CITY OF YOAKUM, TEXAS

ANNUAL FINANCIAL REPORT

For the year ended September 30, 2024

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FINANCIAL SECTION

HARRISON, WALDROP & UHEREK, L.L.P.

HWU

STEPHEN W. VAN MANEN, CPA
DENNIS C. CIHAL, CPA
ERIC L. KUCERA, CPA
CLAYTON P. VAN PELT, CPA
ROBERT W. SCHAAR, CPA
MELISSA M. TERRY, CPA

CERTIFIED PUBLIC ACCOUNTANTS
101 S. MAIN, SUITE 400
VICTORIA, TEXAS 77901-8142

VOICE: (361) 573-3255
FAX: (361) 573-9531

INDEPENDENT AUDITORS' REPORT

The Honorable Mayor and Members
of the City Council
City of Yoakum, Texas

Report on the Audit of the Financial Statements

Opinions

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of the City 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 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 Yoakum Economic Development Corporation were not audited in accordance with *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 City and to meet our ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City'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.

The Honorable Mayor and Members
of the City Council
City of Yoakum, Texas

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City'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 City'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, the budgetary comparison information, schedule of changes in net pension liability and related ratios, schedules of changes in total OPEB liability and related ratios, and the schedules of employer contributions, as listed in 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.

The Honorable Mayor and Members
of the City Council
City of Yoakum, Texas

Supplementary Information

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 26, 2025, on our consideration of the City'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 City'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 City's internal control over financial reporting and compliance.

Harrison, Waldrop & Uherek, LLP

HARRISON, WALDROP & UHEREK, L.L.P.
Certified Public Accountants

June 26, 2025

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

FINANCIAL HIGHLIGHTS

- The assets and deferred outflows of the City exceeded its liabilities and deferred inflows at the close of the fiscal year ended September 30, 2024 by $36,525,888. Of this amount, $14,520,777 of unrestricted net position is available to meet the City's ongoing obligations to citizens and creditors.
- The total cost of all City activities was $22,995,914 for the fiscal year, which is an increase of $320,114 from the prior year.
- During the year, the City's revenues exceeded net expenses of all City activities by $3,385,252. This represents a 10% increase in net position from the previous fiscal year as a result of operations.
- At September 30, 2024, the City's governmental funds reported combined ending fund balances of $4,770,034, a decrease of $289,373 in comparison with the prior year.
- At September 30, 2024, unassigned fund balance for the General Fund was $2,381,477 or 22% of total General Fund expenditures. Committed fund balance for the General Fund, which represents the City's stabilization reserve, was $2,700,000 or approximately 25% of total General Fund expenditures.
- The City's net capital assets as of September 30, 2024 was $27,812,995, which is a net increase of $3,304,749 or 13% from prior year.
- The City's outstanding bonded debt for business-type activities had a net decrease of $455,000 or 18% from the prior year. The City also had $2,914,601 in financed purchases outstanding as of September 30, 2024.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the City's basic financial statements. The basic financial statements are comprised of the following components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. The report also contains other supplementary information in addition to the basic financial statements.

Organization and Flow of Financial Section Information

Independent Auditors' Report
Provides the opinion of the Independent Auditors on the fair presentation of the basic financial statements.

Management's Discussion and Analysis
This supplementary information is required for state and local government financial statements and is intended to provide a narrative introduction and analysis.
Pages 4 to 11

Government-wide Financial Statements
Provides information on governmental and business-type activities of the primary government.
Pages 12 to 15

Fund Financial Statements
Provides information on the financial position of specific funds of the primary governments.
Pages 16 to 23

Notes to Financial Statements
Provides a summary of significant accounting policies and related disclosures.
Pages 24 to 51

OVERVIEW OF THE FINANCIAL STATEMENTS - (Continued)

Government-wide Financial Statements

The government-wide financial statements, which consist of the following two statements, are designed to provide readers with a broad overview of the City's finances, in a manner similar to a private-sector business.

Statement of Net Position

The statement of net position presents information on all of the City's assets and liabilities, with the difference between the two 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 City is improving or deteriorating. The statement of net position can be found on pages 12 through 13.

Statement of Activities

The statement of activities presents information showing how the government's net position changed during the fiscal 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. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected and earned, but unused vacation leave). The statement of activities can be found on pages 14 through 15.

Both of these financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (*governmental activities)* from other functions that are intended to recover all or a significant portion of their costs through user fees and charges *(business-type activities).* The governmental activities of the City include general government, public safety, public works, and cultural and recreation. The business-type activities of the City include utilities. The government-wide financial statements can be found immediately following the Management's Discussion and Analysis.

The government-wide financial statements include not only the City itself (known as the primary government) but also the component unit of Yoakum Economic Development Corporation. This component unit is not included as part of the primary government.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into two categories: governmental funds and proprietary funds.

Governmental Funds

Governmental funds are used to account for 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 inflows and outflows of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financial requirements.

OVERVIEW OF THE FINANCIAL STATEMENTS - (Continued)

Fund Financial Statements - (Continued)

Governmental Funds - (Continued)

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 financial decisions. Both the governmental fund balance sheet (page 16) and the governmental fund statement of revenues, expenditures, and changes in fund balances (page 18) provide reconciliation to facilitate this comparison between governmental funds and governmental activities (pages 17 and 19, respectively).

The City maintains several 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 which is considered to be a major fund. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining and individual statements and schedules following the required supplementary information.

The City adopts an annual appropriated budget for the General Fund and Debt Service Fund. Budgetary comparison schedules have been provided to demonstrate compliance.

The basic governmental fund financial statements may be found immediately following the government-wide financial statements.

Proprietary Funds

The City maintains only one type of proprietary funds. The enterprise fund, or the Utility Fund, is used to report the same functions presented as business-type activities in the government-wide financial statements. The City's Utility Fund accounts for the fiscal activities relating to electric and water/wastewater utilities. Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail.

The basic proprietary fund financial statements follow the governmental fund financial statements.

Notes to Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 24 through 51 of this report.

Other Information

In addition to the basic financial statements and accompanying notes, required supplementary information is included which presents a budgetary comparison schedule for the City's General Fund. Required supplementary information can be found on pages 52 through 62 of this report.

The combining statements referred to earlier in connection with non-major governmental funds are presented immediately following the required supplementary information. Combining and individual fund statements and schedules can be found on pages 63 through 82 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City, assets exceeded liabilities by $36,525,888 at the close of the fiscal year ended September 30, 2024.

At the end of fiscal year 2024 the City is able to report positive balances in all categories of net position, both for the government as a whole, as well as for its separate governmental and business-type activities.

City of Yoakum, Texas

Net Position

	Governmental Activities		Business-type Activities		Total	
	2024	2023	2024	2023	2024	2023
Current and other assets	$10,117,676	$ 8,844,970	$15,008,177	$14,853,598	$25,125,853	$23,698,568
Capital assets (net)	7,884,702	7,803,451	19,928,293	16,704,795	27,812,995	24,508,246
Total assets	18,002,378	16,648,421	34,936,470	31,558,393	52,938,848	48,206,814
Total deferred outflow of resources	1,775,559	2,497,272	802,325	1,131,614	2,577,884	3,628,886
Long-term liabilities	5,929,558	6,235,231	7,236,563	7,952,195	13,166,121	14,187,426
Other liabilities	4,280,217	3,168,847	1,250,541	1,224,558	5,530,758	4,393,405
Total liabilities	10,209,775	9,404,078	8,487,104	9,176,753	18,696,879	18,580,831
Total deferred inflow of resources	179,065	77,428	114,900	36,805	293,965	114,233
Net investment in capital assets	6,059,526	7,169,619	15,307,915	11,304,609	21,367,441	18,474,228
Restricted	637,670	617,083	-	-	637,670	617,083
Unrestricted	2,691,901	1,877,485	11,828,876	12,171,840	14,520,777	14,049,325
Total net position	$ 9,389,097	$ 9,664,187	$27,136,791	$23,476,449	$36,525,888	$33,140,636

The largest portion of the City's net position (59% or $21,367,441) reflects its investment in capital assets (e.g., land, buildings, streets, equipment, and infrastructure); less any related outstanding debt used to acquire those assets. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

The next largest portion of the City's net position (40% or $14,520,777) is unrestricted and may be used to meet the City's ongoing obligations to its citizens.

The remaining balance of $637,670 is restricted for debt service and special projects.

GOVERNMENT-WIDE FINANCIAL ANALYSIS - (Continued)

City of Yoakum, Texas

Changes in Net Position

	Governmental Activities		Business-type Activities		Total	
	2024	2023	2024	2023	2024	2023
REVENUES						
Program revenues:						
Charges for services	$ 5,345,356	$ 4,722,182	$ 14,180,400	$ 13,507,740	$ 19,525,756	$ 18,229,922
Operating grants and contributions	485,129	326,091	-	-	485,129	326,091
Capital grants and contributions	3,199,424	1,927,454	28,563	50,151	3,227,987	1,977,605
General revenues:						
Property taxes	417,053	375,733	-	-	417,053	375,733
Sales taxes	1,538,618	1,527,096	-	-	1,538,618	1,527,096
Franchise taxes	102,245	105,395	-	-	102,245	105,395
Other taxes	55,140	63,599	-	-	55,140	63,599
Unrestricted investment earnings	191,639	441,723	581,228	223,484	772,867	665,207
Miscellaneous	256,371	150,661	-	-	256,371	150,661
Total revenues	11,590,975	9,639,934	14,790,191	13,781,375	26,381,166	23,421,309
EXPENSES						
General government	1,275,764	1,453,141	-	-	1,275,764	1,453,141
Public safety	4,122,242	3,940,598	-	-	4,122,242	3,940,598
Public works	4,689,467	4,600,389	-	-	4,689,467	4,600,389
Cultural and recreation	1,419,405	1,376,944	-	-	1,419,405	1,376,944
Interest on long-term debt	9,465	10,017	-	-	9,465	10,017
Utilities	-	-	11,479,571	11,294,711	11,479,571	11,294,711
Total expenses	11,516,343	11,381,089	11,479,571	11,294,711	22,995,914	22,675,800
Change in net position before transfers	74,632	(1,741,155)	3,310,620	2,486,664	3,385,252	745,509
Transfers	(349,722)	1,395,894	349,722	(1,395,894)	-	-
Change in net position	(275,090)	(345,261)	3,660,342	1,090,770	3,385,252	745,509
Net position - beginning	9,664,187	10,009,448	23,476,449	22,385,679	33,140,636	32,395,127
Net position - ending	$ 9,389,097	$ 9,664,187	$ 27,136,791	$ 23,476,449	$ 36,525,888	$ 33,140,636

GOVERNMENT-WIDE FINANCIAL ANALYSIS - (Continued)

Governmental activities

Governmental activities decreased the City's net position by $275,090. Key elements of this net decrease include:

- Increase in charges for services of $623,174, mainly due to increases in sanitation and ambulance charges. In 2023, the City hired Emergicon to facilitate EMS billings, which has improved the accuracy of invoices and ability collect on past due bills.
- Increase in operating grants and contributions of $159,038, primarily due to an increase in Coronavirus relief funds recognized as revenue.
- Increase in capital grants and contributions of $1,271,970, primarily due to an increase in CDBG grant funds recognized as revenue.
- Decrease in unrestricted investment earnings of $250,084, primarily due to catch-up allocation of interest earned that occurred in fiscal year 2023 for future fire truck and ambulance purchases, which totaled $250,000. In the current fiscal year, interest earned is allocated based on fund balance in relation to business-type activities net position.
- Decrease in general government expenses of $177,377, primarily due to a decrease in personnel expense in the administrative and finance department as a result of the city manager position that was unfilled for a majority of the year, as well as a decrease in pension expense.
- Increase in public safety expenses of $181,644, primarily due to an increase in personnel expenses in the police and fire departments resulting from the filling of positions that were vacant in fiscal year 2023.
- Increase in net transfers out to business-type activities of $1,745,616, primarily due to a $2,068,004 increase in the amount of non-cash capital contributions for various CDBG projects.

Business-type activities

Business-type activities increased the City's net position by $3,660,342. Key elements of this net increase include:

- Increase in charges for services of $672,660 due to fuel charge recovery income of $706,259 received in the current year but not the prior year.
- Increase in unrestricted investment earnings of $357,744, primarily due to timing of catch-up allocation of interest that occurred in fiscal year 2023 discussed above. In the current fiscal year, interest earned is allocated based on net position in relation to governmental fund balances.
- Increase in expenses of $184,860 primarily due to an increase in the electric department personnel, cost of power, and maintenance expenses.
- Increase in net transfers in from governmental activities of $1,745,616 due to a $2,068,004 increase in the amount of non-cash capital contributions for various CDBG projects.

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance related legal requirements.

Governmental Funds

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

As of the end of fiscal year 2024, the City's governmental funds reported combined ending fund balances of $4,770,034, a decrease of $289,373 in comparison with the prior year.

FINANCIAL ANALYSIS OF THE CITY'S FUNDS - (Continued)

Governmental Funds - (Continued)

The General Fund is the chief operating fund of the City. At the end of fiscal year 2024, unassigned fund balance of the General Fund was $2,381,477. The unassigned fund balance represents 22% of the total General Fund expenditures. The City also has $2,700,000 of fund balance that is committed for specific projects. In addition, there is $1,578 that is classified as nonspendable; being that it is not available for new spending because it has already been committed for inventory.

The fund balance of the City's General Fund increased by $252,906 during the current fiscal year compared to an increase in the prior year of $369,306. Key factors in this change compared to the prior year are as follows:

- Licenses and permits revenues were $122,383 more than the prior year due to increased landfill and transfer station activity.
- Charges for services were $253,784 more than the prior year due to increases in sanitation and ambulance charges.
- Investment income was $278,714 less than the prior year, primarily due to timing of catch-up allocation of interest that occurred in fiscal year 2023 discussed previously.
- General government administrative and finance personnel expenditures were $278,261 less than the prior year primarily due to the city manager position that was unfilled for a majority of the year.
- Public safety expenditures were $290,837 more than the prior year due to an increase in personnel expenditures resulting from the filling of positions that were vacant in fiscal year 2023, as well as an increase in capital outlay expenditures.
- Public works expenditures were $440,879 more than the prior year due to increases in capital outlay from the purchase of a street sweeper, solid waste personnel expenditures, and solid waste service expenditures.

The fund balance of the Grant Fund decreased by $563,739 during the current fiscal year, primarily due to grant monies that were considered unavailable as of September 30, 2024.

Proprietary Funds

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

GENERAL FUND BUDGETARY HIGHLIGHTS

Differences between the General Fund's original budget and final amended budget was a net increase of $579,000 to revenues, a net decrease of $210,850 to expenditures, and a net increase of $28,000 to transfers in. The increase to the budget for revenues was primarily due to an increase in expected charges for services relating to sanitation and ambulance services, as well as an increase in expected license and permit revenues. The decrease in the budget for expenditures was primarily due to less personnel expenditures than originally expected in the public safety department.

Actual revenue realized in fiscal year 2024 was less than the final amended budget by $139,853, primarily due to less investment income. Actual expenditures were $7,143 more than the final amended budget, with minimal variances in various expenditure categories. Actual transfers out were $6,295 more than the final amended budget due to an unbudgeted transfer for local grant match contributions.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

The City's investment in capital assets for its governmental and business-type activities as of September 30, 2024, amounts to $27,812,995 (net of accumulated depreciation). This investment in capital assets includes land, construction in progress ("CIP"), buildings, machinery and equipment, infrastructure, water works system, sewer system, and electric system. The net increase in the City's investment in capital assets for the current fiscal year was $3,304,749 (a 1% increase for governmental activities and a 19% increase for business-type activities). Major capital asset events during the current fiscal year included the following:

- Addition of various improvement projects to CIP, primarily relating to various CDBG grants (total of $106,905 in governmental activities and $3,279,682 in business-type activities).
- Remaining projects within the CDBG GLO DR 2021 grant were completed in the current year, removed from CIP, and included in various depreciable asset categories. In addition, the CDBG DRP 2021 Sidewalk project and the little league restroom project were completed in the current year.
- Acquisition of various vehicles and equipment, including a street sweeper in governmental activities as well as a backhoe in business-type activities.
- Addition of water works system improvements, including painting of the water tower.

Additional information on the City's capital assets can be found in Note 6 of this report.

Long-term Debt

At the end of fiscal year 2024, the City had total bonded debt outstanding of $2,140,000. All of the debt is related to utility system improvements. In addition, the City had a financed purchases payable with U.S. Bank Equipment Finance in the amount of $2,914,601 for various City equipment. The City had outstanding $459,328 in compensated absences, which was an increase of 30% from the prior year. The City also entered into a subscription agreement during the current year, resulting in a subscription liability with an outstanding balance of $67,277 at the end of fiscal year 2024.

Additional information on the City's debt can be found in Note 10 of this report.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

- Inflationary impacts are increasing across the region, affecting the costs of materials and fuel. These impacts are consistent with national and state indices.
- The FY 2025 budget anticipates a slight increase in general government revenue from the prior year as the local economy recovers from the economic impacts of COVD-19 and international unrest. Budgeted revenues are anticipated to remain above pre-COVID-19 levels in the upcoming year; however, they are not expected to stay even with inflationary pressures.
- The overall ad valorem tax rate increased to $0.20182, reflecting the maximum allowed under the state's Voter Approved Tax threshold. The tax rate for M & O increased to $0.16502 and the tax rate for debt service decreased to $0.03680.
- Reflecting regional trends, unemployment remains low, increasing labor costs. Combined with fuel cost prices, increasing material supply chain issues, and increased regional demand, the cost of contracting services is expected to increase.

Requests for Information

This financial report is designed to present users with a general overview of the City's finances and to demonstrate the City's accountability. If you have questions concerning any of the information provided in this report or need additional financial information, contact the Office of the Finance Director in the Yoakum City Hall or at P.O. Box 738, Yoakum, Texas 77995.

Basic Financial Statements

CITY OF YOAKUM, TEXAS
STATEMENT OF NET POSITION
September 30, 2024

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Yoakum Economic Development Corporation
ASSETS				
Current assets				
Cash and cash equivalents	$ 6,816,764	$ 12,038,290	$ 18,855,054	$ 16,426
Receivables (net)	946,589	2,321,421	3,268,010	-
Internal balances	(109,704)	109,704	-	-
Due from other governments	2,452,191	-	2,452,191	83,285
Due from primary government	-	-	-	1,554,223
Due from component unit	10,258	-	10,258	-
Inventory	1,578	474,167	475,745	-
Prepaid items	-	3,045	3,045	-
Restricted-cash and cash equivalents	-	61,550	61,550	-
Total current assets	10,117,676	15,008,177	25,125,853	1,653,934
Noncurrent assets				
Capital assets				
Land and other assets not being depreciated	569,339	5,244,644	5,813,983	1,158,197
Buildings, infrastructure, and equipment (net)	7,244,578	14,683,649	21,928,227	94,286
Subscription assets (net)	70,785	-	70,785	-
Total noncurrent assets	7,884,702	19,928,293	27,812,995	1,252,483
Total assets	18,002,378	34,936,470	52,938,848	2,906,417
DEFERRED OUTFLOWS OF RESOURCES				
Deferred outflows related to pension	1,749,729	789,111	2,538,840	-
Deferred outflows related to OPEB	25,830	13,214	39,044	-
Total deferred outflows of resources	1,775,559	802,325	2,577,884	-

The accompanying notes are an integral part of this statement.

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Yoakum Economic Development Corporation
LIABILITIES				
Current liabilities				
Accounts payable	1,998,218	746,885	2,745,103	60,656
Accrued expenditures/expenses	239,472	96,507	335,979	-
Deposits	3,963	377,764	381,727	-
Due to component unit	1,554,223	-	1,554,223	-
Due to primary government	-	-	-	10,258
Due to other governments	22,074	29,385	51,459	-
Unearned revenue	462,267	-	462,267	-
Accrued compensated absences	34,617	11,316	45,933	-
Current portion of long-term obligations	44,293	610,205	654,498	-
Total current liabilities	4,359,127	1,872,062	6,231,189	70,914
Noncurrent liabilities				
Accrued compensated absences	311,548	101,847	413,395	-
Noncurrent portion of long-term obligations	457,207	4,010,173	4,467,380	-
Net pension liability	4,851,884	2,389,734	7,241,618	-
OPEB liability	230,009	113,288	343,297	-
Total noncurrent liabilities	5,850,648	6,615,042	12,465,690	-
Total liabilities	10,209,775	8,487,104	18,696,879	70,914
DEFERRED INFLOWS OF RESOURCES				
Deferred inflows related to pension	125,415	89,805	215,220	-
Deferred inflows related to OPEB	53,650	25,095	78,745	-
Total deferred inflows of resources	179,065	114,900	293,965	-
NET POSITION				
Net investment in capital assets	6,059,526	15,307,915	21,367,441	1,215,398
Restricted net position	637,670	-	637,670	-
Unrestricted net position	2,691,901	11,828,876	14,520,777	1,620,105
Total net position	$ 9,389,097	$ 27,136,791	$ 36,525,888	$ 2,835,503

CITY OF YOAKUM, TEXAS
STATEMENT OF ACTIVITIES
For the year ended September 30, 2024

		Program Revenues		
Function/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government				
Governmental activities				
General government	$ 1,275,764	$ 87,798	$ 375,792	$ -
Public safety	4,122,242	615,877	65,014	-
Public works	4,689,467	4,429,976	-	3,199,424
Cultural and recreation	1,419,405	211,705	44,323	-
Interest on long-term debt	9,465	-	-	-
Total governmental activities	11,516,343	5,345,356	485,129	3,199,424
Business-type activities				
Utilities	11,479,571	14,180,400	-	28,563
Total business-type activities	11,479,571	14,180,400	-	28,563
Total primary government	$ 22,995,914	$ 19,525,756	$ 485,129	$ 3,227,987
Component Unit				
Yoakum Economic Development Corporation	$ 549,321	$ -	$ -	$ -

General revenues:
Taxes:
Property taxes, levied for general purposes
Property taxes, levied for debt service
Sales taxes
Franchise taxes
Other taxes
Unrestricted investment earnings
Miscellaneous
Transfers
Total general revenues and transfers
Change in net position
Net position - beginning
Net position - ending

The accompanying notes are an integral part of this statement.

Net (Expense) Revenue and Changes in Net Position			Component Unit
Primary Government			
Governmental Activities	Business-type Activities	Total	Yoakum Economic Development Corporation
$ (812,174)	$ -	$ (812,174)	$ -
(3,441,351)	-	(3,441,351)	-
2,939,933	-	2,939,933	-
(1,163,377)	-	(1,163,377)	-
(9,465)	-	(9,465)	-
(2,486,434)	-	(2,486,434)	-
-	2,729,392	2,729,392	-
-	2,729,392	2,729,392	-
(2,486,434)	2,729,392	242,958	-
-	-	-	(549,321)
253,498	-	253,498	-
163,555	-	163,555	-
1,538,618	-	1,538,618	512,811
102,245	-	102,245	-
55,140	-	55,140	-
191,639	581,228	772,867	54,863
256,371	-	256,371	-
(349,722)	349,722	-	-
2,211,344	930,950	3,142,294	567,674
(275,090)	3,660,342	3,385,252	18,353
9,664,187	23,476,449	33,140,636	2,817,150
$ 9,389,097	$ 27,136,791	$ 36,525,888	$ 2,835,503

CITY OF YOAKUM, TEXAS
BALANCE SHEET
GOVERNMENTAL FUNDS
September 30, 2024

	General	Grant Fund	Other Governmental Funds	Total Governmental Funds
ASSETS				
Current assets				
Cash and cash equivalents	$ 5,591,780	$ 156,267	$ 1,068,717	$ 6,816,764
Receivables (net)	915,649	-	30,940	946,589
Due from other funds	1,202,740	70,045	8,050	1,280,835
Due from component unit	10,258	-	-	10,258
Due from other governments	255,108	2,193,724	3,359	2,452,191
Inventory	1,578	-	-	1,578
Total assets	$ 7,977,113	$ 2,420,036	$ 1,111,066	$ 11,508,215
LIABILITIES				
Accounts payable	$ 538,248	$ 1,448,841	$ 11,129	$ 1,998,218
Accrued expenditures	239,472	-	-	239,472
Deposits	3,963	-	-	3,963
Due to other funds	187,799	1,202,740	-	1,390,539
Due to component unit	1,554,223	-	-	1,554,223
Due to other governments	22,074	-	-	22,074
Unearned revenue	-	-	462,267	462,267
Total liabilities	2,545,779	2,651,581	473,396	5,670,756
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue	348,279	703,942	15,204	1,067,425
Total deferred inflows of resources	348,279	703,942	15,204	1,067,425
FUND BALANCES				
Nonspendable				
Inventory	1,578	-	-	1,578
Restricted	-	-	622,466	622,466
Committed	2,700,000	-	-	2,700,000
Unassigned	2,381,477	(935,487)	-	1,445,990
Total fund balances	5,083,055	(935,487)	622,466	4,770,034
Total liabilities, deferred inflows and fund balances	$ 7,977,113	$ 2,420,036	$ 1,111,066	$ 11,508,215

The accompanying notes are an integral part of this statement.

CITY OF YOAKUM, TEXAS
RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCE TO NET POSITION OF GOVERNMENTAL ACTIVITIES
September 30, 2024

Total governmental fund balances		$ 4,770,034
Amounts reported for governmental activities in the statement of net position are different because:		
Property taxes receivable will be collected this year, but are not available soon enough to pay for the current period's expenditures, and therefore are reported as "unavailable" in the funds.		34,822
Because the focus of governmental funds is on short-term financing, some assets will not be available to pay for current-period expenditures. Those assets (for example, receivables) are offset by unavailable revenues in the governmental funds and thus are not included in fund balance.		1,032,603
Capital assets used in governmental activities are not financial resources, and therefore, are not reported as assets in governmental funds. The governmental capital assets at year-end consist of:		
Governmental capital and subscription assets costs	$ 20,143,215	
Accumulated depreciation/amortization of governmental assets	(12,258,513)	7,884,702
Deferred outflows of resources are not reported in the governmental funds:		
Deferred outflow related to pension	1,749,729	
Deferred outflow related to OPEB	25,830	1,775,559
Long-term liabilities are not due and payable in the current period and therefore are not reported as liabilities in the funds. Long-term liabilities at year-end consist of:		
Financed purchases payable	(434,223)	
Subscription liability	(67,277)	
Net pension liability	(4,851,884)	
OPEB liability	(230,009)	
Compensated absences	(346,165)	(5,929,558)
Deferred inflows of resources are not reported in the governmental funds:		
Deferred inflow related to pension	(125,415)	
Deferred inflow related to OPEB	(53,650)	(179,065)
Net position of governmental activities		$ 9,389,097

The accompanying notes are an integral part of this statement.

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

	General	Grant Fund	Other Governmental Funds	Total Governmental Funds
REVENUES				
Taxes	$ 1,897,436	$ -	$ 211,117	$ 2,108,553
Licenses and permits	478,727	-	-	478,727
Intergovernmental	24,000	2,818,141	395,765	3,237,906
Charges for services	4,629,065	-	8,412	4,637,477
Fines and forfeitures	118,175	-	46,335	164,510
Investment income	151,141	1,411	39,087	191,639
Miscellaneous	239,993	-	76,464	316,457
Total revenues	7,538,537	2,819,552	777,180	11,135,269
EXPENDITURES				
Current				
General government	1,105,387	3,000	52,361	1,160,748
Public safety	3,682,788	-	105,316	3,788,104
Public works	4,657,905	-	-	4,657,905
Cultural and recreation	1,330,790	-	41,023	1,371,813
Debt service	36,948	-	-	36,948
Capital outlay	-	3,386,586	407,720	3,794,306
Total expenditures	10,813,818	3,389,586	606,420	14,809,824
Excess (deficiency) of revenues over expenditures	(3,275,281)	(570,034)	170,760	(3,674,555)
OTHER FINANCING SOURCES (USES)				
Subscriptions issued	83,277	-	-	83,277
Transfers in	3,451,205	6,295	-	3,457,500
Transfers out	(6,295)	-	(149,300)	(155,595)
Total other financing sources (uses)	3,528,187	6,295	(149,300)	3,385,182
Net change in fund balances	252,906	(563,739)	21,460	(289,373)
Fund balances at beginning of year	4,830,149	(371,748)	601,006	5,059,407
Fund balances at end of year	$ 5,083,055	$ (935,487)	$ 622,466	$ 4,770,034

The accompanying notes are an integral part of this statement.

CITY OF YOAKUM, TEXAS

RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES

For the year ended September 30, 2024

Total net change in fund balances - governmental funds		$ (289,373)
Amounts reported for governmental activities in the statement of activities are different because:		
Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense.		
Increase in capital assets	$ 707,840	
Depreciation expense	(702,374)	5,466
The net effect of various transactions involving capital assets (i.e., transfers, contributions, adjustments and dispositions) is to increase (decrease) net position.		5,000
Subscription assets are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as amortization expense.		
Increase in subscription assets	83,277	
Amortization expense	(12,492)	70,785
Issuance of debt provides current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position.		
Subscriptions		(83,277)
Current year payments on long-term debt are expenditures in the fund financial statements, but they serve to reduce long-term liabilities in the government-wide financial statements. In the current year, these amounts consist of:		
Financed purchases principal retirement	27,483	
Subscription principal retirement	16,000	43,483
Because some property taxes will not be collected for several months after the City's fiscal year ends, they are not considered "available" revenues and are deferred in the governmental funds. Similarly, other revenues are not currently available at year end and are not reported as revenue in the governmental funds.		
Ad valorem taxes	8,540	
Other	442,167	450,707
Some items 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. These activities consist of:		
Net pension costs	(368,091)	
Net OPEB costs	(2,231)	
Increase in compensated absences	(107,559)	(477,881)
Change in net position of governmental activities		$ (275,090)

The accompanying notes are an integral part of this statement.

CITY OF YOAKUM, TEXAS
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
September 30, 2024

	Business-type Activities Utility Fund
ASSETS	
Current assets	
Cash and cash equivalents	$ 12,038,290
Receivables (net)	2,321,421
Due from other funds	123,454
Inventory	474,167
Prepaid items	3,045
Restricted-cash and cash equivalents	61,550
Total current assets	15,021,927
Noncurrent assets	
Capital assets	
Land and other assets not being depreciated	5,244,644
Buildings, infrastructure, and equipment (net)	14,683,649
Total noncurrent assets	19,928,293
Total assets	34,950,220
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows related to pension	789,111
Deferred outflows related to OPEB	13,214
Total deferred outflows of resources	802,325
LIABILITIES	
Current liabilities	
Accounts payable	746,885
Accrued expenses	96,507
Deposits	377,764
Due to other funds	13,750
Due to other governments	29,385
Accrued compensated absences	11,316
Current portion of certificates and financed purchases payable	610,205
Total current liabilities	1,885,812
Noncurrent liabilities	
Accrued compensated absences	101,847
Certificates payable	1,690,000
Financed purchases payable	2,320,173
Net pension liability	2,389,734
OPEB liability	113,288
Total noncurrent liabilities	6,615,042
Total liabilities	8,500,854
DEFERRED INFLOWS OF RESOURCES	
Deferred inflows related to pension	89,805
Deferred inflows related to OPEB	25,095
Total deferred inflows of resources	114,900
NET POSITION	
Net investment in capital assets	15,307,915
Unrestricted net position	11,828,876
Total net position	$ 27,136,791

The accompanying notes are an integral part of this statement.

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

	Business-type Activities
	Utility Fund
OPERATING REVENUES	
Charges for services	$ 14,037,167
Miscellaneous	143,233
Total operating revenues	14,180,400
OPERATING EXPENSES	
Administration	1,247,240
Electric department	7,088,437
Water department	676,084
Sewer department	808,852
Warehouse department	365,566
Information technology	99,282
Garage department	154,876
Building maintenance	114,970
Depreciation	869,398
Total operating expenses	11,424,705
Operating income (loss) before nonoperating revenues (expenses) contributions and transfers	2,755,695
NONOPERATING REVENUES (EXPENSES)	
Investment income	581,228
Interest and fiscal charges	(54,866)
Net nonoperating revenues (expenses)	526,362
Income before contributions and transfers	3,282,057
Contributions and transfers	
Capital grants and contributions	3,680,190
Transfers in	149,300
Transfers out	(3,451,205)
Total contributions and transfers	378,285
Change in net position	3,660,342
Total net position at beginning of year	23,476,449
Total net position at end of year	$ 27,136,791

The accompanying notes are an integral part of this statement.

CITY OF YOAKUM, TEXAS
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the year ended September 30, 2024

	Business-type Activities
	Utility Fund
CASH FLOWS FROM OPERATING ACTIVITIES	
Cash received from customers	$ 14,182,404
Cash payments to suppliers for goods and services	(7,772,126)
Cash payments to employees for services	(2,523,698)
Net cash provided by operating activities	3,886,580
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Cash received (paid) on customer meter deposits	12,236
Borrowing (repayments) to other funds	(36,948)
Transfers from (to) other funds	(3,301,905)
Net cash provided (used) by noncapital financing activities	(3,326,617)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Acquisition and construction of capital assets	(441,269)
Capital grants and contributions	28,563
Principal paid on bond maturities	(455,000)
Principal paid on financed purchases maturities	(156,986)
Interest and finance charges paid on long-term debt	(54,866)
Net cash provided (used) by capital and related financing activities	(1,079,558)
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest received	643,248
Net cash provided (used) by investing activities	643,248
Net increase (decrease) in cash and cash equivalents	123,653
Cash and cash equivalents at beginning of year	11,976,187
Cash and cash equivalents at end of year	$ 12,099,840

(continued)

The accompanying notes are an integral part of this statement.

CITY OF YOAKUM, TEXAS
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the year ended September 30, 2024

	Business-type Activities
	Utility Fund
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES	
Operating income	$ 2,755,695
Adjustments to reconcile operating income to net cash provided by operating activities	
Depreciation	869,398
Changes in assets and liabilities	
(Increase) decrease in accounts receivable	1,736
(Increase) decrease in inventory	(61,419)
(Increase) decrease in prepaid items	3,685
(Increase) decrease in deferred ouflows	329,289
Increase (decrease) in accounts payable	21,093
Increase (decrease) in accrued expenses	(7,614)
Increase (decrease) in due to other governments	268
Increase (decrease) in accrued compensated absences	(2,000)
Increase (decrease) in net pension liaiblity	(115,530)
Increase (decrease) in OPEB liaiblity	13,884
Increase (decrease) in deferred inflows	78,095
Total adjustments	1,052,790
Net cash provided by operating activities	$ 3,886,580
Noncash capital and related financing activities	
Assets acquired from contributions	$ 3,651,627
Reconciliation of cash and cash equivalents	
Unrestricted	
Cash and cash equivalents	$ 12,038,290
Restricted	
Cash and cash equivalents	61,550
Total	$ 12,099,840

(concluded)

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NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Yoakum, Texas (the "City"), a home-rule municipal corporation organized and existing under the provisions of the Constitution of the State of Texas, adopted its first charter in 1915. The City operates under a council-manager form of government and, as authorized by its charter, provides the following services: public safety (police and fire), highways and streets, sanitation, health and social services, parks and recreation, public improvements, inspections, and general administrative services.

A. Reporting Entity

In evaluating how to define the government, for financial reporting purposes, the City's management has considered all potential component units. The decision to include a potential component unit in the reporting entity was made by applying the criteria set forth in the Governmental Accounting Standards Board (GASB) Statement No. 14, *The Financial Reporting Entity,* and as amended by GASB Statement No. 39, *Determining Whether Certain Organizations are Component Units*. Under these guidelines, the reporting entity consists of the primary government (all funds of the City), organizations for which the primary government is financially accountable, organizations for which the primary government is not financially accountable, organizations that raise and hold economic resources for the direct benefit of the primary government, and any other organization for which the nature and significance of their relationship with the primary government is such that exclusion could cause the City's financial statements to be misleading or incomplete. Entities other than the primary government that are included in the primary government's financial statements are called component units. The component unit discussed in this note is included in the City's financial statements because of the significance of its financial relationship with the City.

B. Component Unit

The component unit is reported in a separate column to emphasize that it is legally separate from the City. The component unit column is made of the following:

The Yoakum Economic Development Corporation ("YEDC") - was created for the purpose of benefiting and accomplishing public purposes of the City by promoting, encouraging, and enhancing the creation of jobs in the City. This is to be achieved through assistance in the retention of existing businesses and industries and the attraction of new businesses and industries and aid in their development and growth. YEDC was incorporated on June 24, 1999, under the Texas Development Corporation Act of 1979, as amended, Article 5190.6 Vernon's Ann.CIV.ST. Section 4B, as amended, and qualifies as a tax-exempt organization under Code Section 501(c)(4) of the Internal Revenue Code. All powers of YEDC are vested in the Board of Directors consisting of seven persons appointed by the City Council. This entity operates as a governmental fund type.

The component unit is discretely presented in the financial statements. Additional financial information for YEDC may be obtained from Yoakum City Hall, P. O. Box 738, Yoakum, Texas 77995.

C. Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of changes in net position) report information on all nonfiduciary activities of the City and its component unit. For the most part, the effect of interfund activity has been removed from these statements. 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 for support. Likewise, the primary government is reported separately from its legally separate component unit.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

C. Government-wide and Fund Financial Statements - (Continued)

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. 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 that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

D. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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

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 City 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.

Property taxes, franchise taxes, fines, 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. All other revenue items are considered to be measurable and available only when cash is received by the City.

The City reports the following major governmental funds:

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

The Special Revenue Funds account and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specific purposes other than debt service or capital projects. One of the City's Special Revenue Funds is reported as a major fund at September 30, 2024. The Grant Fund accounts for funds expensed for and received from various government funded grants, particularly those that will extend across multiple fiscal years.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

D. Measurement Focus, Basis of Accounting, and Financial Statement Presentation - (Continued)

The City reports the following major proprietary funds:

Enterprise Funds are used to account for operations: 1) that 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 be financed or recovered primarily through user charges; or 2) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

The Utility Fund, an enterprise fund, accounts for the activities of the City related to its sewage treatment plant and water and electric distribution systems.

Additionally, the City reports the following fund:

The Debt Service Fund accounts for and reports financial resources that are restricted, committed or assigned to expenditure for general government debt principal and interest. The Debt Service Fund makes annual transfers to the Utility Fund to provide for payments on the outstanding Combination Tax and Subordinate Lien Revenue Certificates of Obligations.

The proprietary funds are accounted for on a flow of *economic resources measurement focus* and utilize the *accrual basis of accounting*. This basis of accounting recognizes revenues in the accounting period in which they are earned and become measurable and expenses in the accounting period in which they are incurred and become measurable. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the Statement of Net Position. The fund equity is segregated into net investment in capital assets, restricted net position, and unrestricted net position.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between various functions of the City. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as program revenues include: 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

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 City's enterprise funds are charges to customers for sales and services. The Utility Fund also recognizes as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the system. Operating expenses for 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.

When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, then unrestricted resources as they are needed.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

E. Budgets and Budgetary Accounting

Procedures in establishing budgetary data reflected in the financial statements are as follows:

1. At least 30 days prior to the beginning of the fiscal year, the City Manager submits a proposed operating budget to the City Council for the next fiscal year. The operating budget includes proposed expenditures and the means of financing them.
2. On or before the last day of the fiscal year currently ending, the budget is legally adopted by the City Council.
3. Any revisions that alter the total expenditures of any fund must be approved by the City Council. Although costs are monitored on a departmental basis, the level of control (level at which expenditures may not exceed budget) is the fund.
4. Formal budgetary integration is employed as a management control device by expenditure category during the year for the General Fund. Formal budgetary integration is not employed for the Debt Service Fund because effective budgetary control is alternately achieved through general obligation bond indenture provisions. Formal budgetary integration is not employed for the Special Revenue Funds because effective budgetary control is provided by the small number of projects in these funds.
5. The budgets for the General Fund and Debt Service Fund are adopted on a basis specified by the charter of the City. This basis is consistent with the modified accrual basis of accounting. The budgetary comparison presented in this report is on the budgetary basis, which is in conformance with generally accepted accounting principles (GAAP).

   A summary budget is adopted for the Utility Fund on a non-GAAP budgetary basis. Actual revenues and expenses compared to budget and a reconciliation to GAAP is presented.
6. Unencumbered budget appropriations lapse at year-end and do not carry forward to future periods.

F. Encumbrances

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is employed as an extension of formal budgetary integration in the General Fund. Encumbrances outstanding at year-end lapse and are appropriately provided for in the subsequent year's budget. There are no outstanding encumbrances at September 30, 2024.

G. Deposits and Investments

The City's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

The City may invest its excess funds in any instruments authorized by the Public Funds Investment Act of Texas. Investments authorized under this Act include, but are not limited to, the following: Obligations of the United States or its agencies and instrumentalities; direct obligations of the State of Texas or its agencies and instrumentalities; collateralized mortgage obligations directly issued by a federal agency or instrumentality of the United States, the underlying security for which is guaranteed by an agency or instrumentality of the United States; other obligations, the principal and interest of which are unconditionally guaranteed or insured by, or backed by the full faith and credit of, the State of Texas or the United States or their respective agencies and instrumentalities; certificates of deposit issued by a state or financial institution domiciled in the State of Texas which is guaranteed or insured by the Federal Deposit Insurance Corporation (FDIC) or otherwise secured; and certain repurchase agreements.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

G. Deposits and Investments - (Continued)

The Council has adopted a written investment policy regarding the investment of its funds as defined by the Public Funds Investment Act of 1995. The investments of the City are in compliance with the Council's investment policies.

Investments for the City, as well as the component unit, are recorded at amortized cost, which as of September 30, 2024, approximates fair value. Because the fair value of the City's investments did not materially differ from cost, no adjustments were made to the City's reporting amounts. See Note 3 for further discussion.

H. Receivables and Payables

Activities between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as "due to/from other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

All trade and property tax receivables are shown net of an allowance for uncollectibles.

I. Inventories and Prepaid Items

Inventories of materials and supplies held by the Enterprise Fund are valued at the lower of cost (first-in, first-out) or market. Estimated cost is used when actual cost figures are not available. Inventories maintained in the General Fund consist primarily of merchandise for sale at the City's golf course and are valued at the lower of cost (first-in, first-out) or market.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

J. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, drainage systems, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide statement of net position. The City defines capital assets as assets with an initial, individual cost of more than $5,000 and an estimated useful life in excess of one year. 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.

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

Major outlays for capital assets and improvements are capitalized as projects are constructed. Net interest expense (interest earned minus expense) incurred during the construction phase of capital assets of business-type activities is capitalized as part of the value of the assets constructed.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

J. Capital Assets - (Continued)

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

Assets	Years
Buildings	50
Water works system	20-40
Sewer system	20-40
Electric system	20-40
Infrastructure	20
Machinery and equipment	5-15

Subscription assets are initially recognized at the present value of subscription payments expected to be made during the subscription term, plus any payments made to the vendor before commencement of the subscription term and capitalizable implementation costs, less any incentives received from the vendor at or before the commencement of the subscription term. Subscription assets are amortized using the straight-line method over the subscription term.

K. Compensated Absences

All full-time employees accumulate vacation benefits in varying annual amounts up to a maximum allowable accumulation of the number of days an employee may earn during a two-year period. Sick leave benefits are earned by all full-time employees at a rate of twelve days per year and may be accumulated without limit. In the event of termination, an employee is reimbursed for all accumulated vacation days up to the maximum accrued time. Retired employees are also reimbursed for 25% of accrued sick leave in excess of 60 days up to a maximum of 30 days accrued time. All compensated absence pay is accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations or retirements.

L. Long-term Obligations

In the government-wide financial statements, and in 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 effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Losses on refunding are capitalized and amortized over the shorter of the life of the new issuance or the life on existing debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs and deferred losses on refunding as expenditures 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.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

M. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position and/or balance sheet reports a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net assets that applies to future periods and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City has the following items that qualify for reporting in this category.

- Pension/OPEB contributions after measurement date – These contributions are deferred and recognized in the following fiscal year.
- Differences between actuarial assumptions used and actual experience for determination of pension or OPEB liability – These differences are deferred and recognized over the estimated average remaining lives of all members determined as of the measurement date.
- Changes in actuarial assumptions used to determine pension or OPEB liability – This difference is deferred and amortized over the estimated average remaining lives of all members determined as of the measurement date.

In addition to liabilities, the statement of financial position and/or balance sheet 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 assets that applies to future periods and so will not be recognized as an inflow of resources (revenue) until that time. This year, the City has the following items that qualify for reporting in this category.

- Difference in projected and actual earnings on pension assets – This difference is deferred and amortized over a closed five-year period.
- Difference in expected and actual pension or OPEB experience is deferred and recognized over the estimated average remaining lives of all members determined as of the measurement date.
- Changes in actuarial assumptions used to determine pension or OPEB liability – This difference is deferred and amortized over the estimated average remaining lives of all members determined as of the measurement date.

N. Pensions and OPEB

For purposes of measuring the net pension liability, OPEB liability, deferred outflows of resources and deferred inflows of resources related to pensions and OPEBs, and pension and OPEB expense, information about the fiduciary net position of the Texas Municipal Retirement System (TMRS) and additions to/deductions from TMRS's fiduciary net position have been determined on the same basis as they are reported by TMRS. For this purpose, plan contributions are recognized in the period that compensation is reported for the employee, which is when contributions are legally due. Benefit payments and refunds are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value. Information regarding the City's pension and OPEB liability is obtained from TMRS through reports prepared for the City by TMRS' consulting actuary, Gabriel Roeder Smith & Company (GRS), in compliance with GASB No. 68 and No. 75.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

O. Fund Balances

Fund balances of Governmental Funds classified as restricted are balances with constraints placed on the use of resources by creditors, grantors, contributors or laws or regulations of other governments. Fund balances classified as committed can only be used for specific purposes pursuant to constraints imposed by the Council through a resolution. Once the resolution is passed, the commitment remains in place until another resolution is passed to remove or revise the commitment.

Assigned fund balances are constrained by intent to be used for specific purposes but are neither restricted nor committed. The Council has by resolution authorized the City Manager or his/her designee to assign fund balance. Unlike commitments, assignments generally only exist temporarily and a formal action by the Council does not have to occur in order to remove the assignment.

For the classification of Governmental Fund balances, the City considers an expenditure to be made from the most restrictive first when more than one classification is available.

P. Minimum Fund Balance Policy

The Council has adopted a financial policy to maintain a minimum level of unrestricted fund balance (the total of the committed, assigned, and unassigned components of fund balance) in the General Fund. The target level is set at three months of the General Fund's total operating expenditures of the most recently audited fiscal year. If it is determined that the City is below this minimum established fund balance level, the Council will be informed of this condition and take necessary budgetary steps to bring the fund balance level into compliance with this policy through budgetary actions.

Q. Stabilization Arrangement

On September 11, 2013, the Council adopted a resolution to establish and maintain a stabilization reserve in the General Fund. The reserve is to be maintained to provide for emergencies, contingencies, revenue shortfalls, or budgetary imbalances that may occur from time to time. The reserve amount should not be less than 20 percent or no more than 30 percent of the General Fund's total operating expenditures of the most recently audited fiscal year. The stabilization reserve is reported as committed fund balance in the General Fund at fiscal year-end.

R. Use of Estimates

The preparation of the government-wide and fund financial statements in conformity with generally accepted accounting principles requires the City to make estimates and assessments that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of financial statements and the reported amounts of revenues and expenditures during the reporting period. Accordingly, actual results could differ from those estimates.

NOTE 2: STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Budgetary Compliance

Budgetary compliance is monitored at the fund level. For the year ended September 30, 2024, the General Fund total actual expenditures and transfers out exceeded the total final amended budgeted expenditures and transfers out by $13,438.

Deficit Fund Equity

At September 30, 2024, the Grant Fund, a major special revenue fund, reported a deficit fund balance of $935,487 which is the result of unavailable revenue at September 30, 2024 and will be eliminated upon receipt of the reimbursements in the upcoming fiscal year.

NOTE 3: DEPOSITS AND INVESTMENTS

The City's funds are required to be deposited and invested under the terms of a depository contract pursuant to the Texas Public Funds Investment Act. The depository bank pledges securities which comply with state law and these securities are held for safekeeping and trust with the City's and the depository bank's agent bank. The pledge of approved securities is waived only to the extent of the depository bank's dollar amount of FDIC insurance.

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

Investment Type	Fair Value	Weighted Average Maturity (Days)	Credit Rating	Portfolio %age
Public Funds Investment Pool				
TexPool	$ 471,251	31.0	AAAm	3%
Certificates of Deposit	16,380,226	0.5	N/A	97%
	$ 16,851,477			

Following the criteria for GASB Statement No. 79, Certain External Investment Pools and Pool Participants, TexPool uses amortized cost to value portfolio assets. The pool operates in a manner consistent with the Securities and Exchange Commission's (SEC) Rule 2(a)(7) of the Investment Company Act of 1940 but is not registered with the SEC as an investment company. Instead, the regulatory oversight for the pool is the State of Texas. The investment pool transacts at a net asset value of $1.00 per share and is classified as cash and cash equivalents for reporting purposes.

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

As of September 30, 2024, the City has certificates of deposit valued using quoted prices for similar assets in active markets (Level 2 inputs).

Interest Rate Risk

In accordance with the City's investment policy, the City manages its exposure to declines in fair values by limiting the weighted average maturity of its investment portfolio for investments to less than one year from the time of purchase. However, the City may purchase investments with a longer maturity when it is determined that it can be held to maturity.

NOTE 3: DEPOSITS AND INVESTMENTS - (Continued)

Credit Risk

Credit risk is the risk that an issuer or counterparty to an investment will not fulfill its obligations. The ratings of securities by nationally recognized rating agencies are designed to give an indication of credit risk. As of September 30, 2024, and for the year then ended, the City was not exposed to credit risk.

Concentration of Credit Risk

The City's investment policy requires that the investment portfolio shall be diversified in terms of investment instruments, maturity scheduling, and financial institutions to reduce the risk of loss resulting from over concentration of assets in a specific class of investments, specific maturity, or specific user. At year-end, the City was not exposed to concentration of credit risk.

Custodial Credit Risk - Deposits

In the case of deposits, this is the risk that in the event of a bank failure, the City's deposits may not be returned to it. The City's investment policy requires that deposits at financial institutions be insured by the FDIC and/or collateralized by securities pledged to the City by the depository in an amount equal to at least 102% of the carrying value of deposits held. During the fiscal year and at year-end, all deposits held in the depository bank were fully collateralized and therefore the City was not exposed to custodial credit risk.

Deposits held in the YEDC's name are not covered by the City's pledged collateral agreement. At September 30, 2024, the balance in the YEDC money market account was less than $250,000 and therefore fully insured by the FDIC.

Custodial Credit Risk - Investments

For an investment, this is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The City's investment policy requires that securities be held in the name of the City or held on behalf of the City and that all securities are purchased using the delivery versus payment method. As of September 30, 2024, and for the year then ended, the City was not exposed to any custodial credit risk.

NOTE 4: RECEIVABLES

Receivables at September 30, 2024, consist of the following:

	General	Utility	Nonmajor Governmental	Total
Gross receivables:				
Accounts	$ 552,860	$ 2,278,676	$ -	$ 2,831,536
Ad valorem taxes	21,798	-	16,893	38,691
Ambulance	305,847	-	-	305,847
Fines	16,164	-	-	16,164
Franchise taxes	14,510	-	-	14,510
Other	66,497	42,745	15,736	124,978
Total gross receivables	977,676	2,321,421	32,629	3,331,726
Less: Allowances	62,027	-	1,689	63,716
Total net receivables	$ 915,649	$ 2,321,421	$ 30,940	$ 3,268,010

NOTE 4: RECEIVABLES - (Continued)

The City's governmental funds report unavailable revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. The governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. At the end of the current fiscal year, the various components of unavailable revenue and unearned revenue reported in the governmental funds were as follows:

	Unavailable	Unearned	Total
General Fund			
Ad valorem taxes	$ 19,618	$ -	$ 19,618
Ambulance	305,847	-	305,847
Fines	16,164	-	16,164
Other	6,650	-	6,650
Grant Fund			
Grants	703,942	-	703,942
Nonmajor Governmental			
Ad valorem taxes	15,204	-	15,204
Grants	-	462,267	462,267
Total	$ 1,067,425	$ 462,267	$ 1,529,692

The City's property taxes are levied annually on October 1st on the basis of the Dewitt County Appraisal District's (the "Appraisal District"), assessed values as of January 1st of that calendar year. Appraised values are established by the Appraisal District at market value and assessed at 100% of appraised value. The City's property taxes are billed and collected by the Dewitt County Tax Assessor-Collector and are due and payable on January 31st. Such taxes are applicable to the fiscal year in which they are levied and become delinquent with an enforceable lien on the property on February 1st of the subsequent calendar year.

Property taxes are prorated between operations and debt service based on rates adopted for the year of the levy. For the current year, the City levied property taxes of $0.12023 per $100 of assessed valuation which were prorated between operations and debt service in the amounts of $0.07282 and $0.04741, respectively. The resulting adjusted total tax levy was $416,427 on the total adjusted taxable valuation of $346,358,646 for the 2023 tax year.

NOTE 5: DUE FROM OTHER GOVERNMENTS

The City reported amounts due from other governments as of the end of the current fiscal year. These amounts are comprised of the following at September 30, 2024:

	General	Grant	Nonmajor Governmental	Component Unit	Total
Sales taxes	$ 249,856	$ -	$ -	$ 83,285	$ 333,141
Federal and state grants	-	2,193,724	3,359	-	2,197,083
Local governments	5,252	-	-	-	5,252
	$ 255,108	$ 2,193,724	$ 3,359	$ 83,285	$ 2,535,476

NOTE 6: CAPITAL ASSETS

The City's capital asset activity for the year ended September 30, 2024, was as follows:

Primary Government

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities				
Capital assets, not being depreciated				
Land	$ 401,700	$ 10,000	$ -	$ 411,700
Construction in progress	425,714	169,879	437,954	157,639
Total capital assets, not being depreciated	827,414	179,879	437,954	569,339
Capital assets, being depreciated				
Machinery and equipment	6,317,318	532,961	124,541	6,725,738
Buildings	4,699,453	60,259	-	4,759,712
Infrastructure	7,627,454	377,695	-	8,005,149
Total capital assets, being depreciated	18,644,225	970,915	124,541	19,490,599
Subscription assets, being amortized	-	83,277	-	83,277
Less accumulated depreciation and amortization for				
Capital assets, being depreciated				
Machinery and equipment	4,134,626	422,198	124,541	4,432,283
Buildings	2,597,066	145,580	-	2,742,646
Infrastructure	4,936,496	134,596	-	5,071,092
Subscription assets, being amortized	-	12,492	-	12,492
Total accumulated depreciation and amortization	11,668,188	714,866	124,541	12,258,513
Total capital assets being depreciated and subscription assets being amortized, net	6,976,037	339,326	-	7,315,363
Governmental activities capital assets, net	$ 7,803,451	$ 519,205	$ 437,954	$ 7,884,702

NOTE 6: CAPITAL ASSETS - (Continued)

Primary Government - (Continued)

	Beginning Balance	Increases	Decreases	Ending Balance
Business-type activities				
Capital assets, not being depreciated				
Construction in progress	$ 2,479,118	$ 3,279,682	$ 514,156	$ 5,244,644
Total capital assets, not being depreciated	2,479,118	3,279,682	514,156	5,244,644
Capital assets, being depreciated				
Machinery and equipment	1,878,971	282,463	-	2,161,434
Buildings and improvements	295,581	-	-	295,581
Water works system	6,913,758	672,466	-	7,586,224
Sewer system	15,629,183	149,105	-	15,778,288
Electric system	5,683,681	223,336	-	5,907,017
Total capital assets, being depreciated	30,401,174	1,327,370	-	31,728,544
Less accumulated depreciation for				
Machinery and equipment	1,393,449	131,114	-	1,524,563
Buildings and improvements	259,349	2,089	-	261,438
Water works system	4,072,847	213,939	-	4,286,786
Sewer system	7,411,791	338,213	-	7,750,004
Electric system	3,038,061	184,043	-	3,222,104
Total accumulated depreciation	16,175,497	869,398	-	17,044,895
Total capital assets being depreciated, net	14,225,677	457,972	-	14,683,649
Business-type activities capital assets, net	$ 16,704,795	$ 3,737,654	$ 514,156	$ 19,928,293

Depreciation and amortization expense was charged to function/programs of the City as follows:

Governmental activities	
General government	$ 156,367
Public safety	226,341
Public works	276,388
Cultural and recreation	55,770
Total depreciation and amortization expense - governmental activities	$ 714,866
Business-type activities	
Utilities	$ 869,398
Total depreciation expense - business-type activities	$ 869,398

NOTE 6: CAPITAL ASSETS - (Continued)

Discretely Presented Component Unit

	Beginning Balance	Increases	Decreases	Ending Balance
Yoakum Economic Development Corporation				
Capital assets, not being depreciated				
Land and improvements	$ 811,464	$ -	$ -	$ 811,464
Construction in progress	198,104	148,629	-	346,733
Total capital assets, not being depreciated	1,009,568	148,629	-	1,158,197
Capital assets, being depreciated				
Infrastructure	105,249	-	-	105,249
Total capital assets, being depreciated	105,249	-	-	105,249
Less accumulated depreciation for				
Infrastructure	5,701	5,262	-	10,963
Total accumulated depreciation	5,701	5,262	-	10,963
Total capital assets being depreciated, net	99,548	(5,262)	-	94,286
Discretely presented component unit capital assets, net	$ 1,109,116	$ 143,367	$ -	$ 1,252,483

Depreciation expense of $5,262 was charged to the general government function/program.

NOTE 7: DEFINED BENEFIT PENSION PLAN

Plan Description

The City participates as one of 934 plans in the defined benefit cash-balance plan administered by the TMRS. TMRS is a statewide public retirement plan created by the State of Texas and administered in accordance with the TMRS Act, Subtitle G, Title 8, Texas Government Code (the TMRS Act) as an agent multiple-employer retirement system for employees of Texas participating cities. The TMRS Act places the general administration and management of the TMRS with a six-member, Governor appointed Board of Trustees; however, TMRS is not fiscally dependent on the State of Texas. TMRS issues a publicly available annual comprehensive financial report (Annual report) that can be obtained at www.tmrs.com.

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

NOTE 7: DEFINED BENEFIT PENSION PLAN - (Continued)

Benefits Provided

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

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

The plan provisions are adopted by the governing body of the City, within the options available in the state statutes governing TMRS. Plan provisions of the City for plan year 2024 were as follows:

Employee deposit rate	6.0%
Matching ratio (City to employee)	2 to 1
Vested requirement	5 years
Service retirement eligibility	Vested and age 60 or 25 years and any age
Updated service credit	100.0% repeating
Annuity increase (to retirees)	70.0% of CPI repeating
Military service credit	Yes, adopted 5-1982
Restricted prior service credit	Yes, adopted 3-1998
Buy back last adopted	Not elected

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	82
Inactive employees entitled to but not yet receiving benefits	67
Active employees	93
	242

Contributions

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

Employees for the City were required to contribute 6.00% of their annual compensation during the fiscal year, unchanged from the prior year. The contribution rates for the City were 16.98% and 19.32% in calendar years 2023 and 2024, respectively. The City's contributions to TMRS for the fiscal year ended September 30, 2024 were $1,030,932, and were equal to the required contributions.

NOTE 7: DEFINED BENEFIT PENSION PLAN - (Continued)

Net Pension Liability

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

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

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

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

The actuarial assumptions were developed primarily from the actuarial investigation of the experience of TMRS over the four-year period from December 31, 2014 through December 31, 2018. The assumptions were adopted in 2019 and first used in the December 31, 2019 actuarial valuation. The post-retirement mortality assumption for Annuity Purchase Rate (APRs) 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. In determining their best estimate of a recommended investment return assumption under the various alternative asset allocation portfolios, GRS focused on the area between (1) arithmetic mean (aggressive) without an adjustment for time (conservative) and (2) the geometric mean (conservative) with an adjustment for time (aggressive).

NOTE 7: DEFINED BENEFIT PENSION PLAN - (Continued)

Net Pension Liability - (Continued)

Actuarial Assumptions - (Continued)
The target allocation and best estimates of real rates of return for each major asset class in fiscal year 2024 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return (Arithmetic)
Global Public Equity	35.00%	6.70%
Core Fixed Income	6.00%	4.70%
Non-Core Fixed Income	20.00%	8.00%
Other Public and Private Markets	12.00%	8.00%
Real Estate	12.00%	7.60%
Hedge Funds	5.00%	6.40%
Private Equity	10.00%	11.60%
Total	100.00%	

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

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
	(a)	(b)	(a) - (b)
Balance at 12/31/2022	$ 33,386,939	$ 25,557,990	$ 7,828,949
Changes for the year:			
Service cost	754,893	-	754,893
Interest	2,219,524	-	2,219,524
Changes of benefit terms	-	-	-
Difference between expected and actual experience	988,133	-	988,133
Change of assumptions	(334,128)	-	(334,128)
Contributions - Employer	-	945,984	(945,984)
Contributions - Employee	-	334,270	(334,270)
Net Investment Income	-	2,954,449	(2,954,449)
Benefit payments, including refunds of employee contributions	(1,765,091)	(1,765,091)	-
Administrative expense	-	(18,818)	18,818
Other changes	-	(132)	132
Net changes	1,863,331	2,450,662	(587,331)
Balance at 12/31/2023	$ 35,250,270	$ 28,008,652	$ 7,241,618

NOTE 7: DEFINED BENEFIT PENSION PLAN - (Continued)

Net Pension Liability - (Continued)

Sensitivity of the Net Pension Liability to Changes in the Discount Rate
The following presents the Net Pension Liability of the City, calculated using the discount rate of 6.75%, as well as what the City's Net Pension Liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.75%) or 1-percentage-point higher (7.75%) than the current rate:

	1.0% Decrease in Discount Rate (5.75%)	Discount Rate (6.75%)	1.0% Increase in Discount Rate (7.75%)
City's Net Pension Liability:	$11,685,618	$7,241,618	$3,552,005

Pension Plan Fiduciary Net Position
Detailed information about the pension plan's fiduciary net position is available in a separately-issued TMRS financial report. That report may be obtained on the internet at www.tmrs.com.

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

For the year ended September 30, 2024 the City recognized pension expense of $1,699,157.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	$ 1,023,260	$ -
Changes in actuarial assumptions	-	215,220
Difference between projected and actual investment earnings	741,107	-
Contributions subsequent to the measurement date	774,473	-
Total	$ 2,538,840	$ 215,220

$774,473 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability for the year ending September 30, 2025. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended December 31:	Pension Expense Amount
2024	$ 796,793
2025	442,503
2026	555,708
2027	(245,857)
2028	-
Thereafter	-
Total	$ 1,549,147

NOTE 8: SUPPLEMENTAL DEATH BENEFIT PLAN (OPEB)

Plan Description and Benefits Provided

TMRS administers an optional death benefit plan known as the Supplemental Death Benefits Fund (SDBF), which operates like a group-term life insurance plan. This voluntary program allows participating cities to provide supplemental death benefits for their active members, with optional coverage for their retirees. A City may terminate coverage in the SDBF by adopting an ordinance before November 1 of any year to be effective the following January 1. The SDBF had 823 participating cities on December 31, 2023.

Benefits payable from SDBF become due after the death of a covered active member or retiree and are paid to the designated beneficiaries upon the receipt of an approved application for payment. The death benefit for active members provides a lump-sum payment approximately equal to the employee's annual salary (calculated based on the member's actual earnings, for the 12-month period preceding the month of death). The death benefit for retirees is considered an other postemployment benefit (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 single-employer OPEB plan (i.e. no assets are accumulated).

Membership

At the December 31, 2023 valuation and measurement date, the following is the number of members in the plan:

Inactive employees currently receiving benefits	56
Inactive employees entitled to but not yet receiving benefits	11
Active employees	93
Total	160

Contributions

Contributions to the SDBF are made monthly based on the payroll of covered members of the cities participating in the SDBF. The required contribution rate is actuarially determined annually for each City participating in the SDBF. The rate is based on the mortality and service experience of all employees covered by the SDBF and the demographics specific to the workforce of the City. There is a one-year delay between the actuarial valuation that serves as the basis for the City's contribution rate and the calendar year when the rate goes into effect. 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 retired term life insurance during employees' entire careers. Therefore, there are no assets that are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75 to pay related benefits. The SDBF is considered an unfunded OPEB plan and benefit payments made by the City are treated as being equal to the City's yearly contribution for retirees.

The City's contribution rates for the program are as follows:

Plan/Calendar Year	Total SDB Contribution (Rate)	Retiree Portion of SDB Contribution (Rate)
2020	0.28%	0.07%
2021	0.33%	0.20%
2022	0.34%	0.20%
2023	0.49%	0.22%
2024	0.52%	0.26%

NOTE 8: SUPPLEMENTAL DEATH BENEFIT PLAN (OPEB) - (Continued)

Total OPEB Liability

The City's total OPEB liability and the OPEB expense is recognized on the City's financial statements. The OPEB expense recognized each fiscal year is equal to the change in the total OPEB liability from the beginning of the year to the end of the year, adjusted for deferred recognition of certain changes in the liability.

Actuarial Assumptions
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.

Inflation	2.5%
Salary increases	3.6% 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 Pension Trust and accounted for under reporting requirements under 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 4 year set-forward for males and a 3 year set-forward for females. In addition, a 3.5% and 3% minimum mortality rate will be applied to reflect the impairment for younger members who become disabled for males and females, respectively. The rates are projected on a fully generational basis by Scale UMP to account for future mortality improvements subject to the floor.

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

Changes in Total OPEB Liability
The following details the changes in the Total OPEB liability:

Balance at 12/31/22	$ 310,638
Changes for the year:	
Service cost	15,599
Interest	12,649
Change of benefit terms	-
Difference between expected and actual experience	4,455
Change of assumptions	12,212
Benefit payments	(12,256)
Net changes	32,659
Balance at 12/31/23	$ 343,297

NOTE 8: SUPPLEMENTAL DEATH BENEFIT PLAN (OPEB) - (Continued)

Total OPEB Liability - (Continued)

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate
The following presents the Total OPEB Liability of the City, calculated using the discount rate of 3.77%, as well as what the City's Total OPEB Liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.77%) or 1-percentage-point higher (4.77%) than the current rate:

	1.0% Decrease in Discount Rate (2.77%)	Discount Rate (3.77%)	1.0% Increase in Discount Rate (4.77%)
City's Total OPEB Liability:	$397,609	$343,297	$299,165

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

For the year ended September 30, 2024, the City recognized OPEB expense of $21,581.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 8,177	$ 2,025
Changes in actuarial assumptions	20,450	76,720
Contributions subsequent to the measurement date	10,417	-
Total	$ 39,044	$ 78,745

$10,417 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 OPEB liability for the 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:

Year ended December 31:	OPEB Expense Amount
2024	$ (15,834)
2025	(22,321)
2026	(13,553)
2027	1,590
2028	-
Thereafter	-
Total	$ (50,118)

NOTE 9: RISK MANAGEMENT

The City is exposed to various risks of loss encompassed in the areas of general liabilities, workers' compensation claims, and employee health related expenses. The City has purchased commercial insurance to cover potential losses in those areas. The City has entered into interlocal agreements with the Texas Municipal League Intergovernmental Risk Pool coverage. Through the payment of contributions to the Texas Municipal League Intergovernmental Risk Pool, the City has transferred these risks to the pool. The City has not retained any risks other than the deductible and is covered up to the limits of coverage after the deductible. There were no significant reductions in coverage in the past fiscal year, and there were no settlements exceeding insurance coverage for each of the past three fiscal years.

The City has also entered into an interlocal agreement with the Texas Municipal League Intergovernmental Employees Benefit Pool for health benefits coverage for its employees. The City pays the premiums for full-time employees. Dependent coverage is available at additional premiums paid by the employee.

NOTE 10: LONG-TERM DEBT

Changes In Long-term Liabilities

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

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities					
Direct borrowing					
Financed purchases	$ 461,706	$ -	$ 27,483	$ 434,223	$ 28,045
Subscription liability	-	83,277	16,000	67,277	16,248
Compensated absences	238,606	238,703	131,144	346,165	34,617
Net pension liability	5,323,685	-	471,801	4,851,884	-
OPEB liability	211,234	18,775	-	230,009	-
Total governmental activities long-term liabilities	$ 6,235,231	$ 340,755	$ 646,428	$ 5,929,558	$ 78,910
Business-type activities					
Certificates of obligation	$ 2,595,000	$ -	$ 455,000	$ 2,140,000	$ 450,000
Direct borrowing					
Financed purchases	2,637,364	-	156,986	2,480,378	160,205
Compensated absences	115,163	61,005	63,005	113,163	11,316
Net pension liability	2,505,264	-	115,530	2,389,734	-
OPEB liability	99,404	13,884	-	113,288	-
Total business-type activities long-term liabilities	$ 7,952,195	$ 74,889	$ 790,521	$ 7,236,563	$ 621,521

For governmental activities, compensated absences, pension benefits, and other post-employment benefits are liquidated by the General Fund.

The estimated amount of OPEB benefit payments that are due within one year is reported as $0 as the amounts were determined to be insignificant to the City's September 30, 2024 financial statements. Therefore, the entire OPEB liability is reported as a noncurrent liability on the Statement of Net Position.

NOTE 10: LONG-TERM DEBT - (Continued)

Certificates of Obligation

Certificates payable at September 30, 2024, are comprised of the following individual issues:

$5,000,000 Series 2006 Combination Tax and Subordinate Lien Revenue Certificates of Obligation, due in annual installments of $75,000 to $345,000 through 2028; interest at 0.00%.	$ 1,365,000
$2,500,000 Series 2008 Combination Tax and Subordinate Lien Revenue Certificates of Obligation, due in annual installments of $110,000 to $115,000 through 2031; interest at 0.00%.	775,000
Total Certificates of Obligation	$ 2,140,000

The City issues general obligation certificates and bonds to provide funds for the construction of improvements to various City infrastructures and for the payment of related contractual obligations for professional services.

Annual debt service requirements to maturity for certificates of obligation are as follows:

	Business-type Activities		
Year	Principal	Interest	Total
2025	$ 450,000	$ -	$ 450,000
2026	450,000	-	450,000
2027	450,000	-	450,000
2028	455,000	-	455,000
2029	110,000	-	110,000
2030-2031	225,000	-	225,000
	$ 2,140,000	$ -	$ 2,140,000

Financed Purchases

The City has entered into a financed purchase agreement (direct borrowing) with U.S. Bank Equipment Finance to purchase various City equipment. There is $61,550 of cash held in escrow at September 30, 2024 to be spent in the 2025 fiscal year.

Financed purchase of various equipment. The original amount of the liability was $3,492,041 at 2.05% interest, and is payable in annual installments.	$ 2,914,601

NOTE 10: LONG-TERM DEBT - (Continued)

Financed Purchases - (Continued)

Annual debt service requirements to maturity for financed purchases payable are as follows:

Year	Governmental Activities Principal	Governmental Activities Interest	Business-type Activities Principal	Business-type Activities Interest	Total
2025	$ 28,045	$ 8,902	$ 160,205	$ 50,848	$ 248,000
2026	28,620	8,327	163,489	47,564	248,000
2027	29,208	7,740	166,840	44,212	248,000
2028	37,107	7,141	211,960	40,792	297,000
2029	37,867	6,380	216,306	36,447	297,000
2030-2034	201,304	19,935	1,149,888	113,873	1,485,000
2035-2036	72,072	2,078	411,690	11,871	497,711
	$ 434,223	$ 60,503	$ 2,480,378	$ 345,607	$ 3,320,711

Subscription Liabilities

The City recognizes subscription liabilities for its payment obligations under subscription-based information technology arrangements (SBITAs), which convey to the City the right to use another party's information technology software. The City's SBITA includes cloud-based services and other software packages, and is recorded in the General Fund. The present value of future minimum subscription payments as of September 30, 2024, is recorded as a subscription liability in the government-wide financial statements.

Outflows of resources from SBITAs which are included in the measurement of the subscription liability balance as of September 30, 2024 were comprised of $16,000 of principal and $0 of interest.

Principal and interest requirements to maturity as of September 30, 2024, are as follows:

Year	Governmental Activities Principal	Governmental Activities Interest	Total
2025	$ 16,248	$ 1,552	$ 17,800
2026	16,623	1,177	17,800
2027	17,007	793	17,800
2028	17,399	401	17,800
	$ 67,277	$ 3,923	$ 71,200

NOTE 11: INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

Interfund Receivables and Payables

At times during the fiscal year, the various funds of the City were involved in transactions that created interfund receivable and payable balances. These transactions related to such things as the purchase of goods by one fund on behalf of another and the receipt of revenue in one fund that belongs to or is designated for another fund.

Interfund receivable and payable balances as of September 30, 2024, were as follows:

Receivable Fund	Payable Fund	Amount
General	Grant	$ 1,202,740
Grant	General	56,295
	Utility	13,750
Utility	General	123,454
Nonmajor Governmental	General	8,050
		$ 1,404,289

Interfund Transfers

Each year various funds of the City transfer funds to other funds. The most significant of these are the planned transfers from the City's enterprise fund to specified governmental funds. These transfers are intended to provide the necessary resources to meet the operating obligations of the receiving funds. During the current fiscal year, transfers between funds consisted of the following:

	Transfers In			
Transfers Out	General	Grant	Utility	Total
General	$ -	$ 6,295	$ -	$ 6,295
Nonmajor Governmental	-	-	149,300	149,300
Utility	3,451,205	-	-	3,451,205
	$ 3,451,205	$ 6,295	$ 149,300	$ 3,606,800

NOTE 12: COMMITMENTS AND CONTINGENCIES

Grant Programs

The City participates in numerous state and federal grant programs, which are governed by various rules and regulations of the grantor agencies. Costs charged to the respective grant programs are subject to audit and adjustment by the grantor agencies; therefore, to the extent that the City has not complied with rules and regulations governing the grants, refunds of any money received may be required and the collectability of any related receivable at September 30, 2024, may be impaired. In the opinion of the City, there are no significant contingent liabilities relating to compliance with the rules and regulations governing the respective grants; therefore, no provision has been recorded in the accompanying combined financial statements for such contingencies.

Litigation

Various claims and lawsuits are pending against the City. In the opinion of City management, after consultation with legal counsel, the potential loss on all claims and lawsuits will not materially affect the City's financial position.

NOTE 13: RELATED PARTY TRANSACTIONS

During fiscal year 2024, the City's General Fund entered into transactions with YEDC, whereby YEDC contributed $131,427 to the City for administrative services. As of September 30, 2024, YEDC owed the City $10,258 for payroll reimbursement, which is reported as due to primary government.

As of September 30, 2024, the City held $1,554,223 of YEDC's cash to adequately secure the deposits over the $250,000 FDIC threshold. This amount was included in the cash and cash equivalent balance of $5,591,780 in the General Fund, offset with a liability recorded as a due to component unit in the amount of $1,554,223.

NOTE 14: FUND BALANCES

The following is a detail of the governmental fund balances as of September 30, 2024:

	Governmental Fund Balances				
	Nonspendable	Restricted	Committed	Unassigned	Total
General					
Inventory	$ 1,578	$ -	$ -	$ -	$ 1,578
Stabilization	-	-	2,700,000	-	2,700,000
Unassigned	-	-	-	2,381,477	2,381,477
Grant					
Unassigned	-	-	-	(935,487)	(935,487)
Nonmajor Governmental					
Public education	-	177,584	-	-	177,584
Tourism	-	207,746	-	-	207,746
Police projects	-	103,677	-	-	103,677
Fire/ambulance projects	-	19,497	-	-	19,497
Court special projects	-	52,119	-	-	52,119
Library projects	-	24,073	-	-	24,073
Various governmental projects	-	8,203	-	-	8,203
Debt service	-	29,567	-	-	29,567
	$ 1,578	$ 622,466	$ 2,700,000	$ 1,445,990	$ 4,770,034

NOTE 15: IMPLEMENTATION OF NEW STANDARD

GASB Statement No. 100 (GASB 100), *Accounting Changes and Error Corrections, an amendment of GASB Statement No. 62* - was adopted for the fiscal year ended September 30, 2024. The primary objective of GASB 100 is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. As of September 30, 2024, the City's financial statements were not affected by the implementation of GASB 100.

NOTE 16: SIGNIFICANT FORTHCOMING STANDARDS

Significant new accounting standards issued by the Governmental Accounting Standards Board (GASB) not yet implemented by the City include the following:

GASB Statement No. 101, *Compensated Absences* - The objective of this Statement is to better meet in the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. This Statement will become effective for reporting periods beginning after December 15, 2023, and the impact has not yet been determined.

GASB Statement No. 102, *Certain Risk Disclosures* - The objective of the Statement is to provide users of government financial statements with essential information about risks related to a government's vulnerabilities due to certain concentrations or constraints. The requirements of this Statement are effective for fiscal years beginning after June 15, 2024, and the impact has not yet been determined.

GASB Statement No. 103, *Financial Reporting Model Improvements* - The objective of this Statement is to improve key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government's accountability. This Statement also addresses certain application issues. This Statement will become effective for reporting periods beginning after June 15, 2025, and the impact has not yet been determined.

Required Supplementary Information

CITY OF YOAKUM, TEXAS

MAJOR GOVERNMENTAL FUNDS - GENERAL FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE

BUDGET (GAAP BASIS) AND ACTUAL

For the year ended September 30, 2024

	2024			
	Original Budget	Final Budget	Actual	Variance Positive (Negative)
REVENUES				
Taxes	$ 1,952,500	$ 1,921,500	$ 1,897,436	$ (24,064)
Licenses and permits	390,000	490,000	478,727	(11,273)
Intergovernmental	24,000	24,000	24,000	-
Charges for services	4,158,800	4,615,800	4,629,065	13,265
Fines and forfeitures	75,000	89,000	118,175	29,175
Investment income	301,100	301,100	151,141	(149,959)
Miscellaneous	198,000	237,000	239,993	2,993
Total revenues	7,099,400	7,678,400	7,538,537	(139,863)
EXPENDITURES				
Current				
General government	1,095,200	1,045,800	1,105,387	(59,587)
Public safety	3,843,100	3,727,300	3,682,788	44,512
Public works	4,776,975	4,689,825	4,657,905	31,920
Cultural and recreation	1,302,250	1,343,750	1,330,790	12,960
Debt service	-	-	36,948	(36,948)
Total expenditures	11,017,525	10,806,675	10,813,818	(7,143)
Excess (deficiency) of revenues over expenditures	(3,918,125)	(3,128,275)	(3,275,281)	(147,006)
OTHER FINANCING SOURCES (USES)				
Subscriptions issued	-	-	83,277	83,277
Transfers in	3,263,600	3,291,600	3,451,205	159,605
Transfers out	-	-	(6,295)	(6,295)
Total other financing sources (uses)	3,263,600	3,291,600	3,528,187	236,587
Net change in fund balance	(654,525)	163,325	252,906	89,581
Fund balance at beginning of year	4,830,149	4,830,149	4,830,149	-
Fund balance at end of year	$ 4,175,624	$ 4,993,474	$ 5,083,055	$ 89,581

The accompanying notes to required supplementary information are an integral part of this schedule.

CITY OF YOAKUM, TEXAS

SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS

TEXAS MUNICIPAL RETIREMENT SYSTEM - PENSION

Last ten years

	Measurement Year		
	2014	2015	2016
Total Pension Liability			
Service cost	$ 438,043	$ 503,850	$ -
Interest (on the total pension liability)	1,435,291	1,502,032	1,519,362
Changes of benefit terms	-	-	-
Difference between expected and actual experience	(18,376)	233,935	438,702
Change of assumptions	-	64,845	-
Benefit payments, including refunds of employee contributions	(904,426)	(964,390)	(1,038,168)
Net Change in Total Pension Liability	950,532	1,340,272	919,896
Total Pension Liability - Beginning	20,737,342	21,687,874	23,028,146
Total Pension Liability - Ending (a)	$ 21,687,874	$ 23,028,146	$ 23,948,042
Plan Fiduciary Net Position			
Contributions - Employer	$ 564,791	$ 591,018	$ 589,875
Contributions - Employee	209,182	225,436	234,698
Net Investment Income	1,018,830	27,575	1,253,632
Benefit payments, including refunds of employee contributions	(904,426)	(964,390)	(1,038,168)
Administrative expense	(10,638)	(16,796)	(14,158)
Other	(875)	(830)	(762)
Net Change in Plan Fiduciary Net Position	876,864	(137,987)	1,025,117
Plan Fiduciary Net Position - Beginning	17,811,179	18,688,043	18,550,056
Plan Fiduciary Net Position - Ending (b)	$ 18,688,043	$ 18,550,056	$ 19,575,173
Net Pension Liability - Ending (a) - (b)	$ 2,999,831	$ 4,478,090	$ 4,372,869
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	86.17%	80.55%	81.74%
Covered Payroll	$ 3,486,116	$ 3,757,269	$ 3,898,059
Net Pension Liability as a Percentage of Covered Payroll	86.05%	119.18%	112.18%

The accompanying notes to required supplementary information are an integral part of this schedule.

Measurement Year						
2017	2018	2019	2020	2021	2022	2023
$ 572,605	$ 565,430	$ 607,014	$ 598,004	$ 653,570	$ 669,914	$ 754,893
1,603,684	1,692,393	1,760,741	1,851,262	1,946,784	2,082,013	2,219,524
-	-	-	-	-	-	-
209,800	35,288	298,602	218,910	1,026,518	1,113,585	988,133
-	-	25,747	-	-	-	(334,128)
(952,128)	(1,184,469)	(1,418,212)	(1,274,866)	(1,286,788)	(1,976,504)	(1,765,091)
1,433,961	1,108,642	1,273,892	1,393,310	2,340,084	1,889,008	1,863,331
23,948,042	25,382,003	26,490,645	27,764,537	29,157,847	31,497,931	33,386,939
$ 25,382,003	$ 26,490,645	$ 27,764,537	$ 29,157,847	$ 31,497,931	$ 33,386,939	$ 35,250,270
$ 631,628	$ 622,331	$ 678,630	$ 703,996	$ 764,714	$ 784,672	$ 945,984
241,540	238,746	258,854	261,709	284,987	294,252	334,270
2,713,432	(664,928)	3,276,496	1,818,917	3,318,971	(2,081,796)	2,954,449
(952,128)	(1,184,469)	(1,418,212)	(1,274,866)	(1,286,788)	(1,976,504)	(1,765,091)
(14,060)	(12,849)	(18,513)	(11,773)	(15,362)	(18,024)	(18,818)
(712)	(671)	(556)	(460)	105	21,508	(132)
2,619,700	(1,001,840)	2,776,699	1,497,523	3,066,627	(2,975,892)	2,450,662
19,575,173	22,194,873	21,193,033	23,969,732	25,467,255	28,533,882	25,557,990
$ 22,194,873	$ 21,193,033	$ 23,969,732	$ 25,467,255	$ 28,533,882	$ 25,557,990	$ 28,008,652
$ 3,187,130	$ 5,297,612	$ 3,794,805	$ 3,690,592	$ 2,964,049	$ 7,828,949	$ 7,241,618
87.44%	80.00%	86.33%	87.34%	90.59%	76.55%	79.46%
$ 4,023,931	$ 3,979,100	$ 4,314,240	$ 4,361,810	$ 4,749,779	$ 4,904,201	$ 5,571,167
79.20%	133.14%	87.96%	84.61%	62.40%	159.64%	129.98%

CITY OF YOAKUM, TEXAS

SCHEDULE OF EMPLOYER CONTRIBUTIONS
TEXAS MUNICIPAL RETIREMENT SYSTEM - PENSION
Last ten fiscal years

	Fiscal Year		
	2015	2016	2017
Actuarially Determined Contribution	$ 602,936	$ 590,088	$ 621,065
Contribution in relation to the actuarially determined contribution	(613,017)	(603,810)	(631,450)
Contribution deficiency (excess)	$ (10,081)	$ (13,722)	$ (10,385)
Covered employee payroll	$ 3,804,488	$ 3,873,911	$ 3,994,470
Contributions as a percentage of covered employee payroll	16.11%	15.59%	15.81%

The accompanying notes to required supplementary information are an integral part of this schedule.

Fiscal Year						
2018	2019	2020	2021	2022	2023	2024
$ 622,616	$ 647,329	$ 681,564	$ 753,585	$ 781,763	$ 905,613	$ 1,030,932
(633,262)	(658,772)	(693,469)	(768,395)	(798,215)	(930,103)	(1,059,106)
$ (10,646)	$ (11,443)	$ (11,905)	$ (14,810)	$ (16,452)	$ (24,490)	$ (28,174)
$ 3,977,894	$ 4,120,678	$ 4,251,832	$ 4,677,544	$ 4,877,741	$ 5,411,359	$ 5,519,018
15.92%	15.99%	16.31%	16.43%	16.36%	17.19%	19.19%

CITY OF YOAKUM, TEXAS
SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY AND RELATED RATIOS
TEXAS MUNICIPAL RETIREMENT SYSTEM - SUPPLEMENTAL DEATH BENEFIT
Last ten years

	Measurement Year		
	2017	2018	2019
Total OPEB Liability			
Service cost	$ 11,267	$ 12,733	$ 12,080
Interest (on the total OPEB liability)	8,874	9,006	10,082
Change of benefit terms	-	-	-
Difference between expected and actual experience	-	(2,364)	(7,396)
Change of assumptions	19,067	(17,110)	51,050
Benefit payments	(3,219)	(1,990)	(2,588)
Net Change in Total OPEB Liability	35,989	275	63,228
Total OPEB Liability - Beginning	230,730	266,719	266,994
Total OPEB Liability - Ending	$ 266,719	$ 266,994	$ 330,222
Covered Employee Payroll	$ 4,023,931	$ 3,979,100	$ 4,314,240
Total OPEB Liability as a Percentage of Covered Employee Payroll	6.63%	6.71%	7.65%

NOTE: Information for the prior three years was not readily available. The City will compile the respective information over the next three years as provided by TMRS on a "measurement date" basis.

The accompanying notes to required supplementary information are an integral part of this schedule.

Measurement Year			
2020	2021	2022	2023
$ 17,011	$ 22,799	$ 20,107	$ 15,599
9,273	7,818	7,885	12,649
-	-	-	-
(15,469)	6,187	4,568	4,455
46,277	11,834	(135,512)	12,212
(3,053)	(9,500)	(9,809)	(12,256)
54,039	39,138	(112,761)	32,659
330,222	384,261	423,399	310,638
$ 384,261	$ 423,399	$ 310,638	$ 343,297
$ 4,361,810	$ 4,749,779	$ 4,904,201	$ 5,571,167
8.81%	8.91%	6.33%	6.16%

CITY OF YOAKUM, TEXAS
SCHEDULE OF EMPLOYER CONTRIBUTIONS
TEXAS MUNICIPAL RETIREMENT SYSTEM - SUPPLEMENTAL DEATH BENEFIT
Last ten fiscal years

	Fiscal Year		
	2018	2019	2020
Actuarially Determined Contribution	$ 2,273	$ 2,378	$ 2,862
Contribution in relation to the actuarially determined contribution	(2,273)	(2,378)	(2,862)
Contribution deficiency (excess)	$ -	$ -	$ -
Covered employee payroll	$ 3,977,894	$ 4,120,678	$ 4,251,832
Contributions as a percentage of covered employee payroll	0.0571%	0.0577%	0.0673%

NOTE: Information for the prior three years was not readily available. The City will compile the respective information over the next three years.

The accompanying notes to required supplementary information are an integral part of this schedule.

Fiscal Year			
2021	2022	2023	2024
$ 7,728	$ 9,755	$ 11,635	$ 13,745
(7,728)	(9,755)	(11,635)	(13,745)
$ -	$ -	$ -	$ -
$ 4,677,544	$ 4,877,741	$ 5,411,359	$ 5,519,018
0.1652%	0.2000%	0.2150%	0.2490%

NOTE 1: BUDGETARY BASIS OF ACCOUNTING

The City annually adopts budgets that are prepared using the modified accrual basis of accounting, which is consistent with generally accepted accounting principles.

The Required Supplementary Information does not include a budgetary comparison schedule for the Major Special Revenue Fund, Grant Fund. The activity for this fund is funded by the federal government, thereby no local control over appropriating funds is possible. Therefore, there is no requirement of presenting a budgetary comparison schedule.

NOTE 2: BUDGETARY LEGAL COMPLIANCE

For the year ended September 30, 2024, the General Fund total actual expenditures and transfers out exceeded the total final amended budgeted expenditures and transfers out by $13,438.

NOTE 3: DEFINED BENEFIT PENSION PLAN

Valuation Date

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

Methods and Assumptions Used to Determine Contribution Rates

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percentage of Payroll, Closed
Remaining Amortization Period	22 years (longest amortization ladder)
Asset Valuation Method	10 year Smoothed Market; 12% Soft Corridor
Inflation	2.50%
Salary Increases	3.60% to 11.85% including inflation
Investment Rate of Return	6.75%
Retirement Age	Experience-based table of rates that are specific to the City'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).

NOTE 3: DEFINED BENEFIT PENSION PLAN

Other Information

There were no benefit changes during the year.

NOTE 4: SUPPLEMENTAL DEATH BENEFIT PLAN - OPEB

No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75 to pay related benefits.

There were no changes in plan provisions during the year.

Changes in Assumptions

- Discount rate decreased from 4.05% from 3.77%.

Combining and Individual Fund Statements and Schedules

NONMAJOR GOVERNMENTAL FUNDS

Special Revenue Funds are used to account for the proceeds of specific revenue sources (other than special assessments, private purpose trusts, or major capital projects) that are legally restricted to expenditures for specific purposes.

The Debt Service Fund is utilized to account for the proceeds of the interest and sinking ad valorem taxes levied by the City.

CITY OF YOAKUM, TEXAS
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
September 30, 2024

	Special Revenue Funds			
	Hotel/Motel Tax	PEG Fund	Police Projects	Fire/ Ambulance Projects
ASSETS				
Cash and cash equivalents	$ 203,119	$ 175,616	$ 102,068	$ 19,497
Receivables (net)	13,768	1,968	-	-
Due from other funds	-	-	-	-
Due from other governments	-	-	3,359	-
Total assets	$ 216,887	$ 177,584	$ 105,427	$ 19,497
LIABILITIES				
Accounts payable	$ 9,141	$ -	$ 1,750	$ -
Unearned revenue	-	-	-	-
Total liabilities	9,141	-	1,750	-
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue	-	-	-	-
Total deferred inflows of resources	-	-	-	-
FUND BALANCES				
Restricted				
General government	-	177,584	-	-
Tourism	207,746	-	-	-
Public safety	-	-	103,677	19,497
Culture and recreation	-	-	-	-
Debt service	-	-	-	-
Total fund balances	207,746	177,584	103,677	19,497
Total liabilities, deferred inflows and fund balances	$ 216,887	$ 177,584	$ 105,427	$ 19,497

Special Revenue Funds					
Court Special Projects	Library Projects	ARPA Fund	Total	Debt Service Fund	Total Nonmajor Governmental Funds
$ 52,119	$ 24,311	$ 470,470	$ 1,047,200	$ 21,517	$ 1,068,717
-	-	-	15,736	15,204	30,940
-	-	-	-	8,050	8,050
-	-	-	3,359	-	3,359
$ 52,119	$ 24,311	$ 470,470	$ 1,066,295	$ 44,771	$ 1,111,066
$ -	$ 238	$ -	$ 11,129	$ -	$ 11,129
-	-	462,267	462,267	-	462,267
-	238	462,267	473,396	-	473,396
-	-	-	-	15,204	15,204
-	-	-	-	15,204	15,204
-	-	8,203	185,787	-	185,787
-	-	-	207,746	-	207,746
52,119	-	-	175,293	-	175,293
-	24,073	-	24,073	-	24,073
-	-	-	-	29,567	29,567
52,119	24,073	8,203	592,899	29,567	622,466
$ 52,119	$ 24,311	$ 470,470	$ 1,066,295	$ 44,771	$ 1,111,066

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

	Special Revenue Funds			
	Hotel/Motel Tax	PEG Fund	Police Projects	Fire/ Ambulance Projects
REVENUES				
Taxes	$ 47,932	$ -	$ -	$ -
Intergovernmental	-	-	19,973	-
Charges for services	-	8,412	-	-
Fines and forfeitures	-	-	38,621	-
Investment income	12,170	10,568	6,529	1,281
Miscellaneous	-	-	3,115	32,319
Total revenues	60,102	18,980	68,238	33,600
EXPENDITURES				
Current				
General government	48,515	-	-	-
Public safety	-	-	74,232	31,084
Culture and recreation	-	-	-	-
Capital outlay	-	-	-	35,774
Total expenditures	48,515	-	74,232	66,858
Excess (deficiency) of revenues over expenditures	11,587	18,980	(5,994)	(33,258)
OTHER FINANCING SOURCES (USES)				
Transfers out	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Net change in fund balances	11,587	18,980	(5,994)	(33,258)
Fund balances at beginning of year	196,159	158,604	109,671	52,755
Fund balances at end of year	$ 207,746	$ 177,584	$ 103,677	$ 19,497

Special Revenue Funds					Total
Court Special Projects	Library Projects	ARPA Fund	Total	Debt Service Fund	Nonmajor Governmental Funds
$ -	$ -	$ -	$ 47,932	$ 163,185	$ 211,117
-	-	375,792	395,765	-	395,765
-	-	-	8,412	-	8,412
7,714	-	-	46,335	-	46,335
3,136	1,449	3,753	38,886	201	39,087
-	41,030	-	76,464	-	76,464
10,850	42,479	379,545	613,794	163,386	777,180
-	-	3,846	52,361	-	52,361
-	-	-	105,316	-	105,316
-	41,023	-	41,023	-	41,023
-	-	371,946	407,720	-	407,720
-	41,023	375,792	606,420	-	606,420
10,850	1,456	3,753	7,374	163,386	170,760
-	-	-	-	(149,300)	(149,300)
-	-	-	-	(149,300)	(149,300)
10,850	1,456	3,753	7,374	14,086	21,460
41,269	22,617	4,450	585,525	15,481	601,006
$ 52,119	$ 24,073	$ 8,203	$ 592,899	$ 29,567	$ 622,466

GENERAL FUND

The General Fund is a constitutional fund and is utilized to account for all City revenues and expenditures except those which are required to be classed in other constitutional funds and such other funds that are presented separately to facilitate proper accountability.

CITY OF YOAKUM, TEXAS
MAJOR GOVERNMENTAL FUNDS - GENERAL FUND
BALANCE SHEET
September 30, 2024
With comparative totals for September 30, 2023

	2024	2023
ASSETS		
Cash and cash equivalents	$ 5,591,780	$ 5,431,405
Receivables (net)		
Accounts	552,860	515,812
Ad valorem taxes	19,618	13,960
Ambulance	305,847	240,496
Fines	16,164	20,920
Franchise taxes	14,510	17,061
Interest	-	118,544
Other	6,650	2,603
Due from other funds	1,202,740	702,740
Due from component unit	10,258	-
Due from other governments	255,108	277,943
Inventory	1,578	2,450
Total assets	$ 7,977,113	$ 7,343,934
LIABILITIES		
Accounts payable	$ 538,248	$ 472,152
Accrued expenditures	239,472	219,985
Deposits	3,963	6,343
Due to other funds	187,799	138,228
Due to component unit	1,554,223	1,384,245
Due to other governments	22,074	14,852
Total liabilities	2,545,779	2,235,805
DEFERRED INFLOWS OF RESOURCES		
Unavailable revenues	348,279	277,980
Total deferred inflows of resources	348,279	277,980
FUND BALANCES		
Nonspendable		
Inventory	1,578	2,450
Committed		
Stabilization	2,700,000	2,700,000
Unassigned	2,381,477	2,127,699
Total fund balances	5,083,055	4,830,149
Total liabilities, deferred inflows and fund balances	$ 7,977,113	$ 7,343,934

CITY OF YOAKUM, TEXAS

MAJOR GOVERNMENTAL FUNDS - GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET (GAAP BASIS) AND ACTUAL
For the year ended September 30, 2024
With comparative totals for the year ended September 30, 2023

	2024			2023
	Final Budget	Actual	Variance Positive (Negative)	Actual
REVENUES				
Taxes				
Ad valorem	$ 248,000	$ 248,222	$ 222	$ 226,152
Penalty and interest	3,000	1,143	(1,857)	1,495
Franchise	108,000	102,245	(5,755)	105,395
Sales	1,555,000	1,538,618	(16,382)	1,527,096
Other	7,500	7,208	(292)	7,371
Total taxes	1,921,500	1,897,436	(24,064)	1,867,509
Licenses and permits				
Landfill/transfer station	435,000	423,180	(11,820)	331,109
Miscellaneous	55,000	55,547	547	25,235
Total licenses and permits	490,000	478,727	(11,273)	356,344
Intergovernmental	24,000	24,000	-	24,000
Charges for services				
Sanitation	3,967,000	4,006,796	39,796	3,840,999
Ambulance	350,000	352,144	2,144	227,418
Golf course	89,000	96,209	7,209	92,928
Swimming pool	4,000	2,968	(1,032)	3,768
RV park	90,000	85,457	(4,543)	95,762
Park pavilion	4,000	5,582	1,582	5,421
Chamber office rent	1,500	1,375	(125)	1,500
Other	110,300	78,534	(31,766)	107,485
Total charges for services	4,615,800	4,629,065	13,265	4,375,281
Fines and forfeitures				
Municipal courts	89,000	118,175	29,175	90,241
Investment income	301,100	151,141	(149,959)	429,855
Miscellaneous				
Recycled materials	20,000	19,863	(137)	7,258
Sale of equipment	2,000	-	(2,000)	-
EDC admin fees	132,000	131,427	(573)	68,272
Other	83,000	88,703	5,703	92,146
Total miscellaneous	237,000	239,993	2,993	167,676
Total revenues	7,678,400	7,538,537	(139,863)	7,310,906

(continued)

CITY OF YOAKUM, TEXAS
MAJOR GOVERNMENTAL FUNDS - GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET (GAAP BASIS) AND ACTUAL
For the year ended September 30, 2024
With comparative totals for the year ended September 30, 2023

	2024			2023
	Final Budget	Actual	Variance Positive (Negative)	Actual
EXPENDITURES				
General government				
Administrative and finance				
Personnel	$ 303,100	$ 291,559	$ 11,541	$ 569,820
Supplies	11,500	11,977	(477)	9,053
Services	49,600	50,531	(931)	52,926
Maintenance	6,000	7,444	(1,444)	5,612
Other	21,100	21,151	(51)	6,288
Total administrative and finance	391,300	382,662	8,638	643,699
Inspection/code enforcement				
Personnel	103,400	101,770	1,630	88,192
Supplies	12,450	10,582	1,868	22,298
Services	66,600	66,565	35	30,360
Maintenance	4,250	3,796	454	869
Other	4,550	4,111	439	4,031
Total inspection/code enforcement	191,250	186,824	4,426	145,750
Economic development				
Personnel	126,800	127,285	(485)	65,503
Supplies	100	2	98	205
Services	5,350	5,383	(33)	2,616
Other	1,100	848	252	1,501
Total economic development	133,350	133,518	(168)	69,825
Non-departmental				
Insurance	80,000	75,889	4,111	73,298
Audit	29,000	28,390	610	28,000
Legal services	16,000	18,163	(2,163)	12,481
Community center	7,000	9,422	(2,422)	10,693
Museum contribution	18,000	18,500	(500)	15,000
Other contributions	64,000	62,360	1,640	62,725
Senior citizen center	11,100	8,051	3,049	-
Other	88,800	88,331	469	59,587
Subscriptions	-	83,277	(83,277)	-
Capital outlay	16,000	10,000	6,000	-
Total non-departmental	329,900	402,383	(72,483)	261,784
Total general government	1,045,800	1,105,387	(59,587)	1,121,058

(continued)

	2024			2023
	Final Budget	Actual	Variance Positive (Negative)	Actual
EXPENDITURES - (Continued)				
Public safety				
Police				
Personnel	$ 1,795,400	$ 1,790,453	$ 4,947	$ 1,725,169
Supplies	109,600	105,899	3,701	61,051
Services	56,200	57,615	(1,415)	76,566
Maintenance	64,500	54,993	9,507	33,344
Other	15,900	17,173	(1,273)	15,097
Capital outlay	66,200	66,113	87	52,700
Total police	2,107,800	2,092,246	15,554	1,963,927
Municipal court				
Personnel	21,200	19,905	1,295	22,982
Supplies	1,500	320	1,180	847
Services	5,500	4,698	802	4,549
Other	2,000	1,714	286	4,359
Total municipal court	30,200	26,637	3,563	32,737
Fire/ambulance				
Personnel	1,299,000	1,282,746	16,254	1,205,345
Supplies	70,500	55,543	14,957	63,880
Services	69,900	77,919	(8,019)	54,857
Maintenance	47,700	44,000	3,700	36,692
Other	24,000	25,781	(1,781)	34,513
Capital outlay	78,200	77,916	284	-
Total fire/ambulance	1,589,300	1,563,905	25,395	1,395,287
Total public safety	3,727,300	3,682,788	44,512	3,391,951
Public works				
Streets				
Personnel	554,800	560,707	(5,907)	520,981
Supplies	24,425	17,916	6,509	15,092
Services	1,700	1,808	(108)	1,570
Maintenance	100,900	86,594	14,306	53,445
Other	2,400	1,232	1,168	1,232
Capital outlay	440,800	440,589	211	224,529
Total streets	1,125,025	1,108,846	16,179	816,849

(continued)

CITY OF YOAKUM, TEXAS
MAJOR GOVERNMENTAL FUNDS - GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET (GAAP BASIS) AND ACTUAL
For the year ended September 30, 2024
With comparative totals for the year ended September 30, 2023

	2024			2023
	Final Budget	Actual	Variance Positive (Negative)	Actual
EXPENDITURES - (Continued)				
Public works - (Continued)				
Solid waste				
Personnel	$ 561,000	$ 551,239	$ 9,761	$ 447,515
Supplies	53,850	51,122	2,728	55,146
Services	2,831,375	2,831,242	133	2,730,570
Maintenance	115,375	113,860	1,515	166,247
Other	3,200	1,596	1,604	699
Total solid waste	3,564,800	3,549,059	15,741	3,400,177
Total public works	4,689,825	4,657,905	31,920	4,217,026
Cultural and recreation				
Parks and recreation				
Personnel	401,500	390,776	10,724	375,253
Supplies	27,125	31,578	(4,453)	37,920
Services	68,000	66,426	1,574	106,644
Maintenance	26,150	28,778	(2,628)	16,232
Other	38,300	34,752	3,548	85,725
Capital outlay	64,400	64,947	(547)	47,454
Total parks and recreation	625,475	617,257	8,218	669,228
Golf				
Personnel	163,200	161,463	1,737	95,707
Supplies	38,250	35,652	2,598	28,925
Services	217,000	219,315	(2,315)	177,855
Maintenance	22,150	16,314	5,836	24,429
Other	500	425	75	275
Capital outlay	-	4,171	(4,171)	-
Total golf	441,100	437,340	3,760	327,191
Library				
Personnel	214,200	215,893	(1,693)	182,443
Supplies	23,600	23,377	223	25,390
Services	19,500	18,687	813	14,652
Maintenance	8,000	7,136	864	13,222
Other	11,875	11,100	775	7,558
Total library	277,175	276,193	982	243,265
Total cultural and recreation	1,343,750	1,330,790	12,960	1,239,684

(continued)

CITY OF YOAKUM, TEXAS
MAJOR GOVERNMENTAL FUNDS - GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET (GAAP BASIS) AND ACTUAL
For the year ended September 30, 2024
With comparative totals for the year ended September 30, 2023

	2024			2023
	Final Budget	Actual	Variance Positive (Negative)	Actual
EXPENDITURES - (Continued)				
Debt service				
Principal retirement	$ -	$ 27,483	$ (27,483)	$ 26,931
Interest and fiscal charges	-	9,465	(9,465)	10,017
Total debt service	-	36,948	(36,948)	36,948
Total expenditures	10,806,675	10,813,818	(7,143)	10,006,667
Excess (deficiency) of revenues over expenditures	(3,128,275)	(3,275,281)	(147,006)	(2,695,761)
OTHER FINANCING SOURCES (USES)				
Subscriptions issued	-	83,277	83,277	-
Transfers in	3,291,600	3,451,205	159,605	3,115,067
Transfers out	-	(6,295)	(6,295)	(50,000)
Total other financing sources (uses)	3,291,600	3,528,187	236,587	3,065,067
Net change in fund balance	$ 163,325	252,906	$ 89,581	369,306
Fund balance at beginning of year		4,830,149		4,460,843
Fund balance at end of year		$ 5,083,055		$ 4,830,149

(concluded)

ENTERPRISE FUND

Enterprise Funds account for the acquisition, operations, and maintenance of the City's facilities and services which are entirely or predominantly supported by user charges or those for which the City has decided that periodic determination of the revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes. All activities necessary to provide services are accounted for in this fund, including, but not limited to, administration, operations, and maintenance. Debt service amounts are also included.

Utility Fund - Records transactions relative to the provision of water, wastewater, and electric services to the residents of the City.

CITY OF YOAKUM, TEXAS
MAJOR ENTERPRISE FUND - UTILITY FUND
BALANCE SHEET
September 30, 2024
With comparative totals for September 30, 2023

	2024	2023
ASSETS		
Current assets		
Cash and cash equivalents	$ 12,038,290	$ 11,914,640
Receivables (net)		
Accounts	2,278,676	2,323,141
Interest	-	62,020
Other	42,745	16
Due from other funds	123,454	86,506
Inventory	474,167	412,748
Prepaid items	3,045	6,730
Restricted-cash and cash equivalents	61,550	61,547
Total current assets	15,021,927	14,867,348
Noncurrent assets		
Capital assets		
Machinery and equipment	2,161,434	1,878,971
Buildings and improvements	295,581	295,581
Water works system	7,586,224	6,913,758
Sewer system	15,778,288	15,629,183
Electric system	5,907,017	5,683,681
Total depreciable capital assets	31,728,544	30,401,174
Less: Accumulated depreciation	17,044,895	16,175,497
Subtotal	14,683,649	14,225,677
Construction in progress	5,244,644	2,479,118
Net capital assets	19,928,293	16,704,795
Total noncurrent assets	19,928,293	16,704,795
Total assets	34,950,220	31,572,143
DEFERRED OUTFLOWS OF RESOURCES		
Deferred outflows related to pension	789,111	1,114,971
Deferred outflows related to OPEB	13,214	16,643
Total deferred outflow of resources	802,325	1,131,614

CITY OF YOAKUM, TEXAS
MAJOR ENTERPRISE FUND - UTILITY FUND
BALANCE SHEET
September 30, 2024
With comparative totals for September 30, 2023

	2024	2023
LIABILITIES		
Current liabilities		
Accounts payable	$ 746,885	$ 725,792
Accrued expenses	96,507	104,121
Deposits	377,764	365,528
Due to other funds	13,750	13,750
Due to other governments	29,385	29,117
Accrued compensated absences	11,316	11,516
Current portion of certificates and financed purchase payable	610,205	611,986
Total current liabilities	1,885,812	1,861,810
Noncurrent liabilities		
Accrued compensated absences	101,847	103,647
Certificates payable	1,690,000	2,140,000
Financed purchases payable	2,320,173	2,480,378
Net pension liability	2,389,734	2,505,264
OPEB liability	113,288	99,404
Total noncurrent liabilities	6,615,042	7,328,693
Total liabilities	8,500,854	9,190,503
DEFERRED INFLOWS OF RESOURCES		
Deferred inflows related to pension	89,805	-
Deferred inflows related to OPEB	25,095	36,805
Total deferred inflows of resources	114,900	36,805
NET POSITION		
Net investment in capital assets	15,307,915	11,304,609
Unrestricted net position	11,828,876	12,171,840
Total net position	$ 27,136,791	$ 23,476,449

CITY OF YOAKUM, TEXAS
MAJOR ENTERPRISE FUND - UTILITY FUND
SCHEDULE OF REVENUES, EXPENSES, AND CHANGE IN FUND NET POSITION
BUDGET (NON-GAAP BASIS) AND ACTUAL
For the year ended September 30, 2024
With comparative totals for the year ended September 30, 2023

	2024			2023
	Final Budget	Actual	Variance Positive (Negative)	Actual
OPERATING REVENUES				
Electric service	$ 10,038,000	$ 10,036,708	$ (1,292)	$ 9,954,775
Water service	1,752,000	1,754,087	2,087	1,809,096
Sewer service	1,342,000	1,349,517	7,517	1,382,289
Service taps	20,000	16,957	(3,043)	25,435
Penalties	149,000	148,801	(199)	114,999
Service charges	35,000	24,838	(10,162)	40,294
Fuel charge recovery	700,000	706,259	6,259	-
Miscellaneous	109,000	143,233	34,233	180,852
Total operating revenues	14,145,000	14,180,400	35,400	13,507,740
OPERATING EXPENSES				
General and administration				
Personnel	701,600	815,412	(113,812)	936,410
Supplies	40,100	38,314	1,786	11,746
Services	322,000	318,192	3,808	256,654
Maintenance	5,700	4,995	705	5,090
Other	28,000	31,737	(3,737)	22,122
Bad debts	30,000	38,590	(8,590)	23,449
Total general and administration	1,127,400	1,247,240	(119,840)	1,255,471
Electric				
Personnel	493,700	547,264	(53,564)	491,006
Supplies	22,150	21,353	797	20,508
Cost of power	6,191,000	6,191,087	(87)	6,130,548
Services	47,050	44,450	2,600	75,793
Maintenance	188,475	185,358	3,117	122,449
Other	11,870	16,485	(4,615)	5,017
Capital outlay	274,500	261,818	12,682	192,055
Total electric	7,228,745	7,267,815	(39,070)	7,037,376
Water				
Personnel	375,400	380,198	(4,798)	357,389
Supplies	91,925	87,558	4,367	113,983
Services	96,400	93,817	2,583	79,496
Maintenance	117,275	104,186	13,089	241,084
Other	6,825	5,178	1,647	4,250
Capital outlay	124,000	128,709	(4,709)	150,646
Total water	811,825	799,646	12,179	946,848

(continued)

CITY OF YOAKUM, TEXAS
MAJOR ENTERPRISE FUND - UTILITY FUND
SCHEDULE OF REVENUES, EXPENSES, AND CHANGE IN FUND NET POSITION
BUDGET (NON-GAAP BASIS) AND ACTUAL
For the year ended September 30, 2024
With comparative totals for the year ended September 30, 2023

	2024			2023
	Final Budget	Actual	Variance Positive (Negative)	Actual
OPERATING EXPENSES - (Continued)				
Sewer				
Personnel	$ 403,500	$ 426,010	$ (22,510)	$ 368,400
Supplies	68,350	61,775	6,575	65,754
Services	259,850	258,482	1,368	255,536
Maintenance	63,250	59,139	4,111	94,455
Other	3,500	1,946	1,554	-
Capital outlay	76,000	75,792	208	-
Total sewer	874,450	883,144	(8,694)	784,145
Warehouse				
Personnel	262,400	348,028	(85,628)	318,706
Supplies	6,470	4,494	1,976	4,469
Services	7,050	9,193	(2,143)	7,872
Maintenance	6,200	3,398	2,802	3,475
Other	1,000	453	547	374
Capital outlay	-	-	-	33,863
Total warehouse	283,120	365,566	(82,446)	368,759
Information technology				
Personnel	65,600	67,099	(1,499)	31,387
Supplies	1,300	1,093	207	350
Maintenance	5,400	5,410	(10)	3,615
Other	5,000	5,005	(5)	3,483
Capital outlay	20,000	20,675	(675)	1,412
Total information technology	97,300	99,282	(1,982)	40,247
Garage				
Personnel	137,100	142,409	(5,309)	129,745
Supplies	7,775	7,020	755	5,110
Services	2,000	2,208	(208)	2,111
Maintenance	10,250	2,890	7,360	7,045
Other	675	-	675	-
Capital outlay	64,800	64,386	414	-
Total garage	222,600	218,913	3,687	144,011
Building maintenance				
Personnel	97,700	93,402	4,298	92,086
Supplies	6,650	4,285	2,365	4,598
Services	10,000	8,059	1,941	16,225
Maintenance	13,075	9,224	3,851	12,360
Total building maintenance	127,425	114,970	12,455	125,269

(continued)

CITY OF YOAKUM, TEXAS
MAJOR ENTERPRISE FUND - UTILITY FUND
SCHEDULE OF REVENUES, EXPENSES, AND CHANGE IN FUND NET POSITION
BUDGET (NON-GAAP BASIS) AND ACTUAL
For the year ended September 30, 2024
With comparative totals for the year ended September 30, 2023

	2024			2023
	Final Budget	Actual	Variance Positive (Negative)	Actual
OPERATING EXPENSES - (Continued)				
Non-departmental				
Capital outlay	$ -	$ -	$ -	$ 9,818
Total non-departmental	-	-	-	9,818
Total operating expenses	10,772,865	10,996,576	(223,711)	10,711,944
Operating income (loss) before nonoperating revenues (expenses) and contributions and transfers	3,372,135	3,183,824	(188,311)	2,795,796
NONOPERATING REVENUES (EXPENSES)				
Investment income	200,000	581,228	381,228	223,484
Bond principal, interest, and fiscal charges	(703,800)	(703,800)	-	(667,254)
Total nonoperating revenues (expenses)	(503,800)	(122,572)	381,228	(443,770)
Income (loss) before contributions and transfers	2,868,335	3,061,252	192,917	2,352,026
Contributions and transfers				
Capital grants and contributions	-	3,680,190	3,680,190	1,633,774
Transfers in	149,300	149,300	-	149,300
Transfers out	(3,452,300)	(3,451,205)	1,095	(3,128,817)
Net contributions and transfers	(3,303,000)	378,285	3,681,285	(1,345,743)
Change in net position - (NON-GAAP BUDGETARY BASIS)	$ (434,665)	3,439,537	$ 3,874,202	1,006,283
ADJUSTMENTS				
To adjust for principal payments on long-term debt		648,934		608,834
To adjust for capital expenses		441,269		275,136
To adjust for depreciation expense		(869,398)		(799,483)
Change in net position - (GAAP BASIS)		3,660,342		1,090,770
Total net position at beginning of year		23,476,449		22,385,679
Total net position at end of year		$ 27,136,791		$ 23,476,449

(concluded)

NONMAJOR DEBT SERVICE FUND

The Debt Service Fund is utilized to account for the proceeds of the interest and sinking ad valorem taxes levied by the City.

CITY OF YOAKUM, TEXAS

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET (GAAP BASIS) AND ACTUAL
NONMAJOR GOVERNMENTAL FUND - DEBT SERVICE FUND
For the year ended September 30, 2024
With comparative totals for the year ended September 30, 2023

	2024			2023
	Final Budget	Actual	Variance Positive (Negative)	Actual
REVENUES				
Taxes				
Ad valorem	$ 149,300	$ 160,291	$ 10,991	$ 145,588
Penalty and interest	-	2,894	2,894	2,559
Investment income	-	201	201	150
Total revenues	149,300	163,386	14,086	148,297
EXPENDITURES	-	-	-	-
Excess (deficiency) of revenues over expenditures	149,300	163,386	14,086	148,297
OTHER FINANCING SOURCES (USES)				
Transfers out	(149,300)	(149,300)	-	(149,300)
Total other financing sources (uses)	(149,300)	(149,300)	-	(149,300)
Net change in fund balance	$ -	14,086	$ 14,086	(1,003)
Fund balance at beginning of year		15,481		16,484
Fund balance at end of year		$ 29,567		$ 15,481

SINGLE AUDIT SECTION

HARRISON, WALDROP & UHEREK, L.L.P.

HWU

CERTIFIED PUBLIC ACCOUNTANTS
101 S. MAIN, SUITE 400
VICTORIA, TEXAS 77901-8142

STEPHEN W. VAN MANEN, CPA
DENNIS C. CIHAL, CPA
ERIC L. KUCERA, CPA
CLAYTON P. VAN PELT, CPA
ROBERT W. SCHAAR, CPA
MELISSA M. TERRY, CPA

VOICE: (361) 573-3255
FAX: (361) 573-9531

INDEPENDENT AUDITORS' 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*

The Honorable Mayor and Members
of the City Council
City of Yoakum, Texas

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Yoakum, Texas (the "City") as of and for the year ended September 30, 2024, and the related notes to the financial statements, which collectively comprise the City's basic financial statements and have issued our report thereon dated June 26, 2025. The financial statements of the Yoakum Economic Development Corporation were not audited in accordance with *Government Auditing Standards.*

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City'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 City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

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

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

The Honorable Mayor and Members
of the City Council
City of Yoakum, Texas

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free of 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 statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards.*

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 City'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 City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Harrison, Waldrop & Uherek, LLP

HARRISON, WALDROP & UHEREK, L.L.P.
Certified Public Accountants

June 26, 2025

HARRISON, WALDROP & UHEREK, L.L.P.

HWU

CERTIFIED PUBLIC ACCOUNTANTS
101 S. MAIN, SUITE 400
VICTORIA, TEXAS 77901-8142

STEPHEN W. VAN MANEN, CPA
DENNIS C. CIHAL, CPA
ERIC L. KUCERA, CPA
CLAYTON P. VAN PELT, CPA
ROBERT W. SCHAAR, CPA
MELISSA M. TERRY, CPA

VOICE: (361) 573-3255
FAX: (361) 573-9531

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

The Honorable Mayor and Members
of the City Council
City of Yoakum, Texas

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

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

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

Basis for Opinion on Each Major Federal Program

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

We are required to be independent of the City and to meet our 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 opinion on compliance for each major federal program. Our audit does not provide a legal determination of the City'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 City's federal programs.

The Honorable Mayor and Members
of the City Council
City of Yoakum, Texas

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the City'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 City'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 City'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 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.

The Honorable Mayor and Members
of the City Council
City of Yoakum, Texas

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.

Harrison, Waldrop & Uherek, LLP

HARRISON, WALDROP & UHEREK, L.L.P.
Certified Public Accountants

June 26, 2025

CITY OF YOAKUM, TEXAS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the year ended September 30, 2024

Federal Grantor/Pass-Through Grantor/Program Title	Federal Assistance Listing No.	Other Award Number
FEDERAL EXPENDITURES		
U. S. Department of Housing and Urban Development		
Passed Through the Texas Department of Agriculture - Office of Rural Affairs		
Community Development Block Grant	14.228	CDM21-0331
Community Development Block Grant	14.228	CDV21-0031
Passed Through the Texas General Land Office		
Community Development Block Grant	14.228	22-119-007-D417
Community Development Block Grant	14.228	22-085-036-D329
Community Development Block Grant	14.228	22-085-036-D280
Community Development Block Grant	14.228	24-065-062-E572
Total U.S. Department of Housing and Urban Development		
U. S. Department of Treasury		
Passed Through the Texas Division of Emergency Management		
Coronavirus State and Local Fiscal Recovery Funds	21.027	COVID-19
Total U.S. Department of Treasury		
TOTAL FEDERAL EXPENDITURES		

See accompanying notes to schedule of expenditures of federal awards.

Expenditures From Pass-Through Awards	Expenditures From Direct Awards	Total	Passed through to Subrecipients	Name of Cluster (if applicable)	Note
$ 8,603	$ -	$ 8,603	$ -		
46,275	-	46,275	-		
54,878	-	54,878	-		
40,500	-	40,500	-		
1,488,267	-	1,488,267	-		
1,585,754	-	1,585,754	-		
53,038	-	53,038	-		
3,167,559	-	3,167,559	-		
3,222,437	-	3,222,437	-		
375,792	-	375,792	-		
375,792	-	375,792	-		
$ 3,598,229	$ -	$ 3,598,229	$ -		

NOTE 1: BASIS OF PRESENTATION

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

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The modified accrual basis of accounting is used for these funds. This basis of accounting recognizes revenues in the accounting period in which they become susceptible to accrual, i.e. both measurable and available, and expenditures in the accounting period in which the liability is incurred, if measurable; except for certain compensated absences and claims and judgments, which are recognized when the obligations are expected to be liquidated with expendable available financial resources.

Federal grant funds are considered to be earned to the extent of expenditures made under the provisions of the grant, and accordingly, when such funds are received, they are recorded as unearned revenues until earned. Generally unused balances are returned to the grantor at the close of specified project periods.

NOTE 3: INDIRECT COST RATE

The City has not elected to use the 10 percent de minimis indirect cost rate as allowed under the Uniform Guidance.

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? ☐ yes ☒ no
- Significant deficiency(ies) identified that are not considered to be material weakness(es)? ☐ yes ☒ none reported

Noncompliance material to financial statements noted? ☐ yes ☒ no

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? ☐ yes ☒ no
- Significant deficiency(ies) identified that are not considered to be material weakness(es)? ☐ yes ☒ none reported

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

Any audit findings disclosed that are required to be reported in accordance with 2 CFR section 200.516(a)? ☐ yes ☒ no

Identification of major programs:

Assistance Listing Number(s)	*Name of Major Programs or Cluster*
14.228	Community Development Block Grant
21.027	Coronavirus State and Local Fiscal Recovery Funds

Dollar threshold used to distinguish between type A and type B programs: $ 750,000

Auditee qualified as low-risk auditee? ☒ yes ☐ no

Section II - Financial Statement Findings

None noted

Section III - Federal Award Findings and Questioned Costs

None noted

CITY OF YOAKUM, TEXAS
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
For the year ended September 30, 2024

None were reported.