the PUB(10) mortality tables with 110% of the Public Safety table used for males and 100% of the General Employee table used for females. Mortality rates for healthy retirees and beneficiaries are based on the Gender-Distinct 2019 Municipal Retirees of Texas mortality tables. Male rates are multiplied by 103% and female rates are multiplied by 105%. The rates for actives, healthy retirees and beneficiaries are projected on a fully generational basis by the most recent Scale MP-2021 to account for future mortality improvements. For disabled annuitants, the same mortality tables for healthy retirees are used with a 4- year set-forward for males and a 3-year set-forward for females. In addition, a 3.5% and 3.0% minimum mortality rate is applied, for males and females respectively, to reflect the impairment for younger members who become disabled. The rates are projected on a fully generational basis by the most recent Scale MP2021 to account for future mortality improvements subject to the 3% floor.

(Continued)

NOTE 4 - OTHER INFORMATION (Continued)

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

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

The long-term expected rate of return on pension plan investments was determined by best estimate ranges of expected returns for each major asset class. The long-term expected rate of return is determined by weighting the expected return for each major asset class by the respective target asset allocation percentage.

The target allocation and best estimates of the expected return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Expected Real Rate of Return (Arithmetic)
Global public equity	35%	6.7%
Core fixed income	6%	4.7%
Non-core fixed income	20%	8.0%
Other public and private markets	12%	8.0%
Real estate	12%	7.6%
Hedge funds	5%	6.4%
Private equity	10%	11.6%
Total	100%	

Discount Rate: The discount rate used to measure the TPL 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, TMRS'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 TPL.

NOTE 4 - OTHER INFORMATION (Continued)

Changes in the NPL/(A):

	Increase (Decrease) Total Pension Liability (A)	Plan Fiduciary Net Position (B)	Net Pension Liability/(Asset) (A) - (B)
Changes for the year:			
Service cost	$ 77,504	$ -	$ 77,504
Interest	44,696	-	44,696
Change of benefit terms	4,925	-	4,925
Difference between expected and actual experience	(8,947)	-	(8,947)
Changes of assumptions	(6,982)	-	(6,982)
Contributions - employer	-	31,740	(31,740)
Contributions - employee	-	31,168	(31,168)
Net investment income	-	77,588	(77,588)
Benefit payments, including refunds of employee contributions	(37,366)	(37,366)	-
Administrative expense	-	(490)	490
Other changes	-	(3)	3
Net Changes	73,830	102,637	(28,807)
Balance at December 31, 2022	637,176	665,046	(27,870)
Balance at December 31, 2023	$ 711,006	$ 767,683	$ (56,677)

Sensitivity of the NPL/(A) to Changes in the Discount Rate: The following presents the NPL/(A) of the Town, calculated using the discount rate of 6.75%, as well as what the Town's NPL/(A) would be if it were calculated using a discount rate that is one percentage point lower (5.75%) or one 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)	$ 20,166	$ (56,677)	$ (122,498)

Pension Plan Fiduciary Net Position: Detailed information about the pension plan's fiduciary net position is available in the Schedule of Changes in Fiduciary Net Position, by Participating City. That report may be obtained at www.tmrs.com.

(Continued)

NOTE 4 - OTHER INFORMATION (Continued)

Pension Expense and Deferred Outflows/Deferred Inflows of Resources Related to Pensions: For the fiscal year ended September 30, 2024, the Town recognized pension expense of $28,299.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	$ -	$ 24,517
Changes in actuarial assumptions	-	5,384
Net difference between projected and actual investment earnings	14,089	-
Contributions subsequent to the measurement date	35,385	-
Total	$ 49,474	$ 29,901

$35,385 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 NPL/(A) for the fiscal year ending September 30, 2025. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Fiscal year ended September 30,	Pension Expense
2025	$ (16,104)
2026	447
2027	7,727
2028	(7,882)
Total	$ (15,812)

Other Postemployment Benefits:

TMRS Supplemental Death Benefit

Plan Description: The Town participates in an OPEB plan administered by TMRS. TMRS administers the defined benefit group-term life insurance plan known as the SDBF. This is a voluntary program in which participating member cities may elect, by ordinance, to provide group-term life insurance coverage for their active members, including or not including retirees. Employers may terminate coverage under, and discontinue participation in, the SDBF by adopting an ordinance before November 1 of any year to be effective the following January 1.

(Continued)

NOTE 4 - OTHER INFORMATION (Continued)

The member entity contributes to the SDBF at a contractually required rate (based on the covered payroll of employee members) as determined by an annual actuarial valuation. The rate is equal to the cost of providing one-year term life insurance. The funding policy for the SDBF program is to assure that adequate resources are available to meet all death benefit payments for the upcoming year. The intent is not to pre-fund retiree term life insurance during employees' entire careers. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* (GASB 75). As such, the SDBF is considered to be a single-employer unfunded OPEB defined benefit plan with benefit payments treated as being equal to the employer's yearly contributions for retirees.

The contributions to the SDBF are pooled for investment purposes with those of the Pension Trust Fund (PTF). The SDBF's funding policy assures that adequate resources are available to meet all death benefit payments for the upcoming year. The SDBF is a pay-as-you-go fund, and any excess contributions are available for future SDBF benefits.

Benefits: The death benefit for active employees provides a lump-sum payment approximately equal to the employee's annual salary (calculated based on the employee's actual earnings, for the 12-month period preceding the month of death). The death benefit for retirees is considered an OPEB and is a fixed amount of $7,500. As the SDBF covers both active and retiree participants with no segregation of assets, the SDBF is considered to be an unfunded OPEB plan (i.e., no assets are accumulated).

Participation in the SDBF as of December 31, 2023 is summarized below:

Inactive employees or beneficiaries currently receiving benefits	5
Inactive employees entitled to, but not yet receiving, benefits	1
Active employees	14
Total	20

Total OPEB Liability: The Town's total OPEB liability of $28,003 was measured as of December 31, 2023 and was determined by an actuarial valuation as of that date.

Actuarial Assumptions and Other Inputs: The total OPEB liability in the December 31, 2023 actuarial valuation was determined using the following actuarial assumptions and other inputs applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.50%
Salary increases	3.60% to 11.85% including inflation
Discount rate*	3.77%
Retirees' share of benefit-related costs	$0
Administrative expenses	All administrative expenses are paid through the PTF and accounted for under reporting requirements of GASB Statement No. 68.
Mortality rates – service retirees	2019 Municipal Retirees of Texas Mortality Tables. Male rates are multiplied by 103% and female rates are multiplied by 105%. The rates are projected on a fully generational basis by the most recent Scale MP-2021 (with immediate convergence).

(Continued)

NOTE 4 - OTHER INFORMATION (Continued)

Mortality rates – disabled retirees	2019 Municipal Retirees of Texas Mortality Tables with a four-year set-forward for males and a three-year set-forward for females. In addition, a 3.5% and 3.0% minimum mortality rate will be applied to reflect the impairment for younger members who become disabled for males and females, respectively. The rates are projected on a fully generational basis by Scale UMP to account for future mortality improvements subject to the floor.

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

The actuarial assumptions used in the December 31, 2023 valuation were based on the results of an actuarial experience study for the period ending December 31, 2022. Due to the higher mortality rates associated with the global pandemic, the TMRS Board adopted changes to the assumptions and methodology used for calculating 2023 and 2024 rates as determined in the December 31, 2021 and 2022 actuarial valuations, respectively.

Changes in the Total OPEB Liability:

	Total OPEB Liability
Changes for the year:	
Service cost	$ 1,610
Interest	988
Difference between expected and actual experience	735
Changes of assumptions	1,575
Benefit payments*	(987)
Net changes	3,921
Balance at December 31, 2022	24,082
Balance at December 31, 2023	$ 28,003

* Benefit payments are treated as being equal to the Town's yearly contribution for retirees due to the SDBF being considered an unfunded OPEB plan under GASB 75.

The discount rate decreased from 4.05% as of December 31, 2022 to 3.77% as of December 31, 2023. There were no other changes of assumptions or other inputs that affected measurement of the total OPEB liability during the measurement period.

There were no changes of benefit terms that affected measurement of the total OPEB liability during the measurement period.

(Continued)

NOTE 4 - OTHER INFORMATION (Continued)

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate: The following presents the total OPEB liability of the Town, as well as what the Town's total OPEB liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current discount rate:

	1% Decrease Rate (2.77%)	Discount Rate (3.77%)	1% Increase Rate (4.77%)
Town's total OPEB liability	$ 32,960	$ 28,003	$ 24,087

OPEB Expense and Deferred Outflows/Inflows of Resources Related to OPEB: For the year ended September 30, 2024, the Town recognized OPEB expense of $1,497. The Town reported deferred outflows/inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	$ 2,577	$ 1,397
Changes in actuarial assumptions	1,594	6,719
Contributions subsequent to the measurement date	820	-
Total	$ 4,991	$ 8,116

$820 reported as deferred outflows of resources related to OPEB resulting from contributions subsequent to the measurement date will be recognized as a reduction of the total OPEB liability for the fiscal year ending September 30, 2025. Other amounts reported as deferred outflows and inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Fiscal year ended September 30,	OPEB Expense
2025	$ (1,793)
2026	(1,548)
2027	(1,126)
2028	332
2029	190
Total	$ (3,945)

(Continued)

NOTE 4 - OTHER INFORMATION (Continued)

Subsequent Event: On January 15, 2025, the Town executed an agreement for an extension to the land lease agreement with Aransas County Navigation District. The lease term will be for a period of twenty-one years, commencing on January 1, 2025 and ending December 31, 2045. The monthly lease payment at the commencement of the lease extension will be $3,500 and will increase by 10% at the end of each 5-year period of the lease extension. The net present value of the lease liability will be $543,579 using a 6.5% incremental borrowing rate.

Change Within Reporting Entity: The Town reclassified the Debt Service, Hotel/Motel Tax, and Donation funds from major to nonmajor governmental funds because their financial activity no longer met the major-fund thresholds established by GASB Statement No. 34. The change within reporting entity did not affect the Town's total fund balances or net position.

	Debt Service	Hotel/ Motel Tax	Donation	Nonmajor Governmental
Fund balance, September 30, 2023, as previously presented	$ 1,822	$ 425,951	$ 6,553	$ -
Change from major to nonmajor fund	(1,822)	(425,951)	(6,553)	434,326
Fund balance, September 30, 2023, as adjusted	$ -	$ -	$ -	$ 434,326

REQUIRED SUPPLEMENTARY INFORMATION

TOWN OF FULTON, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - GENERAL FUND
For the year ended September 30, 2024

	Original Budget Amounts	Final Budget Amounts	Actual Amounts	Variance with Final Budget Positive (Negative)	
Revenues					
Property taxes	$ 439,785	$ 524,239	$ 518,610	$ (5,629)	
Sales taxes	348,500	348,500	358,886	10,386	
Franchise fees and local taxes	108,500	108,500	117,642	9,142	
Permits, licenses, and fees	37,000	59,325	57,389	(1,936)	
Fines and forfeitures	18,500	18,500	10,050	(8,450)	
Intergovernmental	600	36,600	1,545	(35,055)	
Investment income	12,500	12,500	24,718	12,218	
Miscellaneous revenue	12,650	12,650	13,567	917	
Total revenues	978,035	1,120,814	1,102,407	(18,407)	
Expenditures					
Current					
General administration	579,595	652,500	611,785	40,715	
Public facilities	15,000	20,000	9,785	10,215	
Public safety	484,940	498,064	484,791	13,273	
Public transportation	102,500	107,500	32,368	75,132	
Culture and recreation	1,250	3,000	4,742	(1,742)	*
Capital outlay	2,000	47,000	1,913	45,087	
Debt service					
Principal	-	-	2,083	(2,083)	*
Interest expense	-	-	259	(259)	*
Total expenditures	1,185,285	1,328,064	1,147,726	180,338	
Excess (deficiency) of revenues over (under) expenditures	(207,250)	(207,250)	(45,319)	161,931	
Other financing sources (uses)					
Transfers in	207,250	207,250	207,250	-	
Total other financing sources	207,250	207,250	207,250	-	
Net change in fund balance	$ -	$ -	161,931	$ 161,931	
Beginning fund balance			984,589		
Ending fund balance			$ 1,146,520		

Notes to Required Supplementary Information:

1. Annual budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP).
2. * Expenditures exceeded appropriations at the legal level of control.

TOWN OF FULTON, TEXAS
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
TEXAS MUNICIPAL RETIREMENT SYSTEM
For the year ended September 30, 2024

	Measurement Year*						
	2023	2022	2021	2020	2019	2018	2017
Total pension liability							
Service cost	$ 77,504	$ 48,675	$ 40,716	$ 29,719	$ 29,874	$ 27,569	$ 35,323
Interest (on the total pension liability)	44,696	40,079	41,062	38,647	36,092	33,739	31,517
Changes in benefit terms	4,925	-	-	-	-	-	-
Difference between expected and actual experience	(8,947)	(4,053)	(66,688)	5,445	12,539	2,495	5,524
Change of assumptions	(6,982)	-	-	-	1,014	-	-
Benefit payments, including refunds of employee contributions	(37,366)	(33,906)	(33,368)	(53,677)	(29,502)	(30,702)	(40,428)
Net change in total pension liability	73,830	50,795	(18,278)	20,134	50,017	33,101	31,936
Beginning total pension liability	637,176	586,381	604,659	584,525	534,508	501,407	469,471
Ending total pension liability	$ 711,006	$ 637,176	$ 586,381	$ 604,659	$ 584,525	$ 534,508	$ 501,407
Plan fiduciary net position							
Contributions - employer	$ 31,740	$ 85,804	$ 82,609	$ 55,209	$ 44,625	$ 37,831	$ 50,529
Contributions - employee	31,168	24,057	20,074	14,664	13,982	12,695	16,129
Net investment income	77,588	(46,668)	65,602	34,363	56,723	(10,718)	40,336
Benefit payments, including refunds of employee contributions	(37,366)	(33,906)	(33,368)	(53,677)	(29,502)	(30,702)	(40,428)
Administrative expense	(490)	(402)	(302)	(221)	(319)	(206)	(208)
Other	(3)	479	1	(8)	(10)	(12)	(11)
Net change in plan fiduciary net position	102,637	29,364	134,616	50,330	85,499	8,888	66,347
Beginning plan fiduciary net position	665,046	635,682	501,066	450,736	365,237	356,349	290,002
Ending plan fiduciary net position	$ 767,683	$ 665,046	$ 635,682	$ 501,066	$ 450,736	$ 365,237	$ 356,349
Net pension liability/(asset)	$ (56,677)	$ (27,870)	$ (49,301)	$ 103,593	$ 133,789	$ 169,271	$ 145,058
Plan fiduciary net position as a percentage of total pension liability	107.97%	104.37%	108.41%	82.87%	77.11%	68.33%	71.07%
Covered payroll	$ 519,469	$ 400,951	$ 334,564	$ 244,396	$ 233,030	$ 211,582	$ 268,823
Net pension liability/(asset) as a percentage of covered payroll	-10.91%	-6.95%	-14.74%	42.39%	57.41%	80.00%	53.96%

*Only seven years of information is currently available. The Town will build this schedule over the next three-year period.

TOWN OF FULTON, TEXAS
SCHEDULE OF CONTRIBUTIONS
TEXAS MUNICIPAL RETIREMENT SYSTEM
For the year ended September 30, 2024

	Fiscal Year*			
	2024	2023	2022	2021
Actuarially determined contribution	$ 43,888	$ 48,816	$ 87,502	$ 65,900
Contributions in relation to the actuarially determined contribution	43,888	48,816	87,502	65,900
Contribution deficiency (excess)	$ -	$ -	$ -	$ -
Covered payroll	$ 621,251	$ 499,827	$ 400,590	$ 289,253
Contributions as a percentage of covered payroll	7.06%	9.77%	21.84%	22.78%

*Only four years of information is currently available. The Town will build this schedule over the next six-year period.

Notes to Required Supplementary Information:

1. Valuation Date: Actuarially determined contribution rates are calculated as of December 31 and become effective in January, 13 months later.
2. Methods and Assumptions Used to Determine Contribution Rates:

Actuarial cost method	Entry age normal
Amortization method	Level percentage of payroll, closed
Remaining amortization period	N/A
Asset valuation method	10 year smoothed market; 12.00% soft corridor
Inflation	2.50%
Salary increases	3.60% to 11.85% including inflation
Investment rate of return	6.75%
Retirement age	Experience-based table of rates that are specific to the Town's plan of benefits. Last updated for the 2023 valuation pursuant to an experience study of the period ending 2022.
Mortality	Post-retirement: 2019 Municipal Retirees of Texas Mortality Tables. Male rates are multiplied by 103% and female rates are multiplied by 105%. The rates are projected on a fully generational basis by the most recent Scale MP-2021 (with immediate convergence). Pre-retirement: PUB(10) mortality tables, with the 110% of the Public Safety table used for males and the 100% of the General Employee table used for females. The rates are projected on a fully generational basis by the most recent Scale MP-2021 (with immediate convergence).

3. Other Information: Increased employee contribution rate from 6% to 7%.

TOWN OF FULTON, TEXAS
SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY AND RELATED RATIOS
TEXAS MUNICIPAL RETIREMENT SYSTEM
For the year ended September 30, 2024

	Measurement Year*						
	2023	2022	2021	2020	2019	2018	2017
Total OPEB liability							
Service cost	$ 1,610	$ 1,925	$ 1,874	$ 1,295	$ 909	$ 994	$ 1,129
Interest (on the total OPEB liability)	988	568	647	834	834	802	775
Difference between expected and actual experience	735	3,271	(3,971)	(3,748)	1,134	(1,805)	-
Change of assumptions	1,575	(11,113)	881	3,957	4,946	(1,591)	1,941
Benefit payments**	(987)	(922)	(1,004)	(196)	(140)	(42)	(54)
Net change in total OPEB liability	3,921	(6,271)	(1,573)	2,142	7,683	(1,642)	3,791
Beginning total OPEB liability	24,082	30,353	31,926	29,784	22,101	23,743	19,952
Ending total OPEB liability	$ 28,003	$ 24,082	$ 30,353	$ 31,926	$ 29,784	$ 22,101	$ 23,743
Covered employee payroll	$ 519,469	$ 400,951	$ 334,564	$ 244,396	$ 233,030	$ 211,582	$ 268,823
Total OPEB liability as a percentage of covered employee payroll	5.39%	6.01%	9.07%	13.06%	12.78%	10.45%	8.83%

* Only seven years of information is currently available. The Town will build this schedule over the next three-year period.

** Due to the SDBF being considered an unfunded OPEB plan under GASB Statement No. 75, benefit payments are treated as being equal to the employer's yearly contributions for retirees.

(Continued)

Notes to Required Supplementary Information:

1. Valuation Date: Actuarially determined contribution rates are calculated as of December 31 and become effective in January, 13 months later.

2. Methods and Assumptions Used to Determine Contribution Rates:

Actuarial cost method	Entry age normal
Inflation	2.50%
Salary increases	3.60% to 11.85% including inflation
Discount rate	3.77%
Administrative expenses	All administrative expenses are paid through the PTF and accounted for under reporting requirements of GASB Statement No. 68.
Mortality rates – service retirees	2019 Municipal Retirees of Texas Mortality Tables. Male rates are multiplied by 103% and female rates are multiplied by 105%. The rates are projected on a fully generational basis by the most recent Scale MP-2021 (with immediate convergence).
Mortality rates – disabled retirees	2019 Municipal Retirees of Texas Mortality Tables with a four-year set-forward for males and a three-year set-forward for females. In addition, a 3.5% and 3.0% minimum mortality rate will be applied to reflect the impairment for younger members who become disabled for males and females, respectively. The rates are projected on a fully generational basis by Scale UMP to account for future mortality improvements subject to the floor.

3. Other Information: No assets were accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75 to pay related benefits.

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

   The actuarial assumptions used in the December 31, 2023 valuation were based on the results of an actuarial experience study for the period ending December 31, 2022.

   There were no benefit changes during the year.

SUPPLEMENTARY INFORMATION

TOWN OF FULTON, TEXAS
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
September 30, 2024

	Debt Service	Hotel/ Motel Tax	Donation	Total Nonmajor Governmental Funds
ASSETS				
Cash and cash equivalents	$ 58,092	$ 270,958	$ 6,670	$ 335,720
Receivables, net	31,459	93,793	-	125,252
Prepaids	-	1,690	-	1,690
Total assets	$ 89,551	$ 366,441	$ 6,670	$ 462,662
LIABILITIES				
Accounts payable and accrued liabilities	$ -	$ 246	$ -	$ 246
Due to other funds	-	20,231	-	20,231
Total liabilities	-	20,477	-	20,477
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue - property taxes	30,804	-	-	30,804
Total deferred inflows of resources	30,804	-	-	30,804
FUND BALANCES				
Prepaids	-	1,690	-	1,690
Restricted				
Administration	-	-	6,670	6,670
Debt service	58,747	-	-	58,747
Tourism	-	344,274	-	344,274
Total fund balances	58,747	345,964	6,670	411,381
Total liabilities, deferred inflows of resources, and fund balances	$ 89,551	$ 366,441	$ 6,670	$ 462,662

TOWN OF FULTON, TEXAS
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
For the year ended September 30, 2024

	(Formerly Major) Debt Service	(Formerly Major) Hotel/ Motel Tax	(Formerly Major) Donation	Total Nonmajor Governmental Funds
Revenues				
Property taxes	$ 372,096	$ -	$ -	$ 372,096
Hotel occupancy taxes	-	379,717	-	379,717
Investment income	2,382	12,456	209	15,047
Total revenues	374,478	392,173	209	766,860
Expenditures				
Current				
General administration	-	257,910	92	258,002
Debt service				
Principal	260,000	-	-	260,000
Interest and fiscal charges	57,553	-	-	57,553
Total expenditures	317,553	257,910	92	575,555
Excess (deficiency) of revenues over (under) expenditures	56,925	134,263	117	191,305
Other financing sources (uses)				
Transfers (out)	-	(214,250)	-	(214,250)
Total other financing sources (uses)	-	(214,250)	-	(214,250)
Net change in fund balance	56,925	(79,987)	117	(22,945)
Beginning fund balances, as reported	-	-	-	-
Changes within the reporting entity	1,822	425,951	6,553	434,326
Beginning fund balances, adjusted	1,822	425,951	6,553	434,326
Ending fund balances	$ 58,747	$ 345,964	$ 6,670	$ 411,381

TOWN OF FULTON, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - DEBT SERVICE FUND
For the year ended September 30, 2024

	Original Budget Amounts	Final Budget Amounts	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues				
Property taxes	$ 317,305	$ 374,492	$ 372,096	$ (2,396)
Investment income	-	-	2,382	2,382
Total revenues	317,305	374,492	374,478	(14)
Expenditures				
Debt service				
Principal	260,000	260,000	260,000	-
Interest and fiscal charges	57,305	57,305	57,553	(248) *
Total expenditures	317,305	317,305	317,553	(248)
Net change in fund balance	$ -	$ 57,187	56,925	$ (262)
Beginning fund balance			1,822	
Ending fund balance			$ 58,747	

Notes to Supplementary Information:

1. Annual budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP).
2. * Expenditures exceeded appropriations at the legal level of control.

TOWN OF FULTON, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - HOTEL AND MOTEL TAX FUND
For the year ended September 30, 2024

	Original Budget Amounts	Final Budget Amounts	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues				
Hotel occupancy taxes	$ 395,000	$ 415,000	$ 379,717	$ (35,283)
Investment income	7,500	7,500	12,456	4,956
Total revenues	402,500	422,500	392,173	(30,327)
Expenditures				
Current				
General administration	140,200	155,200	257,910	(102,710) *
Total expenditures	140,200	155,200	257,910	(102,710)
Excess (deficiency) of revenues over (under) expenditures	262,300	267,300	134,263	(133,037)
Other financing sources (uses)				
Transfers (out)	(262,500)	(262,500)	(214,250)	48,250
Total other financing (uses)	(262,500)	(262,500)	(214,250)	48,250
Net change in fund balance	$ (200)	$ 4,800	(79,987)	$ (84,787)
Beginning fund balance			425,951	
Ending fund balance			$ 345,964	

Notes to Supplementary Information:

1. Annual budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP).
2. * Expenditures exceeded appropriations at the legal level of control.