TOWN COUNCIL REGULAR MEETING

Wednesday, September 02, 2026 at 6:00 PM

Fulton Council Chambers, 201 N. 7th Street

AGENDA

CALL TO ORDER

PLEDGE OF ALLEGIANCE – U.S. Flag and Texas Flag

OBSERVE A MOMENT OF SILENCE/PRAYER

CITIZENS TO BE HEARD (PUBLIC FORUM)

Public participation is valued and at this time, comments limited to three (3) minutes will be taken from persons who have signed the Speaker's Card located on the table inside the Council Chambers and delivered to the City Secretary before the meeting begins. Written comments received by submission to the City Secretary in person or emailed to citysec@fultontexas.org by 3:00 p.m. on the day of the meeting, on any subject matter that is not on the agenda, will be read and summarized in the minutes of the meeting. Persons wishing to address the Council and who have registered using the Speaker's Card will have up to three (3) minutes to speak. In accordance with the Open Meetings Act, Council may not discuss or take action on any item that has not been posted on the agenda. While civil public criticism is not prohibited; disorderly conduct or disturbance of the peace as prohibited by law shall be cause for the chair to terminate the offender's time to speak.

PROCLAMATION

1. Proclamation proclaiming September 2, 2026 as Fulton Oyster Day.

CONSENT AGENDA

All consent agenda items listed are considered to be routine by the Town Council and will be enacted by one motion. There will be no separate discussion of these items unless a council Member so requests, in which event the item will be removed from the Consent Agenda and considered in its normal sequence on the agenda.

2. **Discuss/Approve/Disapprove** minutes of the Regular Meeting held on August 19, 2026.

3. **Discuss/Approve/Disapprove** the July 2026 financials.

ITEMS FOR CONSIDERATION

4. **Discuss/Approve/Disapprove** the Annual Financial Report and Single Audit Report for the year ended September 30, 2024 as prepared by Crowe, LLP.

5. **Discuss/Approve/Disapprove** the Texas Conviction Reporting (TXCR) Interlocal Cooperation Contract.

CLOSED SESSION

The Town Council may elect to go into closed session pursuant to Chapter 551, Government Code on any Agenda item where appropriate and particularly Sections 551.071 (consultation with attorney) and 551.074 (personnel matters), Government Code.

OPEN SESSION

Discuss/Approve/Disapprove *any and all action necessary with regard to the preceding matter(s).*

ANNOUNCEMENTS

6. Mayor's Update.

7. The next Regular Fulton Town Council Meeting will be held Wednesday, September 16, 2026, beginning at 6:00 pm.

EXECUTIVE SESSION - ***PUBLIC NOTICE*** *is given that the Town Council may elect to go into executive session at any time during the meeting in order to discuss any matters listed on the agenda when authorized by the Open Meetings Act, Chapter 551, Texas Government Code. If the Council elects to go into executive session regarding an agenda item, the section or sections of the Open Meetings Act authorizing the executive session will be publicly announced by the Mayor. The Council may deliberate and take action in open session on any issue that may be discussed in executive session.*

ADJOURNMENT

NOTICE

This facility is wheelchair accessible and accessible parking spaces are available. Requests for accommodations or interpretive services must be made 48 hours prior to this meeting. Please contact the City Secretary's office at 361/729-5533 or by email at citysec@fultontexas.org for further information. Braille Is Not Available. The Town of Fulton reserves the right to convene into Closed Session under Government Code 551.071-551.074 and 551-086.

CERTIFICATION

I certify that the above notice of meeting was posted at Town Hall, 201 N. Seventh Street, Fulton, Texas, on Thursday, August 27, 2026, at 4:00 p.m., and at the U.S. Post Office located at 301 Cactus Street, Fulton, Texas. I further certify that the following News Media were properly notified of this meeting as stated above: The Rockport Pilot.

/S/ Stephanie Garcia, City Secretary

Item 1.

Proclamation

TOWN OF FULTON, TEXAS

OFFICE OF THE MAYOR

FULTON OYSTER DAY

In Honor of the Godinich Family

WHEREAS, the Town of Fulton proudly celebrates its rich maritime heritage and the generations of families whose hard work, traditions, and dedication have helped establish Fulton as a community deeply connected to the bays, seafood industry, and oyster heritage of the Texas Coastal Bend; and

WHEREAS, among those families, Albert "Alby" Godinich and his wife, June Godinich, along with the Godinich family, have made lasting contributions to Fulton's seafood history through their years of service, business, and commitment to the community; and

WHEREAS, through their ownership and operation of Alby's Seafood beginning in 1983, the Godinich family became a trusted part of Fulton's seafood industry and played an important role in local traditions, including historically supplying oysters for Fulton's beloved Oysterfest, helping bring residents and visitors together in celebration of our coastal culture and heritage; and

WHEREAS, the Godinich family's legacy of seafood, hospitality, and service was further enriched through their daughter, Hope Godinich, who graduated with honors from The Art Institute of Atlanta and developed her culinary skills while working at the Atlanta Country Club during her studies, later serving her culinary talents at the Governor's Mansion; and

WHEREAS, after returning to the Texas Coastal Bend, Hope brought her professional culinary experience back home, working at the Yacht Club before establishing Alby's Seafood Po-Boys and Catering, where she combined her culinary talents with the seafood traditions and hospitality that have long been part of the Godinich family legacy, sharing the flavors of the Texas coast with residents, visitors, and a wider audience, including a featured appearance on The Day Tripper; and

WHEREAS, throughout her journey, Hope demonstrated a deep commitment to both her craft and her family, and later devoted herself to the care and support of her parents, Alby and June, during their later years—an act of love and selflessness that reflects the very spirit of Fulton, where family, community, and looking after one another are woven into the fabric of who we are; and

WHEREAS, the Town of Fulton recognizes the importance of preserving and celebrating the stories of the families who have contributed to our community's history and proudly honors the Godinich family for their lasting contributions to Fulton's oyster and seafood heritage;

NOW, THEREFORE, I, Kelli Cole, Mayor of the Town of Fulton, Texas, do hereby proclaim September 2, 2026, as

FULTON OYSTER DAY

in honor of the Godinich family, recognizing their enduring contributions to Fulton's seafood heritage and celebrating the legacy of family, hospitality, and coastal tradition they represent.

I encourage the citizens of Fulton to join in celebrating our oyster heritage and recognizing the Godinich family for their lasting contributions to the history, culture, and traditions of our community.

IN WITNESS WHEREOF, I hereunto set my hand and official seal of the Town of Fulton on May 20, 2026.

____

Kelli Cole
Mayor

ATTEST:

____

Stephanie Garcia, City Secretary

TOWN COUNCIL REGULAR MEETING

Wednesday, August 19, 2026 at 6:00 PM

Fulton Council Chambers, 201 N. 7th Street

MINUTES

CALL TO ORDER

PRESENT
Mayor Kelli Cole
Place 2 Chris Garis Place
Place 3 MaryAnn Pahmiyer
Place 4 Elizabeth Hackleman
Place 5 Laura McCorkle

ABSENT
Mayor Pro Tem Robert Loflin

STAFF PRESENT
Stephanie Garcia, City Secretary
Steven Robertson, Comptroller
Hal George, Town Attorney
Ty Gerstenberger, Chief of Police

Mayor Cole called the meeting to order at 6:00 p.m.

PLEDGE OF ALLEGIANCE – U.S. Flag and Texas Flag

Mayor Cole led everyone in the pledges.

OBSERVE A MOMENT OF SILENCE/PRAYER

Mayor Cole led everyone in a moment of silence.

CITIZENS TO BE HEARD (PUBLIC FORUM)

Public participation is valued and at this time, comments limited to three (3) minutes will be taken from persons who have signed the Speaker's Card located on the table inside the Council Chambers and delivered to the City Secretary before the meeting begins. Written comments received by submission to the City Secretary in person or emailed to citysec@fultontexas.org by 3:00 p.m. on the day of the meeting, on any subject matter that is not on the agenda, will be read and summarized in the minutes of the meeting. Persons wishing to address the Council and who have registered using the Speaker's Card will have up to three (3) minutes to speak. In accordance with the Open Meetings Act, Council may not discuss or take action on any item that has not been posted on the agenda. While civil public criticism is not prohibited; disorderly conduct or disturbance of the peace as prohibited by law shall be cause for the chair to terminate the offender's time to speak.

No one came forward.

CONSENT AGENDA

All consent agenda items listed are considered to be routine by the Town Council and will be enacted by one motion. There will be no separate discussion of these items unless a council Member so requests, in which event the item will be removed from the Consent Agenda and considered in its normal sequence on the agenda.

1. **Discuss/Approve/Disapprove** minutes of the Budget Workshop and Regular Meeting held on August 5, 2026.

   Motion made by Place 3 Pahmiyer, Seconded by Place 5 McCorkle to approve the Consent Agenda as presented.

   Voting Yea: Place 2 Garis, Place 3 Pahmiyer, Place 4 Hackleman, Place 5 McCorkle

ITEMS FOR CONSIDERATION

2. **Discuss/Approve/Disapprove** the proposed 2026 - 2027 Fiscal Year Tax Rate of .262205/$100.

   Mayor Cole read the item and referred to the information provided. There were no questions.

   Motion made by Place 2 Garis, Seconded by Place 5 McCorkle to approve the proposed 2026 - 2027 Fiscal Year Tax Rate of .262205/$100.

   Voting Yea: Place 2 Garis, Place 3 Pahmiyer, Place 4 Hackleman, Place 5 McCorkle

3. **Discuss/Approve/Disapprove** scheduling a public hearing on the proposed Fiscal Year 2026 - 2027 Budget: September 23, 2026.

   Mayor Cole read the item and announced the meeting date and time: Wednesday, September 23, 2026 at 1 p.m.

   Motion made by Place 5 McCorkle, Seconded by Place 4 Hackleman to approve the scheduling of the public hearing on the proposed Fiscal Year 2026 - 2027 Budget: September 23, 2026.

   Voting Yea: Place 2 Garis, Place 3 Pahmiyer, Place 4 Hackleman, Place 5 McCorkle

4. **Discuss/Approve/Disapprove** scheduling a public hearing to adopt the Fiscal Year 2026 - 2027 Tax Rate: September 23, 2026.

   Mayor Cole read the item and announced the meeting date and time: Wednesday, September 23, 2026 at 1 p.m.. There was no discussion.

   Motion made by Place 5 McCorkle, Seconded by Place 3 Pahmiyer to approve the scheduling the public hearing to adopt the Fiscal Year 2026 - 2027 Tax Rate: September 23, 2026.

   Voting Yea: Place 2 Garis, Place 3 Pahmiyer, Place 4 Hackleman, Place 5 McCorkle

5. **Discuss/Approve/Disapprove** a cost of living adjustment (COLA) for the Town of Fulton employees in Fiscal Year 2026 - 2027.

   Mayor Cole read the item and asked that the Council go into Closed Session.

CLOSED SESSION

The Town Council may elect to go into closed session pursuant to Chapter 551, Government Code on any Agenda item where appropriate and particularly Sections 551.071 (consultation with attorney) and 551.074 (personnel matters), Government Code.

Council convened into Closed Session at 6:05 p.m.

OPEN SESSION

Discuss/Approve/Disapprove *any and all action necessary with regard to the preceding matter(s).*

Council reconvened into Open Session at 6:22 p.m.

Motion made by Place 2 Garis, Seconded by Place 5 McCorkle to approve a two percent (2 %) cost of living adjustment (COLA) for the Town of Fulton employees in Fiscal year 2026 – 2027.

Voting Yea: Place 2 Garis, Place 3 Pahmiyer, Place 4 Hackleman, Place 5 McCorkle

ANNOUNCEMENTS

6. Mayor's Update.

   Mayor Cole updated the Council on the dual project with Aransas County. She also noted to remember the school zones.

   Chief Gerstenberger announced that Jessica Camacho is no longer with the Town. He also informed the Council that by September 1, 2026, the police department should be fully staffed.

7. The next Regular Fulton Town Council Meeting will be held Wednesday, September 2, 2026, beginning at 6:00 pm.

   Mayor Cole announced the date and time of the next meeting.

ADJOURNMENT

There being no further business, Mayor Cole entertained a motion to adjourn.

Motion made by Place 2 Garis, Seconded by Place 3 Pahmiyer to adjourn the meeting.

Voting Yea: Place 2 Garis, Place 3 Pahmiyer, Place 4 Hackleman, Place 5 McCorkle

The meeting was adjourned at 6:26 p.m.

Kelli Cole, Mayor

Stephanie Garcia, City Secretary

Crowe LLP
Independent Member Crowe Global

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

In planning and performing our audit of the financial statements of the Town of Fulton, Texas (the "Town") as of and for the year ended September 30, 2024, in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards*, we considered the Town's internal control over financial reporting ("internal control") as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as discussed below, we identified certain matters that we wish to communicate to you. Matters communicated in this letter are classified as follows:

- Deficiency – A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis.

2024-003. Review Documentation	**Deficiency**
Control Deficiency:	During single audit testing for reporting and special tests, it was noted that management could not provide documentation for review of monthly activity status reports and annual/quarterly Section 3 reports for the Community Development Block Grant – State's Program grant. It was also noted that documentation for review of the Schedule of Expenditures of Federal Awards could not be provided.
Potential Effect:	The absence of documented reviews increases the risk that errors or irregularities in financial reporting or compliance with federal program requirements may not be detected and corrected in a timely manner.
Recommendation:	It is recommended that management implement procedures requiring reviews in financial reporting and compliance with federal programs be formally documented. This should include reviewer initials or signatures and the date of review.

The purpose of this letter 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. This letter 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. Accordingly, this letter is not suitable for any other purpose.

Additional findings considered to be material weaknesses are reported within the Town's single audit report. The Town's written response to the significant deficiencies (and material weaknesses) identified in our audit was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Crowe LLP

Crowe LLP

Houston, Texas
August 17, 2026

Crowe

Crowe LLP
Independent Member Crowe Global

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

Professional standards require that we communicate certain matters to keep you adequately informed about matters related to the financial statement audit that are, in our professional judgment, significant and relevant to your responsibilities in overseeing the financial reporting process. We communicate such matters in this report.

AUDITOR'S RESPONSIBILITY UNDER AUDITING STANDARDS GENERALLY ACCEPTED IN THE UNITED STATES OF AMERICA

Our responsibility is to form and express an opinion about whether the financial statements that have been prepared by management with your oversight are presented fairly, in all material respects, in conformity with accounting principles generally accepted in the United States of America. The audit of the financial statements does not relieve you of your responsibilities and does not relieve management of their responsibilities. Refer to our engagement letter with the Town of Fulton, Texas (the "Town") for further information on the responsibilities of management and of Crowe LLP.

AUDITOR'S RESPONSIBILITY UNDER GOVERNMENT AUDITING STANDARDS

As part of obtaining reasonable assurance about whether the Town's financial statements are free of material misstatement, we performed tests of the Town's compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts or disclosures. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion.

The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards,* refer to the report titled Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With *Government Auditing Standards*.

COMMUNICATIONS REGARDING OUR INDEPENDENCE FROM THE TOWN

Auditing standards generally accepted in the United States of America require independence for all audits, and we confirm that we are independent auditors with respect to the Town under the independence requirements established by the American Institute of Certified Public Accountants.

Additionally, we wish to communicate that we have the following relationships with the Town that do not impair our independence but which, in our professional judgment, may reasonably be thought to bear on our independence and that we gave significant consideration to in reaching the conclusion that our independence has not been impaired. We have determined that the provision of the service(s) is not prohibited and it will not create a threat to the auditor's independence.

Relationship	Safeguards
Non-Audit Services: We were engaged to perform the following non-audit services during your last fiscal year: • Assistance with preparation of your financial statements and related disclosures • Assistance with preparation of the conversion entries for financial statement preparation • Updates to the capital assets listing and disclosures • Assistance with debt amortization schedules and GASB 87 lease adjustments • Assistance with pension/OPEB calculations, adjustments, and disclosures • Assistance with preparation of Schedule of Expenditures of Federal Awards (SEFA) and the notes to the SEFA • Preparation of the data collection form	We believe your management is capable of evaluating and taking responsibility for their management decisions regarding our services, and we did not assume the role of an employee or of management of the Town in performing and reporting on our services.

PLANNED SCOPE AND TIMING OF THE AUDIT

We are to communicate an overview of the planned scope and timing of the audit. Accordingly, the following matters regarding the planned scope and timing of the audit were discussed with you on January 13, 2025.

- How we proposed to address the significant risks of material misstatement, whether due to fraud or error.
- Our approach to internal control relevant to the audit.
- The concept of materiality in planning and executing the audit, focusing on the factors considered rather than on specific thresholds or amounts.
- The nature and extent of specialized skills or knowledge needed to plan and evaluate the results of the audit, including the use of an auditor's expert.
- Your views and knowledge of matters you consider warrant our attention during the audit, as well as your views on:
  - The allocation of responsibilities between you and management.
  - The Town's objectives and strategies, and the related business risks that may result in material misstatements.
  - Significant communications between the Town and regulators.
  - Other matters you believe are relevant to the audit of the financial statements.

SIGNIFICANT ACCOUNTING POLICIES AND MANAGEMENT JUDGMENTS AND ACCOUNTING ESTIMATES

Significant Accounting Policies: Those Charged with Governance should be informed of the initial selection of and changes in significant accounting policies or their application. Also, Those Charged with Governance should be aware of methods used to account for significant unusual transactions and the effect of significant accounting policies in controversial or emerging areas where there is a lack of authoritative consensus. We believe management has the primary responsibility to inform Those Charged with Governance about such matters. To assist Those Charged with Governance in its oversight role, we also provide the following.

Accounting Standard	Impact of Adoption
GASB Statement No. 100, *Accounting Changes and Error Corrections*	Upon adoption of this GASB Statement, the Town reported a change within the financial reporting entity. There were three funds previously reported as major that were reported as nonmajor in the current year.
Significant Unusual Transactions.	No such matters noted.
Significant Accounting Policies in Controversial or Emerging Areas.	No such matters noted.

Management Judgments and Accounting Estimates: Further, accounting estimates are an integral part of the financial statements prepared by management and are based upon management's current judgments. These judgments are based upon knowledge and experience about past and current events and assumptions about future events. Certain estimates are particularly sensitive because of their significance and because of the possibility that future events affecting them may differ markedly from management's current judgments and may be subject to significant change in the near term.

The following describes the significant accounting estimates reflected in the Town's year-end financial statements, the process used by management in formulating these particularly sensitive accounting estimates and the primary basis for our conclusions regarding the reasonableness of those estimates.

Significant Accounting Estimate	Process Used by Management	Basis for Our Conclusions
Allowance for Doubtful Accounts and Bad Debt Expense	The allowance for doubtful accounts was determined by management by a process involving consideration of past experiences, current aging information, information from credit reports, contacts with the customers, and other available data including environmental factors such as industry, geographical, economic and political factors.	We tested this accounting estimate by analytically reviewing the information.
Useful Lives of Fixed Assets	Management has determined the economic useful lives of fixed assets based on past history of similar types of assets, future plans as to their use, and other factors that impact their economic value to the Town.	We tested the propriety of information underlying management's estimates.

Significant Accounting Estimate	Process Used by Management	Basis for Our Conclusions
Pension and Postretirement Obligations	Amounts reported for pension and postretirement obligations require management to use estimates that may be subject to significant change in the near term. These estimates are based on projection of the weighted average discount rate, rate of increase in future compensation levels, and weighted average expected long-term rate of return on pension assets.	We reviewed the reasonableness of these estimates and assumptions.

AUDITOR'S JUDGMENTS ABOUT QUALITATIVE ASPECTS OF SIGNIFICANT ACCOUNTING PRACTICES

We are to discuss with you our comments about the following matters related to the Town's accounting policies and financial statement disclosures. Accordingly, these matters will be discussed during our meeting with you.

- The appropriateness of the accounting policies to the particular circumstances of the Town, considering the need to balance the cost of providing information with the likely benefit to users of the Town's financial statements.
- The overall neutrality, consistency, and clarity of the disclosures in the financial statements.
- The effect of the timing of transactions in relation to the period in which they are recorded.
- The potential effect on the financial statements of significant risks and exposures, and uncertainties that are disclosed in the financial statements.
- The extent to which the financial statements are affected by unusual transactions including nonrecurring amounts recognized during the period, and the extent to which such transactions are separately disclosed in the financial statements.
- The issues involved, and related judgments made, in formulating particularly sensitive financial statement disclosures.
- The factors affecting asset and liability carrying values, including the Town's basis for determining useful lives assigned to tangible and intangible assets.
- The selective correction of misstatements, for example, correcting misstatements with the effect of increasing reported earnings, but not those that have the effect of decreasing reported earnings.

CORRECTED AND UNCORRECTED MISSTATEMENTS

<u>Corrected Misstatements</u>: We are to inform you of material corrected misstatements that were brought to the attention of management as a result of our audit procedures.

See the attached schedule: Schedule A

<u>Uncorrected Misstatements</u>: We are to inform you of uncorrected misstatements that were aggregated by us during the current engagement and pertaining to the latest and prior period(s) presented that were determined by management to be immaterial, both individually and in the aggregate, to the financial statements taken as a whole. Uncorrected misstatements or matters underlying the uncorrected misstatements could potentially cause future-period financial statements to be materially misstated, even if it was concluded that the uncorrected misstatements are immaterial to the financial statements under audit. For your consideration, we have distinguished misstatements between known misstatements and likely misstatements. There were no such misstatements.

OTHER COMMUNICATIONS

Communication Item	Results
Other Information Included in an Annual Report Information may be prepared by management that accompanies or includes the financial statements. To assist your consideration of this information, you should know that we are required by audit standards to read such information and consider whether a material inconsistency exists between the other information and the financial statements. We are also to remain alert for indications that: • Material inconsistency exists between the other information and the auditor's knowledge obtained in the audit; or • A material misstatement of fact exists, or the other information is otherwise misleading. If we identify a material inconsistency between the other information and the financial statements, we are to seek a resolution of the matter.	We understand that management has not prepared other information to accompany the audited financial statements.
Significant Difficulties Encountered During the Audit We are to inform you of any significant difficulties encountered in dealing with management related to the performance of the audit.	The following significant difficulties were encountered in dealing with management related to the performance of the audit: Significant delays by management and the unavailability of Town personnel or management to provide information necessary to perform our procedures.
Disagreements with Management We are to discuss with you any disagreements with management, whether or not satisfactorily resolved, about matters that individually or in the aggregate could be significant to the Town's financial statements or the auditor's report.	During our audit, there were no such disagreements with management.
Difficulties or Contentious Matters We are required to discuss with the Those Charged with Governance any difficulties or contentious matters for which we consulted outside of the engagement team that we consider both significant and relevant to Those Charged with Governance regarding their responsibility to oversee the financial reporting process.	During the audit, there were no such issues for which we consulted outside the engagement team.
Circumstances that Affect the Form and Content of the Auditor's Report We are to discuss with you any circumstances that affect the form and content of the auditor's report, if any.	There are no such circumstances that affect the form and content of the auditor's report.

Communication Item	Results
Consultations with Other Accountants If management consulted with other accountants about auditing and accounting matters, we are to inform you of such consultation, if we are aware of it, and provide our views on the significant matters that were the subject of such consultation.	We are not aware of any instances where management consulted with other accountants about auditing or accounting matters since no other accountants contacted us, which they are required to do by Statement on Auditing Standards No. 50, before they provide written or oral advice.
Representations the Auditor Is Requesting from Management We are to provide you with a copy of management's requested written representations to us.	We direct your attention to a copy of the letter of management's representation to us provided separately.
Significant Issues Discussed, or Subject to Correspondence, With Management We are to communicate to you any significant issues that were discussed or were the subject of correspondence with management.	There were no such significant issues discussed, or subject to correspondence, with management.
Significant Related Party Findings or Issues We are to communicate to you significant findings or issues arising during the audit in connection with the Town's related parties.	There were no such findings or issues that are, in our judgment, significant and relevant to you regarding your oversight of the financial reporting process.
Other Findings or Issues We Find Relevant or Significant We are to communicate to you other findings or issues, if any, arising during the audit that are, in our professional judgment, significant and relevant to you regarding your oversight of the financial reporting process.	There were no such other findings or issues that are, in our judgment, significant and relevant to you regarding your oversight of the financial reporting process.

We are pleased to serve your Town as its independent auditors. We provide the above information to assist you in performing your oversight responsibilities and would be pleased to discuss this letter or any matters further, should you desire. This letter is intended solely for the information and use of the Town Council and, if appropriate, management, and is not intended to be and should not be used by anyone other than these specified parties.

Crowe LLP

Crowe LLP

Houston, Texas
August 17, 2026

Item 4.

TOWN OF FULTON, TEXAS
SCHEDULE OF CORRECTED MISSTATEMENTS
SCHEDULE A
For the year ended September 30, 2024

Number	Date	Name	Account No	Debit	Credit
1	9/30/2024	Due from FEMA Fund	07-177 07	98.00	
1	9/30/2024	Restricted Funds	07-356 07		(98.00)
1	9/30/2024	Ask My Accountant	09-5999 09	98.00	
1	9/30/2024	Due to Police Fund	09-23040 09		(98.00)
		Client-prepared adjusting entry for Opioid Settlement, posted 6/2/25			
2	9/30/2024	Unearned Revenue	10-200 10	44,825.00	
2	9/30/2024	CLFRF - Yr 2021	10-400 10		(44,825.00)
2	9/30/2024	Grant Expenditures	10-753 10	44,825.00	
2	9/30/2024	Due To GF	10-23000 10		(44,825.00)
		Client-prepared entry to record additional SLFRF FY24 grant expenses			
3	9/30/2024	Repairs & Maint.	01-700 01		(11,500.00)
3	9/30/2024	Drainage & Streets	01-710 01		(33,325.00)
3	9/30/2024	Due From CLFRF	01-13090 01	44,825.00	
		Client-prepared entry to move SLFRF expenses to Due From CLFRF			
4	9/30/2024	Sales and Mixed Drink Tax Receivable	01-117 01	47,512.00	
4	9/30/2024	Sales and Mixed Drink Tax Receivable	01-117 01	9,030.00	
4	9/30/2024	Deferred Inflow s - Court Fines	01-231 01		(2,000.00)
4	9/30/2024	Fund Balance	01-310 01		(80,343.00)
4	9/30/2024	Due from CDBG Fund	02-144 02	101.00	
4	9/30/2024	Unrestricted Net Assests	02-310 02	7,169.00	
4	9/30/2024	Investment in Capital Assests	02-311 02	8,104.00	
4	9/30/2024	Invested in Capital Assets, Net	03-309 03	112,316.00	
4	9/30/2024	Net Position Unrestricted	03-311 03		(66,026.00)
4	9/30/2024	Investment in Capital Assets	04-310 04	69,353.00	
4	9/30/2024	Unrestricted Net Assets	04-311 04		(62,864.00)
4	9/30/2024	Fund Balance	06-310 06		(66,319.00)
4	9/30/2024	Fund Balance	07-320 07	16,639.00	
4	9/30/2024	Retained Earnings	09-405 09	13.00	
4	9/30/2024	Bank Chrgs & Fees	09-900 09		(13.00)
4	9/30/2024	Fund Balance	12-320 12	101.00	
4	9/30/2024	Due to Sew er Fund	12-710 12		(101.00)

(Continued)

TOWN OF FULTON, TEXAS
SCHEDULE OF CORRECTED MISSTATEMENTS
SCHEDULE A
For the year ended September 30, 2024

Number	Date	Name	Account No	Debit	Credit
4	9/30/2024	Misc. Expense	01-700.01 01	25,801.00	
4	9/30/2024	Misc. Expense	02-700.01 02		(15,273.00)
4	9/30/2024	Misc. Expense	02-700.01 02		(101.00)
4	9/30/2024	Misc. Expense	03-700.01 03		(46,290.00)
4	9/30/2024	Misc. Expense	04-700.01 04		(6,489.00)
4	9/30/2024	Misc. Expense	06-700.01 06	66,319.00	
4	9/30/2024	Misc. Expense	07-700.01 07		(16,639.00)
		To adjust beginning fund balance to match the FY23 AFR ending balances.			
5	9/30/2024	Property Taxes - Prior	01-145 01		(403.00)
5	9/30/2024	Allow . for Uncollectibles	01-150 01		(858.00)
5	9/30/2024	Deferred Inflow s	01-230 01	1,261.00	
5	9/30/2024	Taxes Receivable	05-120 05		(787.00)
5	9/30/2024	Property Taxes -Prior	05-155 05	77.00	
5	9/30/2024	Deferred Inflow s	05-230 05	710.00	
		To record property tax adjustment for FY24			
6	9/30/2024	Grant Matching Funds Receivable	09-115 09		(169,380.00)
6	9/30/2024	Accounts Payable	09-201 09	9,199.00	
6	9/30/2024	Prairie Road Drain Pipe - 6735	09-605 09		(9,199.00)
6	9/30/2024	Federal Grant Receivable	12-150 12		(884,559.00)
6	9/30/2024	CDBG-DR Grant Proceeds	12-400 12	884,559.00	
6	9/30/2024	Prairie Road Drain Pipe - 6735	09-5012 09	169,380.00	
		To reverse prior year CDBG and FEMA grant revenue accrual, as w ell as reversal of FEMA retainag			
7	9/30/2024	Federal Grant Receivable	12-150 12	190,639.00	
7	9/30/2024	Federal Grant Receivable	12-150 12	13,876.00	
7	9/30/2024	Federal Grant Receivable	12-150 12	195,066.00	
7	9/30/2024	CDBG-DR Grant Proceeds	12-400 12		(399,581.00)
		To record current year CDBG grant revenue accrual			

(Continued)

TOWN OF FULTON, TEXAS
SCHEDULE OF CORRECTED MISSTATEMENTS
SCHEDULE A
For the year ended September 30, 2024

Number	Date	Name	Account No	Debit	Credit
8	9/30/2024	A/R - Sew er Billings	02-135 02	12,928.00	
8	9/30/2024	Sew er Revenues	02-400 02		(4,106.00)
8	9/30/2024	A/R - Allow ance	02-135.01 02		(8,822.00)
		To record sew er A/R and allow ance			
		based on aging report as of 09/30/2024.			
9	9/30/2024	Deferred Outlfow of Resources	02-192 02		(6,577.00)
9	9/30/2024	Difference In Projected-Actual	02-193 02	2,508.00	
9	9/30/2024	Net Pension Liability - GASB 68	02-209 02	5,477.00	
9	9/30/2024	Pension Expense	02-715 02		(1,408.00)
9	9/30/2024	Deferred Outflow Resources	03-171 03		(1,943.00)
9	9/30/2024	Deferred Outflow -Dif Projected	03-172 03	665.00	
9	9/30/2024	Net Pension Liab-GASB 68	03-253 03	2,288.00	
9	9/30/2024	Pension Expense	03-715 03		(1,010.00)
9	9/30/2024	Deferred Outflow -GASB 68	04-192 04	322.00	
9	9/30/2024	Deferred Inflow -GASB 68	04-193 04		(486.00)
9	9/30/2024	Net Pension Liab-GASB 68	04-209 04	2,956.00	
9	9/30/2024	Pension Expense	04-715 04		(2,792.00)
		GASB 68 adjustment to record the			
		change in net pension asset, deferred outflow s, and deferred inflo			
		Tow n's TMRS pension plan.			
10	9/30/2024	Difference In Assumption	02-194 02		(200.00)
10	9/30/2024	Net OPEB Liability - GASB 75	02-216 02		(52.00)
10	9/30/2024	Diff In Expected and Actual Exp	02-224 02	1,209.00	
10	9/30/2024	OPEB Expense	02-730 02		(957.00)
10	9/30/2024	Deferred Outflow - Diff Assump	03-255 03		(35.00)
10	9/30/2024	Net OPEB Liability - GASB 75	03-256 03		(210.00)
10	9/30/2024	Difference in Expected & Actual	03-257 03	364.00	
10	9/30/2024	OPEB Expense	03-730 03		(119.00)
10	9/30/2024	Deferred Outflow s - GASB 75	04-194 04	125.00	
10	9/30/2024	Net OPEB Liability - GASB 75	04-216 04		(933.00)
10	9/30/2024	Deferred Inflow s - GASB 75	04-224 04		(28.00)
10	9/30/2024	OPEB Expense	04-730 04	836.00	
		GASB 75 adjustment to record the			
		change in total OPEB liability, deferred outflow s, and deferred inflov			
		Tow n's TMRS OPEB plan.			

(Continued)

TOWN OF FULTON, TEXAS
SCHEDULE OF CORRECTED MISSTATEMENTS
SCHEDULE A
For the year ended September 30, 2024

Number	Date	Name	Account No	Debit	Credit
11	9/30/2024	Compensated Absences	02-208 02		(1,760.00)
11	9/30/2024	Wages	02-700 02	1,760.00	
		To adjust for compensated absences in the enterprise fund			
12	9/30/2024	Lease Receivable	01-120 01		(5,958.00)
12	9/30/2024	Deferred Inflow s - Leases	01-235 01	5,969.00	
12	9/30/2024	Tow er Lease	01-460 01		(11.00)
12	9/30/2024	Office Expense	01-500 01		(2,342.00)
12	9/30/2024	Lease Principal	01-540 01	2,083.00	
12	9/30/2024	Lease Interest	01-545 01	259.00	
		To adjust for GASB 87 leases (lessor and lessee activity).			
13	9/30/2024	Sew er System	02-170 02	17,553.00	
13	9/30/2024	Accum. Depreciation	02-190 02		(124,767.00)
13	9/30/2024	Vehicles	02-191 02	47,047.00	
13	9/30/2024	Depreciation Expense	02-590 02	124,767.00	
13	9/30/2024	Vehicles	02-594 02		(47,047.00)
13	9/30/2024	Sew er System	02-595 02		(17,553.00)
13	9/30/2024	Building Improvements	03-155 03		(755.00)
13	9/30/2024	Accum. Depreciation	03-170 03		(110,725.00)
13	9/30/2024	Supplies	03-511 03	755.00	
13	9/30/2024	Depreciation Expense	03-590 03	110,725.00	
13	9/30/2024	Accumulated Depreciation	04-220 04		(49,630.00)
13	9/30/2024	Depreciation Expense	04-550 04	49,630.00	
		To adjust for capital asset additions and depreciation expense for the Tow n's enterprise fund			
14	9/30/2024	Econolodge Bankrupcy Receivable	06-112 06		(36,365.00)
14	9/30/2024	Bad Debt Expense	06-700.02 06	36,365.00	
		To adjust the Econo-Lodge receivable balance due to uncollectibility.			

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

Crowe LLP
Independent Member Crowe Global

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

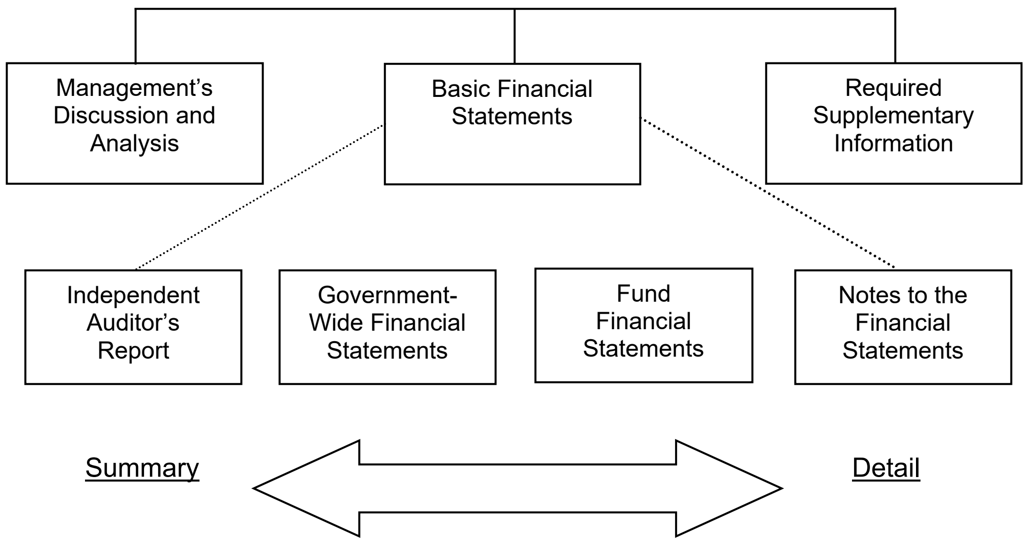
Houston, Texas
August 17, 2026

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.

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)

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

	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 focu*s 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	Lease Receipts			Amortization of Deferred Inflows of
September 30,	Principal	Interest	Total	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.

(Continued)

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.

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)

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

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.

TOWN OF FULTON, TEXAS

SINGLE AUDIT REPORT

For the year ended September 30, 2024

TOWN OF FULTON, TEXAS

SINGLE AUDIT REPORT
For the year ended September 30, 2024

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Crowe LLP
Independent Member Crowe Global

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of 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, and have issued our report thereon dated August 17, 2026.

Report on Internal Control Over Financial Reporting

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

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

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

(Continued)

Report on Compliance and Other Matters

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

Town's Response to Findings

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

Purpose of this Report

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

Crowe LLP

Crowe LLP

Houston, Texas
August 17, 2026

Crowe LLP
Independent Member Crowe Global

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR MAJOR FEDERAL PROGRAM; REPORT ON INTERNAL CONTROL OVER COMPLIANCE; AND REPORT ON THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS REQUIRED BY THE UNIFORM GUIDANCE

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

Report on Compliance for Major Federal Program

Opinion on Major Federal Program

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

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

Basis for Opinion on Major Federal Program

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

We are required to be independent of the Town and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for the major federal program. Our audit does not provide a legal determination of the Town's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

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

(Continued)

Auditor's Responsibilities for the Audit of Compliance

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

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we

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

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

Report on Internal Control Over Compliance

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

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

(Continued)

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

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

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

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 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. We issued our report thereon dated August 17, 2026, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is 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 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 schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

Crowe LLP

Crowe LLP

Houston, Texas
August 17, 2026

TOWN OF FULTON, TEXAS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the year ended September 30, 2024

Federal Grantor/Pass-through Grantor/Program or Cluster Title	Federal AL Number	Pass-through Entity Identifying Number	Federal Expenditures
U.S. DEPARTMENT OF HOMELAND SECURITY			
Pass-through Texas Department of Public Safety			
Division of Emergency Management			
Federal Emergency Management Agency -			
Public Assistance (PA) Grant Program			
Disaster Grants - Public Assistance	97.036	4332-DR-TX Project #6735	$ 331,866
Disaster Grants - Public Assistance	97.036	4332-DR-TX Project #375	142,841
Subtotal - ALN 97.036			474,707
TOTAL U.S. DEPARTMENT OF HOMELAND SECURITY			474,707
U.S. DEPARTMENT OF TREASURY			
Direct Award			
COVID-19 Coronavirus State and Local Fiscal Recovery Funds	21.027	N/A	270,589
TOTAL U.S. DEPARTMENT OF TREASURY			270,589
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT			
Pass-through Texas General Land Office			
Community Development Block Grant	14.228	20-065-054-C164	1,864,660
TOTAL U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT			1,864,660
TOTAL EXPENDITURES OF FEDERAL AWARDS			$ 2,609,956

NOTE 1 - REPORTING ENTITY

The accompanying schedule of expenditures of federal awards (the "Schedule") presents the activity of all federal financial assistance programs of the Town of Fulton, Texas (the "Town").

NOTE 2 - BASIS OF ACCOUNTING

The Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200*, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Therefore, some amounts presented in this Schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

NOTE 3 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. These expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule, if any, represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

NOTE 4 - INDIRECT COST RATE

The Town has elected not to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance.

SECTION I - SUMMARY OF AUDITOR'S RESULTS

FINANCIAL STATEMENTS

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP:	Unmodified
Internal control over financial reporting:	
Material weakness(es) identified?	Yes
Significant deficiency(ies) identified?	No
Noncompliance material to financial statements noted?	No

FEDERAL AWARDS

Internal control over major federal program:	
Material weakness(es) identified?	No
Significant deficiency(ies) identified?	No
Type of auditor's report issued on compliance for major federal program:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	No

Identification of major federal programs:

Assistance Listing (AL) Number	Name of Federal Program or Cluster
14.228	Community Development Block Grant

Dollar threshold used to distinguish between type A and type B programs:	$750,000
Auditee qualified as low-risk auditee?	No

(Continued)

SECTION II - FINANCIAL STATEMENT FINDINGS

Material Weaknesses:

2024-001. Year End Closing and Review Procedures

Criteria: Internal controls over financial reporting are a key component of an organization's control environment. Applicable standards state that management is responsible for having internal controls in place to provide timely and reliable financial reports.

Condition: During the audit, several audit adjustments were identified that were necessary to present the Town's financial statements in accordance with generally accepted accounting principles. These adjustments primarily related to beginning fund balances, grant receivables and revenues, and other year-end balances. The Town was also navigating a transition to a new audit firm, and recommendations related to strengthening the year-end financial reporting process from the prior audit were not available until after the fiscal year under audit had ended. Accordingly, those recommendations could not be incorporated into the Town's year-end closing procedures for the period under audit.

Context: As a result of audit procedures performed, adjustments were necessary to correct beginning fund balances for a net $61,958, reverse prior-year grant revenues and receivables for $1,053,939, record current-year grant revenues and receivables for $399,581, and write off an uncollectible receivable for $36,365 to present the year-end balances in accordance with generally accepted accounting principles.

Effect or potential effect: Although the audit adjustments resulted in the financial statements being fairly presented, the need for multiple year-end adjustments indicates that the Town's financial reporting controls did not consistently identify all items requiring correction during the closing process. Continued strengthening of year-end review and reconciliation procedures will reduce the risk of future misstatements and improve the timeliness and reliability of financial information used by management and those charged with governance.

Repeat Finding: 2023-001

Recommendation: The Town should continue to strengthen its year-end closing and financial reporting controls by enhancing management's review and reconciliation procedures over significant account balances. Emphasis should be placed on timely reconciliation of subsidiary ledgers to the general ledger and review of beginning fund balances, grant receivables and revenues, and other significant year-end accounts to improve the accuracy and completeness of the financial reporting process.

Views of Responsible Officials and Planned Corrective Actions: Management’s response and corrective action plan are included in the accompanying corrective action plan.

2024-002. Construction in Progress Adjustments

Criteria: Management is responsible for maintaining adequate internal controls to ensure capital asset activity and federally funded project expenditures are accurately recorded and reported in the financial statements and supporting schedules.

Condition: During capital asset testing, it was noted that the beginning Construction in Progress (CIP) balance for the Roadway and Drainage Improvements project funded through the Community Development Block Grant (CDBG) program was understated. As a result, an adjustment was required to restate the beginning CIP balance and appropriately reflect cumulative project costs.

(Continued)

2024-002. Construction in Progress Adjustments (Continued)

Context: Audit procedures determined that certain engineering costs incurred for the project had not been included in the beginning CIP balance, although the expenditures were supported by project documentation maintained by management. During the audit, management provided detailed project records that enabled the identification and correction of the omitted costs.

Effect: The beginning CIP balance and related net position required adjustment to ensure the financial statements accurately reflected cumulative project costs. Strengthening reconciliation procedures will help reduce the likelihood of similar adjustments in future reporting periods.

Repeat Finding: N/A

Recommendation: The Town should strengthen procedures for tracking and reconciling capital project expenditures, including periodic reconciliation to CIP activity and grant reporting schedules.

Views of Responsible Officials and Planned Corrective Actions: Management's response and corrective action plan are included in the accompanying corrective action plan.

SECTION III - FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None Identified.

Town of Fulton

201 N. SEVENTH ST.
P.O. BOX 1130
FULTON, TEXAS 78358
361-729-5533

Corrective Action Plan

The Town respectfully submits the following corrective action plan for the findings identified in the audit for the fiscal year ended September 30, 2024.

Finding 2024-001 – Year End Closing and Review Procedures

Management's Response:

Management agrees with the finding and recognizes the importance of maintaining effective year-end closing and financial reporting procedures so that significant account balances are complete, accurate, properly supported, and recorded in accordance with generally accepted accounting principles.

During the fiscal year under audit, the Town was affected by a transition between audit firms and a substantial change in the audit process. The fiscal year 2023 audit adjustments were not provided until on or about September 29–30, 2024, at or immediately before the fiscal year 2024 year-end. This timing left management insufficient time to post the prior-year adjustments, reconcile affected beginning balances, and fully incorporate the prior-year audit results into the fiscal year 2024 closing process. The fiscal year 2024 engagement also began later than originally contemplated and was conducted remotely, without the on-site fieldwork historically used for the Town's largely paper-based records.

Corrective Action:

The Town will strengthen its year-end closing and financial reporting procedures by enhancing the review and reconciliation of significant account balances, including beginning fund balances, grant receivables and revenues, and other material year-end accounts. Management will also review prior-year audit adjustments and findings as part of the annual closing process to determine whether similar adjustments or conditions may affect the current fiscal year.

The Town has also strengthened its process for procuring and managing the annual audit. The Town Council approved a Request for Qualifications for audit services for the fiscal year 2025 audit. The Town will require the selected audit firm to provide appropriate lead schedules and proposed audit adjustments for management's review before the financial statements are finalized, provide an on-site presence during fieldwork, and establish a timeline designed to complete and issue the audit within 180 days after fiscal year-end.

Responsible Officials: Kelli Cole, Mayor; Steven L. Robertson, CPA, Comptroller
Anticipated Completion Dates: March 31, 2026, for the enhanced year-end review procedures; September 30, 2026, for completion of auditor procurement and incorporation of the specified engagement requirements.

Finding 2024-002 – Construction in Progress Adjustments

Management's Response:

(Continued)

Town of Fulton

201 N. SEVENTH ST.
P.O. BOX 1130
FULTON, TEXAS 78358
361-729-5533

Corrective Action Plan

Management agrees with the finding and will strengthen its procedures for tracking and reconciling construction in progress and other capital project expenditures. Management maintains detailed supporting documentation for capital projects; however, the Town recognizes that additional reconciliation procedures are necessary to ensure that all qualifying project costs are timely and completely reflected in the accounting records.

The capital asset reconciliation was also affected by the timing of the audit-firm transition and the availability of the auditor's capital asset schedule. The Town's capital asset detail had not agreed with the auditor's schedule since the fiscal year ended September 30, 2022, and the current schedule was not provided to the Town until approximately March 2025. Management was therefore required to reconstruct the fiscal year 2023 balances before completing the fiscal year 2024 roll-forward.

Corrective Action:

The Town will implement procedures to periodically reconcile capital project expenditures recorded in the general ledger to construction in progress records, capital asset schedules, and applicable grant records. These procedures are intended to ensure that cumulative project costs, including engineering and other capitalizable costs associated with federally funded projects, are accurately and completely reflected in the Town's financial statements and supporting schedules.

The Town will also require the selected audit firm to provide its capital asset and construction in progress lead schedules for management's review and reconciliation before the financial statements are finalized. Management will review additions, retirements, depreciation, transfers from construction in progress, and remaining construction in progress before the audit is presented.

Responsible Officials: Kelli Cole, Mayor; Steven L. Robertson, CPA, Comptroller
Anticipated Completion Dates: March 31, 2026, for implementation of the internal capital asset and construction in progress review procedures; September 30, 2026, for incorporation of the specified lead-schedule requirements into the new audit engagement.

TOWN OF FULTON, TEXAS
SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
For the year ended September 30, 2024

SUMMARY OF PRIOR AUDIT FINDINGS

Finding 2023-001 – Year End Closing and Review Procedures

Condition: During the audit, it was noted that management did not have adequate controls in place to allow for timely and accurate financial reporting, resulting in several audit adjustments for year end closing.

Current Status: Not Corrected.

Explanation of Current Status: Although management began establishing year end closing procedures and controls processes, they were not consistently applied during the year.

Planned Corrective Action: The Town is continuing to improve its year end closing procedures and controls processes to ensure the timely and accurate financial reporting.

Reference to Current Year Finding: 2024-001.

TEXAS DEPARTMENT OF PUBLIC SAFETY

5805 N LAMAR BLVD • BOX 4087 • AUSTIN, TEXAS 78773-0001
512-424-2000
www.dps.texas.gov

July 6, 2026

Dear Court Clerk,

The Texas Department of Public Safety, Driver License Division, is excited to announce the implementation of the web-based site for electronically reporting convictions, which we notified you about last year.

The new Texas Conviction Reporting (TXCR) interface eliminates paper processes and the current electronic file submission process. A "real-time" upload feature allows court users the ability to review successful submissions, prevent duplicate entries, and review rejected convictions. Users can correct and resubmit missing information for rejected convictions immediately.

Effective January 1st, 2027, all final convictions sent to the Department for processing must be submitted via TXCR. The submission of final convictions via the portal requires that a TXCR Interlocal Cooperation Contract be completed and submitted to the Department before using the new TXCR interface.

Please complete the enclosed TXCR Interlocal Cooperation Contract (ICC) for review, signature, and return. We have provided an instruction sheet to assist with the completion of the ICC.

We look forward to your participation and assistance with providing better service to all Texas courts. If you have any questions, you may contact Kathy Drye at Kathy.Drye@dps.texas.gov, or 512-424-2030, or Erica Blanco at Erica.Blanco@dps.texas.gov, or 512-424-7266.

Regards,

Manager
Enforcement and Compliance Service
Driver License Division

Texas Conviction Reporting (TXCR) Interlocal Cooperation Contract (ICC) Instructions

Contracting Parties and Authorities:

The Texas Department of Public Safety Driver's License Division has started the process of transitioning to the new Texas Conviction Reporting (TXCR) user interface for conviction submissions. As we transition from SFTP to TXCR all contracting parties and authorities that have not already submitted a new Interlocal Cooperation Contract (ICC) will be required to do so by December 31, 2026. It is very important that everyone completes the ICC correctly and the Conviction Reporting team is available to address any questions.

The ICC is a legal contract between the Contracting Parties/Authorities and the Department of Public Safety; therefore, no editing of the contract is permitted. Please see below for clarification of what needs to be included in the sections:

I. The "Contracting Parties and Authority" section includes the name of the court or authority entering into the contract and the city or county in which they reside.

II. VI. The "General Terms and Notice" section requires the person who is the point of contact for the court or authority to include their name, address, fax number, email address, and phone number.

III. VII. The "Certifications" section must be signed by a person authorized to enter into a contract. The authorized person must sign, include the authorized person's title, and the current date. If additional people are required to sign a contract, a separate sheet must be attached with the same information: the signature, the person's title, and the date.

IV. Email the completed contract to: data.submission@dps.texas.gov.

V. The point of contact will receive a copy of the signed contract and will then receive instructions on how to access and log in to the TXCR reporting site.

If additional information is needed, please email your questions to data.submission@dps.texas.gov.

Conviction Reporting

(512) 424-2031

INTERLOCAL COOPERATION CONTRACT

I. CONTRACTING PARTIES AND AUTHORITY

The Department of Public Safety (DPS) and the ______________________________Court of ______________________________ [City or County] are contracting under the authority of Texas Government Code Chapter 791 (the Interlocal Cooperation Act).

DPS certifies that it has the authority to contract for the Texas Conviction Reporting (TXCR) application by the authority granted in Tex. Transp. Code Chapter 543, Subchapter C.

II. BACKGROUND AND PURPOSE

DPS is legislatively required to apply all court-reported convictions to a driver record within seven days of the final disposition of conviction. Texas courts send more than 180,000 conviction records monthly. To secure personally identifiable information (PII) of drivers who are convicted in Texas courts, DPS developed a secure web-based application for Texas courts to submit electronic convictions onto a Texas driver's record and eliminate mailed or unsecured upload of conviction records.

Furthermore, DPS and Federal Motor Carrier Safety Administration's (FMCSA) common goal is to ensure and improve public safety by reducing crashes, injuries, and fatalities involving Commercial Motor Vehicles (CMV). One of the components of this effort is the appropriate and timely reporting of moving violation convictions for Commercial Driver License (CDL) holders and operators of CMVs. For DPS to be successful in its endeavor to bolster the foundation and support the priorities of the CDL program, it must have the proper tools to accomplish these goals.

III. STATEMENT OF SERVICES

DPS responsibilities are as follows.

- Provide access to the TXCR over the internet from a publicly accessible site based on authorized access granted by DPS to Court reporting personnel.
- Ensure the TXCR site is secure and meets Criminal Justice Information System (CJIS) security requirements as defined by the Federal Bureau of Investigation (FBI).
- Allow submission of convictions individually using a web-form that matches the bulk file format for ease of entry. Bulk file format will be provided to Court.
- TXCR will validate conviction data prior to inclusion to the driver's record and if data cannot be validated, will reject the submission with an opportunity for Court to correct and resubmit.
- Provide historical reports for Court to assist with timely reporting, reducing rejects and ensuring accuracy of conviction reporting.
- Provide training to Court, and include training materials and procedures on the TXCR site for 24/7 access by Court.
- TXCR Contractor will assist Court users by providing a toll-free telephone number and email, Monday through Friday from 7:00am to 8:00pm, except holidays.

Court responsibilities are as follows.

- Do not share the TXCR site information with unauthorized persons.
- Have only two authorized court personnel with access to TXCR, unless additional personnel are authorized by DPS based on business need.
- Authorized users must use Multi-Factor Authentication (MFA) to access TXCR and will be required to download an application to a cell phone to receive the MFA code before access is granted.
- Must use TXCR to upload individual convictions using a web-form or bulk upload of convictions in a pre-defined format approved by DPS. Paper forms will not be accepted.
- Must notify DPS immediately upon termination or resignation of an authorized user to allow DPS disable the account and prevent unauthorized use of TXCR.
- Submit conviction reports to TXCR within seven days from the date of conviction in compliance with Tex. Transp. Code Chapter 543, Section 543.203.

IV. CONTRACT AMOUNT AND BASIS FOR CALCULATING COSTS

DPS will provide TXCR to Court at no cost.

V. TERM OF CONTRACT AND AMENDMENTS

This contract is effective on the date of execution and will not expire except upon written request of either party with 30 calendar days' written notice. This contract may only be amended by mutual written agreement of the parties.

Any alterations, additions, or deletions to the terms of the Contract that are required by changes in federal or state law or regulations are automatically incorporated into the contract without written amendment hereto, and shall become effective on the date designated by such law or by regulation.

VI. GENERAL TERMS AND NOTICE

This Contract is governed by and construed under and in accordance with the laws of the State of Texas. The Court understands and agrees that it will comply with all local, state, and federal laws in the performance of this Contract, including administrative rules adopted by DPS.

The respective party will provide any required notice as noted in this section. Either party may change its information by giving the other party written notice and the effective date of the change.

Court	**Department of Public Safety**
Attn.:	Enforcement & Compliance Service Attn: Conviction Reporting 5805 North Lamar Blvd., Bldg A Austin, Texas 78752-0001 (512) 424-5809 [fax] Data.Submission@dps.texas.gov (512) 424-2031
Address:	
Address:	
Fax:	
Email:	
Phone:	

VII. CERTIFICATIONS

The parties certify that (1) the contract is authorized by the governing body of each party; and (2) the purpose, terms, rights, and duties of the parties are stated within the Contract.

The undersigned signatories have full authority to enter into this Contract on behalf of the respective Parties.

Court Authorized Signatory	**Department of Public Safety**
Signature and Title **Date:**	**Signature of Driver License Division Chief or Designee** **Date:**

*An additional page may be attached if more than one signature is required to execute this Contract on behalf of the Court. Each signature block must contain the person's title and date.