

CITY OF RAYMONDVILLE, TEXAS

ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED SEPTEMBER 30, 2024

CITY OF RAYMONDVILLE, TEXAS

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CITY OF RAYMONDVILLE, TEXAS

COMMISSIONERS AND OFFICIALS

September 30, 2024

BOARD OF COMMISSIONERS

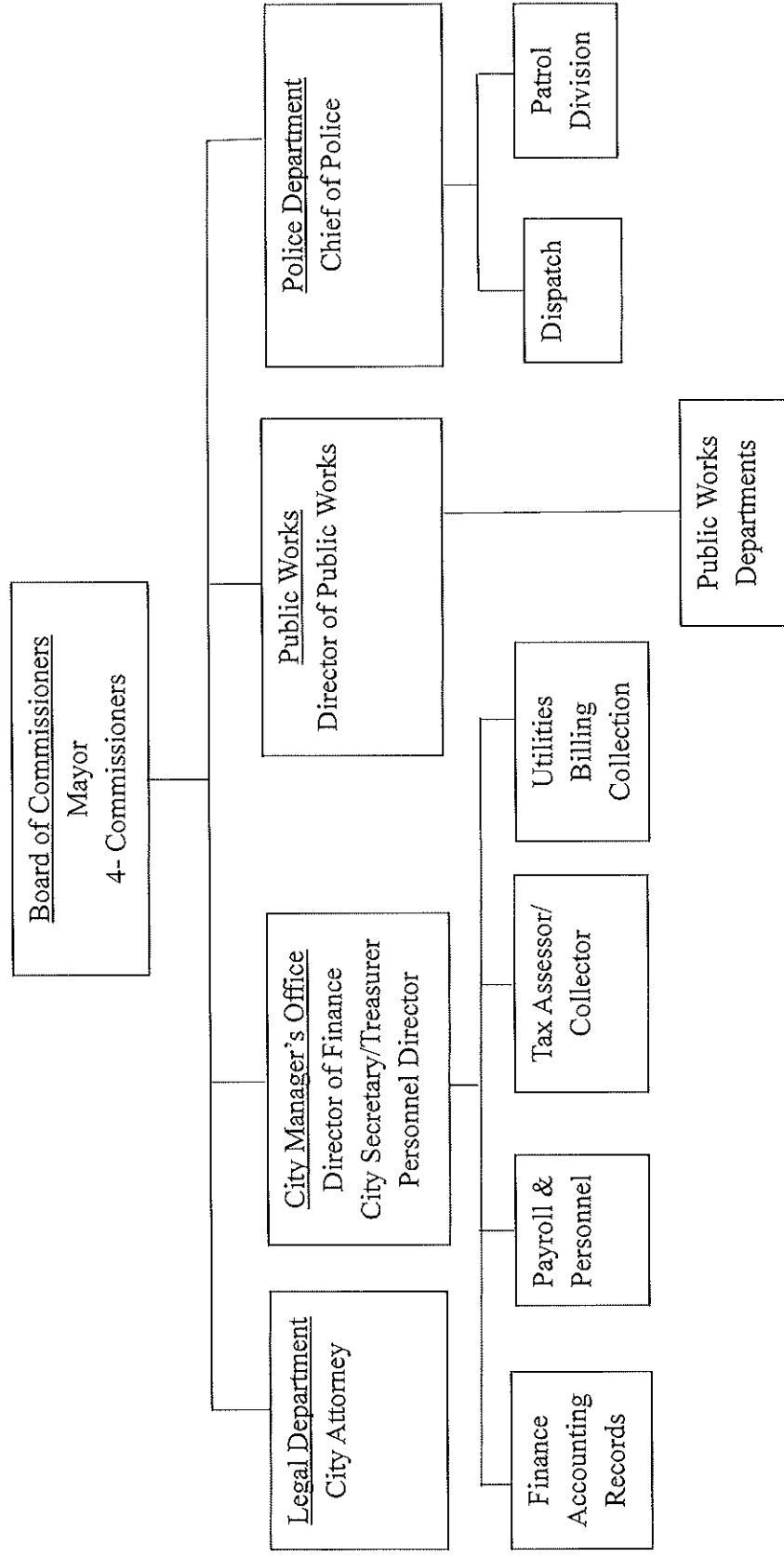
Honorable Gilbert Gonzales	Mayor
Honorable Clifton Smith	Mayor Pro-Tem
Honorable Chris Tamez	Commissioner
Honorable Joel Garcia	Commissioner
Honorable Edward Gonzales	Commissioner

CITY OFFICIALS

Andres Chavez	City Manager
Joel Soto	Director of Public Works
Alejandro Gallaga	City Attorney
Felicita Gutierrez	Municipal Judge
Uvaldo Zamora	Police Chief
Delma C. Garza	City Secretary

CITY OF RAYMONDVILLE, TEXAS

ORGANIZATIONAL CHART



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ROBERTO LOPEZ

CERTIFIED PUBLIC ACCOUNTANT, PC

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CERTIFIED PUBLIC ACCOUNTANTS

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INDEPENDENT AUDITOR'S REPORT

Honorable Gilbert Gonzales, Mayor
Members of the Board of Commissioners
City of Raymondville, Texas

Report on the Audit of the Financial Statements

Opinions

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Raymondville, Texas, as of September 30, 2024, and the respective changes in financial position, and, cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City of Raymondville, Texas and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from

fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and required supplementary information on pages 6-11, and 52-57 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Raymondville, Texas' basic financial statements. The schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and related 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 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 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 April 7, 2025, on our consideration of the City of Raymondville, Texas' 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 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 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 of Raymondville, Texas' internal control over financial reporting and compliance.

Roberto Lopez

Roberto Lopez, CPA PC

Harlingen, Texas

April 7, 2025

MANAGEMENT'S DISCUSSION AND ANALYSIS

CITY OF RAYMONDVILLE, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2024

Our discussion and analysis of the City of Raymondville's financial performance provides an overview of the City's financial activities for the fiscal year ended September 30, 2024. Please read it in conjunction with the City's basic financial statements.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of a series of financial statements. The government-wide financial statements include the Statement of Net Position and the Statement of Activities. These provide information about the activities of the City as a whole and represent a long-term view of the City's property, obligations, and other financial matters. They reflect the flow of total economic resources in a manner similar to the financial reports of a business enterprise.

Fund financial statements report the City's operations in more detail than the government-wide statements by providing information about the City. For governmental activities, these statements tell how services were financed in the short-term, as well as what resources remain for future spending. They reflect the flow of current financial resources and the non-appropriated budget.

The notes to the financial statements provide narrative explanations or additional data needed for full disclosure in the government-wide statements of the fund financial statements.

FINANCIAL HIGHLIGHTS

Governmental type funds

- The governmental type assets of the City and deferred outflows exceeded its liabilities and deferred inflows at the close of the most recent fiscal year by \$13,734,097 (net position). Of this amount \$7,384,916 (unrestricted net position) may be used to meet the City's ongoing obligations to citizens and creditors.
- The City's total net position increased by \$2,305,138.
- As of the close of the current fiscal year, the City's governmental fund reported combined ending fund balances of \$6,155,130 an increase of \$1,557,925 in comparison with the prior year. \$4,632,125 is available for spending at the City's discretion (unassigned fund balance).
- The business-type assets and deferred outflows of the City exceeded its liabilities and deferred inflows at the close of the most recent fiscal year by \$8,766,015 (net position). Of this amount \$(151,133) (unrestricted net position) may be used to meet the business-type activities obligations.
- The net position decreased by \$566,560.

MANAGEMENT'S DISCUSSION AND ANALYSIS

September 30, 2024

REPORTING THE CITY AS A WHOLE

The Statement of Net Position and the Statement of Activities

The analysis of the City's overall financial condition and operations begins on page 12. Its primary objective is to show whether the City is better off or worse off as a result of the year's activities. The Statement of Net Position includes all the City's assets and liabilities while the Statement of Activities includes all the income and expenses generated by the City's operations during the year. These apply the accrual basis of accounting, which is the same method used by most private sector companies.

All of the current year's income and expenses are taken into account regardless of when cash is received or paid. All the City's assets are reported whether they serve the current or future years. Liabilities are considered whether they must be paid in the current or future years.

These two statements report on the City's net position and changes in them. The City's net position (the difference between assets and liabilities) provides one measure of the City's financial health or financial position. Over time, increases or decreases in the City's net position are one indicator of whether its financial health is improving or deteriorating. To assess fully overall health of the City; however, you should consider nonfinancial factors as well, such as the condition of the City's facilities.

In the Statement of Net Position and the Statement of Activities, the City has two kinds of activities.

Governmental Activities – The City's basic services are reported here, including operating, maintenance and general. Ad valorem taxes, sales and franchise taxes, and user fees finance these activities.

Business-Type Activities – The City charges a fee to customers to help it cover all or most of the cost of certain services it provides. The City's water and sewer systems are reported here. User fees for water and sewer operations finance these activities.

REPORTING THE CITY'S GOVERNMENTAL FUND

Governmental Fund – The City reports its basic services in a governmental fund. This fund uses modified accrual accounting (a method that measures the receipt and disbursement of cash and all other financial assets that can be readily converted to cash), and they report balances that are available for future spending. The governmental fund statements provide a detailed short-term view of the City's general operations and the basic services it provides. We describe the differences between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds in the notes to the basic financial statements.

MANAGEMENT'S DISCUSSION AND ANALYSIS

September 30, 2024

Business-Type Funds (Proprietary) – When the City charges customers for the services it provides, these services are generally reported in the proprietary fund. Proprietary funds are reported in the same way that all activities are reported in the Statement of Net Position and the Statement of Activities. In fact, the City's proprietary fund is the same as the business-type activities we reported in the government-wide statements but provide more detail and additional information, such as cash flows. The City reports its utility services in a business type fund. This fund uses the accrual basis of accounting.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Our analysis and tables below, focus on the net position and changes in net position of the City's governmental and business-type activities. Changes in net position over time may serve as a useful indicator of a government's financial health and condition.

The City's combined net position at September 30, 2024, increased from \$20,838,120 to \$22,500,112, an increase of \$1,738,579.

On September 30, 2024, the prior year's Net Position of the City's governmental activities of \$11,556,142, increased by \$2,305,138 to \$13,734,097 and included a \$5,728,024 net investment in capital assets, net of related debt, \$621,157 restricted for special purposes, and \$7,384,916 unrestricted. Unrestricted net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements was \$7,384,916 at the end of the year.

The net position of the City's business-type activities decreased by \$566,560 to \$8,766,014 from the \$9,281,978 reported in the prior year. Net position includes \$4,851,807 net investment in capital assets net of related debt. Net position restricted for special purposes totaled \$4,065,941. Unrestricted net position at year end was \$(151,733).

This change in net position was the net result of three factors. First, the City's revenues exceeded the expenditures and other resources by \$1,738,579. Second, the City's recognition of depreciation and amortization decreased the net position by \$773,001 (governmental activities) and \$563,889 (business-type activities). Third, the City increased its net position as a result of long-term debt principal payments in the amount of \$245,000.

MANAGEMENT'S DISCUSSION AND ANALYSIS
September 30, 2024

Table I CITY OF RAYMONDVILLE, TEXAS NET POSITION						
	Governmental Activities		Business-type Activities		Total	
	2024	2023	2024	2023	2024	2023
Current and other assets	\$ 8,024,859	\$ 7,249,292	\$ 6,590,402	\$ 7,250,536	\$ 14,615,261	\$ 14,499,828
Net pension assets	1,224,496	728,609	733,132	436,233	1,957,628	1,164,842
Capital assets	9,263,024	8,990,972	13,313,491	13,778,996	22,576,515	22,769,968
Total assets	18,512,379	16,968,873	20,637,025	21,465,766	39,149,404	38,434,639
Deferred Outflow of Resources	219,247	469,616	130,904	281,169	350,151	750,785
Current liabilities	1,569,481	2,301,236	4,295,894	3,981,653	5,865,375	6,282,889
Noncurrent liabilities	3,285,000	3,545,000	7,620,373	8,461,684	10,905,373	12,006,684
Total liabilities	4,854,481	5,846,236	11,916,267	12,443,337	16,770,748	18,289,573
Deferred Inflow of Resources	-	-	-	-	-	-
Deferred Inflow Related to Pension	129,450	36,110	77,505	21,620	206,955	57,730
Deferred Inflow Related to OPEB	13,598	-	8,141	-	21,739	-
Total Deferred Inflow of Resources	143,048	36,110	85,646	21,620	228,694	57,730
Net Position:						
Invested capital assets, net of related debt	5,728,024	5,210,972	4,851,807	4,493,983	10,579,831	9,704,955
Restricted	621,157	655,966	4,065,941	4,005,622	4,687,098	4,661,588
Unrestricted	7,384,916	5,689,204	(151,733)	782,373	7,233,183	6,471,577
Total Net Position	\$ 13,734,097	\$ 11,556,142	\$ 8,766,015	\$ 9,281,978	\$ 22,500,112	\$ 20,838,120

MANAGEMENT'S DISCUSSION AND ANALYSIS
September 30, 2024

Table II CITY OF RAYMONDVILLE, TEXAS CHANGES IN NET POSITION						
	Governmental Activities		Business-type Activities		Total	
	2024	2023	2024	2023	2024	2023
Revenues:						
Program Revenues:						
Charges for services	\$ 850,859	\$ 753,870	\$ 3,343,102	\$ 3,396,356	\$ 4,193,961	\$ 4,150,226
General Revenues:						
Taxes and assessments	3,877,124	3,874,814	-	-	3,877,124	3,874,814
License and permits	49,313	23,257	-	-	49,313	23,257
Intergovernmental	2,448,804	1,395,538	129,384	548,789	2,578,188	1,944,327
Miscellaneous	442,102	322,995	348,130	47,144	790,232	370,139
Other financing uses	77,048	-	(83,303)	-	(6,255)	-
Pension income	113,415	75,022	65,230	-	178,645	75,022
Total Revenues	7,858,665	6,445,496	3,802,543	3,992,289	11,661,208	10,437,785
Expenses:						
General government	1,189,569	1,115,241	-	-	1,189,569	1,115,241
Water	-	-	2,084,896	1,855,208	2,084,896	1,855,208
Public safety	1,496,213	1,844,398	-	-	1,496,213	1,844,398
Sewer	-	-	995,781	1,056,802	995,781	1,056,802
Highways and streets	690,684	729,811	-	-	690,684	729,811
Administration	-	-	650,134	701,533	650,134	701,533
Sanitation	665,679	628,823	-	-	665,679	628,823
Interest expense	-	-	68,441	132,309	68,441	132,309
Culture and recreation	676,154	562,826	-	-	676,154	562,826
Debt service-interest on long term debt	68,189	140,563	-	-	68,189	140,563
Other financing sources	(5,963)	55,592	5,963	-	-	55,592
Pension expense	-	-	-	139,868	-	139,868
Depreciation and amortization	773,001	849,827	563,889	563,145	1,336,890	1,412,972
Total Expenses	5,553,526	5,927,081	4,369,104	4,448,865	9,922,630	10,375,946
Change in Net Position	2,305,138	518,415	(566,560)	(456,576)	1,738,579	61,838
Net position - Beginning	11,556,142	11,025,795	9,281,978	9,714,986	20,838,120	20,740,781
Prior Period Adjustment	(127,183)	11,933	50,592	23,568	(76,591)	35,501
Net Position - Ending	\$ 13,734,097	\$ 11,556,142	\$ 8,766,014	\$ 9,281,978	\$ 22,500,112	\$ 20,838,120

MANAGEMENT'S DISCUSSION AND ANALYSIS
September 30, 2024

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At September 30, 2024, the City had approximately \$22,576,515 (net of accumulated depreciation) invested in a broad range of capital assets, including land, structures and improvements and equipment.

This year major additions included:

- Buildings, improvements, and equipment: \$1,143,436.

Debt

At September 30, 2024, the City had approximately \$13,065,013 in bonded debt and capital lease outstanding versus approximately \$13,065,013 last year. \$245,000 of bond principal of general government debt was repaid and \$823,329 of bond principal of business type debt was repaid.

ECONOMIC FACOTRS AND NEXT YEAR'S BUDGET AND RATES

The City's elected and appointed officials considered many factors when setting the fiscal year 2025 budget. The City expects revenues to equal the expenditures in the government type activities and in the business type activities for the fiscal year 2025.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

The financial report is designed to provide our citizens, taxpayers, customers and investors, and creditors with a general overview of the City's finances and to show the City's accountability for the money it receives. If you have a question about this report or need additional financial information, contact the City Administration Office at 142 South 7th Street, Raymondville, Texas 78580.

BASIC FINANCIAL STATEMENTS

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

	Governmental Activities	Business-Type Activities	Total
Assets			
Cash and cash equivalents	\$ 4,696,442	\$ 545,107	\$ 5,241,549
Accounts receivable (net)			
Accounts	62,592	207,080	269,671
Sales tax	171,215	-	171,215
Property taxes	694,883	-	694,883
Loans	469,454	-	469,454
Due from other funds	1,824,403	1,393,493	3,217,896
Prepaid	36,611	39,696	76,307
Restricted assets:			
Cash and cash equivalents			
Interest and sinking funds	69,259	3,960,152	4,029,412
Customer deposits	-	444,874	444,874
Net pension asset	1,224,496	733,132	1,957,628
Capital assets (net)	9,263,024	13,313,491	22,576,515
Total assets	<u>18,512,379</u>	<u>20,637,025</u>	<u>39,149,404</u>
Deferred outflows of resources			
Pension contributions	27,157	16,260	43,417
Actual experience and projected - pension	183,913	110,113	294,026
OPEB contribution	4,521	2,343	6,864
Changes in assumptions-OPEB	3,655	2,189	5,844
Total Deferred outflows of resources	<u>219,247</u>	<u>130,904</u>	<u>350,151</u>
Liabilities			
Accounts payable	464,480	215,675	680,155
Unearned revenue	5,584	116,225	121,809
Due to other funds	513,378	2,703,906	3,217,284
Customer deposits payable	202,935	339,085	542,020
Net OPEB liability related to pension	133,105	79,692	212,797
Noncurrent liabilities			
Due within one year	250,000	841,311	1,091,311
Due in more than one year	3,285,000	7,620,373	10,905,373
Total Liabilities	<u>4,854,481</u>	<u>11,916,268</u>	<u>16,770,749</u>
Deferred inflows of resources			
Actual experience and expected - pension	80,997	48,494	129,491
Changes in assumptions-pension	48,454	29,010	77,464
Actual experience and assumption - OPEB	13,598	8,141	21,739
Total deferred inflows of resources	<u>143,048</u>	<u>85,646</u>	<u>206,955</u>
Net Position			
Invested in capital assets, net of related debt	5,728,024	4,851,807	10,579,831
Restricted for:			
Debt service	105,872	3,960,152	4,066,024
Capital projects	52,880	-	52,880
Perpetual	462,406	-	462,406
Customer deposits	-	105,789	105,789
Unrestricted	7,384,916	(151,733)	7,233,183
Total net position	<u>\$ 13,734,097</u>	<u>\$ 8,766,015</u>	<u>\$ 22,500,112</u>

The accompanying notes are an integral part of these financial statements.

CITY OF RAYMONDVILLE, TEXAS
STATEMENT OF ACTIVITIES
For the Fiscal Year Ended September 30, 2024

Primary Government	Expenses	Program Revenues			Governmental Activities
		Charges for Services	Operating Grants & Contributions	Capital Grants & Contributions	
Governmental activities:					
General government	\$ 1,189,569	\$ -	\$ -	\$ -	\$ (1,189,569)
Public safety	1,496,213	11,942	-	-	(1,484,272)
Highways and streets	690,684	-	-	-	(690,684)
Sanitation	665,679	838,917	-	-	173,239
Culture and recreation	676,154	-	-	-	(676,154)
Interest expense	68,189	-	-	-	(68,189)
Depreciation	773,001	-	-	-	(773,001)
Total governmental activities	<u>5,559,490</u>	<u>850,859</u>	<u>-</u>	<u>-</u>	<u>(4,708,631)</u>
Business-type activities:					
Water	2,084,896	2,139,122	-	-	54,226
Sewer	995,781	1,203,981	-	-	208,200
Administration	650,134	-	-	-	(650,134)
Interest expense	68,441	-	-	-	(68,441)
Depreciation	563,889	-	-	-	(563,889)
Total business-type activities	<u>4,363,141</u>	<u>3,343,102</u>	<u>-</u>	<u>-</u>	<u>(1,020,039)</u>
Total Primary Government	<u>9,922,631</u>	<u>4,193,961</u>	<u>-</u>	<u>-</u>	<u>(5,728,669)</u>
Changes in net position:					
			Governmental Activities	Business-Type Activities	Total
Net (expense)/revenue			(4,708,631)	(1,020,039)	(5,728,669)
General revenues:					
Taxes			3,877,124	-	3,877,124
License and permits			49,313	-	49,313
Intergovernmental			2,448,804	129,384	2,578,188
Miscellaneous			442,102	348,130	790,232
OPEB income (expense)			77,048	(83,303)	(6,255)
Pension income (expense)			113,415	65,230	178,645
Total general revenues			<u>7,007,807</u>	<u>459,441</u>	<u>7,467,248</u>
Other financing sources (uses)					
Transfers in			309,584	826,022	1,135,607
Transfers out			<u>(303,622)</u>	<u>(831,983)</u>	<u>(1,135,607)</u>
Total other financing sources (uses)			<u>5,963</u>	<u>(5,963)</u>	<u>-</u>
Changes in net position			2,305,138	(566,560)	1,738,579
Net position - beginning			11,556,142	9,281,978	20,838,120
Prior period adjustment			<u>(127,183)</u>	<u>50,592</u>	<u>(76,591)</u>
Net position - ending			<u>\$ 13,734,097</u>	<u>\$ 8,766,015</u>	<u>\$ 22,500,112</u>

The accompanying notes are an integral part of these financial statements.

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

	General Fund	Economic Development	Special Revenue	Capital Projects	Interest & Sinking	Total Governments Funds
Assets						
Cash and cash equivalents	\$ 617,025	\$ 643,803	\$ 3,362,158	\$ 73,456	\$ -	\$ 4,696,442
Receivables, net						
Accounts	62,592	-	-	-	-	62,592
Sales tax	166,379	4,836	-	-	-	171,215
Property taxes	694,883	-	-	-	-	694,883
Loans	-	66,000	403,454	-	-	469,454
Due from other funds	1,434,388	44,493	345,523	-	-	1,824,403
Prepaid interest	-	-	-	-	36,611	36,611
Restricted assets:						
Cash and cash equivalents	-	-	-	-	69,259	69,259
Total assets	2,975,266	759,131	4,111,136	73,456	105,870	8,024,859
Liabilities						
Accounts payable	256,694	3,017	204,769	-	-	464,480
Due to other funds	234,845	10,805	247,153	20,575	-	513,378
Partial payments from customers	-	-	202,935	-	-	202,935
Unearned revenue	-	-	5,584	-	-	5,584
Total liabilities	491,539	13,822	660,440	20,575	-	1,186,376
Deferred inflows of resources						
Unavailable advalorem taxes	683,352	-	-	-	-	683,352
Total deferred inflows of resources	683,352	-	-	-	-	683,352
Fund balances						
Restricted fund balances						
Debt service	-	-	-	-	105,872	105,872
Perpetual care	259,472	-	202,935	-	-	462,406
Capital projects	-	-	-	52,880	-	52,880
Unassigned fund balances	1,540,903	745,309	3,247,760	-	-	5,533,972
Total fund balances	1,800,375	745,309	3,450,695	52,880	105,872	6,155,130
Total liabilities, deferred inflows & fund balances	\$ 2,975,266	\$ 759,131	\$ 4,111,136	\$ 73,456	\$ 105,872	\$ 8,024,858

The accompanying notes are an integral part of these financial statements.

CITY OF RAYMONDVILLE, TEXAS
STATEMENT OF REVENUES, EXPENDITURES, & CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the Fiscal Year Ended September 30, 2024

Revenues	General Fund	Economic Development	Special Revenue	Capital Projects	Interest & Sinking	Total Governments Funds
Taxes	\$ 3,441,812	\$ 435,312	\$ -	\$ -	\$ -	\$ 3,877,124
Licenses & permits	49,313	-	-	-	-	49,313
Intergovernmental	-	-	2,448,804	-	-	2,448,804
Charges for services	838,917	-	-	-	-	838,917
Fines & forfeits	11,942	-	-	-	-	11,942
Other revenues	306,141	33,494	99,038	1,912	1,517	442,102
Total revenues	4,648,126	468,806	2,547,842	1,912	1,517	7,668,203
Expenditures						
Current:						
General government	815,919	184,359	189,291	-	-	1,189,569
Public safety	1,229,206	-	267,008	-	-	1,496,213
Highways & streets	690,684	-	-	-	-	690,684
Sanitation	665,679	-	-	-	-	665,679
Culture & recreation	676,154	-	-	-	-	676,154
Pension	34,093	1,577	4,028	-	-	39,698
Debt service:						
Principal	-	-	-	-	245,000	245,000
Interest	-	-	-	-	68,189	68,189
Capital outlay	-	-	1,045,052	-	-	1,045,052
Total expenditures	4,111,735	185,936	1,505,379	-	313,189	6,116,239
Excess (deficiency) of revenues over expenditures	536,391	282,870	1,042,463	1,912	(311,672)	1,551,964
Other financing sources (uses)						
Transfers in	-	-	40,179	-	269,404	309,582
Transfers out	(134,178)	(169,444)	-	-	-	(303,622)
Total other financing sources (uses)	(134,178)	(169,444)	40,179	-	269,404	5,961
Net change in fund balances	402,213	113,427	1,082,642	1,912	(42,268)	1,557,925
Fund balances - beginning	1,398,166	631,882	2,402,970	50,968	148,139	4,632,125
Prior period adjustment	-	-	(34,918)	-	-	(34,918)
Fund balances-ending	\$ 1,800,375	\$ 745,309	\$ 3,450,695	\$ 52,880	\$ 105,872	\$ 6,155,130

The accompanying notes are an integral part of these financial statements.

CITY OF RAYMONDVILLE, TEXAS
STATEMENT OF NET POSITION
PROPRIETARY FUND
September 30, 2024

Assets	
Cash and cash equivalents	\$ 545,107
Customers' accounts receivable (net)	207,159
Due from other funds	1,393,414
Prepaid	39,696
Restricted assets:	
Interest and sinking funds:	
Cash and cash equivalents:	
2012	23,066
2014	24,035
2020	1,373,468
2021	227,217
2022	<u>2,312,366</u>
	3,960,152
Customer deposits	444,874
Net pension asset	733,132
Property, plant, and equipment	
Land and reservoir	580,451
Depreciable plant, improvements, and equipment	25,484,284
Less: accumulated depreciation	<u>(12,751,244)</u>
	<u>13,313,491</u>
Total assets	<u>20,637,025</u>
Deferred outflows of resources	
Pension contribution	16,260
Actual experience and projected-pension	110,113
OPEB contribution	2,343
Changes in assumptions-OPEB	<u>2,189</u>
Total deferred outflows of resources	<u>130,904</u>
Liabilities	
Accounts payable	215,675
Due to other funds	2,703,906
Unearned revenue	116,225
Customer's deposits	339,085
Net OPEB liability related to pension	79,692
Noncurrent liabilities	
Due within one year	841,311
Due in more than one year	<u>7,620,373</u>
Total liabilities	<u>11,916,268</u>
Deferred inflows of resources	
Actual experience and expected-pension	48,494
Changes in assumptions-pension	29,010
Actual experience and assumption - OPEB	<u>8,141</u>
Total deferred inflows of resources	85,646
Net position	
Invested in capital assets, net of related debt	4,851,807
Restricted for debt service	3,960,152
Restricted for customer deposits	105,789
Unrestricted	<u>(151,733)</u>
Total net position	<u>\$ 8,766,014</u>

The accompanying notes are an integral part of these financial statements.

CITY OF RAYMONDVILLE, TEXAS
STATEMENT OF INCOME, EXPENSES, AND CHANGES IN NET POSITION
PROPRIETARY FUND

For the Fiscal Year Ended September 30, 2024

	Proprietary Fund Type <u>Enterprise</u>
Operating revenues:	
Water revenue	\$ 2,139,122
Sewer revenue	1,203,981
Intergovernmental revenue	129,384
Pension income	65,230
Total operating revenues	<u>3,537,716</u>
Operating expenses:	
Water treatment	1,634,783
Water distribution	450,113
Sewage collection and disposal	995,781
Administrative expense	650,134
OPEB expense	83,303
Depreciation expense	563,889
Total operating expenses	<u>4,378,002</u>
Operating income (loss)	(840,286)
Non-operating revenues (expenses):	
Miscellaneous	348,130
Interest	(68,441)
Total non-operating revenues (expenses)	<u>279,689</u>
Other financing sources (uses)	
Transfers in	826,022
Transfers out	(831,983)
Total other financing sources (uses)	<u>(5,961)</u>
Change in net position	(566,560)
Net position at beginning of year	9,281,978
Prior period adjustment	50,592
Total net position	<u><u>\$ 8,766,014</u></u>

The accompanying notes are an integral part of these financial statements.

CITY OF RAYMONDVILLE, TEXAS
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
For the Fiscal Year Ended September 30, 2024

Cash flows from operating activities	
Cash received from user charges	\$ 3,472,486
Cash payments for goods and services	(1,653,076)
Cash payments to employees for services	(1,038,867)
Other operating revenue	65,230
Net cash provided by operating activities	<u>845,773</u>
Cash flows from noncapital financing activities	
Operating transfers	-
Net cash used for non capital financing activities	<u>-</u>
Cash flows from capital and related financing activities	
Acquisition of capital assets	(98,383)
Principal payment of debt	(823,329)
Interest payment on debt	(68,441)
Net cash provided by capital and related financing activities	<u>(990,154)</u>
Cash flows from investing activities	
Interest on investments	-
Net cash provided by investing activities	<u>-</u>
Net increase (decrease) in cash	(144,380)
Cash at beginning of year	<u>5,094,515</u>
Cash and cash equivalents, end of year	<u>4,950,134</u>
Cash at end of year	
Cash and cash equivalent (unrestricted)	545,107
Cash and cash equivalent (restricted)	<u>4,405,027</u>
Total cash	<u>\$ 4,950,134</u>

Reconciliation of operating income (loss)	
to net cash provided by used in operating activities	
Operating income	\$ (492,156)
Adjustments to reconcile income (loss)	
from operations to net cash from operating activities:	
Other nonoperating income	
depreciation expense	563,889
Prior period adjustment	50,592
(Increase) Decrease in accounts receivables	49,172
(Increase) Decrease in Due from other funds	466,580
(Increase) Decrease in net pension net	(296,899)
Decrease (Increase) in deferred outflow - pesion contribution	(3,019)
Decrease (Increase) in deferred outflow - changes assumption - pension	157,815
Decrease (Increase) in deferred outflow - OPEB contribution	(2,343)
Decrease (Increase) in deferred outflow - Changes assumption - OPEB	(2,189)
Increase (Decrease) in accounts payable	134,793
Increase (Decrease) in due to other funds	72,403
Increase (Decrease) in unearned revenue	(0)
Increase (Decrease) customer's deposits	3,410
Increase (Decrease) Net OPEB liability related to pension plan	79,692
Increase (Decrease) in deferred intflow - experience - OPEB	8,141
Increase (Decrease) in deferred inflow projected-pension	26,874
Increase (Decrease) in deferred inflow expected-pension	29,010
Total ajustments	<u>1,337,924</u>
Cash provided by operating activities	<u>\$ 845,773</u>

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

**CITY OF RAYMONDVILLE, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2024**

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Raymondville, Texas was incorporated on March 3, 1921. The City operates under a Commission-City Manager form of government and provides the following services as authorized by its charter: public safety (police and fire), highways and streets, sanitation, culture-recreation, public improvements, planning and zoning, and general administrative service.

All funds of the City of Raymondville, over which the city has oversight responsibility, are included in the annual financial report.

Reporting Entity - The Board of Commissioners (the "Board"), is elected by the public and has the authority to make decisions, appoint administrators and managers, and significantly influence operations. It also has the primary accountability for discal matters. Therefore, the City is a financial reporting entity as defined by the Governmental Accounting Standards Board ("GASB") in its Statements 14, "The Financial Reporting Entity". The Economic Development Corporation of Raymondville is included as a blended component unit within the reporting entity. It is reported as a major fund.

GASB concluded that the basic criteria for including an agency, institution, authority, or other organization in a governmental unit reporting entity is the exercise of oversight responsibility over such agencies by the governmental unit's elected officials. Oversight responsibility is defined to include, but it not limited to:

- *Financial Interdependency* – When a separate agency produces a financial benefit for or imposes a financial burden on a unit of government, that agency is part of the reporting entity. Manifestation of financial interdependency includes responsibility for financing deficits, entitlements to surpluses, and guarantees of, or "moral responsibility" for, debt.
- *Selection of Governing Authority* – An authoritative appointment is one where the entity's chief elected official maintains a significant continuing relationship with the appointed officials with respect to carrying out important public functions.
- *Designation of Management* – When management is appointed by and held accountable to a governing authority that is included in the entity, the activity being managed falls within the entity.
- *Ability significantly to influence operations* – This ability includes, but is not limited to, the authority to review and approve budgetary requests, adjustments, and amendments.
- *Accountability for Fiscal Matters* – Fiscal authority normally includes the authority for final approval over budgetary appropriations, responsibility for funding deficits and operating deficiencies, disposals or surplus funds, control over the collection and disbursement of funds, and maintenance of title to assets.

**CITY OF RAYMONDVILLE, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2024**

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (Continued)

There may be, however, factors other than oversight that are so significant that exclusion of a particular agency from a reporting entity's financial statements would be misleading. These other factors include:

- *Scope of Public Service* – Aspects to be considered include who the activity benefits and whether it is conducted within the entity's geographic boundaries and generally available to its citizens.
- *Special Financing Relationship* – Such a relationship may have been created to benefit the entity by providing for the issuance of debt on behalf of the entity.

The following local agencies are not part of the city's reporting entity because the city takes no financial responsibility for them, elected officials of the city do not select their governing authority, the management of the agency is designated independently of the city, the city is not in a position to influence operations and there is no accountability for fiscal matter.

*Raymondville Independent School District
Willacy County Drainage District #2
Willacy County Hospital District
Willacy County Emergency Services District
Willacy County Navigation District*

Based on these criteria, the various funds and account groups (being all the fund types and account groups of the City) shown in the Table of Contents are included in this report.

The accounting policies of the City of Raymondville, Texas conform to generally accepted accounting principles as applicable to governments. The following is a summary of the more significant policies:

1. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e. the statement of net assets and the statement of changes in net assets) report information on all of the non-fiduciary activities of the primary government and its component units. For the most part, the effect of inter-fund activities 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 significant extent on fees and charges for support. Likewise, the *primary government* is reported separately from certain legally separate *component units* for which the primary government is financially accountable.

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, sue, or directly benefit from goods, services, or privileges provided

**CITY OF RAYMONDVILLE, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2024**

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (Continued)

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*.

2. 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*. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Ad valorem taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenues 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 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 government considers revenues to be available if they are collected within 60 days of the end of the current fiscal year. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, compensated absences are recorded only when payment is due.

Those revenues susceptible to accrual are property tax, sales taxes, franchise tax, special assessments, interest revenues and charges for services. Sales taxes collected and held by the intermediary collecting governments at year end on behalf of the City also are recognized as revenues. Fines permits and parking meter revenues are not susceptible to accrual because generally they are not measurable until received in cash.

The City reports the following fund types and related major governmental funds:

General Fund – The General Fund is used to account for financial resources used for general operations. It is the basic fund of the City and covers all activities. Any fund balances are considered resources available for current operations.

Economic Development Fund – The Economic Development Fund is used to account for financial purposes used for economic development. Any fund balances are available for use in economic development for the City.

Special Revenue Fund – The Special Revenue Fund is used to account for revenues received and disbursements received from grants and seizures. Fund balances are only available for the purpose of the grants received.

Capital Project Fund – The Capital Project Fund is used to account for bond proceeds

CITY OF RAYMONDVILLE, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2024

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (*Continued*)

issued for the police department, park improvements, street improvements and the expenditures of those projects. Fund balances are available for improvements.

Interest and Sinking Fund – The Interest and Sinking Fund is used to account to make bond payments. Fund balances are available for bond interest and principal payments.

Proprietary Fund

All proprietary funds are accounted for using the accrual basis of accounting.

Enterprise Fund – The enterprise Fund is used to account for the operations of the water and sewer fund 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 good or services to the general public on a continuing basis be financed or recovered primarily through user charged.

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.

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

CITY OF RAYMONDVILLE, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2024

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (Continued)

3. Reconciliation of Governmental Fund Balance Sheet to the Statement of Net Position

Total Fund Balances - Governmental Fund	\$ 6,155,130
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Capital assets, long-term debt, net pension asset and the deferred outflows and the deferred inflows concerning the pension plan used in governmental activities are not financial resources and therefore are not reported in governmental funds. The net effect of including the beginning balances of capital assets (net of depreciation), long-term debt and the pension plan is to increase net position.

	6,373,087
--	-----------

Current year capital outlays, long-term debt payments are revenues and expenditures in the fund financial statements, but they should be shown as increases in capital assets and reductions in long-term debt in the statement of net position. The net effect of including the 2024 capital outlay, and debt payments is to increase net position.

	1,290,052
--	-----------

The 2024 depreciation expense increase accumulated depreciation. The net effect of the current year's depreciation is to decrease net position.

	(773,001)
--	-----------

Other reclassifications are necessary to convert from modified accrual basis of accounting to accrual basis of accounting. These include recognizing unearned revenues as revenue for the current ad valorem tax, adjusting prior year's delinquent ad valorem taxes from unearned revenues to beginning net position. The net effect of these reclassifications is to increase net position.

	572,084
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The net position asset and the deferred outflows and the deferred inflows concerning the pension plan are not financial resources and therefore are not reported in governmental funds. The net effect is to increase net position.

	<u>116,746</u>
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Net Position of Governmental Activities	<u><u>\$ 13,734,097</u></u>
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CITY OF RAYMONDVILLE, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2024

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – *(Continued)*

4. Reconciliation of the Governmental Statement of Revenues, Expenditures, and Changes in Fund Balances to the Statement of Activities

Total Net Changes in Fund Balances - Governmental Funds	\$ 1,557,925
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Current year capital outlays, and long-term debt payments are expenditures in the fund financial statements, but they should be shown as increases in capital assets and reductions in long-term debt in the governmental-wide financial statements. The net effect of removing the 2024 capital outlays and debt payments, is to increase net position.	1,290,052
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Depreciation and amortization are not recognized as an expense in governmental funds since it does not require the use of current financial resources. The net effect of the current year's depreciation and amortization is to decrease net position.	(773,001)
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Other reclassifications are necessary to convert from the modified accrual basis of accounting to the accrual basis of accounting. This includes adjusting current year revenue to show the revenue earned from this year's ad valorem tax collections. The net effect of these reclassifications is to decrease net position.	-
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Pension income (expense) is not recognized as expenditure in the Governmental funds since it does not require the use of current financial resources. The net effect of the current year's pension income (expense) is to increase net position.	<u>230,161</u>
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Change in Net Position of Governmental Activities	<u><u>\$ 2,305,138</u></u>
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**CITY OF RAYMONDVILLE, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2024**

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (Continued)

5. Fixed Assets

Capital assets, which include property, plant and equipment are reported in the applicable governmental or column in the government-wide financial statements. Capital assets are defined by the City as assets with an initial, individual cost of \$5,000 or more and an estimated useful life in excess of one year.

All capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated fixed assets are valued at their estimated fair value on the date donated.

Depreciation of general capital assets used by funds categorized as governmental activities is not provided in the fund financial statements, however, is included in the gross expense by function in the government-wide Statement of Activities. Capital assets, net of accumulated depreciations, are reported on the governmental activities and column of government-wide Statement of Net Assets. Depreciation has been provided over the estimated useful lives using the straight-line method.

The estimate useful lives are as follows:

Buildings	30 - 40 years
Plant and improvements	30 - 40 years
Equipment	7 - 15 years

6. Budgets and Budgetary Accounting

The City follows these procedures in establishing the budgetary data reflected in the financial statements:

1. Prior to August 1, the City Secretary-Treasurer submits to the City Commission a proposed operating budget for the fiscal year commencing the following October 1. The operating budget includes proposed expenditures and the means of financing them.
2. Public hearings are conducted to obtain taxpayer comments.
3. Prior to October 1, the budget is legally enacted through passage of ordinance.
4. The City Secretary-Director of Finance is authorized to change spending of budgeted amounts between departments within any fund; however, any revisions that alter the total expenditures of any fund except for the enterprise fund must be approved by the City Commission.
5. Formal budgetary integration is employed as a management control device during the year for the General Fund and Enterprise Fund. Formal budgetary integration is not employed for the Capital Project Funds because effective budget control is alternatively achieved

**CITY OF RAYMONDVILLE, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2024**

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (Continued)

through contracts.

6. Budgets for the General Fund are adopted on a basis consistent with generally accepted accounting principles (GAAP). Budgets for the General Fund and Enterprise Fund lapse at year end.
7. Budgeted amounts are as originally adopted, or as amended by the City Commission. The City is bound by total appropriations for Revenue Funds and not by individual line or department expenditure. The City is not legally bound by the enterprise budget, it is used as a management tool.

7. Encumbrance

Encumbrance accounting, under which purchase orders, unperformed contracts, and other commitments for the expenditure or monies are recorded in order to reserve that portion of the applicable appropriation, is employed as an extension of formal budgetary integration to facilitate planning and control. Encumbrances outstanding at year end are reported as reservations of fund balance since they do not constitute expenditures or liabilities.

There were no encumbrances at September 30, 2024.

8. Investments

Investments are authorized in governmental securities, in financial institutions with governmental securities pledged, or in investments in mutual fund pools investing in governmental securities. Investments are stated at cost. Investments are all short-term certificates of deposit with a FDIC Insured Bank or with TexPool, an investment service for public funds. Demand deposits and certificates of deposit are either covered adequately by FDIC insurance or by securities pledged by the First Community Bank at year end. The City holds safekeeping certificates which list securities that are pledged to the City. Funds invested at TexPool are not covered by FDIC insurance and there is no collateral pledged to the City.

9. Inventory

There are no inventories on hand.

10. Accumulated Paid Vacation, Sick Pay, and Other Employee Benefit Amounts

Accumulated unpaid vacation, sick pay, and other employee benefit amounts are not accrued. Vacations are taken annually and sick pay is allowed for 1 day per month of service up to 60 days. Sick leave is paid only for days actually sick. This required a doctor's excuse and approval of the department head. Unused sick leave expires upon termination. The City feels accrual of employee benefits is not material.

**CITY OF RAYMONDVILLE, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2024**

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (Continued)

11. Cash and Cash Equivalents

Cash and cash equivalent include cash on hand, in bank checking accounts, savings accounts, bank certificates of deposit maturing 90 days after September 30.

12. Comparative Data

Comparative (i.e. presentation of prior year totals by fund type) data have not been presented in the basic financial statements since their inclusion would make the statements unduly complex and difficult to read.

13. Fund Balance Policies

The city has classified its fund balances in the following classifications:

Nonspendable	
Restricted	\$ 621,157
Committed	
Unassigned	\$ 5,533,972

The Board of Commissioners is the City's decision-making authority for both committing and restricting fund balances.

The Board of Commissioners must by formal board action establish, modify, or rescind a fund balance commitment.

When the City incurs an expense for which it may use either restricted or unassigned assets, it uses the restricted assets first unless unassigned assets will have to be returned because they were not used.

14. Pension Benefit Plan

Pensions. For purposes of measuring the net pension liability/asset, deferred outflows of resources and deferred inflows of resources related to pension, and pension expense, information about the Fiduciary Net Position of the Texas Municipal Retirement System (TMRS) and additions to deductions from TMRS's Fiduciary Net Position have been determined on the same basis as they are reported by TCDRS. 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.

**CITY OF RAYMONDVILLE, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2024**

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (Continued)

15. Leases

The City has adopted FASB ASC 842, Leases, with a date of initial application of January 1, 2022. For leases with a lease term greater than one year, the City recognizes a lease asset for its right to use the underlying leased asset and a lease liability for the corresponding lease obligation. The City determines whether an arrangement is or contains a lease at contract inception. Operating leases with a duration greater than one year are included in operating lease right-of-use assets, current portion operating lease liabilities, and operating lease liabilities, net of current portion, the City's Statement of Net Position at September 30, 2024. Operating lease right-of-use assets and operating lease liabilities are recognized at the lease commencement date based on the present value of lease payments over the lease term. In determining the present value of lease payments, the City uses a risk free rate of a period comparable with that of the lease term. The City considers the lease term to be noncancelable period that it has the right to use the underlying asset, including all periods covered by an option to (1) extend the lease if the City is reasonably certain not to exercise the option, and (3) extend, or not to terminate, the lease in which exercise of the option is controlled by the lessor.

The operating lease right-of-use assets also include any lease payments and exclude lease incentives received or receivable. Lease expense is recognized on a straight-line basis over the expected lease term. Variable lease expenses are recorded when incurred.

16. Prepaid Expenses

Prepaid assets are assets that arise on a balance sheet as a result of the City making payments for goods and services to be received in the near future. While prepaid expenses are initially recorded as assets, their value is expended over time as the benefit is received into the income statement, because unlike conventional expenses, the City will receive something of value in the near future.

17. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from these estimates.

NOTE B – DEPOSITS AND INVESTMENTS

Legal and Contractual Provisions Governing Deposits and Investments

The Public Funds Investment Act (Government Code Chapter 2256) contains specific provisions in the areas of investment practices, management reports, and establishment of appropriate policies. Among other things, it requires a governmental entity to adopt, implement, and publicize an investment policy. That policy must address the following areas: (1) safety of principle and liquidity, (2) portfolio diversification, (3) allowable investments, (4) acceptable risk levels, (5) expected rates of return, (6) maximum allowable stated maturity of portfolio investments, (7)

**CITY OF RAYMONDVILLE, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2024**

NOTE B – DEPOSITS AND INVESTMENTS – (Continued)

maximum average dollar-weighted maturity allowed based on the stated maturity date for the portfolio, (8) investment staff quality and capabilities, (9) and bid solicitation preferences for certificates of deposit. Statutes authorize the entity to invest in (1) obligations of the U.S. Treasury, certain U.S. agencies, and the State of Texas; (2) certificates of deposit; (3) certain municipal securities; (4) money market savings accounts, (5) repurchase agreements, (6) bankers' acceptances, (7) mutual funds, (8) investment pools, (9) guaranteed investment contracts, (10) and common trust funds. The Act also requires the entity to have independent auditors perform test procedures related to investment practices as provided by the Act. The City is in substantial compliance with the requirements of the Act and with local policies.

Policies Governing Deposits and Investments

In compliance with the Public Funds Investment Act, the City had adopted a deposit and investment policy. That policy addresses the following risks:

- *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. Deposits were with the contracted depository bank in interest bearing accounts. Deposits consisted of cash and cash equivalents. The City has deposited \$269,504 with TexPool, an investment service public funds. Funds invested with TexPool are not covered by FDIC insurance and there is no collateral pledged to the City.

This City is not exposed to Custodial Risk for its deposits held in its depository bank as all were either insured or collateralized with securities held by the City's agent in the City's name at September 30, 2024. These deposits were secured by \$250,000 in FDIC coverage on the demand accounts, and in securities held by the First Community Bank. The City is not exposed to Custodial Credit Risk for its deposits as all were either insured or collateralized with securities held by the City's agent in the City's name at September 30, 2024.

- *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 had no investments at September 30, 2024, exposed to Custodial Credit Risk.
- *Interest Rate Risk:* Investment strategies have as the primary objective of investment liquidity. As a means of minimizing risk of loss due to interest rate fluctuations, certificates of deposit do not have a stated final maturity date which exceed 180 days.

**CITY OF RAYMONDVILLE, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2024**

NOTE C – FASB ASC 606 MEW ACCOUNTING GUIDANCE

The Financial Accounting Standards Board (FASB) issued new guidance that created Topic 606, *Revenue from Contracts with Customers*, in the Accounting Standards Codification (ASC). Topic 606 supersedes the revenue recognition requirements in FASB ASC 605, *Revenue Recognition*, and required the recognition of revenue when promised goods or services are transferred to customers in an amount that reflects the consideration to which an entity expects to be entitled in exchange for goods or services. The new guidance also added Subtopic 340-40, *Other Assets and Deferred Costs – Contracts with Customers*, to the ASC to require the deferral of incremental costs of obtaining a contract with a customer. Collectively, we refer to the new Topic 606 and Subtopic 340-40 as the “new guidance.” No retrospective transition was necessary from the adoption of the new guidance.

NOTE D – PROPERTY TAX

Property taxes attach as an enforceable lien on property as of January 1. Taxes are levied on October 1 and are due February 1, penalties are assessed after that date. Willacy County Tax Collector bills and collects the City’s property taxes.

Estimated uncollectible taxes – The provision of 10% of taxes receivable is established on a basis of a responsible estimate of uncollectability.

The taxes are for the year January 1, 2023, through December 31, 2023, but the taxes are not levied until October 2023. The City does not consider property taxes as available if they are collected within 60 days after year-end because the amount is not significant. Total unavailable ad valorem taxes for property tax was \$683,352 and \$550,933 for fiscal year September 30, 2024, and fiscal year September 30, 2023 respectively.

NOTE E – DEFERRED INFLOWS OF RESOURCES

Deferred inflows of resources at September 30, 2024, consisted of the following:

	<u>General Fund</u>
Unavailable advalorem taxes	\$ 683,352
Total	\$ 683,352

**CITY OF RAYMONDVILLE, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2024**

NOTE F – INTERFUND RECEIVABLE AND PAYABLE BALANCES

Individual fund interfund receivable and payable balance were as follows at September 30, 2024:

Fund	Interfund Receivables	Interfund Payable
General Fund	\$ 1,434,388	\$ 234,845
Economic Development	44,493	10,805
Capital Project	-	20,575
Special Revenue	345,523	247,153
Enterprise Fund	1,393,493	2,703,906
Total	\$ 3,217,896	\$ 3,217,896

NOTE G – CAPITAL ASSETS ACTIVITY

A summary of changes in general fixed assets follows:

	Balance October 1, 2023	Additions	Deletions	Balance September 30, 2024
Land	\$ 1,507,930	\$ -	\$ -	\$ 1,507,930
Buildings	5,793,763	-	-	5,793,763
Improvements other than building	14,460,563	996,668	-	15,457,231
Equipment	5,643,565	48,384	-	5,691,949
	27,405,821	1,045,052	-	28,450,873
Less accumulated depreciation	(18,414,849)	(773,001)	-	(19,187,850)
Net	<u>\$ 8,990,972</u>	<u>\$ 272,051</u>	<u>\$ -</u>	<u>\$ 9,263,024</u>

A summary of proprietary fund type property, plant and equipment at September 30, 2024 follows:

Land and reservoir	\$ 580,451
Depreciable plan, improvements, and equipment	25,484,284
Total	26,064,735
Less accumulated depreciation	(12,751,244)
Net	<u>\$ 13,313,491</u>

CITY OF RAYMONDVILLE, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2024

NOTE H – CHANGES IN LONG-TERM DEBT

The following is a summary of debt service requirements and bond transactions of the City for fiscal year ended September 30, 2024:

	<u>Bonds and Notes Payable October 1, 2023</u>	<u>Add Bonds and Other Long-Term Debt Issued</u>	<u>Less Bonds and Other Long-Term Debit Retired</u>	<u>Bonds and Notes Payable September 30, 2024</u>	<u>Amount Due Within One Year</u>
General Fund					
None					
Utility fund					
2010 Wastewater	\$ 820,012	\$ -	\$ 45,000	\$ 775,012	\$ 45,000
2012 Series	1,900,000	-	350,000	1,550,000	360,000
2014 Series	1,375,000	-	115,000	1,260,000	120,000
Capital Lease	1,208,001	-	106,329	1,101,672	109,311
2020 Series	1,300,000	-	75,000	1,225,000	75,000
2021 Series	315,000	-	11,000	304,000	11,000
2022 Series	2,367,000	-	121,000	2,246,000	121,000
General long-term debt					
2014 Series	1,875,000	-	140,000	1,735,000	145,000
2018 Series	1,905,000	-	105,000	1,800,000	105,000
	<u>\$ 13,065,013</u>	<u>\$ -</u>	<u>\$ 1,068,329</u>	<u>\$ 11,996,684</u>	<u>\$ 1,091,311</u>

CITY OF RAYMONDVILLE, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2024

NOTE H – CHANGES IN LONG-TERM DEBT – (Continued)

\$1,365,000
City of Raymondville, Texas
Combination Tax and Subordinate lien Revenue
Certificates of Obligation, Series 2010

The City of Raymondville issued certificated of obligation called \$1,365,000 City of Raymondville, Texas, Combination Tax Subordinate Lien Revenue Certificate of Obligation, Series 2010, for water system improvement construction. The certificates of obligation bear no interest and are payable over a thirty-year period. Payments begin April, 1, 2011, and end April 1, 2040. The certificates are callable on April 1, 2020, or any date thereafter.

The certificates are payable to the Texas Water Development Board.

Debt service requirements for the term of the issue follow:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Requirement</u>
2025	45,000	-	45,000
2026	45,000	-	45,000
2027	45,000	-	45,000
2028	45,000	-	45,000
2029	45,000	-	45,000
2030	50,000	-	50,000
2031	50,000	-	50,000
2032	50,000	-	50,000
2033	50,000	-	50,000
2034	50,000	-	50,000
2035	50,000	-	50,000
2036	50,000	-	50,000
2037	50,000	-	50,000
2038	50,000	-	50,000
2039	50,000	-	50,000
2040	50,012	-	50,012
	<u>\$ 775,012</u>	<u>\$ -</u>	<u>\$ 775,012</u>

**CITY OF RAYMONDVILLE, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2024**

NOTE H – CHANGES IN LONG-TERM DEBT – (Continued)

The lease does not require any final payout for purchase.

**\$4,525,000 General Obligation Refunding Bonds
Series 2012**

During the year ended September 30, 2013, the City issued \$4,525,000 General Obligation Refunding Bonds. These bonds carry 2.9% interest. The first payment of \$255,000 plus interest was made on April 1, 2013. At September 30, 2024, the balance outstanding was \$1,550,000. The proceeds of these bonds were used to retire the balance due on the Series 1998 bonds in the amount of \$2,391,000 and the balance due on the Series 2002 bonds in the amount of \$1,995,000. Interest is payable semi-annually on April 1 and October 1. Ad valorem taxes are pledged as security for this bond issue.

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Requirement</u>
2025	360,000	44,950	404,950
2026	385,000	34,510	419,510
2027	395,000	23,345	418,345
2028	410,000	11,890	421,890
	<u>\$1,550,000</u>	<u>\$ 114,695</u>	<u>\$ 1,664,695</u>

**CITY OF RAYMONDVILLE, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2024**

NOTE H – CHANGES IN LONG-TERM DEBT – (Continued)

**\$2,145,000
Combination Tax and Subordinate Lien Certificates of Obligation
Series 2014**

During the year ended September 30, 2014, the City issued \$2,145,000 Combination Tax and Subordinate Lien Certificates of Obligation. These certificates of obligation bear varying interest rates beginning with 0% and increasing to 4.05% interest. The first payment of \$15,000 plus interest was made on March 25, 2014. At September 30, 2024, the balance outstanding was \$1,260,000. Interest is payable semi-annually on April 1 and October 1. Principal payments are due on April 1 annually. Ad valorem taxes are pledged as security for this issue. Funds from this debt issue are being used for a reverse osmosis water system and water well.

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Requirement</u>
2025	120,000	47,971	167,971
2026	125,000	43,915	168,915
2027	130,000	39,540	169,540
2028	135,000	34,834	169,834
2029	140,000	29,785	169,785
2030	145,000	24,395	169,395
2031	150,000	18,696	168,696
2032	155,000	12,711	167,711
2033	160,000	6,480	166,480
	<u>\$ 1,260,000</u>	<u>\$ 258,327</u>	<u>\$ 1,518,327</u>

CITY OF RAYMONDVILLE, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2024

NOTE H – CHANGES IN LONG-TERM DEBT – (Continued)

\$3,100,000
Certificates of Obligation (General Obligation Debt)
Series 2014

During the year ended September 30, 2014, the City issued \$3,100,000 Combination Tax and Limited Pledge Revenue Certificates of Obligation, Series 2014. These certificates of obligation bear an initial interest rate of 2.75% until April 1, 2019. Interest rate change dates are April 1, 2019, April 1, 2024, and April 1, 2029. The amortization schedule assumes an interest rate of 4.15% to maturity. This is a General Obligation Debt of the City. At September 30, 2024, the balance outstanding was \$1,735,000. Interest is payable semi-annually on April 1 and October 1. Principal payments are due on April 1 annually. Ad valorem taxes and economic Development Corporation sales taxes are pledged as security for issue. Funds from this debt issue are being used to fund construction of a police department building and park and improvements.

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Requirement</u>
2025	145,000	72,003	217,003
2026	150,000	65,985	215,985
2027	155,000	59,760	214,760
2028	160,000	53,327	213,327
2029	170,000	46,688	216,688
2030	175,000	39,632	214,632
2031	185,000	32,370	217,370
2032	190,000	24,693	214,693
2033	200,000	16,807	216,807
2034	205,000	8,508	213,508
	<u>\$ 1,735,000</u>	<u>\$ 419,773</u>	<u>\$2,154,773</u>

**CITY OF RAYMONDVILLE, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2024**

NOTE H – CHANGES IN LONG-TERM DEBT – (Continued)

Capital Lease Purchase of Water Meters

During the year ended September 30, 2018, the City of Raymondville entered into a capital lease transaction with Pinnacle Public Finance, Inc to perform 2791 water meter retrofits with advanced metering infrastructure. The purchase price was \$1,674,785. The lease calls for one payment of interest only of \$54,350.27 and 59 quarterly payments of \$34,687.80 including 2.775%.

Debt service requirement for the term of the issue follow:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Requirement</u>
2025	109,311	39,440	148,751
2026	112,376	26,375	138,751
2027	115,527	23,224	138,751
2028	118,766	19,985	138,751
2029	122,097	16,654	138,751
2030	125,520	13,231	138,751
2031	129,039	9,712	138,751
2032	132,658	6,093	138,751
2033	136,378	2,373	138,751
	<u>\$ 1,101,672</u>	<u>\$ 157,087</u>	<u>\$ 1,258,759</u>

**CITY OF RAYMONDVILLE, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2024**

NOTE H – CHANGES IN LONG-TERM DEBT – (Continued)

\$2,400,000

Certificates of Obligation (General Obligation Debt)

During the year ended September 30, 2018, the City issued \$2,400,000 Combination Tax and Limited Pledge Revenue Certificates of Obligation, Series 2018. These certificates of obligation bear interest rates from 3.39% to 3.64%. Proceeds of the certificates of obligation will be used for street improvements.

Debt service requirements for the term of the issue follow:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Requirement</u>
2025	105,000	62,695	167,695
2026	115,000	59,136	174,136
2027	120,000	55,237	175,237
2028	120,000	51,169	171,169
2029	120,000	47,101	167,101
2030	130,000	43,033	173,033
2031	135,000	38,626	173,626
2032	140,000	34,050	174,050
2033	145,000	29,304	174,304
2034	115,000	56,997	171,997
2035	120,000	47,214	167,214
2036	135,000	37,005	172,005
2037	145,000	25,521	170,521
2038	155,000	13,186	168,186
	<u>\$ 1,800,000</u>	<u>\$ 600,274</u>	<u>\$ 2,400,274</u>

**CITY OF RAYMONDVILLE, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2024**

NOTE H – CHANGES IN LONG-TERM DEBT – (Continued)

**\$1,520,000
Combination Tax and Subordinate Lien Revenue
Certificates of Obligation, Series 2020**

During the year ended September 30, 2020, the City issued \$1,520,000 Combination Tax Subordinate Line Revenue Certificates of Obligation, Series 2020, for water system improvements. These certificates of obligation bear varying interest rates beginning with 0.08% and increasing to 1.33%. The first payment of \$70,000 plus interest was made on March 31, 2021. Interest is payable semi-annually on April 1 and October 1. Principal payment are due on April 1 annually, ad valorem taxes are pledged as security for this issue.

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Requirement</u>
2025	75,000	10,016	85,016
2026	75,000	10,017	85,017
2027	75,000	9,956	84,956
2028	75,000	9,769	84,769
2029	75,000	9,492	84,492
2030	75,000	9,109	84,109
2031	75,000	8,614	83,614
2032	75,000	8,037	83,037
2033	75,000	7,369	82,369
2034	75,000	6,626	81,626
2035	75,000	5,824	80,824
2036	80,000	4,984	84,984
2037	80,000	4,048	84,048
2038	80,000	3,088	83,088
2039	80,000	2,096	82,096
2040	80,000	1,064	81,064
	<u>\$ 1,225,000</u>	<u>\$ 110,109</u>	<u>\$ 1,335,109</u>

**CITY OF RAYMONDVILLE, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2024**

NOTE H – CHANGES IN LONG-TERM DEBT – (Continued)

**\$337,000
Combination Tax and Subordinate Lien Revenue
Certificates of Obligation, Taxable Series 2021**

During the year ended September 30, 2021, the City issued \$337,000 Combination Tax and Subordinate Lien Revenue Certificates of Obligation, Series 2021. These certificates of obligation bear no interest rates.

Debt service requirements for the term of the issue follow:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Requirement</u>
2025	11,000	-	11,000
2026	11,000	-	11,000
2027	11,000	-	11,000
2028	11,000	-	11,000
2029	11,000	-	11,000
2030	11,000	-	11,000
2031	11,000	-	11,000
2032	11,000	-	11,000
2033	11,000	-	11,000
2034	11,000	-	11,000
2035	11,000	-	11,000
2036	11,000	-	11,000
2037	11,000	-	11,000
2038	11,000	-	11,000
2039	11,000	-	11,000
2040	11,000	-	11,000
2041	11,000	-	11,000
2042	11,000	-	11,000
2043	11,000	-	11,000
2044	11,000	-	11,000
2045	12,000	-	12,000
2046	12,000	-	12,000
2047	12,000	-	12,000
2048	12,000	-	12,000
2049	12,000	-	12,000
2050	12,000	-	12,000
2051	12,000	-	12,000
	<u>\$ 304,000</u>	<u>\$ -</u>	<u>\$ 304,000</u>

CITY OF RAYMONDVILLE, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2024

NOTE H – CHANGES IN LONG-TERM DEBT – (Continued)

\$2,491,000
Combination Tax and Subordinate Lien Revenue
Certificates of Obligation, Taxable Series 2022

During the year ended September 30, 2022, the City issued \$2,491,000 Combination Tax and Subordinate Lien Revenue Certificates of Obligation, Series 2022. These certificates of obligation bear varying interest rates beginning with 0.24% and increasing to 0.58%.

Debt service requirements for the term of the issue follow:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Requirement</u>
2025	121,000	9,738	130,738
2026	122,000	9,424	131,424
2027	122,000	9,082	131,082
2028	122,000	8,716	130,716
2029	123,000	8,326	131,326
2030	123,000	7,883	130,883
2031	123,000	7,428	130,428
2032	124,000	6,960	130,960
2033	124,000	6,464	130,464
2034	125,000	5,944	130,944
2035	126,000	5,381	131,381
2036	126,000	4,776	130,776
2037	126,000	4,171	130,171
2038	126,000	3,529	129,529
2039	127,000	2,886	129,886
2040	128,000	2,200	130,200
2041	128,000	1,484	129,484
2042	130,000	754	130,754
	<u>\$ 2,246,000</u>	<u>\$ 105,146</u>	<u>\$ 2,351,146</u>

**CITY OF RAYMONDVILLE, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2024**

NOTE H – CHANGES IN LONG-TERM DEBT – (Continued)

**Debt Service Requirements
For the Next Five Fiscal Years
And Through Final Payments**

Fiscal Year	Principal	Interest	Total Requirement
2025	1,091,311	286,813	1,378,124
2026	1,140,376	249,362	1,389,738
2027	1,168,527	220,144	1,388,671
2028-2031	3,695,422	600,464	4,295,886
2032-2036	3,144,036	344,600	3,488,636
2037-2051	1,757,012	64,027	1,821,039
	<u>\$11,996,684</u>	<u>\$ 1,765,411</u>	<u>\$ 13,762,095</u>

The City accounts for short-term loans through the appropriate fund.

At September 30, 2024, there were no short-term loans payable.

NOTE I – SUPPLEMENTAL DEATH BENEFIT FUND

The City participates in the cost sharing multiple-employer defined benefit group-term life insurance plan operated by the Texas Municipal Retirement System (TMRS) known as the Supplemental Death Benefits Fund (SDBF). The City elected, by ordinance, to provide group-term life insurance coverage to both current and retired employees. The City may terminate coverage under and discontinue participation in the SDBF by adopting an ordinance before November 1 of any year to be effective the following January 1.

The death benefit for active employees provides a lump-sum payment approximately equal to the employee's annual salary (calculated based on the employee's actual earnings, for the 12-month period preceding the month of death); retired employees are insured for \$7,500; this coverage is an "other postemployment benefit", or OPEB.

The City contributes to the SDBF at a contractually required rate as determined by an annual actuarial valuation. The rate is equal to the cost of providing one-year term life insurance. The funding policy for the SDBF program is to assure that adequate resources are available to meet all death benefit payments for the upcoming year; the intent is not to pre-fund retiree term life insurance during employees' entire careers.

**CITY OF RAYMONDVILLE, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2024**

NOTE I – SUPPLEMENTAL DEATH BENEFIT FUND – (Continued)

As of December 31, 2023, the following employees were covered by the benefits terms:

Inactive employees or beneficiaries currently receiving benefits	35
Inactive employees entitled to but not yet receiving benefits	10
Active employees	68
	113

Schedule of Contribution Rates
(Retiree-Only Portion of the Rate for OPEB)

Plan/Calendar Year	Total SDB Contribution (Rate)	Retiree Portion of SDB Contribution (Rate)
2024	0.44%	0.25%
2023	0.40%	0.22%
2022	0.37%	0.29%
2021	0.47%	0.38%
2020	0.26%	0.14%

GASB 75 required employers to recognize the total OPEB liability and the OPEB expense on their 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. An irrevocable trust has not been established that meets the criteria of GASB Statements No. 75. Therefore, the plan is not accounted for as a trust fund. The plan does not issue a separate financial report.

The benefits levels and contribution rate are approved annually by the city management and the Commission as part of the budget process. By the City not contributing anything toward this plan in advance, the City employs a pay-as-you-go method through ensuring the annual retiree contribution are equal to the benefits that are paid on behalf of the retirees. OPEB expenses as actuarially determined for the city was \$6,255.

**CITY OF RAYMONDVILLE, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2024**

NOTE I – SUPPLEMENTAL DEATH BENEFIT FUND – (Continued)

Actuarial Methods and Assumptions

Significant methods and assumptions used in the December 31, 2023, actuarial valuation are as follows:

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

Note: 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.

These assumptions are estimated of future experience with respect to rates of mortality, disability, turnover, retirement, rate or rates of investment income and compensation increases. Actuarial assumptions are generally based on past experience, often modified for projected changes in conditions. Economic assumptions (compensation increases, payroll growth, inflation and investment return) consist of an underlying real rate of return plus an assumption for a long-term average rate of inflation. The actuarial valuation report determines, as of the actuarial valuation date, the service cost, total OPEB liability, and related actuarial present value of projected benefits.

Total OPEB Liability

The total OPEB liability of \$212,797 (City) was measured as of December 31, 2023, and was determined by an actuarial valuation as of the date.

**CITY OF RAYMONDVILLE, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2024**

NOTE I – SUPPLEMENTAL DEATH BENEFIT FUND – (Continued)

The total OPEB liability and related information are as follows for the City as December 31, 2023:

Changes in the Total OPEB Liability

Total OPEB Liability – beginning of year	\$ 199,685
Changes for the year	
Service Cost	6,952
Interest on Total OPEB Liability	8,113
Changes of benefit terms including TMRS plan participation	0
Differences between expected and actual experience	(3,559)
Changes in assumptions or other inputs	7,270
Benefit payments **	(5,664)
Net changes	<u>13,112</u>
Total OPEB Liability – end of year	\$ 212,797

OPEB Expense and Deferred Outflows of Resources Related to OPEB:

For the year ended September 30, 2024, the City recognized OPEB expenses of \$6,255.

Service cost	\$ 6,952
Interest on total OPEB liability	8,113
Changes in benefit terms including TMRS plan participation	0
Employer administrative costs	0
Recognition of deferred outflows/inflows of resources:	
Differences between expected and actual experience	(6,875)
Changes in assumptions or other inputs ¹	(1,935)
Total OPEB expense	<u>\$ 6,255</u>

1. Generally, this will only be the annual change in the municipal bond index rate. However, for this valuation, the changes in assumption also include the changes in the actuarial assumptions adopted in 2023.

The City includes contributions made subsequent to the measurement date (12/31/2023) through the City's fiscal year end (9/30/2024) as deferred outflows resources.

**CITY OF RAYMONDVILLE, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2024**

NOTE I – SUPPLEMENTAL DEATH BENEFIT FUND – (Continued)

Other amounts to reported as deferred outflow related to OPEB will be recognized in OPEB expense as follow:

	Net Deferred Outflows/ (Inflows) of Resources
2024	\$ (9,896)
2025	(13,988)
2026	(15,012)
2027	(6,750)
2028	71
Thereafter	0
Total	\$ (45,575)

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 discount rate:

	1% Decrease 2.77%	Current Discount Rate 3.77%	1% Increase 4.77%
Total OPEB Liability	\$249,018	\$212,797	\$183,657

NOTE J – PENSION BENEFIT PLAN

Summary of Significant Accounting Policies

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

**CITY OF RAYMONDVILLE, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2024**

NOTE J – PENSION BENEFIT PLAN – (Continued)

Defined Benefit Pension Plans

1. Plan Description

The City of Raymondville participates as one of 860 plans in the nontraditional, joint contributory, hybrid defined benefit pension plan administered by the Texas Municipal Retirement System (TMRS). TMRS is an agency 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 municipal employees in the State of Texas. The TMRS Act places the general administration and management of the System with a six-member Board of Trustees. Although the Governor, with the advice and consent of the Senate, appoints the Board, TMRS is not fiscally dependent on the State of Texas, TMRS's defined benefit pension plan is a tax-qualified plan under Section 401(a) of the Internal Revenue Code. TMRS issues a publicly available comprehensive annual financial report (CAFR) that can be obtained at www.tmr.com.

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

2. 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 benefit is calculated as if the sum of the employee's contributions, with interest, and the city-financed monetary credits with interest were used to purchase an annuity. Members may choose to receive their retirement benefit in one of seven payments options. Members may also choose to receive a portion of their benefit as a Partial Lump Sum Distribution in an amount equal to 12, 24, or 36 monthly payments, which cannot exceed 75% of the member's deposits and interest.

Employees covered by benefit terms.

At the December 31, 2022 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	52
Inactive employees entitled to but not yet receiving benefits	43
Active employees	68
	<hr/>
	163

3. Contributions

The contribution rates for employees in TMRS are either 5%, 6%, or 7% of employees gross earnings, 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

**CITY OF RAYMONDVILLE, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2024**

NOTE J – PENSION BENEFIT PLAN – (Continued)

each city is determined annually by the actuary, using the Entry Age Normal (EAN) actuarial cost method. The actuarially determined rate is the estimated amount necessary to finance the cost of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability.

Employees for the City of Raymondville were required to contribute 7.00% of their annual gross earnings during the fiscal year. The contribution rates for the City of Raymondville were 1.24% and 1.24% in calendar year 2023 and 2022, respectively. The city's contributions to TMRS for the year ended September 30, 2024, were \$39,698.

4. Net Pension Liability

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

Actuarial Assumptions

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

Inflation	2.50% per year
Overall payroll growth	3.60% to 11.85% including inflation
Investment Rate of Return	6.75%

Salary increases were based on a service-related table. Mortality rates for active members, retirees, and beneficiaries were based on the gender-distinct RP2000 Combined Healthy Mortality Table, with male rates multiplied by 109% and female rate multiplied by 103%. The rates are projected on a fully generational basis by scale BB to account for future mortality improvements. For disabled annuitants, the gender-distinct RP2000 Disabled Retiree Mortality Table is used, with slight adjustments.

Actuarial assumptions used in the December 31, 2023, valuation were based on the results of actuarial experience studies. The experience study in TMRS was for the period January 1, 2010, through December 31, 2014, first used in the December 31, 2015, valuation. Healthy post-retirement mortality rates and annuity purchase rates were updated based on Mortality Experience Investigation Study covering 2009 through 2011 and dated December 31, 2013. These assumptions were first used in the December 31, 2013, valuation, along with a change to the Entry Age Normal (EAN) actuarial cost method. Assumptions are reviewed annually. No additional changes were made for the 2015 valuation.

**CITY OF RAYMONDVILLE, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2024**

NOTE J – PENSION BENEFIT PLAN – (Continued)

The long-term expected rate of return on pension plan investments is 6.75%. The pension plan's policy in regard to the allocation of invested assets is established and may be amended by the TMRS Board of Trustees. Plan assets are managed on a total return basis with an emphasis on both capital appreciation as well as the production of income, in order to satisfy the short-term and long-term funding needs of TMRS.

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 employee and employer contributions will be made at the rate 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 employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all period of projected benefit payments to determine the Total Pension Liability.

Changes in the Net Pension Liability	Total Pension Liability	Increase (Decrease) Plan Fiduciary Net Position	Net Pension Liability
	(a)	(b)	(a)-(b)
Balance at 12/31/2022	\$ 9,246,747	\$ 10,411,589	\$ (1,164,842)
Changes for the year:			
Service cost	\$ 296,604		\$ 296,604
Interest	609,741		609,741
Change of benefit terms			
Difference between expected and actual experience	(173,886)		(173,886)
Changes in assumptions	(107,724)		(107,724)
Contributions-employer		43,512	(43,512)
Contributions-employee		180,228	(180,228)
Net investment income		1,201,500	(1,201,500)
Benefit payments, including refunds of employee contributions	(723,707)	(723,707)	-
Administrative expense		(7,666)	7,666
Other changes		(54)	54
Net changes	\$ (98,972)	\$ 693,813	\$ (792,785)
Balance at 12/31/2023	\$ 9,147,775	\$ 11,105,401	\$ (1,957,628)

Sensitivity of the net pension liability to changes in the discount rate.

The following present 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

**CITY OF RAYMONDVILLE, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2024**

NOTE J – PENSION BENEFIT PLAN – (Continued)

discount rate that is 1-percentage-point lower (5.75%) or 1-percentage-point higher (7.75%) than the current rate:

	1% Decrease in Discount Rate 5.75%	Discount Rate 6.75%	1% Increase in Discount Rate 7.75%
City's net pension liability	\$ (750,558)	\$ (1,957,628)	\$ (2,954,059)

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.

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

For the ended September 30, 2024, the city recognized pension income of \$178,645.

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
Change in assumptions	\$ -	\$ 48,454
Differences between expected and actual experience	-	80,997
Difference between projected and actual earnings	183,913	-
Contributions subsequent to the measurement date	27,157	-
Total	\$ 211,071	\$ 129,450

\$27,157 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:

**CITY OF RAYMONDVILLE, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2024**

NOTE J – PENSION BENEFIT PLAN – (Continued)

Deferred Outflows and Deferred Inflows of resources by year to be recognized in future pension expense as follows:

	<u>Net Deferred Outflows/ (Inflows) of Resources</u>
2024	(7,842)
2025	15,505
2026	179,150
2027	(99,742)
2028	-
Thereafter	-
Total	\$ 87,071

NOTE K – PRIOR PERIOD ADJUSTMENT

The City had to record a prior period adjustment to adjust the beginning balances due to unrecorded adjusting entries from the previous year. The prior period adjustment is as follows:

	<u>2024</u>
Governmental Activities	\$ (127,183)
Business-Type Activities	<u>50,592</u>
Total prior period adjustment	<u>\$ (76,591)</u>

NOTE L – SUBSEQUENT EVENTS

Subsequent events have been evaluated through April 7, 2025, which is the date the financial statements were available to be issued. Events occurring after that date have not been evaluated to determine whether a change in the financial statements would be required.

REQUIRED SUPPLEMENTAL INFORMATION

CITY OF RAYMONDVILLE, TEXAS
TEXAS MUNICIPAL RETIREMENT SYSTEM
Pension Information

SCHEDULE OF PENSION EXPENSE

1. Total Service Cost	\$ 296,604
2. Interest on the Total Pension Liability	609,741
3. Current Period Benefit Changes	-
4. Employee Contributions (Reduction of Expense)	(180,228)
5. Projected Earnings on Plan Investments (Reduction of Expense)	(702,782)
6. Administrative Expense	7,666
7. Other changes in Fiduciary Net Position	54
8. Recognition of Current Year Outflow (Inflow) of Resources-Liabilities	(79,105)
9. Recognition of Current Year Outflow (Inflow) of Resources-Assets	(99,744)
10. Amortization of Prior Year Outflows (Inflows) of Resources- Liabilities	(53,280)
11. Amortization of Prior Year Outflows (Inflows) of Resources-Assets	22,429
12. Total Pension Expense (Income)	<u>\$ (178,645)</u>

CITY OF RAYMONDVILLE, TEXAS
TEXAS MUNICIPAL RETIREMENT SYSTEM
Pension Information

SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
CURRENT PERIOD

A. Total Pension Liability

1. Service Cost	\$ 296,604
2. Interest (on the Total Pension Liability)	609,741
3. Changes of benefit terms	-
4. Difference between expected and actual experience	(173,886)
5. Changes in assumptions	(107,724)
6. Benefit payments, including refunds of employee contributions	(723,707)
7. Net change in total pension liability	\$ (98,972)
8. Total pension liability - beginning	9,246,747
9. Total pension liability - ending	<u>\$ 9,147,775</u>

B. Plan Fiduciary Net Position

1. Contributions - employer	\$ 43,512
2. Contributions - employee	180,228
3. Net investment income	1,201,500
4. Benefit payments, including refunds of employee contributions	(723,707)
5. Administrative expense	(7,666)
6. Other	(54)
7. Net change in plan fiduciary net position	\$ 693,814
8. Plan fiduciary net position - beginning	10,411,589
9. Plan fiduciary net position - ending	<u>\$ 11,105,403</u>

C. Net Pension Liability/(Asset) (A.9 - B.9)	<u><u>\$ (1,957,628)</u></u>
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D. Plan Fiduciary Net Position as a Percentage of the Total Pension Liability (B.9/A.9)	121.40%
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E. Covered-Employee Payroll	\$ 2,574,687
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F. Net Pension Liability/(Asset) as a Percentage of Covered Employee Payroll	(76.03%)
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CITY OF RAYMONDVILLE, TEXAS
TEXAS MUNICIPAL RETIREMENT SYSTEM
PENSION INFORMATION

SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS

	2023	2022	2021	2020	2019	2018	2017
Total pension liability							
Service cost	\$ 296,604	\$ 300,356	\$ 287,025	\$ 279,834	\$ 262,917	\$ 241,540	\$ 236,147
Interest (on the Total Pension Liability)	609,741	590,603	566,300	558,883	538,216	536,300	524,133
Changes of benefit terms	-	-	-	-	-	-	-
Difference between expected/ actual experience	(173,886)	4,883	(28,581)	(241,554)	(9,712)	(250,249)	(38,079)
Change in assumptions	(107,724)	-	-	-	7,395	-	-
Benefit payments, including refunds of employee contributions	(723,707)	(497,171)	(445,560)	(536,203)	(465,983)	(553,811)	(535,476)
Net Change in Total Pension Liability	\$ (98,972)	\$ 398,671	\$ 379,184	\$ 60,960	\$ 332,833	\$ (26,220)	\$ 186,725
Total Pension Liability - Beginning	9,246,747	8,848,076	8,468,892	8,407,932	8,075,099	8,101,319	7,914,594
Total Pension Liability - Ending (a)	\$ 9,147,775	\$ 9,246,747	\$ 8,848,076	\$ 8,468,892	\$ 8,407,932	\$ 8,075,099	\$ 8,101,319
Plan Fiduciary Net Position							
Contributions - Employer	\$ 43,512	\$ 46,898	\$ 55,471	\$ 24,226	\$ 34,021	\$ 38,114	\$ 37,540
Contributions - Employee	180,228	184,429	178,118	173,042	162,009	149,892	146,806
Net Investment Income	1,201,500	(838,712)	1,350,946	755,555	1,370,367	(285,295)	1,203,424
Benefit payments/refunds of contributions	(723,707)	(497,171)	(445,560)	(536,203)	(465,983)	(553,811)	(535,476)
Administrative expenses	(7,666)	(7,273)	(6,262)	(4,897)	(7,755)	(5,520)	(6,241)
Other	(54)	8,679	43	(191)	(233)	(288)	(316)
Net change in Plan Fiduciary - Net Position	\$ 693,812	\$ (1,103,151)	\$ 1,132,756	\$ 411,532	\$ 1,092,426	\$ (656,908)	\$ 845,736
Plan Fiduciary Net Position - Beginning	10,411,589	11,514,740	10,381,984	9,970,452	8,878,026	9,534,934	8,689,198
Plan Fiduciary Net Position - Ending (b)	\$ 11,105,403	\$ 10,411,589	\$ 11,514,740	\$ 10,381,984	\$ 9,970,452	\$ 8,878,026	\$ 9,534,934
Net Pension Liability/(asset) - Ending = (a) - (b)	\$ (1,957,628)	\$ (1,164,842)	\$ (2,666,664)	\$ (1,913,092)	\$ (1,562,520)	\$ (802,927)	\$ (1,433,615)
Plan Fiduciary Net Positions as a Percentage of Total Pension Liability							
121.40%		112.60%	130.14%	122.59%	118.58%	109.94%	117.70%
Pensionable covered Payroll	\$ 2,574,687	\$ 2,634,705	\$ 2,544,549	\$ 2,472,033	\$ 2,314,411	\$ 2,141,311	\$ 2,097,222
Net Pension Liability (asset) as a Percentage of Covered Employee Payroll	(76.03%)	(44.21%)	(104.80%)	77.39%	67.51%	(37.50%)	(68.36%)

**CITY OF RAYMONDVILLE, TEXAS
TEXAS MUNICIPAL RETIREMENT SYSTEM**

SCHEDULE OF CONTRIBUTIONS

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Actuarially determined contribution	\$ 43,512	\$ 46,898	\$ 55,471	\$ 24,226	\$ 34,021	\$ 38,115	\$ 37,540
Actual employee contributions	\$ 43,512	\$ 46,898	\$ 55,471	\$ 24,226	\$ 34,021	\$ 38,115	\$ 37,540
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered employee payroll	\$ 2,574,687	\$ 2,634,705	\$ 2,544,549	\$ 2,472,033	\$ 2,314,411	\$ 2,141,131	\$ 2,097,222
Contributions as a percentage of covered employee payroll	1.69%	1.78%	2.18%	1.00%	1.47%	1.78%	1.79%

NOTES TO SCHEDULE

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

Methods and Assumptions Used to Determine Contribution Rates:

Actuarial Cost Method: Entry Age (level percentage of pay)

Amortization Method: Level percentage of payroll, closed

Remaining Amortization Period: N/A

Asset Valuation Method: 10 years smoothed market; 12% soft corridor

Inflation: 2.5%

Salary Increases: 3.60% to 11.85% including inflation

Investment Rate of Return:

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
The rates are projected on a fully generational basis with scale MP-2021.
Pre-retirement: PUM(10) mortality tables, with the Public Safety table used for males and the General Employee table used for females.
The rates are projected on a fully generational basis with scale MP-2021.

Other Information: There were no benefit changes during the year.

CITY OF RAYMONDVILLE, TEXAS
SCHEDULE OF CHANGES IN THE TOTAL OPEB LIABILITY AND RELATED RATIOS
TEXAS MUNICIPAL RETIREMENT SYSTEM
SEPTEMBER 30, 2024

	FY 2024 Plan Year 2023	FY 2023 Plan Year 2022	FY 2022 Plan Year 2021
Total OPEB Liability			
Service Cost	\$ 6,952	\$ 13,437	\$ 12,468
Interest on the Total OPEB Liability	8,113	5,128	5,336
Changes of Benefit Terms	-	-	-
Difference between Expected and Actual Experience	(3,559)	2,767	(5,520)
Changes of Assumptions	7,270	(89,805)	7,762
Benefit Payments**	<u>(5,664)</u>	<u>(7,641)</u>	<u>(9,669)</u>
Net Change in Total OPEB Liability	13,112	(76,114)	10,377
Total OPEB Liability - Beginning	<u>199,685</u>	<u>275,799</u>	<u>265,422</u>
Total OPEB Liability - Ending	<u>\$ 212,797</u>	<u>\$ 199,685</u>	<u>\$ 275,799</u>
 Covered Payroll	 \$ 2,574,687	 \$ 2,634,705	 \$ 2,544,549
 Total OPEB Liability as a Percentage of Covered Payroll	 8.26%	 7.58%	 10.84%

***Due to the SDBF being considered an unfunded OPEB plan under GASB 75, benefit payments are treated as being equal to the employer's yearly contributions for retirees.*

Note: GASB Codification, Vol. 2, P52. 139 states that the information on this schedule should be determined as of the measurement date of the plan.

As required by GASB 75, this schedule will be built prospectively as the information becomes available until 10 years of information is presented.

CITY OF RAYMONDVILLE, TEXAS
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
GENERAL FUND
For the year ended September 30, 2024

REVENUES/INCOME	Original & Final Budget	Actual Amounts	Variance with Budget
Taxes	\$ 3,440,574	\$ 3,441,812	\$ 1,238
Licenses and permits	25,000	49,313	24,313
Intergovernmental	-	-	-
Charges for services	847,750	838,917	(8,833)
Fines and forfeits	23,000	11,942	(11,058)
Other revenues	165,000	306,141	141,141
Total revenues/income	<u>4,501,324</u>	<u>4,648,126</u>	<u>5,661</u>
EXPENDITURES/EXPENSES			
Current:			
General government	827,306	815,919	11,387
Public safety	2,285,575	1,229,206	1,056,369
Highways and streets	688,506	690,684	(2,178)
Sanitation	726,000	665,679	60,321
Culture and recreation	520,639	676,154	(155,515)
Pension	-	34,093	(34,093)
Capital Outlay	-	-	-
Total expenditures	<u>5,048,026</u>	<u>4,111,735</u>	<u>936,291</u>
Excess (deficiency) of revenues over expenditures	<u>(546,702)</u>	<u>536,391</u>	<u>941,952</u>
Other financing sources (uses):			
Transfers in	224,000	-	224,000
Transfers out	-	(134,178)	(134,178)
Total other financing sources (uses)	<u>224,000</u>	<u>(134,178)</u>	<u>89,822</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses	<u>(322,702)</u>	<u>402,213</u>	<u>1,031,774</u>
Fund balances/net position:			
Beginning of the year	1,398,166	1,398,166	-
End of the year	<u>\$ 976,762</u>	<u>\$ 1,800,375</u>	<u>\$ 823,613</u>

COMPLIANCE SECTION



ROBERTO LOPEZ

CERTIFIED PUBLIC ACCOUNTANT, PC

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

Independent Auditor's Report

Honorable Gilbert Gonzales, Major
Members of the Board of Commissioners
City of Raymondville, Texas

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Raymondville, Texas, as of and for the year ended September 30, 2024 and the related notes to the financial statements, which collectively comprise the City of Raymondville, Texas's basic financial statements and have issued our report thereon dated April 7, 2025.

Report on Internal Control over Financial Reporting

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

Report on Compliance and Other Matters

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

Purpose of This Report

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

Roberto Lopez

Roberto Lopez, CPA PCs
Harlingen Texas

April 7, 2025



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

Honorable Gilbert Gonzales, Major
Members of the Board of Commissioners
City of Raymondville, Texas

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the City of Raymondville, Texas' 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 of Raymondville, Texas' major federal programs for the year ended September 30, 2024. The City of Raymondville, Texas' 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 of Raymondville, Texas 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 of Raymondville, Texas and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the City of Raymondville, Texas'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 of Raymondville, Texas' federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the City of Raymondville, Texas' 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 of Raymondville, Texas'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 of Raymondville, Texas' 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 of Raymondville, Texas' 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 of Raymondville, Texas' internal control over compliance. Accordingly, no such opinion is expressed.

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

Report on Internal Control over Compliance

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

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

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

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

Roberto Lopez

Roberto Lopez, CPA PCs
Harlingen Texas

April 7, 2025

CITY OF RAYMONDVILLE, TEXAS
SCHEDULE OF FINDINGS AND QUESTIONED COST
FOR THE YEAR ENDED SEPTEMBER 30, 2024

I. Summary of the Auditor's Results:

Financial Section:

- a. The type of report issued -----Unmodified
- b. Internal Control Over Financial Reporting:
 Material weaknesses identified-----No

 Significant deficiencies identified which
 Were not considered material weakness-----No
- c. Noncompliance material to the financial statements noted-----No

Federal Awards Section

- d. The type of report the auditor issued on compliance
 for major programs-----Unmodified
- e. Internal Control Over Major Programs:
 Material Weakness(es) Identified?-----No

 Significant Deficiency(ies) identified which
 Were not considered material weaknesses ?-----No
- f. Any audit findings disclosed that are required to be reported in
 accordance with the Uniform Guidance?-----No
- g. Identification of Major Programs:

<u>Assistance Listing Number</u>	<u>Name of Federal Program or Cluster</u>
66.202	Environmental Protection Agency/Texas Water Development Board
21.027	Coronavirus State and Local Fiscal Recovery

- h. Dollar threshold to distinguished between type A and type B programs: \$750,000
- i. Auditee qualifies as a low-risk auditee-----No

**CITY OF RAYMONDVILLE, TEXAS
SCHEDULE OF FINDINGS AND QUESTIONED COST
FOR THE YEAR ENDED SEPTEMBER 30, 2024**

**II. Findings Relating to the Financial Statements Audit as Required to be Reported
in Accordance with *Generally Accepted Government Auditing Standards*.**

None Reported

III. Findings Related to Federal Awards

None Reported

CITY OF RAYMONDVILLE, TEXAS
SCHEDULE OF STATUS OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED SEPTEMBER 30, 2024

2023-001: City Accounting (Material Weakness in Internal Control)

Criteria:

The City's accounting and financial reporting process should involve procedures to incorporate all aspects of the City's finances and reflect all activity of the City's funds in the proper classification and in accordance with accounting standards generally accepted in the United States of America applicable to state and local governments (GAAP).

Condition:

In conducting the audit of the City of Raymondville, Texas, a large number of adjusting entries, both provided by the City and identified during the audit process, were required to properly state account balances and reconcile general ledger balances with subsidiary support or other evidence. In addition, it was noted that the cash bank reconciliations were not prepared in a timely manner. The bank accounts were not reconciled until September 2024.

Cause:

The City's accounting, which includes bank reconciliations, was not monitored due to turnover in personnel.

Effect:

Due to the issues described above, the City failed to submit their single audit to the Federal Clearinghouse (FAC) in a timely manner. In addition, the unreconciled bank reconciliations present a significant deficiency in controls over the accounting process. This increases the risk that the financial statements can be materially misstated, including interim financial information that is reported throughout the fiscal year.

Recommendation:

Management and finance personnel should review financial records throughout the year and make adjustment as necessary. In addition, we recommend that the City establish time periods for performing bank reconciliations and monitor the process to ensure accounts are reconciled timely.

Corrective Action:

The City has established policies and procedures to improve the overall accounting process. To include monthly preparation of bank reconciliation, posting transactions, posting adjusting entries and review of financial statements. The City has also hired an experienced accountant to assist in implementing these policies and procedures.

Auditor's Comments: Cleared.

City of Raymondville
Schedule of Expenditures of Federal Awards By Grant
For the Year Ended September 30, 2024

<i>Federal Grantor/Program or Cluster Title</i>	<i>Federal ALN Number</i>	<i>Pass-through Grantor and Number</i>	<i>Federal Expenditures(\$)</i>
Department of Homeland Security			
Homeland Security Grant Program	97.067	Office of the Governor, 3248807	\$ 50,095
<i>Total Department of Homeland Security</i>			<u>50,095</u>
United States Department of Justice			
Crime Victim Assistance	16.575	Office of the Governor, 3372604	43,592
<i>Total Crime Victim Assistance</i>			<u>43,592</u>
Edward Byrne Memorial Justice Assistance Grant Program	16.738	Office of the Governor, 3853002, 3853004, 4463001	124,709
<i>Total Edward Byrne Memorial Justice Assistance Grant</i>			<u>124,709</u>
<i>Total United States Department of Justice</i>			<u>168,301</u>
United States Environmental Protection Agency			
Congressionally Mandated Projects (Loan)	66.202	Office of Governor, LF1001142	626,229
<i>Total Congressionally Mandated Projects</i>			<u>626,229</u>
Clean Water State Revolving Fund			
Clean Water State Revolving Fund	66.458	Office of Governor LF1001156, LF1001498	98,384
<i>Total Clean Water State Revolving Fund</i>			<u>98,384</u>
<i>Total United States Environmental Protection Agency</i>			<u>724,613</u>
Department of Housing and Urban Development			
GL_Drainage	14.228	GLO Community Development Block Grant, 18-405-5000-B114	74,410
<i>Total GL_Draainage</i>			<u>74,410</u>
Home Investment Partnerships Program			
Home Investment Partnerships Program	14.239	Home Investment Partnership Program, M-19-SG-48-0100	50,747
<i>Total Home Investment Partnerships Program</i>			<u>50,747</u>
<i>Total Department of Housing and Urban Development</i>			<u>125,157</u>
Department of the Treasury			
Total CORONAVIRUS STATE AND LOCAL FISCAL RECOVERY FUNDS	21.027	Texas Department of Emergency Management, TX-21-054	206,255
<i>Total Department of the Treasury</i>			<u>206,255</u>
<i>Total Expenditures of Federal Awards</i>			<u><u>\$ 1,274,421</u></u>

The accompanying notes are an integral part of this schedule

CITY OF RAYMONDVILLE, TEXAS
NOTES ON ACCOUNTING POLICIES FOR FEDERAL AWARDS
FOR THE YEAR ENDED SEPTEMBER 30, 2024

Basis of Presentation

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal grant activity of the City of Raymondville, Texas. The information in the schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principle, and Audit Requirement for Federal Awards ("Uniform Guidance"). Therefore, some amounts may differ from amounts presented in, or used in, the preparation of the basic financial statements.

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

Indirect Cost Rate

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

Federal Loans and Loan Guarantees

During the fiscal year ended September 30, 2020, the city received a loan from the Environmental Protection Agency through Congressionally Mandated Projects for water system improvements in the amount of \$1,520,000. The ALN is 66.202. There are no continuing compliance requirements.

Sub-Recipients

During the fiscal year ended September 30, 2024, the city did not have any sub-recipients.

Federal Funded Insurance

During the fiscal year ended September 30, 2024, the city had no outstanding federal funded insurance.

Noncash Awards

During the fiscal year ended September 30, 2024, the city had no outstanding noncash awards.