



ANNUAL FINANCIAL REPORT

FISCAL YEAR ENDED SEPTEMBER 30, 2024

PREPARED BY

FINANCE DEPARTMENT  
ROBBIE SORRELL, DIRECTOR OF FINANCE



**CITY OF ROCKPORT, TEXAS**  
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**SEPTEMBER 30, 2024**

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## INTRODUCTORY SECTION

**CITY OF ROCKPORT, TEXAS  
ELECTED AND APPOINTED OFFICIALS  
YEAR ENDED SEPTEMBER 30, 2024**

**ELECTED OFFICIALS**

MAYOR	LOWELL TIMOTHY “TIM” JAYROE
WARD 1 COUNCIL MEMBER	STEPHANIE RANGEL
WARD 2 COUNCIL MEMBER	MATT ANDERSON
WARD 3 COUNCIL MEMBER	BRAD BRUNDRETT
WARD 4 COUNCIL MEMBER (MAYOR PRO TEM)	ANDREA HATTMAN

**APPOINTED OFFICIALS**

CITY MANAGER	VANESSA SHRAUNER
DIRECTOR OF FINANCE	ROBBIE SORRELL
CITY SECRETARY	SHELLEY GOODWIN
POLICE CHIEF	NATHAN ANDERSON
PUBLIC WORKS DIRECTOR	MIKE DONOHO
CITY ATTORNEY	MESSER FORT, PLLC

## FINANCIAL SECTION



## INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor and  
Members of the City Council  
City of Rockport, 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 City of Rockport, as of and for the year ended September 30, 2024, and the related notes to the financial statements, which collectively comprise City of Rockport's basic financial statements as listed in the table of contents.

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

#### *Basis for Opinions*

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 Rockport and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

#### *Emphasis of Matter*

As discussed in Note 17 to the financial statements, the City recorded a prior period adjustment related to new accounting methods and error corrections. In addition, in Note 18 to the financial statements, the City sold the natural gas operations in 2025. Our opinion is not modified with respect to these matters.

#### *Responsibilities of Management for the Financial Statements*

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

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 Rockport's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

### ***Auditor's Responsibilities for the Audit of the Financial Statements***

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

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of City of Rockport'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 City of Rockport's ability to continue as a going concern for a reasonable period of time.

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

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, and schedules related to the City's net pension and total other postemployment benefit liabilities, as listed in the table of contents, 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 City of Rockport's basic financial statements. The supplementary information (as identified in the table of contents) schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is 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 November 4, 2025 on our consideration of City of Rockport's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the 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 City of Rockport's internal control over financial reporting and compliance.



Armstrong, Vaughan & Associates, P.C.

November 4, 2025

## MANAGEMENTS DISCUSSION AND ANALYSIS

As management of the City of Rockport, we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City of Rockport for the fiscal year ended September 30, 2024. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found in the introductory section of this report.

### Financial Highlights

- The assets and deferred outflows of resources of the City exceeded its liabilities and deferred inflows of resources at September 30, 2024 by \$78.3 million (net position). Of this amount \$19.7 million (unrestricted net position), may be used to meet the government's ongoing obligations to citizens and creditors.
- The government's total net position increased from operations by \$5.6 million. This increase is partly from capital grants received and good cost control measures.
- As of September 30, 2024, the City's governmental funds reported combined ending fund balances of \$17.8 million, a decrease of \$3.2 million. The decrease was largely from spending the 2022 tax notes on city hall construction.
- No new debt was issued by the City.

### Overview of the Financial Statements

The management discussion and analysis is intended to serve as the introduction of the City of Rockport, Texas' basic financial statements which are comprised of three components: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the financial statements.

Government-Wide Financial Statements – The government-wide financial statements are designed to provide readers with a broad overview of the City's finances, in a manner similar to a private-sector business financial presentation.

The statement of net position presents information on all of the City's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The statement of activities presents information showing how the City's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g. uncollected taxes and earned but unused vacation leave.)

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through their user fees and charges (business-type activities). The governmental activities of the City include general government, public safety, public works, tourism and culture and recreation. The business-type activities of the City include a water and sewer utility, a natural gas utility, sanitation and an aquatic center. The government-wide financial statements start on page 14 of this report.

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

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

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

The City maintains eighteen (18) individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund, capital projects fund, CDBG grant fund and the debt service fund, which are considered to be major funds. Data from the other fourteen (14) governmental funds are combined into a single, aggregated presentation. Details of the fourteen (14) nonmajor governmental funds are presented in the supplementary information section which begins on page 70. The City adopts an annual appropriated budget for most governmental funds except the capital project funds (CDBG grant fund, equipment replacement fund and capital projects fund). Budgetary comparison statements have been provided to demonstrate compliance with this budget for those funds that have a legally adopted budget. The basic governmental fund financial statements can be found starting on page 18 of this report.

*Proprietary Funds* – The City charges customers for the services it provides, whether to outside customers or to other units within the City. These services are generally reported in proprietary funds. The City maintains five proprietary funds with two types: Enterprise and Internal Service. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for the operation and maintenance of its water and sewer utility, natural gas utility, sanitation service and aquatic center. These enterprise funds provide services to customers which include the City and residents of the community. The City has one internal service fund for fleet services that only serves the City by pooling maintenance activities and charging various departments for their share of the cost. The basic proprietary fund financial statements can be found starting on page 24 of this report.

Notes to the Basic Financial Statements – The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 28 of this report.

Other Information – In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the City's general fund budgetary comparison and progress in funding its obligation to provide pension benefits and other postemployment benefits to its employees and retirees. Required supplementary information can be found on pages 57 of the City's annual comprehensive financial report.

The combining statements referred to earlier as the City's nonmajor governmental funds are presented immediately following the required supplementary information. Combining and individual budgetary comparison schedules can be found starting on pages 72 of the City's annual financial report.

## Government-wide Financial Analysis

The assets and deferred outflows of resources of the City exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$78.3 million (net position). Of this amount \$19.7 million (unrestricted net position) may be used to meet the ongoing obligations to citizens and creditors.

The largest portion of the City's net position (70%) is its net investment in capital assets (e.g., land, buildings, infrastructure, machinery, and equipment); less any related debt used to acquire those assets that is still outstanding. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. The next largest portion of the City's net position (25%) is unrestricted while approximately (5%) represents resources that are subject to external restrictions on how they may be used.

	Net Position					
	Governmental Activities		Business-Type Activities		Total	
	2024	2023	2024	2023	2024	2023
<b>Assets</b>						
Current and Other Assets	\$ 21,512,383	\$ 42,844,938	\$ 21,515,198	\$ 19,352,410	\$ 43,027,581	\$ 62,197,348
Capital Assets	57,640,932	52,304,315	39,231,335	38,556,909	96,872,267	90,861,224
<b>Total Assets</b>	<b>79,153,315</b>	<b>95,149,253</b>	<b>60,746,533</b>	<b>57,909,319</b>	<b>139,899,848</b>	<b>153,058,572</b>
<b>Deferred Outflows of Resources</b>						
	2,917,386	3,894,913	1,081,917	1,402,588	3,999,303	5,297,501
<b>Liabilities</b>						
Current Liabilities	3,409,042	25,083,927	3,889,473	6,321,699	7,298,515	31,405,626
Long-term Liabilities	39,050,944	39,802,897	17,775,427	17,233,407	56,826,371	57,036,304
<b>Total Liabilities</b>	<b>42,459,986</b>	<b>64,886,824</b>	<b>21,664,900</b>	<b>23,555,106</b>	<b>64,124,886</b>	<b>88,441,930</b>
<b>Deferred Inflows of Resources</b>						
	1,096,962	1,324,105	341,325	452,417	1,438,287	1,776,522
<b>Net Position</b>						
Net Investment in Capital Assets	28,326,097	23,252,907	26,293,567	25,096,266	54,619,664	48,349,173
Restricted	4,034,865	2,859,344	-	-	4,034,865	2,859,344
Unrestricted	6,152,791	6,720,986	13,528,658	10,208,118	19,681,449	16,929,104
<b>Total Net Position</b>	<b>\$ 38,513,753</b>	<b>\$ 32,833,237</b>	<b>\$ 39,822,225</b>	<b>\$ 35,304,384</b>	<b>\$ 78,335,978</b>	<b>\$ 68,137,621</b>

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

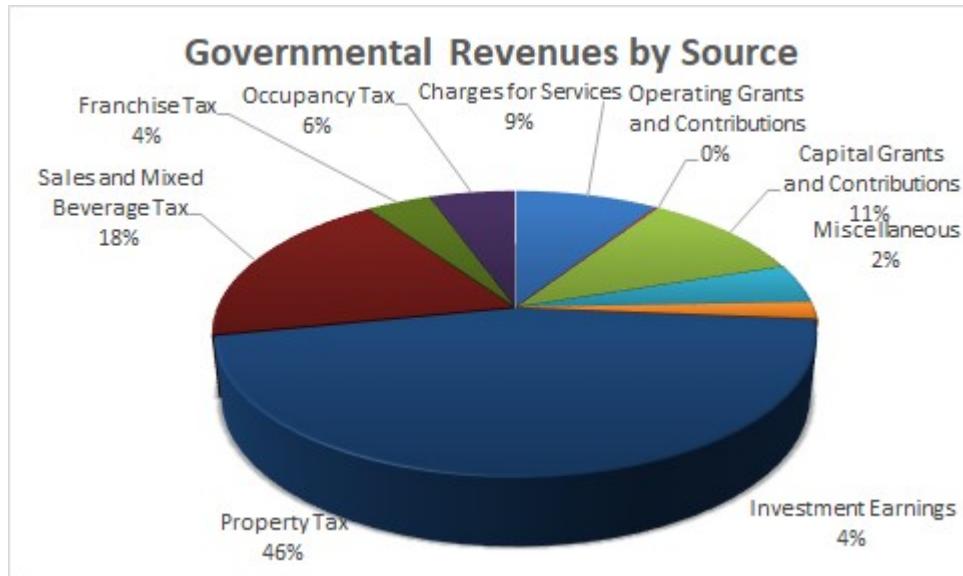
The following table indicates changes in net position for the governmental and business-type activities for the City as of September 30, 2024.

	Changes in Net Position					
	Governmental Activities		Business-Type Activities		Total	
	2024	2023	2024	2023	2024	2023
<b>Revenues:</b>						
Program Revenues:						
Charges for Services	\$ 1,894,800	\$ 790,741	\$ 21,057,525	\$ 20,900,369	\$ 22,952,325	\$ 21,691,110
Operating Grants and Contributions	24,270	223,078	-	33,917	24,270	256,995
Capital Grants and Contributions	2,196,215	1,806,714	1,607,884	-	3,804,099	1,806,714
General Revenues						
Taxes						
Property Taxes	9,401,378	8,305,647	-	-	9,401,378	8,305,647
Sales and Mixed Beverage	3,813,550	3,831,805	-	-	3,813,550	3,831,805
Franchise Taxes	853,903	1,125,402	-	-	853,903	1,125,402
Occupancy Taxes	1,138,880	1,180,536	-	-	1,138,880	1,180,536
Investment Earnings	916,070	953,766	314,548	260,053	1,230,618	1,213,819
Miscellaneous	395,586	3,021,013	-	256,304	395,586	3,277,317
<b>Total Revenues</b>	<b>20,634,652</b>	<b>21,238,702</b>	<b>22,979,957</b>	<b>21,450,643</b>	<b>43,614,609</b>	<b>42,689,345</b>
<b>Expenses:</b>						
General Government	4,600,530	4,276,107	-	-	4,600,530	4,276,107
Public Safety	6,139,101	5,707,213	-	-	6,139,101	5,707,213
Public Works	1,789,803	1,998,194	-	-	1,789,803	1,998,194
Culture & Recreation	1,502,690	1,629,909	-	-	1,502,690	1,629,909
Tourism	1,428,712	1,008,098	-	-	1,428,712	1,008,098
Water and Sewer	-	-	12,609,801	11,312,674	12,609,801	11,312,674
Natural Gas Utility	-	-	2,079,782	2,263,898	2,079,782	2,263,898
Sanitation	-	-	3,285,525	3,182,223	3,285,525	3,182,223
Aquatic Center	-	-	709,496	680,483	709,496	680,483
Interest	553,507	1,084,620	-	-	553,507	1,084,620
<b>Total Expenses</b>	<b>16,014,343</b>	<b>15,704,141</b>	<b>18,684,604</b>	<b>17,439,278</b>	<b>34,698,947</b>	<b>33,143,419</b>
<b>INCREASE IN NET POSITION</b>						
<b>BEFORE TRANSFERS</b>	<b>4,620,309</b>	<b>5,534,561</b>	<b>4,295,353</b>	<b>4,011,365</b>	<b>8,915,662</b>	<b>9,545,926</b>
Transfers In (Out)	1,025,511	1,506,037	(1,025,511)	(1,506,037)	-	-
<b>CHANGE IN NET POSITION</b>	<b>5,645,820</b>	<b>7,040,598</b>	<b>3,269,842</b>	<b>2,505,328</b>	<b>8,915,662</b>	<b>9,545,926</b>
<b>BEGINNING NET POSITION</b>	<b>32,833,237</b>	<b>25,792,639</b>	<b>35,304,384</b>	<b>32,799,056</b>	<b>68,137,621</b>	<b>58,591,695</b>
Prior Period Adjustment	34,696	-	1,247,999	-	1,282,695	-
<b>ENDING NET POSITION</b>	<b>\$ 38,513,753</b>	<b>\$ 32,833,237</b>	<b>\$ 39,822,225</b>	<b>\$ 35,304,384</b>	<b>\$ 78,335,978</b>	<b>\$ 68,137,621</b>

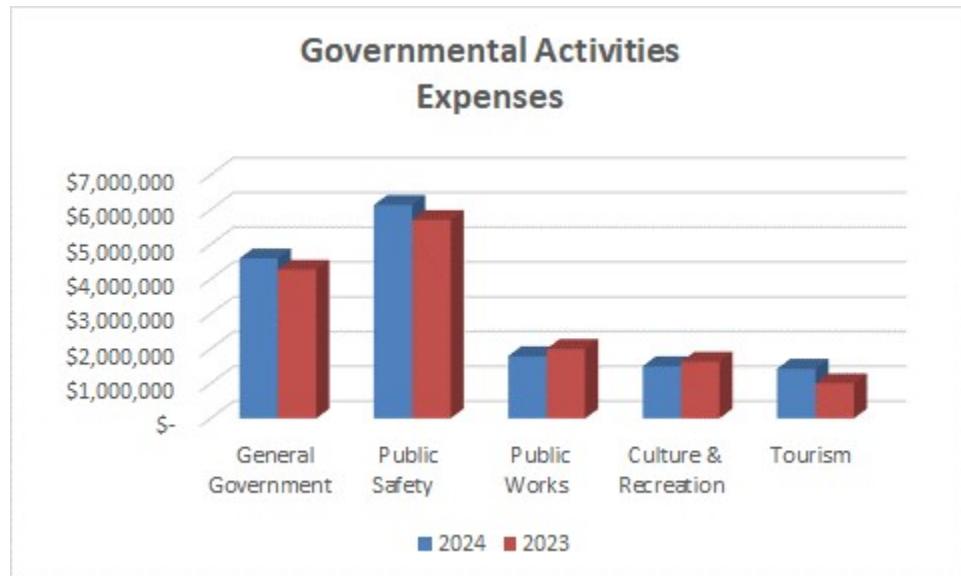
*Governmental Activities* – Governmental activities increased the City's net position by \$5.6 million. Key elements are as follows:

- Revenues decreased 3% from the prior year. Increases in property tax collections help offset the impact of reduced grant activity.
- Expenses increased 2%. The City is investing in significant capital improvements which do not show up in this statement until depreciation starts. Operations were largely unchanged.

The following chart shows governmental activities revenues by source:



Below is a chart which compares the expenses for all governmental activities to the prior year:



*Business-Type Activities* - The City's business-type activities consist of the following:

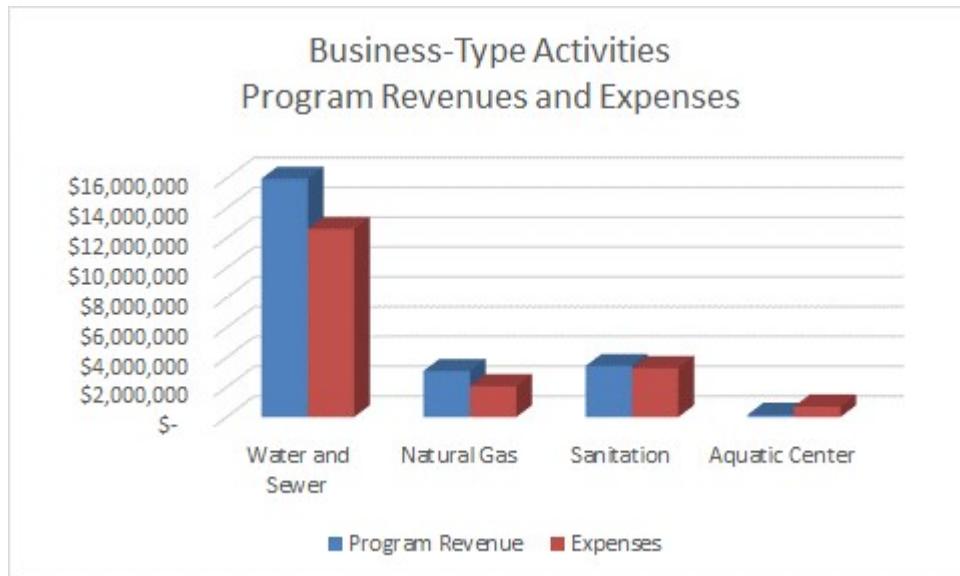
Water and sewer – The City maintains a utility system that distributes water from the San Patricio Municipal Utility District to customers in the City's service area and collects wastewater for treatment. For 2024, Water and Sewer revenues increased \$1.6 million from the utilization of pandemic grants. The charges to customers decreased less than 1%. Costs increased \$1.3 million in 2024 (11%) for increased maintenance activities and depreciation on recent completed capital projects.

Natural Gas – The City purchases natural gas and distributes it to customers in the service area through the City owned infrastructure. Charges for services decreased less than 1% and costs decreased 8% for less maintenance activity.

Sanitation – The City contracts with a waste management provider to collect garbage and bills the residents and businesses for their estimated cost of collection. Charges for services increased 7% for inflation on contractor pricing and new customers being served. Costs similarly increased 3%.

Aquatic Center – The City maintains a pool and charges for admission and rentals. The charges for services increased \$47 thousand but this was still not enough to cover the costs of the pool. Additional support from the General Fund was provided.

A comparison between expenses and program revenues (charges for services) for business-type activities follows:



### **Financial Analysis of the Government's Funds**

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

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

As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$17.8 million, a decrease of \$3.2 million from the prior year. \$4.2 million (24%) of the ending fund balance is unassigned, which is available for spending at the City's discretion. The remaining amount of \$13.6 million (76%) is nonspendable, restricted, or assigned for specific purposes.

The City's general fund is the chief operating fund of the City and is used to account for all financial resources except those required to be accounted for by another fund. Property and sales taxes provide the major source of income. The general fund balance increased \$711 thousand in 2024 to \$4.6 million. The City's revenues were \$408 thousand better than anticipated and spending was under budget across most functions. As a measure of the general fund's liquidity, it may be useful to compare unassigned fund balance to total fund expenditures. The fund balance represents a little over 5 months of general fund operating expenditures.

The capital projects fund balance decreased \$3.4 million in 2024 and ended with \$6.8 million. The decrease was the result of ongoing capital improvements to City Hall. The CDBG capital grant fund decreased its fund balance by \$349 thousand and is currently working on grant funded street and drainage improvements.

The debt service fund had a total restricted fund balance of \$1.4 million, an increase of \$113 thousand. The debt service fund levies property taxes to pay for schedule debt service. The total fund balance is restricted for the payment of debt service.

Other nonmajor governmental funds decreased their fund balance by \$284 thousand. Most of the decrease was in tourism development and equipment replacements.

*Proprietary Funds* – The City's proprietary funds provide the same type of information found in the government-wide financial statements except for the City's internal service fund: fleet service. Fleet services charges other City departments for the costs to maintain their equipment which increased \$63 thousand in 2024. However, this was not enough to cover all the costs of the operation. The general fund contributed an additional \$788 thousand to fund the current and prior deficits in fleet service.

## Budgetary Highlights

*General Fund* – The City amended the General Fund budget during the year for unforeseen costs. The amended budget anticipated reducing fund balance by \$624 thousand. However, general fund revenues exceeded budgetary estimates by \$408 thousand, primarily in unexpected miscellaneous revenues. Additionally, expenditures were less than budgetary estimates by \$1.5 million. The budget savings were across nearly all departments. Thus, fund balance increased \$711 thousand rather than decreasing \$624 thousand as expected.

## Capital Asset and Debt Administration

*Capital Assets* - The City's investment in capital assets for its governmental and business-type activities as of September 30, 2024 amounted to \$96.9 million (net of accumulated depreciation). This investment in capital assets includes land, buildings, infrastructure, equipment and utility systems. The City's most significant additions during the year ending September 30, 2024 included continued city hall construction and drainage improvements. More detailed information if desired on the City's capital asset activity is presented in the notes to the financial statements (note 6, page 39).

	Governmental Activities		Business-Type Activities		Total	
	2024	2023	2024	2023	2024	2023
Land	\$ 10,456,139	\$ 10,456,139	\$ 214,953	\$ 214,953	\$ 10,671,092	\$ 10,671,092
Construction in Progress	27,233,463	21,112,740	2,458,230	247,959	29,691,693	21,360,699
Total Not Depreciated	<u>37,689,602</u>	<u>31,568,879</u>	<u>2,673,183</u>	<u>462,912</u>	<u>40,362,785</u>	<u>32,031,791</u>
Buildings and Improvements	3,203,022	3,449,198	6,267,663	6,234,888	9,470,685	9,684,086
Streets and Infrastructure	22,883,322	23,118,027	-	-	22,883,322	23,118,027
Machinery and Equipment	6,202,584	5,905,102	1,644,764	2,381,868	7,847,348	8,286,970
Utility Systems	-	-	51,735,159	60,695,262	51,735,159	60,695,262
Accumulated Depreciation	(12,337,598)	(11,736,891)	(23,089,434)	(31,218,021)	(35,427,032)	(42,954,912)
Total Depreciated	<u>19,951,330</u>	<u>20,735,436</u>	<u>36,558,152</u>	<u>38,093,997</u>	<u>56,509,482</u>	<u>58,829,433</u>
Total	<u>\$ 57,640,932</u>	<u>\$ 52,304,315</u>	<u>\$ 39,231,335</u>	<u>\$ 38,556,909</u>	<u>\$ 96,872,267</u>	<u>\$ 90,861,224</u>

*Long-Term Debt* – As of September 30, 2024, the City had total debt outstanding (bonds, notes and leases) of \$40.3 million. This amount is backed by the full faith and credit of the City, although utility systems have pledged their revenues to support portions of these debts. No new debt was issued. The City received a AA- rating from S&P Global during the Series 2022 bond issue process. More detailed information about the City's long-term liabilities is presented in notes 7 and 8 (beginning on page 41) of the notes to the financial statements.

### **Economic Factors and Next Year's Budgets and Rates**

The 2024-2025 increased the property tax rate from \$0.360078 per \$100 of value to \$0.405294. This is expected to generate \$1.36 million in additional tax revenue roughly split between the general and debt service funds. General fund spending is not expected to change appreciably other than a 5% cost of living adjustment for employees. The City intends to issue 2024 Tax Notes for \$3.0 million for equipment replacements, pool improvements and utility system maintenance.

### **Requests for Information**

This financial report is designed to provide our citizens, taxpayers, customers, 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 any questions about this report or need additional financial information, contact the finance department, at the City of Rockport, 212 N Live Oak St, Rockport, Texas 78382.

## BASIC FINANCIAL STATEMENTS

The basic financial statements include integrated sets of financial statements as required by the Governmental Accounting Standards Board (GASB). The sets of statements include:

- Government-wide financial statements
- Fund financial statements
  - Governmental funds
  - Proprietary funds

In addition, the notes to the financial statements are included to provide information that is essential to a user's understanding of the basic financial statements.

**CITY OF ROCKPORT**  
**STATEMENT OF NET POSITION**  
**SEPTEMBER 30, 2024**

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 15,606,907	\$ 19,168,921	\$ 34,775,828
Investments	735,000	-	735,000
Receivables (net of allowances):			
Property Taxes	173,622	-	173,622
Sales Tax	607,709	-	607,709
Other	3,527,312	2,346,458	5,873,770
Inventory	92,160	252,309	344,469
Prepaid Expenses	300,988	216,195	517,183
Internal Balances	468,685	(468,685)	-
Capital Assets:			
Land	10,456,139	214,953	10,671,092
Construction in Progress	27,233,463	2,458,230	29,691,693
Buildings and Improvements (net)	1,627,641	3,269,829	4,897,470
Streets and Infrastructure (net)	16,135,873	-	16,135,873
Machinery and Equipment (net)	2,187,816	815,186	3,003,002
Utility System (net)	-	32,473,137	32,473,137
<b>TOTAL ASSETS</b>	<b><u>79,153,315</u></b>	<b><u>60,746,533</u></b>	<b><u>139,899,848</u></b>
 <b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred Charge on Bond Refunding	7,856	50,621	58,477
Deferred Pension Related Outflows	2,141,743	730,112	2,871,855
Deferred OPEB Related Outflows	767,787	301,184	1,068,971
<b>TOTAL DEFERRED OUTFLOWS</b>	<b><u>\$ 2,917,386</u></b>	<b><u>\$ 1,081,917</u></b>	<b><u>\$ 3,999,303</u></b>

See accompanying notes to basic financial statements.

**CITY OF ROCKPORT**  
**STATEMENT OF NET POSITION (CONTINUED)**  
**SEPTEMBER 30, 2024**

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
<b>LIABILITIES</b>			
Accounts Payable	\$ 1,985,386	\$ 1,403,573	\$ 3,388,959
Accrued Interest Payable	139,165	114,358	253,523
Accrued Wages	194,191	90,494	284,685
Customer Deposits Payable	-	2,281,048	2,281,048
Unearned Revenue	1,090,300	-	1,090,300
Long-term Liabilities			
Due in One Year	3,002,549	1,768,872	4,771,421
Due in More than One Year:			
Bonds, Notes, Premiums and Absences	26,938,547	11,461,773	38,400,320
Net Pension Liability	5,525,149	1,854,715	7,379,864
Total Other Postemployment Benefit Liability	3,584,699	2,690,067	6,274,766
<b>TOTAL LIABILITIES</b>	<b>42,459,986</b>	<b>21,664,900</b>	<b>64,124,886</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred Pension Related Inflows	187,102	64,095	251,197
Deferred OPEB Related Inflows	909,860	277,230	1,187,090
<b>TOTAL DEFERRED INFLOWS</b>	<b>1,096,962</b>	<b>341,325</b>	<b>1,438,287</b>
<b>NET POSITION</b>			
Net Investment In Capital Assets	28,326,097	26,293,567	54,619,664
Restricted For:			
Debt Service	1,369,135	-	1,369,135
Tree Mitigation	148,926	-	148,926
Tourism Development	1,905,103	-	1,905,103
Public Safety	223,186	-	223,186
Public Education	374,738	-	374,738
Other	13,777	-	13,777
Unrestricted	6,152,791	13,528,658	19,681,449
<b>TOTAL NET POSITION</b>	<b>\$ 38,513,753</b>	<b>\$ 39,822,225</b>	<b>\$ 78,335,978</b>

See accompanying notes to basic financial statements.

**CITY OF ROCKPORT**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2024**

<b>Functions and Programs</b>	<b>Expenses</b>	<b>Program Revenues</b>		
		<b>Charges for Services</b>	<b>Operating Grants and Contributions</b>	<b>Capital Grants and Contributions</b>
<b>Primary Government:</b>				
<i>Governmental Activities:</i>				
General Government	\$ 4,600,530	\$ 895,782	\$ -	\$ -
Public Safety	6,139,101	893,542	17,715	322,316
Public Works	1,789,803	-	-	1,873,899
Culture and Recreation	1,502,690	105,476	6,555	-
Tourism	1,428,712	-	-	-
Interest	553,507	-	-	-
<i>Total Governmental Activities</i>	<u>16,014,343</u>	<u>1,894,800</u>	<u>24,270</u>	<u>2,196,215</u>
<i>Business-Type Activities</i>				
Water and Sewer	12,609,801	14,373,397	-	1,607,884
Natural Gas Utility	2,079,782	3,089,156	-	-
Sanitation	3,285,525	3,427,179	-	-
Aquatic Center	709,496	167,793	-	-
<i>Total Business-Type Activities</i>	<u>18,684,604</u>	<u>21,057,525</u>	<u>-</u>	<u>1,607,884</u>
<b>Total Primary Government</b>	<b>\$ 34,698,947</b>	<b>\$ 22,952,325</b>	<b>\$ 24,270</b>	<b>\$ 3,804,099</b>

**General Revenues:**

Taxes:

- Property Taxes for General Purposes
- Property Taxes for Debt Service
- Sales and Mixed Beverage Taxes
- Franchise Taxes
- Occupancy Taxes
- Investment Earnings
- Miscellaneous

**Total General Revenues**

Transfers In (Out)

**Change in Net Position**

**Net Position at Beginning of Year**

Prior Period Adjustment

**Net Position at End of Year**

Net (Expense) Revenue and  
Changes in Net Position

Governmental Activities	Business-Type Activities	Total
\$ (3,704,748)	\$ -	\$ (3,704,748)
(4,905,528)	-	(4,905,528)
84,096	-	84,096
(1,390,659)	-	(1,390,659)
(1,428,712)	-	(1,428,712)
(553,507)	-	(553,507)
<u>(11,899,058)</u>	<u>-</u>	<u>(11,899,058)</u>
-	3,371,480	3,371,480
-	1,009,374	1,009,374
-	141,654	141,654
-	(541,703)	(541,703)
<u>-</u>	<u>3,980,805</u>	<u>3,980,805</u>
(11,899,058)	3,980,805	(7,918,253)
5,602,064	-	5,602,064
3,799,314	-	3,799,314
3,813,550	-	3,813,550
853,903	-	853,903
1,138,880	-	1,138,880
916,070	314,548	1,230,618
395,586	-	395,586
<u>16,519,367</u>	<u>314,548</u>	<u>16,833,915</u>
1,025,511	(1,025,511)	-
5,645,820	3,269,842	8,915,662
32,833,237	35,304,384	68,137,621
34,696	1,247,999	1,282,695
<u>\$ 38,513,753</u>	<u>\$ 39,822,225</u>	<u>\$ 78,335,978</u>

**CITY OF ROCKPORT**  
**BALANCE SHEET – GOVERNMENTAL FUNDS**  
**SEPTEMBER 30, 2024**

	Major Funds			
	General Fund	Capital Projects	CDBG Capital Grant	Debt Service
<b>ASSETS</b>				
Cash and Cash Equivalents	\$ 3,232,446	\$ 5,385,336	\$ 1,846,020	\$ 1,438,433
Investments	245,000	490,000	-	-
Receivables (net of allowances):				
Property Taxes	103,755	-	-	69,867
Sales Tax	607,709	-	-	-
Other	1,496,637	1,863,246	24,350	-
Due From Other Funds	499,151	-	-	-
Inventory	76,851	-	-	-
Prepaid Items	300,988	-	-	-
<b>TOTAL ASSETS</b>	<b><u>\$ 6,562,537</u></b>	<b><u>\$ 7,738,582</u></b>	<b><u>\$ 1,870,370</u></b>	<b><u>\$ 1,508,300</u></b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>				
<i>Liabilities:</i>				
Accounts Payable	\$ 640,963	\$ 899,349	\$ 138,967	\$ -
Accrued Wages	160,923	-	-	-
Due to Other Funds	-	-	-	-
Unearned Grant Revenue	1,090,300	-	-	-
<i>Total Liabilities</i>	<u>1,892,186</u>	<u>899,349</u>	<u>138,967</u>	<u>-</u>
<i>Deferred Inflows of Resources:</i>				
Unavailable Property Tax Revenue	103,755	-	-	69,867
<i>Total Deferred Inflows of Resources</i>	<u>103,755</u>	<u>-</u>	<u>-</u>	<u>69,867</u>
<i>Fund Balances:</i>				
Nonspendable:				
Inventory	76,851	-	-	-
Prepaid Items	300,988	-	-	-
Restricted for:				
Debt Service	-	-	-	1,438,433
Tree Mitigation	-	-	-	-
Tourism Development	-	-	-	-
Public Safety	-	-	-	-
Public Education	-	-	-	-
Other	-	-	-	-
Assigned For:				
Equipment Replacement	-	-	-	-
Capital Projects	-	6,839,233	1,731,403	-
Unassigned	4,188,757	-	-	-
<i>Total Fund Balances</i>	<u>4,566,596</u>	<u>6,839,233</u>	<u>1,731,403</u>	<u>1,438,433</u>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>	<b><u>\$ 6,562,537</u></b>	<b><u>\$ 7,738,582</u></b>	<b><u>\$ 1,870,370</u></b>	<b><u>\$ 1,508,300</u></b>

See accompanying notes to basic financial statements.

Other Nonmajor Governmental Funds	Total Governmental Funds
\$ 3,381,299	\$ 15,283,534
-	735,000
-	173,622
-	607,709
143,079	3,527,312
-	499,151
-	76,851
-	300,988
<b><u>\$ 3,524,378</u></b>	<b><u>\$ 21,204,167</u></b>

\$ 284,451	\$ 1,963,730
26,023	186,946
30,466	30,466
-	1,090,300
<b><u>340,940</u></b>	<b><u>3,271,442</u></b>

<u>-</u>	<u>173,622</u>
<u>-</u>	<u>173,622</u>

-	76,851
-	300,988
-	1,438,433
148,926	148,926
1,905,103	1,905,103
223,186	223,186
374,738	374,738
13,777	13,777
517,708	517,708
-	8,570,636
-	4,188,757
<b><u>3,183,438</u></b>	<b><u>17,759,103</u></b>

<b><u>\$ 3,524,378</u></b>	<b><u>\$ 21,204,167</u></b>
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See accompanying notes to basic financial statements.



**CITY OF ROCKPORT**  
**RECONCILIATION OF THE GOVERNMENTAL FUNDS**  
**BALANCE SHEET TO THE STATEMENT OF NET POSITION**  
**SEPTEMBER 30, 2024**

TOTAL FUND BALANCE - TOTAL GOVERNMENTAL FUNDS \$ 17,759,103

Amounts reported for governmental activities in the Statement of Net Position are different because:

Capital Assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	57,640,932
Other long-term assets are not available to pay for current-period expenditures and, therefore, are not recognized as revenue in the funds.	173,622
Accrued vacation leave payable is not due and payable in the current period and, therefore, is not reported in the funds.	(618,404)
Internal Service Funds are used to charge the cost of fleet management to other departments and are presented with proprietary funds. However, their activities are governmental in nature and are presented with governmental activities.	
This amount represents the working capital of the fleet services fund.	309,781

Long-term liabilities, including bonds payable and related premiums, are not due and payable in the current period and therefore, not reported in the funds:

Bonds, Notes and Leases Payable	(27,447,600)
Unamortized Premiums	(1,875,092)
Deferred Charges on Bond Refundings	7,856
Accrued Interest Payable	<u>(139,165)</u>

Net Pension Liabilities (and related deferred inflows and outflows of resources) do not consume current financial resources are not reported in governmental funds:

Net Pension Liability	(5,525,149)
Pension Related Deferred Inflows	(187,102)
Pension Related Deferred Outflows	<u>2,141,743</u>

OPEB Liabilities (and related deferred inflows and outflows of resources) do not consume current financial resources are not reported in governmental funds:

OPEB Liabilities	(3,584,699)
OPEB Related Deferred Inflows	(909,860)
OPEB Related Deferred Outflows	<u>767,787</u>

TOTAL NET POSITION - GOVERNMENTAL ACTIVITIES \$ 38,513,753

See accompanying notes to basic financial statements.

**CITY OF ROCKPORT**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES –**  
**GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2024**

	Major Funds			
	General Fund	Capital Projects	CDBG Capital Grant	Debt Service
<b>REVENUES</b>				
Property Taxes	\$ 5,473,486	\$ -	\$ -	\$ 3,799,314
Sales and Mixed Beverage Taxes	3,797,506	-	-	-
Franchise Taxes	826,528	-	-	-
Occupancy Tax	-	-	-	-
Licenses and Permits	707,590	-	-	-
Grants and Donations	75,116	-	1,873,899	-
Charges for Services	13,190	-	-	-
Fines and Forfeitures	186,416	-	-	-
Investment Earnings	158,745	722,904	-	32
Miscellaneous	359,115	-	502	-
<b>TOTAL REVENUES</b>	<b>11,597,692</b>	<b>722,904</b>	<b>1,874,401</b>	<b>3,799,346</b>
<b>EXPENDITURES</b>				
<i>Current:</i>				
General Government	3,499,963	-	6,271	-
Public Safety	4,205,059	-	-	-
Public Works	1,401,395	-	-	-
Culture and Recreation	1,276,309	-	-	-
Tourism	-	-	-	-
<i>Capital Outlay</i>	301,584	3,950,726	2,217,129	-
<i>Debt Service:</i>				
Principal	-	-	-	2,563,547
Interest and Fiscal Charges	-	-	-	1,122,593
<b>TOTAL EXPENDITURES</b>	<b>10,684,310</b>	<b>3,950,726</b>	<b>2,223,400</b>	<b>3,686,140</b>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<b>913,382</b>	<b>(3,227,822)</b>	<b>(348,999)</b>	<b>113,206</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Sales of Capital Assets	1,205	-	-	-
Transfers In	1,642,855	-	-	-
Transfers Out	(1,845,974)	(207,839)	-	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>(201,914)</b>	<b>(207,839)</b>	<b>-</b>	<b>-</b>
<b>Net Change in Fund Balance</b>	<b>711,468</b>	<b>(3,435,661)</b>	<b>(348,999)</b>	<b>113,206</b>
<b>Fund Balances at Beginning of Year</b>	<b>3,827,778</b>	<b>10,274,894</b>	<b>2,080,402</b>	<b>1,325,227</b>
Prior Period Adjustment	27,350	-	-	-
<b>Fund Balances at End of Year</b>	<b>\$ 4,566,596</b>	<b>\$ 6,839,233</b>	<b>\$ 1,731,403</b>	<b>\$ 1,438,433</b>

See accompanying notes to basic financial statements.

Other Nonmajor Governmental Funds	Total Governmental Funds
\$ -	\$ 9,272,800
-	3,797,506
27,375	853,903
1,138,879	1,138,879
97,931	805,521
335,548	2,284,563
829,845	843,035
12,457	198,873
34,389	916,070
15,564	375,181
<u>2,491,988</u>	<u>20,486,331</u>

62,651	3,568,885
1,573,821	5,778,880
-	1,401,395
31,550	1,307,859
1,429,213	1,429,213
329,735	6,799,174
-	2,563,547
-	1,122,593
<u>3,426,970</u>	<u>23,971,546</u>
 <u>(934,982)</u>	<u>(3,485,215)</u>

2,500	3,705
648,562	2,291,417
-	(2,053,813)
<u>651,062</u>	<u>241,309</u>
 (283,920)	 (3,243,906)
 3,460,012	 20,968,313
 7,346	 34,696
<u><u>\$ 3,183,438</u></u>	<u><u>\$ 17,759,103</u></u>

See accompanying notes to basic financial statements.



**CITY OF ROCKPORT**  
**RECONCILIATION OF THE STATEMENT OF REVENUES,**  
**GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2024**

NET CHANGE IN FUND BALANCES - GOVERNMENTAL FUNDS \$ (3,243,906)

Amounts reported for governmental activities in the Statement of Activities are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.

Capital Outlay	6,692,879	
Depreciation Expense	<u>(1,356,262)</u>	5,336,617

Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.	75,499
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The issuance of long-term debt (e.g. bonds, leases) provides current financial resources to governmental funds, which the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any affect on net position. This amount is the net effect of these differences in the treatment of long-term debt and related items.

Principal Repayments	2,563,547	
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Governmental funds report required contributions to employee postemployment benefits as expenditures. However, in the Statement of Activities the cost of the benefit is recorded based on the actuarially determined cost of the plan. This is the amount that actuarially determined benefit expense exceeded contributions.

Pension Plan	(261,543)	
OPEB Benefits	<u>(49,905)</u>	(311,448)

Revenues and expenses of governmental internal service funds are consolidated into governmental activities. This amount represents the change in net position not not already represented elsewhere on this page.	683,956
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Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds:

Compensated Absences	(27,530)	
Amortization of Bond Premiums	605,523	
Amortization of Bond Refunding Differences	(85,295)	
Accrued Interest	<u>48,857</u>	<u>541,555</u>

CHANGE IN NET POSITION - GOVERNMENTAL ACTIVITIES \$ 5,645,820

See accompanying notes to basic financial statements.

**CITY OF ROCKPORT**  
**STATEMENT OF NET POSITION - PROPRIETARY FUNDS**  
**SEPTEMBER 30, 2024**

	Business-Type Activities					Governmental Internal Fleet Service	
	Major Funds		Nonmajor		Total		
	Water and Wastewater	Natural Gas	Sanitation	Aquatic Center			
<b>ASSETS</b>							
<i>Current Assets:</i>							
Cash and Cash Equivalents	\$ 15,803,607	\$ 1,894,032	\$ 1,471,282	\$ -	\$ 19,168,921	\$ 323,377	
Accounts Receivable, Net of Allowance:							
Customer Accounts	1,752,138	275,728	318,592	-	2,346,458	-	
Inventory	195,110	57,199	-	-	252,309	15,309	
Prepaid Expenses	216,195	-	-	-	216,195	-	
<i>Total Current Assets</i>	<u>17,967,050</u>	<u>2,226,959</u>	<u>1,789,874</u>	<u>-</u>	<u>21,983,883</u>	<u>338,686</u>	
<i>Noncurrent Assets:</i>							
Capital Assets:							
Land	110,653	-	-	104,300	214,953	-	
Construction in Progress	2,458,230	-	-	-	2,458,230	-	
Buildings (net)	2,737,141	-	-	532,688	3,269,829	-	
Utility System(net)	27,593,108	4,880,029	-	-	32,473,137	-	
Transportation and Equipment (net)	693,269	121,620	-	297	815,186	42,213	
<i>Total Noncurrent Assets</i>	<u>33,592,401</u>	<u>5,001,649</u>	<u>-</u>	<u>637,285</u>	<u>39,231,335</u>	<u>42,213</u>	
<b>TOTAL ASSETS</b>	<b><u>51,559,451</u></b>	<b><u>7,228,608</u></b>	<b><u>1,789,874</u></b>	<b><u>637,285</u></b>	<b><u>61,215,218</u></b>	<b><u>380,899</u></b>	
<b>DEFERRED OUTFLOWS OF RESOURCES</b>							
Deferred Loss on Refunding	50,621	-	-	-	50,621	-	
Deferred Pension Related Outflows	543,200	162,199	-	24,713	730,112	69,432	
Deferred OPEB Related Outflows	265,369	31,222	-	4,593	301,184	27,462	
<b>TOTAL DEFERRED OUTFLOWS OF RESOURCES</b>	<b><u>859,190</u></b>	<b><u>193,421</u></b>	<b><u>-</u></b>	<b><u>29,306</u></b>	<b><u>1,081,917</u></b>	<b><u>96,894</u></b>	
<b>TOTAL ASSETS &amp; DEFERRED OUTFLOWS</b>	<b><u>\$ 52,418,641</u></b>	<b><u>\$ 7,422,029</u></b>	<b><u>\$ 1,789,874</u></b>	<b><u>\$ 666,591</u></b>	<b><u>\$ 62,297,135</u></b>	<b><u>\$ 477,793</u></b>	
<b>LIABILITIES</b>							
<i>Current Liabilities:</i>							
Accounts Payable	\$ 1,093,373	\$ 21,253	\$ 284,785	\$ 4,162	\$ 1,403,573	\$ 21,656	
Accrued Wages	65,586	11,636	-	13,272	90,494	7,246	
Accrued Interest	83,156	31,202	-	-	114,358	-	
Due to Other Funds	-	-	-	468,685	468,685	-	
Current Portion of Compensated Absences	54,843	5,721	-	-	60,564	8,435	
Current Portion of Long-term Debt	1,485,358	222,950	-	-	1,708,308	-	
Customer Deposits Payable	2,281,048	-	-	-	2,281,048	-	
<i>Total Current Liabilities</i>	<u>5,063,364</u>	<u>292,762</u>	<u>284,785</u>	<u>486,119</u>	<u>6,127,030</u>	<u>37,337</u>	
<i>Noncurrent Liabilities:</i>							
Compensated Absences	164,529	17,163	-	-	181,692	25,304	
Long-term Debt	8,437,030	2,843,051	-	-	11,280,081	-	
Net Pension Liability	1,406,631	387,651	-	60,433	1,854,715	192,068	
Total Other Postemployment Benefit Liability	2,129,854	484,310	-	75,903	2,690,067	180,747	
<i>Total Noncurrent Liabilities</i>	<u>12,138,044</u>	<u>3,732,175</u>	<u>-</u>	<u>136,336</u>	<u>16,006,555</u>	<u>398,119</u>	
<b>TOTAL LIABILITIES</b>	<b><u>17,201,408</u></b>	<b><u>4,024,937</u></b>	<b><u>284,785</u></b>	<b><u>622,455</u></b>	<b><u>22,133,585</u></b>	<b><u>435,456</u></b>	
<b>DEFERRED INFLOWS OF RESOURCES</b>							
Deferred Pension Related Inflows	50,764	11,432	-	1,899	64,095	7,519	
Deferred OPEB Related Inflows	181,829	82,163	-	13,238	277,230	34,818	
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<b><u>232,593</u></b>	<b><u>93,595</u></b>	<b><u>-</u></b>	<b><u>15,137</u></b>	<b><u>341,325</u></b>	<b><u>42,337</u></b>	
<b>NET POSITION</b>							
Net Investment in Capital Assets	23,720,634	1,935,648	-	637,285	26,293,567	42,213	
Unrestricted	11,264,006	1,367,849	1,505,089	(608,286)	13,528,658	(42,213)	
<b>TOTAL NET POSITION</b>	<b><u>34,984,640</u></b>	<b><u>3,303,497</u></b>	<b><u>1,505,089</u></b>	<b><u>28,999</u></b>	<b><u>39,822,225</u></b>	<b><u>-</u></b>	
<b>TOTAL LIABILITIES, DEFERRED INFLOWS AND NET POSITION</b>	<b><u>\$ 52,418,641</u></b>	<b><u>\$ 7,422,029</u></b>	<b><u>\$ 1,789,874</u></b>	<b><u>\$ 666,591</u></b>	<b><u>\$ 62,297,135</u></b>	<b><u>\$ 477,793</u></b>	

See accompanying notes to basic financial statements.

**CITY OF ROCKPORT**  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION**  
**PROPRIETARY FUNDS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2024**

	Business-Type Activities					Governmental Internal Fleet Service
	Major Funds			Nonmajor		
	Water and Wastewater	Natural Gas	Sanitation	Aquatic Center	Total	
<b>OPERATING REVENUES</b>						
Water Sales	\$ 9,110,160	\$ -	\$ -	\$ -	\$ 9,110,160	\$ -
Sewer Charges	4,058,396	-	-	-	4,058,396	-
Natural Gas Sales	-	2,690,235	-	-	2,690,235	-
Garbage Collection	-	-	3,399,158	-	3,399,158	-
Penalties and Fees	1,100,467	392,446	28,021	-	1,520,934	-
Other Charges	104,374	6,475	-	167,793	278,642	812,797
<b>TOTAL OPERATING REVENUES</b>	<b>14,373,397</b>	<b>3,089,156</b>	<b>3,427,179</b>	<b>167,793</b>	<b>21,057,525</b>	<b>812,797</b>
<b>OPERATING EXPENSES</b>						
Personnel	2,622,419	525,579	-	461,588	3,609,586	382,970
Maintenance and Operations	2,729,660	321,174	-	136,364	3,187,198	500,401
Garbage Service	-	-	3,269,525	-	3,269,525	-
Administration and Other	1,044,877	308,444	16,000	34,705	1,404,026	51,819
Gas Purchases	-	522,472	-	-	522,472	-
Water Purchases	3,880,994	-	-	-	3,880,994	-
Depreciation	1,801,726	283,882	-	76,839	2,162,447	21,325
<b>TOTAL OPERATING EXPENSES</b>	<b>12,079,676</b>	<b>1,961,551</b>	<b>3,285,525</b>	<b>709,496</b>	<b>18,036,248</b>	<b>956,515</b>
<b>OPERATING INCOME (LOSS)</b>	<b>2,293,721</b>	<b>1,127,605</b>	<b>141,654</b>	<b>(541,703)</b>	<b>3,021,277</b>	<b>(143,718)</b>
<b>NONOPERATING REVENUES (EXPENSES)</b>						
Investment Earnings	314,548	-	-	-	314,548	-
Grant Income	1,607,884	-	-	-	1,607,884	-
Interest Expense	(530,125)	(118,231)	-	-	(648,356)	-
<b>TOTAL NONOPERATING REVENUES</b>	<b>1,392,307</b>	<b>(118,231)</b>	<b>-</b>	<b>-</b>	<b>1,274,076</b>	<b>-</b>
<b>INCOME BEFORE TRANSFERS</b>	<b>3,686,028</b>	<b>1,009,374</b>	<b>141,654</b>	<b>(541,703)</b>	<b>4,295,353</b>	<b>(143,718)</b>
<b>TRANSFERS</b>						
Transfers In	175,064	-	-	442,280	617,344	787,907
Transfers Out	(1,481,901)	(160,954)	-	-	(1,642,855)	-
<b>TOTAL TRANSFERS</b>	<b>(1,306,837)</b>	<b>(160,954)</b>	<b>-</b>	<b>442,280</b>	<b>(1,025,511)</b>	<b>787,907</b>
<b>CHANGE IN NET POSITION</b>	<b>2,379,191</b>	<b>848,420</b>	<b>141,654</b>	<b>(99,423)</b>	<b>3,269,842</b>	<b>644,189</b>
<b>NET POSITION AT BEGINNING OF YEAR</b>	<b>31,441,636</b>	<b>2,370,891</b>	<b>1,363,435</b>	<b>128,422</b>	<b>35,304,384</b>	<b>(644,189)</b>
Prior Period Adjustment	1,163,813	84,186	-	-	1,247,999	-
<b>NET POSITION AT END OF YEAR</b>	<b>\$34,984,640</b>	<b>\$ 3,303,497</b>	<b>\$ 1,505,089</b>	<b>\$ 28,999</b>	<b>\$ 39,822,225</b>	<b>\$ -</b>

See accompanying notes to basic financial statements.

**CITY OF ROCKPORT**  
**STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2024**

	Business-Type Activities					Governmental Internal Fleet Service	
	Major Funds			Nonmajor	Total		
	Water and Wastewater	Natural Gas	Sanitation	Aquatic Center			
<b>Cash Flows From Operating Activities:</b>							
Cash Received From Customers	\$ 14,725,607	\$ 3,075,150	\$ 3,412,612	\$ 167,973	\$ 21,381,342	\$ 812,797	
Cash Paid to Supplier for Goods & Services	(7,206,407)	(1,137,559)	(3,311,109)	(168,672)	(11,823,747)	(532,297)	
Cash Paid for Employee Salaries and Benefits	(2,479,779)	(516,337)	-	(452,098)	(3,448,214)	(361,232)	
<b>Net Cash Provided (Used) by Operating Activities</b>	<b>5,039,421</b>	<b>1,421,254</b>	<b>101,503</b>	<b>(452,797)</b>	<b>6,109,381</b>	<b>(80,732)</b>	
<b>Cash Flows From Capital and Related Financing Activities:</b>							
Acquisition and Construction of Capital Assets	(2,551,819)	(252,279)	-	(32,775)	(2,836,873)	-	
Capital Grants	1,607,884	-	-	-	1,607,884	-	
Principal Paid on Long-term Debt	(1,428,154)	(214,330)	-	-	(1,642,484)	-	
Interest and Fiscal Charges on Long-term Debt	(494,821)	(97,133)	-	-	(591,954)	-	
<b>Net Cash Provided (Used) by Capital and Related Financing Activities</b>	<b>(2,866,910)</b>	<b>(563,742)</b>	<b>-</b>	<b>(32,775)</b>	<b>(3,463,427)</b>	<b>-</b>	
<b>Cash Flows From Noncapital Financing Activities:</b>							
Transfers from (to) Other Funds	(830,582)	(578,052)	-	485,572	(923,062)	404,109	
<b>Net Cash Provided (Used) by Noncapital Financing Activities</b>	<b>(830,582)</b>	<b>(578,052)</b>	<b>-</b>	<b>485,572</b>	<b>(923,062)</b>	<b>404,109</b>	
<b>Cash Flows From Investing Activities:</b>							
Maturity of Investments	835,000	-	-	-	835,000	-	
Interest and Investment Earnings	314,548	-	-	-	314,548	-	
<b>Net Cash Provided (Used) by Investing Activities</b>	<b>1,149,548</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,149,548</b>	<b>-</b>	
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	<b>2,491,477</b>	<b>279,460</b>	<b>101,503</b>	<b>-</b>	<b>2,872,440</b>	<b>323,377</b>	
<b>Cash and Cash Equivalents at Beginning of Year:</b>	<b>13,312,130</b>	<b>1,614,572</b>	<b>1,369,779</b>	<b>-</b>	<b>16,296,481</b>	<b>-</b>	
<b>Cash and Cash Equivalents at End of Year:</b>	<b>\$ 15,803,607</b>	<b>\$ 1,894,032</b>	<b>\$ 1,471,282</b>	<b>\$ -</b>	<b>\$ 19,168,921</b>	<b>\$ 323,377</b>	

See accompanying notes to basic financial statements.

**CITY OF ROCKPORT**  
**STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS (CONTINUED)**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2024**

	Business-Type Activities					Governmental	
	Major Funds			Nonmajor		Internal Fleet Service	
	Water and Wastewater	Natural Gas	Sanitation	Aquatic Center	Total		
<b>Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities:</b>							
Operating Income	\$ 2,293,721	\$ 1,127,605	\$ 141,654	\$ (541,703)	\$ 3,021,277	\$ (143,718)	
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:							
Depreciation	1,801,726	283,882	-	76,839	2,162,447	21,325	
Decrease (Increase) in Assets:							
Accounts Receivable (net)	251,266	(13,961)	(14,567)	-	222,738	-	
Other Receivables	(6,621)	(45)	-	180	(6,486)	-	
Inventory	(6,616)	2,002	-	-	(4,614)	1,547	
Prepaid Expenses	37,218	-	-	-	37,218	-	
Pension and OPEB Deferred Outflows	186,677	68,835	-	12,130	267,642	42,507	
Increase (Decrease) in Liabilities:							
Accounts Payable	418,522	12,529	(25,584)	2,397	407,864	18,376	
Accrued Wages	30,881	5,121	-	6,766	42,768	3,292	
Compensated Absences	20,131	(12,040)	-	-	8,091	5,780	
Customer Deposits	107,565	-	-	-	107,565	-	
Net Pension Liability	(305,432)	(63,492)	-	(10,847)	(379,771)	(46,698)	
Total OPEB Liability	324,434	8,567	-	736	333,737	22,221	
Pension and OPEB Deferred Inflows	(114,051)	2,251	-	705	(111,095)	(5,364)	
<b>Net Cash Provided (Used) by Operating Activities</b>	<b>\$ 5,039,421</b>	<b>\$ 1,421,254</b>	<b>\$ 101,503</b>	<b>\$ (452,797)</b>	<b>\$ 6,109,381</b>	<b>\$ (80,732)</b>	

See accompanying notes to basic financial statements.

**CITY OF ROCKPORT**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2024**

**NOTE 1 -- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The City of Rockport, Texas (the City) was incorporated in 1871 under the provisions of the laws for the State of Texas. The City operates under a Home-Rule Charter, which was adopted on April 12, 1983, and provides the following services, as authorized, by its charter: public safety (police and fire), streets, sanitation, culture-recreation, public improvements, planning and zoning, and general administration services. Other services include utilities. The City operates with a Council-Manager type of government, where the City Council consists of the mayor and four council members. The mayor is elected at large, and one council member is elected from each of four wards.

The financial statements of the City of Rockport, Texas, are presented in accordance with generally accepted accounting principles (GAAP) applicable to state and local governmental units as set forth by the Government Accounting Standards Board (GASB). A summary of the City's significant accounting policies consistently applied in the preparation of the accompanying financial statements follows:

**A. Reporting Entity**

The City, for financial purposes, includes all of the activities and funds relevant to the operations of the City of Rockport. These operations include general government, public safety, public works, culture/recreation and tourism development.

The governmental reporting entity consists of the City. There are currently no legally separate entities that are, in substance, part of the government's operations.

**B. Government-Wide and Fund Financial Statements**

The government-wide financial statements include the statement of net position and statement of activities. Government-wide statements report information on all of the activities of the City. The effect of interfund transfers has been removed from the government-wide statements but continues to be reflected on the fund statements. The values of interfund services provided and used are not eliminated in the government-wide financial statements, as elimination of those charges would distort the direct costs reported for the various functions. Governmental activities are supported mainly by taxes and intergovernmental revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods and services. The City has no fiduciary funds.

The statement of activities reflects the degree to which the direct expenses of a given function or segment is offset by program revenues. 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. Program revenues include (1) charges to customers or applicants who purchase, use or directly benefit from goods, services, or privileges provided by a given function 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 in program revenues are reported as general revenues.

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

**CITY OF ROCKPORT**  
**NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)**  
**SEPTEMBER 30, 2024**

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

**B. 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. This measurement focus is also used for the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash revenue types, which have been accrued, revenue from the investments, intergovernmental revenue and charges for services. Grants are recognized as revenue when all applicable eligibility requirements imposed by the provider are met.

Revenues are classified as program revenues and general revenues. 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. General revenues include all taxes, grants not restricted to specific programs and investment earnings.

Governmental fund level financial statements are reported using the current financial resources measurement focus and modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered 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 revenue to be available if collected within 30 (thirty) days of the end of the current fiscal period. Receivables which are measurable but not collectible are reported as deferred inflows of resources. Property taxes become due on October 1 of each year to fund the ensuing fiscal year. However, delinquent property taxes that are not available at year end are reported as deferred inflows of resources and taxes receivable in the fund balance sheets.

Sales taxes, franchise taxes, hotel/motel taxes, interest and fees associated with the current fiscal year are considered to be susceptible to accrual and so have been recognized as revenue in the current fiscal period. All other revenue items received by the government are considered to be measurable and available only when the cash is received by the City.

Expenditures generally are recorded when a fund liability is incurred; however, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when the liability has matured and payment is due.

The proprietary funds are accounted for using the accrual basis of accounting as follows:

- Revenues are recognized when earned, and expenses are recognized when liabilities are incurred.
- Current-year contributions, administrative expenses and benefit payments, which are not received or paid until the subsequent year, are accrued.

Proprietary funds distinguish operating revenues and expenses from non-operating. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations.

CITY OF ROCKPORT  
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
SEPTEMBER 30, 2024

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

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

The government reports the following major governmental funds:

**General Fund** is the general operating fund of the City and is always classified as a major fund. The general fund is used to account for all financial resources except those required to be accounted for in another fund. Major revenue sources include property taxes, sales taxes and franchise fees. Primary expenditures are for general government, public safety, public works and recreation.

**Debt Service Fund** accounts for financial resources to be used for the payment of long term debt.

**Capital Projects Fund** holds funds for capital projects authorized by City Council from grants, debt proceeds or transfers from other funds.

**CDBG Capital Grant Fund** holds the capital project expenditures and related grant reimbursements.

The government reports the following major proprietary funds:

**Water and Sewer Utility Fund** accounts for water and sewage treatment services provided to citizens and businesses.

**Natural Gas Fund** accounts for fees charged to citizens and businesses for natural gas distribution and consumption.

**Sanitation Fund** accounts for fees charged to citizens and businesses for solid waste collection.

D. Cash and Cash Equivalents

The City considers all highly liquid investments including cash in banks, cash on hand, and local government investment pools to be cash equivalents.

E. Investments

State statutes authorize the City to invest in (a) obligations of the United States or its agencies and instrumentalities; (b) direct obligations of the State of Texas or its agencies; (c) other obligations, the principal and interest of which are unconditionally guaranteed or insured by the State of Texas or the United States; (d) obligations of states, agencies, counties, cities, and other political subdivisions of any state having been rated as to investment quality by a nationally recognized investment rating firm and having received a rating of not less than A or its equivalent; (e) certificates of deposit by state and national banks domiciled in this state that are (i) guaranteed or insured by the Federal Deposit Insurance Corporation, or its successor; or, (ii) secured by obligations that are described by (a) - (d). Statutes allow investing in local government investment pools organized and rated in accordance with the Interlocal Cooperation Act, whose assets consist exclusively of the obligations of the United States or its agencies and instrumentalities and repurchase assessments involving those same obligations.

**CITY OF ROCKPORT**  
**NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)**  
**SEPTEMBER 30, 2024**

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

**E. Investments (Continued)**

Investments are stated at fair value except for certificates of deposit and local government investment pools. Certificates of deposit are stated at amortized cost and local government investment pools are stated at net asset value. The fair value framework uses a hierarchy that prioritizes the inputs to the valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurement) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy are described below:

Level 1 - Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the City has the ability to access.

Level 2 - Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets.
- Quoted prices for identical or similar assets or liabilities in inactive markets.
- Inputs other than quoted prices that are observable for the asset or liability.
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 - Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

The valuation methodologies described above may produce a fair value calculation that may not be indicative of net realizable values or reflective of future fair values. Furthermore, while the City believes its valuation methods are appropriate and consistent with those of other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

**F. Receivables**

Property taxes are levied based on taxable value at January 1 prior to September 30 and become due October 1, 2023 and past due after January 31, 2024. Accordingly, receivables and revenues for property taxes are reflected on the government-wide statement based on the full accrual method of accounting. Accounts receivable from other governments include amounts due from grantors for approved grants for specific programs and reimbursements for services performed by the City. Program grants are recorded as receivables and revenues at the time all eligibility requirements established by the provider have been met.

**CITY OF ROCKPORT**  
**NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)**  
**SEPTEMBER 30, 2024**

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

**F. Receivables (Continued)**

Reimbursements for services performed are recorded as receivables and revenues when they are earned in the government-wide statements. Included are fines and costs assessed by the court action and billable services for certain contracts. Revenues received in advance of the costs being incurred are recorded as deferred inflows of resources in the fund statements. Receivables are shown net of an allowance for uncollectibles.

**G. Short-Term Inter-fund Receivables/Payables**

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as "due from other funds" or "due to other funds" on fund statements. Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances".

**H. Inventory**

Inventories of supplies are valued at cost, which approximates market, using the first-in/first-out (FIFO) method. The costs of governmental fund-type inventories are recorded as expenditures when consumed rather than when purchased. Governmental fund inventories at year end are offset by a nonspendable portion of fund balance.

**I. Prepaid Items**

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements. Prepaid items of governmental funds are recorded as expenditures when consumed rather than when purchased.

**J. Capital Assets**

Capital assets, which include land, buildings and improvements, equipment, and infrastructure assets are reported in the applicable governmental or business type activities column in the government-wide financial statements. Capital assets such as equipment are defined as assets with a cost of \$5,000 or more. Infrastructure assets include city-owned streets, sidewalks, curbs and bridges. Capital assets are recorded at historical costs if purchased or constructed. Donated capital assets, donated works of art and capital assets received in a service concession arrangement are recorded at acquisition value at the date of donation.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Interest has not been capitalized during the construction period on property plant and equipment.

**CITY OF ROCKPORT**  
**NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)**  
**SEPTEMBER 30, 2024**

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

**J. Capital Assets**

Capital assets are depreciated using the straight-line method over the following estimated useful lives:

Asset	Useful Lives (Years)
Buildings and Improvements	10-40
Streets and Infrastructure	10-50
Machinery and Equipment	5-10
Utility Systems	10-50

**K. Compensated Absences**

The City's employees earn vacation and sick leave which may either be taken or accumulated, up to certain amounts. Unused vacation and a portion of sick leave based on longevity will be paid upon resignation or retirement. Compensated absences are accrued when incurred in the government-wide and proprietary fund financial statements. Vested or accumulated compensatory time that is expected to be liquidated with expendable available resources is reported as an expenditure and fund liability of the governmental fund that will pay for it. Amounts of vested or accumulated vacation leave and compensatory time that are not expected to be liquidated with expendable available financial resources are reported in the government wide statements. Vested or accumulated vacation leave and compensatory time of the proprietary funds is recorded as an expense and liability of that fund as the benefits accrue to employees. Compensated absences are reported in the governmental funds only if they have matured (i.e., unused reimbursable leave outstanding following an employee's resignation or retirement).

**L. Deferred Inflows/Outflows of Resources**

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net assets that applies to future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City currently has deferred outflows related to a pension, other postemployment benefits and differences resulting from debt refundings.

Deferred inflows of resources represent an acquisition of net assets that applies to a future period and so will not be recognized as an inflow of resource (revenue) until that time. Unavailable revenue is reported only in the governmental funds balance sheet under a modified basis of accounting. Unavailable revenues from property tax are deferred and recognized as an inflow of resources in the period the amounts become available. The City also has pension and OPEB related deferred inflows.

CITY OF ROCKPORT  
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
SEPTEMBER 30, 2024

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

**M. Pensions**

To measure the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the Fiduciary Net Position of the Texas Municipal Retirement System (TMRS) and additions to/deduction 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. The general fund has typically been used in prior years to liquidate pension liabilities.

**N. OPEB Liabilities**

The City offers other post-employment benefits (OPEBs) related to a supplemental death benefit and retiree health insurance. 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. For the government-wide statements, the OPEB is recorded based on the actuary's valuation of the future liability.

**O. Long-Term Obligations**

Debt is defined as a liability that arises from a contractual obligation to pay cash (or other assets that may be used in lieu of cash) in one or more payments to settle an amount that is fixed at the date the contractual obligation is established. For this purpose, debt does not include leases, except for contracts reported as a financed purchase of the underlying asset, or accounts payable.

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities under governmental activities or proprietary fund type statement of net position. On new bond issues, bond premium and discounts are deferred and amortized over the life of the term of the related debt. Loss on refundings and bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method, which approximates the effective interest method.

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

**P. Net Position**

Net Position represents the difference between assets and liabilities. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvements of those assets, and adding back unspent proceeds. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the City or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments.

CITY OF ROCKPORT  
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
SEPTEMBER 30, 2024

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

Q. Fund Balance

Five categories of fund balances were created and defined by GASB 54. These five categories are as follows:

- **Restricted** – These funds are governed by externally enforceable restrictions.
- **Non-spendable** – These funds are not available for expenditures based on legal or contractual requirements. An example might be inventories and prepaid expenditures.
- **Committed** - Fund balances in this category are limited by the government's highest level of decision making (in this case the City Council). Any changes of this designation must be done in the same manner that it was implemented. For example, if funds are committed by resolution, the commitment could only be released with another resolution.
- **Assigned** – For funds to be assigned, there must be an intended use which can be established by the City Council or an official delegated by the Council, such as a City Manager or Finance Director. Assigned fund balance is delegated by the City Council to the Finance Director.
- **Unassigned** - This classification is the default for all funds that do not fit into the other categories. The general fund is the only fund that reports a positive fund balance amount. However, in governmental funds other than the general fund, if expenditures incurred for a specific purposes, it may be necessary to report a negative unassigned fund balance in that particular fund.

When expenditures are incurred for purposes for which both restricted and unrestricted fund balance is available, the City considers restricted funds to have been spent first. When expenditures are incurred for which committed, assigned or unassigned fund balances are available, the City considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the City's Council or its designated official has provided otherwise in its commitments or assignment actions.

R. Inter-fund Transactions

Legally authorized transfers are treated as inter-fund transfers and are included in the results of operations of both governmental and proprietary funds.

S. Operating Revenues and Expenses

Operating revenues are those revenues that are generated directly from the primary activity of the enterprise. For the City, those revenues are charges for services. Operating expenses are necessary costs incurred to provide the service that is the primary activity. Revenues and expenses not meeting these definitions are reported as non-operating.

**CITY OF ROCKPORT**  
**NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)**  
**SEPTEMBER 30, 2024**

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

**T. Use of Estimates**

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

**NOTE 2 -- INVESTMENTS**

The City Council has adopted a written investment policy regarding the investments of its funds as defined by the Public Funds Act of 1995 (Chapter 2256, Texas Government Code). The City's investment policy requires all deposits to be fully collateralized. Investments held in pools shall be continuously rated no lower than AAA or AAAm or at an equivalent rating by at least one nationally recognized rating service. The investments of the City are in compliance with the Council's investment policies. All significant legal and contractual provisions for investments were complied with during the year. Investments at year end are representative of the types of investments maintained by the City during the year.

Public funds investment pools in Texas (Pools) are established under the authority of the Interlocal Cooperation Act, Chapter 791 of the Texas Government Code, and are subject to the provisions of the Public Funds Investment Act (the Act), Chapter 2256 of the Texas Government Code. In addition to other provisions of the Act designed to promote liquidity and safety of principal, the Act requires pools to: (1) have an advisory board composed of participants in the pool and other persons who do not have a business relationship with the pool and are qualified to advise the pool; (2) maintain a continuous rating of no lower than AAA or AAAm (or equivalent) rating by at least one nationally recognized rating service; and (3) maintain the fair value of its underlying investment portfolio within one-half of one percent of the value of its shares. External investment pools tailored to meet the investment needs of Texas local governments and are valued at net asset value. They do not have any minimum or maximum transaction or balance amounts and the investment balances are accessible on the same day as the request pending end of business time constraints.

Investment Type	Reported Value	Weighted Average Maturity in Days	Rating	Agency
<b>Primary Government:</b>				
<i>Reported in Cash Equivalents</i>				
<i>Local Government Investment Pools:</i>				
Texpool	\$ 8,536	52	AAAm	Standard & Poor's
Texas Fixed Income Trust	9,007,533	63	AAAm	Fitch
TexasDAILY	9,778,922	46	AAAm	Fitch
<i>Reported as Investments</i>				
Certificates of Deposit	735,000	160		
<b>Total Primary Government</b>	<b><u>\$ 19,529,991</u></b>	<b>58</b>		

**CITY OF ROCKPORT**  
**NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)**  
**SEPTEMBER 30, 2024**

**NOTE 2 -- INVESTMENTS (CONTINUED)**

The following is an analysis of the investment risks of the City.

*Interest Rate Risk.* In accordance with its investment policy, the City manages its exposure to declines in fair values by limiting the weighted average maturity of its operating investment portfolio to less than one year. The City's investment policy limits the final stated maturity of any security to no more than three years. As a matter of policy, the City holds all investments to maturity.

*Credit Risk.* The City's investment policy states that municipal obligations and other debt investments will be rated not less than A and pools will be no lower than AAA rated. The state comptroller of public accounts exercises oversight responsibility over local government investment pools. Oversight includes the ability to significantly influence operations, designation of management, and accountability for fiscal matters.

*Custodial Credit Risk.* The City's deposits are collateralized by a combination of FDIC coverage and pledged collateral from the City's depository. Funds were fully covered, including certificates of deposit. For local government investment pools, the AAAm and better ratings demonstrate a strong capacity to maintain principal stability and to safeguard client assets.

*Concentration of Credit Risk.* The City has either FDIC insured certificates of deposit or investments in local government investment pools that are highly rated. While the investments in the pools are concentrated, they are considered lower risk investments.

**NOTE 3 -- RECEIVABLES**

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

	Governmental Funds				
	General Fund	Capital Projects	CDBG Capital Grant	Debt Service	Other Nonmajor Funds
<i>Receivables:</i>					
Property Taxes	\$ 179,581	\$ -	\$ -	\$ 125,212	\$ -
Sales Tax	607,633	-	-	-	-
Franchise Taxes	121,996	-	-	-	6,635
Occupancy Taxes	-	-	-	-	78,925
Grants	808,146	1,863,246	24,350	-	32,946
Customers	76	-	-	-	-
Other	566,495	-	-	-	24,573
Gross Receivables	<u>2,283,927</u>	<u>1,863,246</u>	<u>24,350</u>	<u>125,212</u>	<u>143,079</u>
Less: Allowance for Uncollectibles	<u>(75,826)</u>	<u>-</u>	<u>-</u>	<u>(55,345)</u>	<u>-</u>
Net Total Receivables	<u><u>\$ 2,208,101</u></u>	<u><u>\$ 1,863,246</u></u>	<u><u>\$ 24,350</u></u>	<u><u>\$ 69,867</u></u>	<u><u>\$ 143,079</u></u>

**CITY OF ROCKPORT**  
**NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)**  
**SEPTEMBER 30, 2024**

**NOTE 3 – RECEIVABLES (CONTINUED)**

	Business-Type Activities		
	Natural		
	General	Gas	Sanitation
<i>Receivables:</i>			
Customers	\$ 1,883,573	\$ 275,728	\$ 318,592
Gross Receivables	1,883,573	275,728	318,592
Less: Allowance for Uncollectibles	(131,435)	-	-
Net Total Receivables	<u>\$ 1,752,138</u>	<u>\$ 275,728</u>	<u>\$ 318,592</u>

**NOTE 4 -- PROPERTY TAX**

Taxes are levied on and payable as of October 1. The City has contracted with the Aransas County Tax Assessor/Collector to collect taxes on its behalf. Current year taxes become delinquent February 1. Current year delinquent taxes not paid by July 1 are turned over to attorneys for collection action. For fiscal year 2024, the assessed tax rate for the City was \$0.360078 per \$100 on an assessed valuation of \$2.7 billion (before taking into account exemptions and frozen properties). This is broken out as \$0.213583 per \$100 for maintenance and operations and \$0.146495 per \$100 for debt retirement. Total tax levy for fiscal year 2024 (tax year 2023) is \$9.4 million. The City is generally limited to annual increases of 3.5% in maintenance and operations tax levies without voter approval.

**NOTE 5 -- INTERFUND TRANSACTIONS**

Balances between funds as of September 30, 2024, consisted of the following:

Due From	Due to	Amount	Purpose
Aquatic Center	General Fund	\$ 468,685	Pooled Cash Loan
Nonmajor Governmental	General Fund	30,466	Pooled Cash Loan
		<u><u>\$ 499,151</u></u>	

Transfers between funds consisted of the following:

Transfer From	Transfer To	Amount	Purpose
Water & Sewer	General Fund	\$ 1,481,901	Payment in Lieu of Taxes
Natural Gas	General Fund	160,954	Payment in Lieu of Taxes
General Fund	Aquatic Center	409,505	Supplement Other Sources
General Fund	Internal Feet Service	787,907	Supplement Other Sources
General Fund	Nomajor Governmental	648,562	Supplement Other Sources
Capital Projects	Water & Sewer	175,064	Capital Project Contribution
Capital Projects	Aquatic Center	32,775	Capital Project Contribution
		<u><u>\$ 3,696,668</u></u>	

**CITY OF ROCKPORT**  
**NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)**  
**SEPTEMBER 30, 2024**

**NOTE 6 -- CAPITAL ASSETS**

Capital asset activity for the year ended September 30, 2024 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Disposals/ Transfers</u>	<u>Ending Balance</u>
<b>Governmental Activities:</b>				
<i>Capital Assets, Not Being Depreciated:</i>				
Land	\$ 10,456,139	\$ -	\$ -	\$ 10,456,139
Construction in Progress	21,112,740	6,120,723	-	27,233,463
<i>Total Capital Assets Not Being Depreciated</i>	<u>31,568,879</u>	<u>6,120,723</u>	<u>-</u>	<u>37,689,602</u>
<i>Capital Assets, Being Depreciated:</i>				
Buildings and Improvements	3,449,198	-	(246,176)	3,203,022
Streets and Infrastructure	23,118,027	274,674	(509,379)	22,883,322
Machinery and Equipment	5,905,102	297,482	-	6,202,584
<i>Total Capital Assets Being Depreciated</i>	<u>32,472,327</u>	<u>572,156</u>	<u>(755,555)</u>	<u>32,288,928</u>
<i>Accumulated Depreciation:</i>				
Buildings and Improvements	(1,727,411)	(94,146)	246,176	(1,575,381)
Streets and Infrastructure	(6,613,525)	(643,303)	509,379	(6,747,449)
Machinery and Equipment	(3,395,955)	(618,813)	-	(4,014,768)
<i>Total Accumulated Depreciation</i>	<u>(11,736,891)</u>	<u>(1,356,262)</u>	<u>755,555</u>	<u>(12,337,598)</u>
<i>Total Capital Assets Being Depreciated, Net</i>	<u>20,735,436</u>	<u>(784,106)</u>	<u>-</u>	<u>19,951,330</u>
<i>Governmental Activities Capital Assets, Net</i>	<u><u>\$ 52,304,315</u></u>	<u><u>\$ 5,336,617</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 57,640,932</u></u>

Depreciation expense was charged to the governmental functions as follows:

<i>Governmental Activities:</i>	
General Government	\$ 118,711
Public Safety	483,177
Public Works	529,508
Culture and Recreation	224,866
<i>Total Depreciation Expense - Governmental Activities</i>	<u><u>\$ 1,356,262</u></u>

**CITY OF ROCKPORT**  
**NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)**  
**SEPTEMBER 30, 2024**

**NOTE 6 -- CAPITAL ASSETS (Continued)**

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Disposals/ Transfers</u>	<u>Ending Balance</u>
<b>Business-Type Activities:</b>				
<i>Capital Assets, Not Being Depreciated:</i>				
Land	\$ 214,953	\$ -	\$ -	\$ 214,953
Construction in Progress	<u>247,959</u>	<u>2,210,271</u>	<u>-</u>	<u>2,458,230</u>
<i>Total Assets Not Being Depreciated</i>	<u>462,912</u>	<u>2,210,271</u>	<u>-</u>	<u>2,673,183</u>
<i>Capital Assets, Being Depreciated:</i>				
Buildings and Improvements	6,234,888	32,775	-	6,267,663
Utility Systems	<u>60,695,262</u>	<u>593,827</u>	<u>(9,553,930)</u>	<u>51,735,159</u>
Machinery and Equipment	<u>2,381,868</u>	<u>-</u>	<u>(737,104)</u>	<u>1,644,764</u>
<i>Total Capital Assets Being Depreciated</i>	<u>69,312,018</u>	<u>626,602</u>	<u>(10,291,034)</u>	<u>59,647,586</u>
<i>Accumulated Depreciation:</i>				
Buildings and Improvements	(2,827,274)	(171,360)	800	(2,997,834)
Utility Systems	<u>(27,099,339)</u>	<u>(1,716,614)</u>	<u>9,553,931</u>	<u>(19,262,022)</u>
Machinery and Equipment	<u>(1,291,408)</u>	<u>(274,473)</u>	<u>736,303</u>	<u>(829,578)</u>
<i>Total Accumulated Depreciation</i>	<u>(31,218,021)</u>	<u>(2,162,447)</u>	<u>10,291,034</u>	<u>(23,089,434)</u>
<i>Total Capital Assets Being Depreciated, Net</i>	<u>38,093,997</u>	<u>(1,535,845)</u>	<u>-</u>	<u>36,558,152</u>
<i>Business-Type Activities Capital Assets, Net</i>	<u>\$ 38,556,909</u>	<u>\$ 674,426</u>	<u>\$ -</u>	<u>\$ 39,231,335</u>

Depreciation expense was charged to the business-type activities as follows:

<i>Business-Type Activities:</i>	
Water and Sewer System	\$ 1,801,726
Aquatic Center	76,839
Natural Gas	283,882
<i>Total Depreciation Expense - Business Type Activities</i>	<u>\$ 2,162,447</u>

**CITY OF ROCKPORT**  
**NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)**  
**SEPTEMBER 30, 2024**

**NOTE 7 -- LONG-TERM LIABILITIES**

Long-term liabilities at September 30, 2024 were comprised of the following items:

	Balance 10/1/2023	Additions	Reductions	Balance 9/30/2024	Due Within One Year
<i>Governmental Activities:</i>					
Bonds, Notes and Related Premiums	\$ 32,491,762	\$ -	\$ (3,169,070)	\$ 29,322,692	\$ 2,768,683
Compensated Absences	590,874	261,128	(233,598)	618,404	233,866
Net Pension Liability	9,266,365	1,214,757	(4,955,973)	5,525,149	-
OPEB Liability - Death Benefit	241,968	35,666	-	277,634	-
OPEB Liability - Retiree Insurance	2,609,864	697,201	-	3,307,065	-
<i>Total Governmental Activities</i>	<u>45,200,833</u>	<u>2,208,752</u>	<u>(8,358,641)</u>	<u>39,050,944</u>	<u>3,002,549</u>
<i>Business-Type Activities</i>					
Bonds, Notes and Related Premiums	14,686,681	-	(1,698,292)	12,988,389	1,708,308
Compensated Absences	234,165	100,667	(92,576)	242,256	60,564
Net Pension Liability	2,234,486	815,310	(1,195,081)	1,854,715	-
OPEB Liability - Death Benefit	151,805	12,234	-	164,039	-
OPEB Liability - Retiree Insurance	2,183,807	342,221	-	2,526,028	-
<i>Total Business-Type Activities</i>	<u>19,490,944</u>	<u>1,270,432</u>	<u>(2,985,949)</u>	<u>17,775,427</u>	<u>1,768,872</u>
<i>Total Primary Government</i>	<u><u>\$ 64,691,777</u></u>	<u><u>\$ 3,479,184</u></u>	<u><u>\$ (11,344,590)</u></u>	<u><u>\$ 56,826,371</u></u>	<u><u>\$ 4,771,421</u></u>

Compensated absences and other postemployment benefit obligations for governmental activities are generally liquidated by the general fund. Current portions of other post-employment benefit liabilities are reported in accrued wages on the Statement of Net Position and not presented in the table above.

**NOTE 8 -- BONDS PAYABLE**

These bonds are primarily secured by future property tax levies, however certificates of obligation may also have a limited pledge of utility revenues to support the debt service. All of the City's debts were sold to the public except for the note payable. The note payable was privately placed but contain no subjective acceleration clauses, events of default with finance-related consequences or termination events with finance-related consequences. The note payable qualifies as an energy conservation bond and the City may receive an interest rate subsidy annually.

Type of Debt	Interest Rate
General Obligation Bonds	2-5%
Certificates of Obligation	2-4.25%
Tax Notes	4%
Note Payable	4.24%

**CITY OF ROCKPORT**  
**NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)**  
**SEPTEMBER 30, 2024**

**NOTE 8 -- BONDS PAYABLE (CONTINUED)**

Changes in the bonds for the year ending September 30, 2024 were as follows:

	Balance 9/30/2023	Additions	Reductions	Balance 9/30/2024	Due Within One Year
<i>Governmental Activities:</i>					
General Obligation Bonds	\$ 17,479,569	\$ -	\$ (1,790,711)	\$ 15,688,858	\$ 1,873,738
Certificates of Obligation	3,805,000	- -	(245,000)	3,560,000	255,000
Tax Notes	7,490,000	- -	(360,000)	7,130,000	570,000
Note Payable	1,135,324	- -	(66,582)	1,068,742	69,945
Capital Lease	101,254	- -	(101,254)	-	-
Unamortized Premiums	2,480,615	- -	(605,523)	1,875,092	-
<i>Total Governmental Activities</i>	<u>\$ 32,491,762</u>	<u>\$ -</u>	<u>\$ (3,169,070)</u>	<u>\$ 29,322,692</u>	<u>\$ 2,768,683</u>
<i>Business-Type Activities</i>					
General Obligation Bonds	\$ 5,800,431	\$ - -	\$ (1,099,290)	\$ 4,701,141	\$ 1,141,263
Certificates of Obligation	2,310,000	- -	(170,000)	2,140,000	175,000
Note Payable	6,363,510	- -	(373,194)	5,990,316	392,045
Unamortized Premiums	212,740	- -	(55,808)	156,932	-
<i>Total Business-Type Activities</i>	<u>\$ 14,686,681</u>	<u>\$ -</u>	<u>\$ (1,698,292)</u>	<u>\$ 12,988,389</u>	<u>\$ 1,708,308</u>

The annual debt service requirements on these governmental debts as of September 30, 2024 are as follows:

Year Ending September 30,	Governmental Activities				
	Public Offering		Private Placement		
	Bonds	Notes	Principal	Interest	Principal
2025	\$ 2,698,738	\$ 994,451	\$ 69,945	\$ 44,576	\$ 3,807,710
2026	2,902,947	886,446	73,425	41,572	3,904,390
2027	3,002,173	771,156	77,028	38,427	3,888,784
2028	3,065,000	652,206	54,538	35,390	3,807,134
2029	3,185,000	529,563	84,269	32,767	3,831,599
2030-2034	5,330,000	1,772,950	483,968	106,107	7,693,025
2035-2039	5,170,000	695,125	225,569	12,067	6,102,761
2040	1,025,000	20,500	-	-	1,045,500
<b>Total</b>	<b><u>\$ 26,378,858</u></b>	<b><u>\$ 6,322,397</u></b>	<b><u>\$ 1,068,742</u></b>	<b><u>\$ 310,906</u></b>	<b><u>\$ 34,080,903</u></b>

**CITY OF ROCKPORT**  
**NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)**  
**SEPTEMBER 30, 2024**

**NOTE 8 -- BONDS PAYABLE (CONTINUED)**

The annual debt service requirements on these business-type debts as of September 30, 2024 are as follows:

Year Ending September 30,	Business-Type Activities				
	Public Offering Bonds		Private Placement Notes		
	Principal	Interest	Principal	Interest	Total
2025	\$ 1,316,263	\$ 248,599	\$ 392,045	\$ 249,848	\$ 2,206,755
2026	1,372,051	196,979	411,557	233,020	2,213,607
2027	1,132,827	147,633	431,752	215,350	1,927,562
2028	900,000	106,525	305,665	198,389	1,510,579
2029	940,000	69,513	472,333	183,660	1,665,506
2030-2034	1,180,000	129,201	2,712,663	594,745	4,616,609
2035-2036	-	-	1,264,301	67,633	1,331,934
Total	<u>\$ 6,841,141</u>	<u>\$ 898,450</u>	<u>\$ 5,990,316</u>	<u>\$ 1,742,645</u>	<u>\$ 15,472,552</u>

**NOTE 9 -- PENSION PLAN – TEXAS MUNICIPAL RETIREMENT SYSTEM**

**A. Plan Description**

The City participates as one of 919 plans in the defined benefit cash-balance plan administered by the Texas Municipal Retirement System (TMRS). TMRS is a statewide public retirement plan created by the State of Texas and administered in accordance with the TMRS Act, Subtitle G, Title 8, Texas Government Code (the TMRS Act) as an agent multiple-employer retirement system for employees of Texas participating cities. The TMRS Act places the general administration and management of TMRS with a six-member, Governor-appointed Board of Trustees; however, TMRS is not fiscally dependent on the State of Texas. TMRS issues a publicly available Annual Comprehensive Financial Report (Annual Report) that can be obtained at [www.tmrs.com](http://www.tmrs.com).

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

**B. Benefits Provided**

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

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

**CITY OF ROCKPORT**  
**NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)**  
**SEPTEMBER 30, 2024**

**NOTE 9 -- PENSION PLAN – TEXAS MUNICIPAL RETIREMENT SYSTEM (CONTINUED)**

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

Inactive Employees or Beneficiaries Currently Receiving Benefits	105
Inactive Employees Entitled to but Not Yet Receiving Benefits	89
Active Employees	<u>117</u>
	<u><u>311</u></u>

**C. Contributions**

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

Employees for the City were required to contribute 7% of their annual compensation during the fiscal year. The City matches employee contributions 2 to 1. The contribution rates for the City were 17.41% and 18.89% for calendar years 2023 and 2024 respectively. The City's contributions to TMRS for the year ended September 30, 2024 were \$1,472,710, and were equal to the required contributions.

**D. Net Pension Liability**

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

**E. Actuarial Assumptions**

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

Inflation	2.5% per year
Overall Payroll Growth	2.75% per year
Investment Rate of Return	6.75%, net of pension plan investment expense, including inflation

**CITY OF ROCKPORT**  
**NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)**  
**SEPTEMBER 30, 2024**

**NOTE 9 -- PENSION PLAN – TEXAS MUNICIPAL RETIREMENT SYSTEM (CONTINUED)**

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

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

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. In determining their best estimate of a recommended investment return assumption under the various alternative asset allocation portfolios, GRS focused on the area between (1) arithmetic mean (aggressive) without an adjustment for time (conservative) and (2) the geometric mean (conservative) with an adjustment for time (aggressive).

**CITY OF ROCKPORT**  
**NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)**  
**SEPTEMBER 30, 2024**

**NOTE 9 -- PENSION PLAN – TEXAS MUNICIPAL RETIREMENT SYSTEM (CONTINUED)**

**E. Actuarial Assumptions (Continued)**

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

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

**F. 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 rates specified in statute. Based on that assumption, the pension plan's Fiduciary Net Position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the Total Pension Liability.

**CITY OF ROCKPORT**  
**NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)**  
**SEPTEMBER 30, 2024**

**NOTE 9 -- PENSION PLAN – TEXAS MUNICIPAL RETIREMENT SYSTEM (CONTINUED)**

**G. Changes in Net Pension Liability (Asset)**

	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
Balance at December 31, 2022	\$ 41,932,931	\$ 33,066,070	\$ 8,866,861
Changes for the year:			
Service Cost	1,544,545	-	1,544,545
Interest	2,802,888	-	2,802,888
Change of Benefit Terms	-	-	-
Difference Between Expected and			
Actual Experience	292,108	-	292,108
Changes of Assumptions	(348,940)	-	(348,940)
Contributions - Employer	-	1,409,355	(1,409,355)
Contributions - Employee	-	566,657	(566,657)
Net Investment Income	-	3,826,102	(3,826,102)
Benefit Payments, Including Refunds			
of Employee Contributions	(2,361,886)	(2,361,886)	-
Administrative Expense	-	(24,347)	24,347
Other Changes	-	(169)	169
Net Changes	<u>1,928,715</u>	<u>3,415,712</u>	<u>(1,486,997)</u>
Balance at December 31, 2023	<u><u>\$ 43,861,646</u></u>	<u><u>\$ 36,481,782</u></u>	<u><u>\$ 7,379,864</u></u>

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

The following presents the net pension liability of the City, calculated using the discount rate of 6.75%, as well as what the City's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.75%) or 1-percentage-point higher (7.75%) than the current rate:

	Discount Rate	Discount Rate	Discount Rate
	5.75%	6.75%	7.75%
Net Pension Liability	\$ 13,254,851	\$ 7,379,864	\$ 2,574,115

**I. 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](http://www.tmrs.com).

**J. Pension Expense**

For the year ended September 30, 2024, the City recognized pension expense of \$1,800,153.

**CITY OF ROCKPORT**  
**NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)**  
**SEPTEMBER 30, 2024**

**NOTE 9 -- PENSION PLAN – TEXAS MUNICIPAL RETIREMENT SYSTEM (CONTINUED)**

**K. Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions**

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between Expected and Actual Economic Experience	\$ 786,246	\$ -
Changes in Actuarial Assumptions	-	251,197
Differences Between Projected and Actual Investment Earnings	943,866	-
Contributions Subsequent to the Measurement Date	<u>1,141,743</u>	<u>-</u>
	<u><u>\$ 2,871,855</u></u>	<u><u>\$ 251,197</u></u>

The City reported \$2,871,855 as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date (December 31, 2023) will be recognized as a reduction of the net pension liability for the fiscal year ending September 30, 2025. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

For the Fiscal Year Ended September 30,		
2025	\$ 666,294	
2026	431,343	
2027	700,105	
2028	(318,827)	
Thereafter	<u>-</u>	
	<u><u>\$ 1,478,915</u></u>	

**NOTE 10 -- OTHER POST EMPLOYMENT BENEFITS (OPEB) – SUPPLEMENTAL DEATH BENEFIT**

The City also 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.

**CITY OF ROCKPORT**  
**NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)**  
**SEPTEMBER 30, 2024**

**NOTE 10 -- OTHER POST EMPLOYMENT BENEFITS (OPEB) – SUPPLEMENTAL DEATH BENEFIT (CONTINUED)**

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 post-employment benefit," or OPEB. Membership in the plan at December 31, 2023, the valuation and measurement date, consisted of:

Inactive Employees or Beneficiaries Currently Receiving Benefits	85
Inactive Employees Entitled to but Not Yet Receiving Benefits	16
Active Employees	117
	<hr/>
	218
	<hr/>

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. The following key assumptions were used in developing the actuarial valuation:

Inflation	2.50%
Salary Increases	3.60% to 11.85% Including Inflation
Discount Rate	3.77% (Fidelity Index's 20-Year Municipal GO AA Index)
Administrative Expenses	All administrative expenses are paid thro the Pension Trust and accounted for under reporting requirements under GASB Statement No. 68.
Mortality Rates - Service Retirees	2019 Municipal Retirees of Texas Mortality Tables. Male rates are multiplied by 103% and female rates are multiplied by 105%. The rates are projected on a fully generational basis by the most recent Scale MP-2021 (with immediate convergence).
Mortality Rates - Disabled Retirees	2019 Municipal Retirees of Texas Mortality Tables with a 4 year set-forward for males and a 3 year set-forward for females. In addition, a 3.5% and 3% minimum mortality rate will be applied to reflect the impairment for younger members who become disabled for males and females, respectively. The rates are projected on a fully generational bas is by the most recent Scale MP-2021 (with immediate convergence) to account for future mortality improvements subject to the floor.

The City's contributions to TMRS for retirees were \$11,918 for the fiscal year ended September 30, 2024 and were equal to the required contributions. The SDBF required contribution rates were as follows:

Calendar Year	Total SDBF Contribution Rate	Retiree Portion of SDBF Contribution Rate
2023	0.39%	0.15%
2024	0.37%	0.15%

**CITY OF ROCKPORT**  
**NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)**  
**SEPTEMBER 30, 2024**

**NOTE 10 -- OTHER POST EMPLOYMENT BENEFITS (OPEB) – SUPPLEMENTAL DEATH BENEFIT (CONTINUED)**

The City's Total OPEB Liability (TOL), based on the above actuarial factors, as of December 31, 2023 was calculated as follows:

	<b>Total OPEB Liability</b>
Balance at December 31, 2022	<u>\$ 393,773</u>
Changes for the year:	
Service Cost	17,000
Interest	16,046
Change of Benefit Terms	-
Difference Between Expected and Actual Experience	5,355
Changes of Assumptions	21,642
Benefit Payments	<u>(12,143)</u>
Net Changes	<u>47,900</u>
Balance at December 31, 2023	<u>\$ 441,673</u>

There is no separate trust maintained to fund this Total OPEB Liability. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75 to pay related benefits.

The following presents the TOL of the City, calculated using the discount rate of 3.77% as well as what the City's TOL would be if it were calculated using a discount rate that is 1-percentage point lower and 1-percentage point higher than the current rate:

	Discount Rate 2.77%	Discount Rate 3.77%	Discount Rate 4.77%
Total OPEB Liability	\$ 519,351	\$ 441,673	\$ 380,268

For the year ended September 30, 2024, the City recognized OPEB expense of \$16,807. Also as of September 30, 2024, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference Between Expected and Actual Experience	\$ 4,266	\$ 12,711
Changes in Actuarial Assumptions	37,303	105,976
Contributions Subsequent to the Measurement Date	9,066	-
	<u>\$ 50,635</u>	<u>\$ 118,687</u>

**CITY OF ROCKPORT**  
**NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)**  
**SEPTEMBER 30, 2024**

**NOTE 10 -- OTHER POST EMPLOYMENT BENEFITS (OPEB) – SUPPLEMENTAL DEATH BENEFIT (CONTINUED)**

Deferred outflows of resources in the amount of \$9,066 is related to OPEB benefits resulting from contributions subsequent to the measurement date (December 31, 2023), and will be recognized as a reduction of the total OPEB liability for the fiscal year ended September 30, 2025. Other amounts reported as deferred outflows and inflows of resources related to OPEB will be recognized in OPEB expense as follows:

For the Fiscal Year Ended September 30,		
2025	\$	(22,221)
2026		(33,954)
2027		(25,988)
2028		5,045
2029		-
Thereafter		-
	<hr/>	<hr/>
	\$	(77,118)

**NOTE 11 -- OTHER POST EMPLOYMENT BENEFITS (OPEB) – RETIREE MEDICAL INSURANCE**

Eligible retirees of the City may participate in the health insurance plan of the City. Non-Medicare participants with over ten years of service with the City at retirement are eligible for a subsidy equal to 50% of the current premium amount. The percentage of premium paid by the City increases by 5% per year of service. At twenty years of service, retirees are eligible for a 100% subsidy. Enrollment is required within thirty days of retirement. At age 65, retirees must apply for Medicare and the City furnishes a Medicare Supplemental Policy. The City provides the same Medicare subsidy to all eligible retirees regardless of service. The amount of the Medicare subsidy is capped at \$268.08 per month.

Membership in the plan at December 31, 2023, the valuation and measurement date, consisted of:

Inactive Employees or Beneficiaries Currently Receiving Benefits	70
Inactive Employees Entitled to but Not Yet Receiving Benefits	0
Active Employees	117
	<hr/>
	187
	<hr/>

The City does not maintain a separate trust for this plan and is not accumulating assets to service the other post-employment benefit. Projections of health benefits are based on the plan as understood by the City and include the types of benefits in force at the valuation date and the pattern of employees attaining eligibility. Actuarial calculations reflect a long-term perspective and employ methods and assumptions that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets.

**CITY OF ROCKPORT**  
**NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)**  
**SEPTEMBER 30, 2024**

**NOTE 11 -- OTHER POST EMPLOYMENT BENEFITS (OPEB) – RETIREE MEDICAL INSURANCE (CONTINUED)**

The following key assumptions were used in developing the actuarial valuation:

Actuarial Cost Method	Individual Entry-Age Normal
Inflation	2.50%
Salary Increases	3.60% to 11.85% Including Inflation
Discount Rate	3.77% (Fidelity Index's 20-Year Municipal GO AA Index)
Demographic Assumptions	Based on the 2023 experience study conducted for the Texas Municipal Retirement System (TMRS).
Health Care Trend Rates	Initial rate of 7.20% declining to an ultimate rate of 4.25% after 15 years
Mortality	For healthy retirees, the gender-distinct 2019 Municipal Retirees of Texas mortality tables are used, with male rates multiplied by 103% and female rates multiplied by 105%. The rates are projected on a fully generational basis using the ultimate mortality improvement rates in the MP-2021 table to account for future mortality improvements.
Participation Rates	For employees who retire prior to age 65, the participation rate was assumed to equal the half the percentage of the subsidy paid by the City, plus 50%. 70% of eligible employees who are at least 65 years old at retirement were assumed to participate. 30% of retirees who are less than 65 years old at retirement were assumed to discontinue coverage upon reaching 65 years old.

The City's Total OPEB Liability (TOL), based on the above actuarial factors, as of December 31, 2023 was calculated as follows:

	<b>Total OPEB Liability</b>
Balance at December 31, 2022	<u>\$ 4,642,612</u>
Changes for the year:	
Service Cost	263,403
Interest	187,750
Change of Benefit Terms	-
Difference Between Expected and	
Actual Experience	536,297
Changes of Assumptions	480,031
Benefit Payments	<u>(277,000)</u>
Net Changes	<u>1,190,481</u>
Balance at December 31, 2023	<u>\$ 5,833,093</u>

There is no separate trust maintained to fund this Total OPEB Liability. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75 to pay related benefits.

**CITY OF ROCKPORT**  
**NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)**  
**SEPTEMBER 30, 2024**

**NOTE 11 -- OTHER POST EMPLOYMENT BENEFITS (OPEB) – RETIREE MEDICAL INSURANCE (CONTINUED)**

The following tables present the sensitivity of the TOL to a 1% swing in the discount rate and health care cost trend rate:

	Discount Rate 2.77%	Discount Rate 3.77%	Discount Rate 4.77%
Total OPEB Liability	\$ 6,489,190	\$ 5,833,093	\$ 5,265,735
		Healthcare Trend Rate	
Total OPEB Liability	\$ 5,382,602	\$ 5,833,093	\$ 6,373,432

For the year ended September 30, 2024, the City recognized OPEB expense of \$316,560. Also as of September 30, 2024, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference Between Expected and Actual Experience	\$ 456,572	\$ 198,335
Changes in Actuarial Assumptions	561,764	870,068
	<u>\$ 1,018,336</u>	<u>\$ 1,068,403</u>

Amounts reported as deferred outflows and inflows of resources related to OPEB will be recognized in OPEB expense as follows:

For the Fiscal Year Ended September 30,	
2025	\$ (69,519)
2026	(34,402)
2027	(69,610)
2028	41,791
2029	81,673
Thereafter	-
	<u>\$ (50,067)</u>

**CITY OF ROCKPORT**  
**NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)**  
**SEPTEMBER 30, 2024**

**NOTE 12 -- CONTINGENCIES**

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

The City is currently working on several capital projects that are expected to be reimbursed by the Texas Department of Emergency Management and are recorded as other receivables on the balance sheet of the General and Capital Projects fund of \$808,146 and \$1,863,246, respectively.

**NOTE 13 -- RISK MANAGEMENT**

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; business interruption; errors and omissions; injuries to employees; employee health benefits; and other claims of various natures. The City contracts with the Texas Municipal League (TML) to provide insurance coverage for property and casualty, and workers compensation. TML is a multi-employer group that provides for a combination of modified self-insurance and stop-loss coverage. Contributions are set annually by TML. Liability by the City is generally limited to the contributed amounts. There were no significant changes in coverage during fiscal year 2024.

**NOTE 14 -- COMMITMENTS**

*Purchase Commitments*

	<u>Estimated Project Cost to City</u>	<u>Expended to Date</u>	<u>Estimated Future Commitment</u>
<i>Governmental Activities:</i>			
City Hall Construction	\$ 16,380,000	\$ 14,931,092	\$ 1,448,908
Drainage Improvements	6,322,339	2,292,338	4,030,001
<i>Business-type Activities:</i>			
Wastewater Treatment Plant Improvements	4,611,080	1,607,884	3,003,196
<b>Total Estimated Future Commitments</b>	<b>\$ 27,313,419</b>	<b>\$ 18,831,314</b>	<b>\$ 8,482,105</b>

**NOTE 15 -- TAX ABATEMENTS**

The City has entered into two agreements with businesses in the community in accordance with Chapter 380 of the Texas Local Government Code to promote economic development and to stimulate business and commercial activity in the City. The agreements provide for grants to the businesses of incremental property taxes paid for personal and real property in excess of a base value prior to the improvements or incremental sales tax generated. The payments are conditional on employment growth and staff wage requirements being maintained. The property tax agreement ends in 2029 and the sales tax agreement will end in 2025. During the year ended September 30, 2024, the City reimbursed the businesses \$16,044 in sales tax and \$53,078 in property taxes.

**CITY OF ROCKPORT**  
**NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)**  
**SEPTEMBER 30, 2024**

**NOTE 16 -- LITIGATION**

The City is the subject of various claims and litigation that have arisen in the course of its operations. Management is of the opinion that the City's liability in these cases, if decided adversely to the City, will not have a material effect on the City's financial position.

**NOTE 17 -- PRIOR PERIOD ADJUSTMENT / CHANGE IN ACCOUNTING METHOD**

As of October 1, 2023, the City made changes to accounting methods and error corrections as follows:

	General Fund	Nonmajor Governmental
Beginning Fund Balance, as Previously Reported	\$ 3,827,778	\$ 3,460,012
<i>Change in Accounting Policy</i>		
Recognize Franchise Fees in Period of Fees	111,022	7,346
Amortize Insurance Premiums over Term	253,413	-
<i>Error Correction</i>		
Unrecorded Payable	(39,583)	-
Understated Unearned Grant Revenue	(233,661)	-
Understated Retirement Contribution Payable	(63,841)	-
Beginning Fund Balance, Restated	<u><u>\$ 3,827,778</u></u>	<u><u>\$ 3,460,012</u></u>

	Governmental Activities	Water & Sewer	Natural Gas
Beginning Net Position, as Previously Reported	\$ 32,833,237	\$ 31,441,636	\$ 2,370,891
<i>Change in Accounting Policy</i>			
Recognize Franchise Fees in Period of Fees	118,368	-	-
Recognize Unbilled Utility Revenue	-	564,648	84,186
Amortize Insurance Premiums over Term	253,413	253,413	-
<i>Error Correction</i>			
Duplicate Expense	-	368,896	-
Unrecorded Payable	(39,583)	-	-
Understated Unearned Grant Revenue	(233,661)	-	-
Understated Retirement Contribution Payable	(63,841)	(23,144)	-
Beginning Net Position, Restated	<u><u>\$ 32,833,237</u></u>	<u><u>\$ 31,441,636</u></u>	<u><u>\$ 2,370,891</u></u>

The change to record an unbilled receivable and a franchise fee accrual more aligns with generally accepted accounting principles and records the underlying revenue in the period it occurs. It also helps smooth out any changes in meter reading policies or cash collection delays in franchise fees. The change to amortize insurance was a decision based on how significant windstorm insurance is for the City and the difficulty in budgeting for it with a premium due late in the year.

**CITY OF ROCKPORT**  
**NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)**  
**SEPTEMBER 30, 2024**

**NOTE 18 -- SUBSEQUENT EVENTS**

In October, 2024, the City issued \$3.075 million in tax notes to finance the purchase of equipment, pool repairs and utility system improvements.

In August 2025, the City executed an agreement to sell the natural gas utility and related infrastructure to the City of Corpus Christi for \$5.5 million. The proceeds will be used to defease the outstanding debts of the natural gas utility.

## **REQUIRED SUPPLEMENTARY INFORMATION**

Required supplementary information includes financial information and disclosures that are required by the GASB but are not considered a part of the basic financial statements. Such information includes:

- Budgetary Comparison Schedule - General Fund
- Schedule of Changes in Net Pension Liability and Related Ratios - Last 10 Plan Years
- Schedule of Pension Contributions - Last 10 Fiscal Years
- Schedule of Changes in Total Other Post-Employment Benefit Liability and Related Ratios

Supplemental Death Benefit  
Retiree Medical Insurance

**CITY OF ROCKPORT**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES –**  
**BUDGET AND ACTUAL – GENERAL FUND**  
**YEAR ENDED SEPTEMBER 30, 2024**

	Budgeted Amounts		2024		Variance With Final Budget -	
			Original	Final	Actual Amounts	Positive (Negative)
						2023 Actual
<b>REVENUES</b>						
Property Taxes	\$ 5,455,959	\$ 5,455,959	\$ 5,473,486	\$ 17,527	\$ 4,756,379	
Sales and Mixed Beverage Taxes	3,852,126	3,852,126	3,797,506	(54,620)	3,793,644	
Franchise Taxes	827,000	827,000	826,528	(472)	818,681	
Licenses and Permits	600,175	600,175	707,590	107,415	567,043	
Grants and Donations	85,500	85,500	75,116	(10,384)	227,069	
Charges for Services	13,200	13,200	13,190	(10)	14,325	
Fines and Forfeitures	157,100	157,100	186,416	29,316	158,623	
Investment Earnings	105,000	105,000	158,745	53,745	109,322	
Miscellaneous	91,500	93,823	359,115	265,292	167,788	
<b>TOTAL REVENUES</b>	<b>11,187,560</b>	<b>11,189,883</b>	<b>11,597,692</b>	<b>407,809</b>	<b>10,612,874</b>	
<b>EXPENDITURES</b>						
<i>General Government</i>						
Mayor & Council	130,846	130,846	88,248	42,598	116,558	
Human Resources	149,428	149,428	138,648	10,780	-	
Municipal Court	254,885	254,885	195,259	59,626	182,174	
Finance	494,647	494,647	481,485	13,162	450,198	
City Secretary	188,218	188,218	151,806	36,412	270,960	
City Manager	535,387	535,387	525,991	9,396	506,809	
Information Technology	338,167	338,167	299,311	38,856	300,119	
Building Development	365,089	365,089	339,132	25,957	356,355	
Building Inspections	330,156	330,156	312,930	17,226	270,838	
Non-departmental	1,099,756	1,101,506	967,153	134,353	821,006	
<i>Total General Government</i>	<b>3,886,579</b>	<b>3,888,329</b>	<b>3,499,963</b>	<b>388,366</b>	<b>3,275,017</b>	
<i>Public Safety</i>						
Police	821,338	838,337	852,822	(14,485)	662,565	
Police Patrol	2,576,111	2,576,111	2,263,043	313,068	2,496,738	
Police CID	863,612	863,612	756,981	106,631	723,679	
Emergency Operations	10,000	10,000	8,420	1,580	7,119	
Code Enforcement	445,995	367,659	323,793	43,866	316,585	
<i>Total Public Safety</i>	<b>4,717,056</b>	<b>4,655,719</b>	<b>4,205,059</b>	<b>450,660</b>	<b>4,206,686</b>	
<i>Public Works</i>						
Street & Drainage	1,327,816	1,327,816	1,084,683	243,133	903,978	
Building Maintenance	457,620	457,620	316,712	140,908	266,462	
<i>Total Public Works</i>	<b>1,785,436</b>	<b>1,785,436</b>	<b>1,401,395</b>	<b>384,041</b>	<b>1,170,440</b>	
<i>Culture &amp; Recreation</i>						
	<b>1,473,039</b>	<b>1,473,039</b>	<b>1,276,309</b>	<b>196,730</b>	<b>1,332,862</b>	
<i>Capital Outlay</i>						
	<b>337,151</b>	<b>400,811</b>	<b>301,584</b>	<b>99,227</b>	<b>827,461</b>	
<b>TOTAL EXPENDITURES</b>	<b>12,199,261</b>	<b>12,203,334</b>	<b>10,684,310</b>	<b>1,519,024</b>	<b>10,812,466</b>	

**CITY OF ROCKPORT**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES –**  
**BUDGET AND ACTUAL – GENERAL FUND (CONTINUED)**  
**YEAR ENDED SEPTEMBER 30, 2024**

	Budgeted Amounts		2024 Actual Amounts	Variance With Final Budget -	
	Original	Final		Positive (Negative)	2023 Actual
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	(1,011,701)	(1,013,451)	913,382	1,926,833	(199,592)
<b>OTHER FINANCING SOURCES (USES)</b>					
Sales of Capital Assets	-	-	1,205	1,205	138,461
Transfers In	1,619,381	1,619,381	1,642,855	23,474	1,566,494
Transfers Out	(1,057,032)	(1,229,546)	(1,845,974)	(616,428)	(1,188,584)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>562,349</b>	<b>389,835</b>	<b>(201,914)</b>	<b>(591,749)</b>	<b>516,371</b>
<b>Net Change in Fund Balance</b>	<b>(449,352)</b>	<b>(623,616)</b>	<b>711,468</b>	<b>1,335,084</b>	<b>316,779</b>
<b>Fund Balances, Beginning</b>	<b>3,827,778</b>	<b>3,827,778</b>	<b>3,827,778</b>	<b>-</b>	<b>3,510,999</b>
Prior Period Adjustment	-	-	27,350	27,350	-
<b>Fund Balances, Ending</b>	<b>\$ 3,378,426</b>	<b>\$ 3,204,162</b>	<b>\$ 4,566,596</b>	<b>\$ 1,362,434</b>	<b>\$ 3,827,778</b>

**CITY OF ROCKPORT**  
**SCHEDULE OF CHANGES – NET PENSION LIABILITY AND RELATED RATIOS**  
**LAST TEN PLAN YEARS**

	Total Pension Liability			
	2014	2015	2016	2017
Service Cost	\$ 740,391	\$ 876,152	\$ 982,451	\$ 1,558,081
Interest (on the Total Pension Liability)	1,625,684	1,721,744	1,750,739	1,915,431
Changes of Benefit Terms	-	-	-	-
Difference between Expected and Actual Experience	(29,335)	(291,293)	(14,404)	1,248,532
Change of Assumptions	-	126,355	665,897	-
Benefit Payments, Including Refunds of Employee Contributions	(1,133,860)	(930,802)	(1,331,557)	(1,162,491)
Net Change in Total Pension Liability	1,202,880	1,502,156	2,053,126	3,559,553
Total Pension Liability - Beginning	23,420,794	24,623,674	26,125,830	28,178,956
Total Pension Liability - Ending	<u>\$ 24,623,674</u>	<u>\$ 26,125,830</u>	<u>\$ 28,178,956</u>	<u>\$ 31,738,509</u>
Plan Fiduciary Net Position				
	2014	2015	2016	2017
Contributions - Employer	\$ 777,084	\$ 830,773	\$ 877,449	\$ 1,375,596
Contributions - Employee	339,762	365,498	398,907	608,286
Net Investment Income	1,150,850	31,339	1,453,921	3,172,753
Benefit Payments, Including Refunds of Employee Contributions	(1,133,860)	(930,802)	(1,331,557)	(1,162,491)
Administrative Expense	(12,015)	(19,088)	(16,421)	(16,446)
Other	(988)	(943)	(885)	(833)
Net Change in Plan Fiduciary Net Position	1,120,833	276,777	1,381,414	3,976,865
Plan Fiduciary Net Position - Beginning	20,117,511	21,238,344	21,515,121	22,896,535
Plan Fiduciary Net Position - Ending	<u>\$ 21,238,344</u>	<u>\$ 21,515,121</u>	<u>\$ 22,896,535</u>	<u>\$ 26,873,400</u>
Net Pension Liability - Ending	\$ 3,385,330	\$ 4,610,709	\$ 5,282,421	\$ 4,865,109
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	86.25%	82.35%	81.25%	84.67%
Covered Payroll	\$ 4,853,742	\$ 5,221,406	\$ 5,698,673	\$ 5,689,797
Net Pension Liability as a Percentage of Covered Payroll	69.75%	88.30%	92.70%	85.51%

Total Pension Liability						
2018	2019	2020	2021	2022	2023	
\$ 1,114,592	\$ 1,164,313	\$ 1,200,234	\$ 1,307,529	\$ 1,476,564	\$ 1,544,545	
2,136,342	2,271,179	2,375,106	2,463,862	2,617,935	2,802,888	
-	-	-	-	-	-	
162,769	(350,839)	(598,085)	663,561	1,158,043	292,108	
-	76,395	-	-	-	(348,940)	
(1,292,599)	(1,589,356)	(1,689,335)	(1,742,674)	(2,731,114)	(2,361,886)	
2,121,104	1,571,692	1,287,920	2,692,278	2,521,428	1,928,715	
31,738,509	33,859,613	35,431,305	36,719,225	39,411,503	41,932,931	
<u>\$ 33,859,613</u>	<u>\$ 35,431,305</u>	<u>\$ 36,719,225</u>	<u>\$ 39,411,503</u>	<u>\$ 41,932,931</u>	<u>\$ 43,861,646</u>	
Plan Fiduciary Net Position						
2018	2019	2020	2021	2022	2023	
\$ 961,933	\$ 1,108,588	\$ 1,198,891	\$ 1,251,275	\$ 1,326,742	\$ 1,409,355	
413,468	444,879	469,628	504,837	555,995	566,657	
(805,105)	4,041,271	2,286,145	4,220,211	(2,670,833)	3,826,102	
(1,292,599)	(1,589,356)	(1,689,335)	(1,742,674)	(2,731,114)	(2,361,886)	
(15,558)	(22,830)	(14,792)	(19,523)	(23,107)	(24,347)	
(812)	(685)	(577)	134	27,573	(169)	
(738,673)	3,981,867	2,249,960	4,214,260	(3,514,744)	3,415,712	
<u>26,873,400</u>	<u>26,134,727</u>	<u>30,116,594</u>	<u>32,366,554</u>	<u>36,580,814</u>	<u>33,066,070</u>	
<u>\$ 26,134,727</u>	<u>\$ 30,116,594</u>	<u>\$ 32,366,554</u>	<u>\$ 36,580,814</u>	<u>\$ 33,066,070</u>	<u>\$ 36,481,782</u>	
\$ 7,724,886	\$ 5,314,711	\$ 4,352,671	\$ 2,830,689	\$ 8,866,861	\$ 7,379,864	
77.19%	85.00%	88.15%	92.82%	78.85%	83.17%	
\$ 5,906,687	\$ 6,355,418	\$ 6,708,966	\$ 7,211,964	\$ 7,942,784	\$ 8,095,101	
130.78%	83.62%	64.88%	39.25%	111.63%	91.16%	



**CITY OF ROCKPORT**  
**SCHEDULE OF CITY PENSION CONTRIBUTIONS**  
**LAST TEN FISCAL YEARS**

Fiscal Year Ending September 30,	Contributions in Relation to the			Contributions as a Percentage of Covered Payroll	
	Actuarially Determined Contributions	Actuarially Determined Contributions	Contribution Deficiency (Excess)	Covered Payroll	
2024	\$ 1,472,710	\$ 1,472,710	\$ -	\$ 7,945,181	18.5%
2023	1,187,965	1,308,319	(120,354)	6,822,433	19.2%
2022	1,230,488	1,230,488	-	6,708,088	18.3%
2021	1,198,891	1,237,615	(38,724)	6,870,088	18.0%
2020	1,069,089	1,054,491	14,598	6,149,048	17.1%
2019	1,153,763	1,153,763	-	7,163,204	16.1%
2018	917,078	917,078	-	5,793,290	15.8%
2017	877,449	877,449	-	5,698,673	15.4%
2016	831,456	831,456	-	5,136,730	16.2%
2015	758,836	758,836	-	4,853,742	15.6%

**CITY OF ROCKPORT**  
**SCHEDULE OF CHANGES – TOTAL OTHER POST-EMPLOYMENT BENEFIT LIABILITY**  
**AND RELATED RATIOS**  
**SUPPLEMENTAL DEATH BENEFIT**  
**LAST TEN PLAN YEARS**

	<b>Total OPEB Liability</b>			
	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>
Service Cost	\$ 16,511	\$ 12,404	\$ 17,160	\$ 24,152
Interest on Total OPEB Liability	12,874	13,074	13,574	12,279
Changes of Benefit Terms	-	-	-	-
Difference between Expected and Actual Experience	-	(31,557)	(13,755)	(8,742)
Change of Assumptions or Other Inputs	30,715	(22,651)	63,429	63,296
Benefit Payments	<u>(4,345)</u>	<u>(2,953)</u>	<u>(2,542)</u>	<u>(4,025)</u>
Net Change in Total OPEB Liability	55,755	(31,683)	77,866	86,960
Total OPEB Liability - Beginning	334,507	390,262	358,579	436,445
Total OPEB Liability - Ending	<u>\$ 390,262</u>	<u>\$ 358,579</u>	<u>\$ 436,445</u>	<u>\$ 523,405</u>
 Covered Payroll	 \$ 5,689,797	 \$ 5,906,687	 \$ 6,355,418	 \$ 6,708,966
 Total OPEB Liability as a Percentage of Covered Payroll	 6.86%	 6.07%	 6.87%	 7.80%
 Discount Rate	 3.31%	 3.71%	 2.75%	 2.00%

GASB Statement No. 75 requires 10 years of data to be provided in this schedule. The City will develop the schedule prospectively as data becomes available.

No assets are accumulated in a trust that meets the criteria in of GASB Codification P22.101 or P52.101 to pay related benefits.

Total OPEB Liability		
2021	2022	2023
\$ 29,569	\$ 34,154	\$ 17,000
10,641	10,291	16,046
-	-	-
(18,822)	(5,546)	5,355
15,661	(181,406)	21,642
(12,260)	(11,914)	(12,143)
24,789	(154,421)	47,900
523,405	548,194	393,773
<u>\$ 548,194</u>	<u>\$ 393,773</u>	<u>\$ 441,673</u>
 \$ 7,211,964	 \$ 7,942,784	 \$ 8,095,101
 7.60%	 4.96%	 5.46%
 1.84%	 4.05%	 3.77%

**CITY OF ROCKPORT**  
**SCHEDULE OF CHANGES – TOTAL OTHER POST-EMPLOYMENT BENEFIT LIABILITY**  
**AND RELATED RATIOS**  
**RETIREE MEDICAL INSURANCE**  
**LAST TEN PLAN YEARS**

	<b>Total OPEB Liability</b>			
	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>
Service Cost	\$ 391,117	\$ 447,574	\$ 357,387	\$ 378,651
Interest on Total OPEB Liability	214,798	212,555	210,376	153,610
Changes of Benefit Terms	-	(868,485)	-	-
Difference between Expected and Actual Experience	-	(72,989)	(700,917)	(15,765)
Change of Assumptions or Other Inputs	324,340	(249,986)	203,490	502,691
Benefit Payments	<u>(176,658)</u>	<u>(172,625)</u>	<u>(176,676)</u>	<u>(154,661)</u>
Net Change in Total OPEB Liability	753,597	(703,956)	(106,340)	864,526
Total OPEB Liability - Beginning	5,530,526	6,284,123	5,580,167	5,473,827
Total OPEB Liability - Ending	<u>\$ 6,284,123</u>	<u>\$ 5,580,167</u>	<u>\$ 5,473,827</u>	<u>\$ 6,338,353</u>
 Covered Payroll	 \$ 7,994,196	 \$ 5,930,211	 \$ 6,507,443	 \$ 6,581,617
 Total OPEB Liability as a Percentage of Covered Payroll	 78.61%	 94.10%	 84.12%	 96.30%
 Discount Rate	 3.31%	 3.71%	 2.75%	 2.00%

GASB Statement No. 75 requires 10 years of data to be provided in this schedule. The City will develop the schedule prospectively as data becomes available.

No assets are accumulated in a trust that meets the criteria in of GASB Codification P22.101 or P52.101 to pay related benefits.

Total OPEB Liability		
2021	2022	2023
\$ 482,551	\$ 405,651	\$ 263,403
129,909	104,841	187,750
(881,598)	-	-
(224,035)	29,269	536,297
(74,229)	(1,284,719)	480,031
(168,398)	(214,983)	(277,000)
(735,800)	(959,941)	1,190,481
6,338,353	5,602,553	4,642,612
<u>\$ 5,602,553</u>	<u>\$ 4,642,612</u>	<u>\$ 5,833,093</u>
\$ 7,077,342	\$ 7,942,784	\$ 8,181,299
79.16%	58.45%	71.30%
1.84%	4.05%	3.77%

**CITY OF ROCKPORT**  
**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**  
**SEPTEMBER 30, 2024**

### **Budgetary Information**

The budget is prepared in accordance with accounting principles generally accepted in the United States of America. The City maintains strict budgetary controls. The objective of these controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the City Council and as such is a good management control device. Annual budgets are adopted for most governmental funds except the capital projects funds. Project-length financial plans are adopted for capital projects funds.

The appropriated budget is prepared by fund, function, and department (General Government, Public Safety, Public Works, Culture/Recreation and Tourism Development). The budget comparison schedule for the General Fund is presented in further detail by sub-department for analysis purposes. Following approval of the budget by the Mayor and City Council, the City Manager and budget official may make transfers of appropriations within a department. Transfers of appropriations between departments or an increase in the budget requires the approval of the City Council. For the general fund, the legal level of budgetary control (i.e., the level at which expenditures may not legally exceed appropriations) is considered to be the department level. For all other funds the legal level of budgetary control is considered to be the fund level.

Encumbrances lapse at year-end and must be reappropriated during the subsequent year.

### **Pension Plan**

#### *Valuation Date:*

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

#### *Methods and Assumptions Used to Determine Contribution Rates:*

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percentage of Payroll, Closed
Remaining Amortization Period	22 Years (Longest amortization ladder)
Asset Valuation Method	10 Year Smoothed Fair Value; 12% Soft Corridor
Inflation	2.50%
Salary Increases	3.60% to 11.85% Including Inflation
Investment Rate of Return	6.75%
Retirement Age	Experience-based table of rates that vary by age. Last updated for the 2023 valuation pursuant to an experience study of the period ending 2022.
Mortality	Post-retirement: 2019 Municipal Retirees of Texas Mortality Tables. Male rates are multiplied by 103% and female rates are multiplied by 105%. The rates are projected on a fully generational basis by the most recent Scale MP-2021 (with immediate convergence).  Pre-retirement: PUB(10) mortality tables, with the 110% of the Public Safety table used for males and the 100% of the General Employee table used for females. The rates are projected on a fully generational basis by the most recent Scale MP-2021 (with immediate convergence).

**CITY OF ROCKPORT**  
**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION (CONTINUED)**  
**SEPTEMBER 30, 2024**

**Pension Plan (Continued)**

Changes in Benefit Terms:

None

Changes in Actuarial Assumptions:

2023    New mortality assumptions  
2019    New retirement and mortality assumptions  
2015    Investment rate of return lowered from 7% to 6.75%

**Other Postemployment Benefit – Supplemental Death Benefit**

Inflation	2.50%
Salary Increases	3.60% to 11.85% Including Inflation
Discount Rate	3.77% (Fidelity Index's 20-Year Municipal GO AA Index)
Administrative Expenses	All administrative expenses are paid thro the Pension Trust and accounted for under reporting requirements under GASB Statement No. 68.
Mortality Rates - Service Retirees	2019 Municipal Retirees of Texas Mortality Tables. Male rates are multiplied by 103% and female rates are multiplied by 105%. The rates are projected on a fully generational basis by the most recent Scale MP-2021 (with immediate convergence).
Mortality Rates - Disabled Retirees	2019 Municipal Retirees of Texas Mortality Tables with a 4 year set-forward for males and a 3 year set-forward for females. In addition, a 3.5% and 3% minimum mortality rate will be applied to reflect the impairment for younger members who become disabled for males and females, respectively. The rates are projected on a fully generational basis by the most recent Scale MP-2021 (with immediate convergence) to account for future mortality improvements subject to the floor.

Changes in Benefit Terms:

None

Changes in Actuarial Assumptions:

None other than the discount rate presented on the schedule

**CITY OF ROCKPORT**  
**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION (CONTINUED)**  
**SEPTEMBER 30, 2024**

**Other Postemployment Benefit – Retiree Medical Insurance**

Actuarial Cost Method	Individual Entry-Age Normal
Inflation	2.50%
Salary Increases	3.60% to 11.85% Including Inflation
Discount Rate	3.77% (Fidelity Index's 20-Year Municipal GO AA Index)
Demographic Assumptions	Based on the 2023 experience study conducted for the Texas Municipal Retirement System (TMRS).
Health Care Trend Rates	Initial rate of 7.20% declining to an ultimate rate of 4.25% after 15 years
Mortality	For healthy retirees, the gender-distinct 2019 Municipal Retirees of Texas mortality tables are used, with male rates multiplied by 103% and female rates multiplied by 105%. The rates are projected on a fully generational basis using the ultimate mortality improvement rates in the MP-2021 table to account for future mortality improvements.
Participation Rates	For employees who retire prior to age 65, the participation rate was assumed to equal the half the percentage of the subsidy paid by the City, plus 50%. 70% of eligible employees who are at least 65 years old at retirement were assumed to participate. 30% of retirees who are less than 65 years old at retirement were assumed to discontinue coverage upon reaching 65 years old.

Changes in Benefit Terms:

- 2021 Plan design changes
- 2018 Benefit clarification for maximum subsidy for non-medicare retirees

Changes in Actuarial Assumptions:

- 2023 Demographic assumptions updated to reflect 2023 TMRS experience study  
Updated health care cost trend rate
- 2021 Changes to anticipated participation rates
- 2019 Demographic assumptions updated to reflect 2019 TMRS experience study  
Updated health care cost trend rate  
Updated anticipated participate rate

## **SUPPLEMENTARY INFORMATION**

Supplementary information includes combining nonmajor individual fund statements which are not required by the GASB, nor a part of the basic financial statements.

Such statements and schedules include:

- Combining Statements – Nonmajor Governmental Funds
- Individual Schedules of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – Nonmajor Funds with Legally Adopted Budgets



CITY OF ROCKPORT  
COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS

**SPECIAL REVENUE FUNDS**

Special revenue funds are used to account for specific revenues and expenditures that are legally restricted for a specific purpose.

- **Child Safety Fund** - Accounts for the drug awareness and prevention program, school crossing guards, and other child safety programs.
- **Court Security and Technology** - Accounts for a portion of municipal fines that are allocated to court technology and security and the allowed expenditures.
- **Utility Surcharge** – Accounts for a fee on utility customer bills each month for the delivery of fire services. Funds are distributed to local firefighting organizations.
- **Criminal Justice Grants** – Accounts for public safety grants and their related expenditures.
- **Juvenile Case Manager** – Accounts for municipal court fees dedicated to assisting juveniles through the justice system.
- **Restricted Donations** - Accounts for contributions and donations that are restricted for particular purposes such as parks and public safety.
- **Dispatch** – Accounts for the costs of providing emergency response dispatch service for the City and neighboring agencies.
- **Homeland Security Grants** – Accounts for public safety grants and related expenditures.
- **Public Access Television** - Accounts for franchise fees restricted for capital expenditures associated with public, educational and governmental facilities.
- **Tree Mitigation** - Accounts for permit fees restricted for preservation of trees in the community.
- **Hotel Tax** – Accounts for collections of occupancy taxes in the City restricted for tourism development.
- **Opioid** – Accounts for distributions from the State restricted for public safety activities.
- **Forfeiture Fund** - Accounts for revenues from seized assets and the allowed expenditure of that revenue for public safety.

**CAPITAL PROJECT FUNDS**

- **Vehicle & Equipment Replacement Fund** - Accounts for assignments from other funds (primarily General Fund) to save for future capital replacements.

**CITY OF ROCKPORT**  
**COMBINING BALANCE SHEET**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**SEPTEMBER 30, 2024**

	Special Revenue Funds				
	Child Safety	Court Security & Technology	Utility Surcharge	Criminal Justice Grants	Juvenile Case Manager
<b>ASSETS</b>					
Cash and Cash Equivalents	\$ 3,082	\$ 26,418	\$ 378,600	\$ -	\$ -
Receivables (net of allowances):					
Other	<u>-</u>	<u>-</u>	<u>24,573</u>	<u>32,946</u>	<u>-</u>
<b>TOTAL ASSETS</b>	<b><u>\$ 3,082</u></b>	<b><u>\$ 26,418</u></b>	<b><u>\$ 403,173</u></b>	<b><u>\$ 32,946</u></b>	<b><u>\$ -</u></b>
<b>LIABILITIES AND FUND BALANCE</b>					
<i>Liabilities:</i>					
Accounts Payable	\$ -	\$ -	\$ 251,562	\$ 2,480	\$ -
Accrued Wages	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Due to Other Funds	<u>-</u>	<u>-</u>	<u>-</u>	<u>30,466</u>	<u>-</u>
<i>Total Liabilities</i>	<u>-</u>	<u>-</u>	<u>251,562</u>	<u>32,946</u>	<u>-</u>
<i>Fund Balance:</i>					
Restricted For:					
Tree Mitigation	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Tourism Development	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Public Safety	3,082	26,418	151,611	<u>-</u>	<u>-</u>
Public Education	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Other	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Assigned For:					
Equipment Replacement	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Total Fund Balances</i>	<u>3,082</u>	<u>26,418</u>	<u>151,611</u>	<u>-</u>	<u>-</u>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b><u>\$ 3,082</u></b>	<b><u>\$ 26,418</u></b>	<b><u>\$ 403,173</u></b>	<b><u>\$ 32,946</u></b>	<b><u>\$ -</u></b>

**CITY OF ROCKPORT**  
**COMBINING BALANCE SHEET**  
**NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)**  
**SEPTEMBER 30, 2024**

	Special Revenue Funds				
	Restricted Donations	Dispatch	Homeland Security Grants	Public Access Television	Tree Mitigation
<b>ASSETS</b>					
Cash and Cash Equivalents	\$ 15,585	\$ 41,191	\$ 4,813	\$ 368,103	\$ 158,726
Receivables (net of allowances):					
Other	-	-	-	6,635	-
<b>TOTAL ASSETS</b>	<b><u>\$ 15,585</u></b>	<b><u>\$ 41,191</u></b>	<b><u>\$ 4,813</u></b>	<b><u>\$ 374,738</u></b>	<b><u>\$ 158,726</u></b>
<b>LIABILITIES AND FUND BALANCE</b>					
<i>Liabilities:</i>					
Accounts Payable	\$ -	\$ 15,168	\$ 4,813	\$ -	\$ 9,800
Accrued Wages	-	26,023	-	-	-
Due to Other Funds	-	-	-	-	-
<i>Total Liabilities</i>	<u>-</u>	<u>41,191</u>	<u>4,813</u>	<u>-</u>	<u>9,800</u>
<i>Fund Balance:</i>					
Restricted For:					
Tree Mitigation	-	-	-	-	148,926
Tourism Development	-	-	-	-	-
Public Safety	15,585	-	-	-	-
Public Education	-	-	-	374,738	-
Other	-	-	-	-	-
Assigned For:					
Equipment Replacement	-	-	-	-	-
<i>Total Fund Balances</i>	<u>-</u>	<u>15,585</u>	<u>-</u>	<u>-</u>	<u>374,738</u>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b><u>\$ 15,585</u></b>	<b><u>\$ 41,191</u></b>	<b><u>\$ 4,813</u></b>	<b><u>\$ 374,738</u></b>	<b><u>\$ 158,726</u></b>



**CITY OF ROCKPORT**  
**COMBINING BALANCE SHEET**  
**NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)**  
**SEPTEMBER 30, 2024**

	Special Revenue Funds			Capital	Total Nonmajor Funds
	Hotel Tax	Opioid	Forfeiture	Vehicle & Equipment Replacement	
<b>ASSETS</b>					
Cash and Cash Equivalents	\$ 1,826,806	\$ 13,777	\$ 26,490	\$ 517,708	\$ 3,381,299
Receivables (net of allowances):					
Other	<u>78,925</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>143,079</u>
<b>TOTAL ASSETS</b>	<b><u>\$ 1,905,731</u></b>	<b><u>\$ 13,777</u></b>	<b><u>\$ 26,490</u></b>	<b><u>\$ 517,708</u></b>	<b><u>\$ 3,524,378</u></b>
<b>LIABILITIES AND FUND BALANCE</b>					
<i>Liabilities:</i>					
Accounts Payable	\$ 628	\$ -	\$ -	\$ -	\$ 284,451
Accrued Wages	-	-	-	-	26,023
Due to Other Funds	-	-	-	-	30,466
<i>Total Liabilities</i>	<u>628</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>340,940</u>
<i>Fund Balance:</i>					
Restricted For:					
Tree Mitigation	-	-	-	-	148,926
Tourism Development	1,905,103	-	-	-	1,905,103
Public Safety	-	-	26,490	-	223,186
Public Education	-	-	-	-	374,738
Other	-	13,777	-	-	13,777
Assigned For:					
Equipment Replacement	-	-	-	517,708	517,708
<i>Total Fund Balances</i>	<u>1,905,103</u>	<u>13,777</u>	<u>26,490</u>	<u>517,708</u>	<u>3,183,438</u>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b><u>\$ 1,905,731</u></b>	<b><u>\$ 13,777</u></b>	<b><u>\$ 26,490</u></b>	<b><u>\$ 517,708</u></b>	<b><u>\$ 3,524,378</u></b>

**CITY OF ROCKPORT**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCES**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2024**

	Special Revenue Funds				
	Child Safety	Court Security & Technology	Utility Surcharge	Criminal Justice Grants	Juvenile Case Manager
<b>REVENUES</b>					
Franchise Taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Occupancy Tax	-	-	-	-	-
Licenses and Permits	-	-	-	-	-
Grants and Donations	-	-	-	322,316	-
Charges for Services	-	-	256,695	-	-
Fines and Forfeitures	190	7,079	-	-	4,314
Investment Earnings	-	-	-	-	-
Miscellaneous	-	-	-	-	-
<b>TOTAL REVENUES</b>	<b>190</b>	<b>7,079</b>	<b>256,695</b>	<b>322,316</b>	<b>4,314</b>
<b>EXPENDITURES</b>					
<i>Current:</i>					
General Government	-	3,484	3,674	-	23,113
Public Safety	-	-	251,562	198,279	-
Culture and Recreation	-	-	-	-	-
Tourism	-	-	-	-	-
<i>Capital Outlay</i>	-	-	-	126,787	-
<b>TOTAL EXPENDITURES</b>	<b>-</b>	<b>3,484</b>	<b>255,236</b>	<b>325,066</b>	<b>23,113</b>
<b>Excess (Deficiency) of Revenues</b>					
<b>Over (Under) Expenditures</b>	<b>190</b>	<b>3,595</b>	<b>1,459</b>	<b>(2,750)</b>	<b>(18,799)</b>
<b>OTHER FINANCING SOURCES (USES)</b>					
Sales of Capital Assets	-	-	-	-	-
Transfers In	-	-	-	-	50,658
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>50,658</b>
<b>Net Change in Fund Balance</b>	<b>190</b>	<b>3,595</b>	<b>1,459</b>	<b>(2,750)</b>	<b>31,859</b>
<b>Fund Balances, Beginning</b>	<b>2,892</b>	<b>22,823</b>	<b>150,152</b>	<b>2,750</b>	<b>(31,859)</b>
<b>Fund Balances, Ending</b>	<b>\$ 3,082</b>	<b>\$ 26,418</b>	<b>\$ 151,611</b>	<b>\$ -</b>	<b>\$ -</b>

**CITY OF ROCKPORT**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCES**  
**NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2024**

	Special Revenue Funds				
	Restricted Donations	Dispatch	Homeland Security Grants	Public Access Television	Tree Mitigation
	\$	\$	\$	\$	\$
<b>REVENUES</b>					
Franchise Taxes	\$ -	\$ -	\$ -	\$ 27,375	\$ -
Occupancy Tax	- -	- -	- -	- -	- -
Licenses and Permits	- -	- -	- -	- -	97,931
Grants and Donations	- -	- -	13,232	- -	- -
Charges for Services	- 573,150	573,150	- -	- -	- -
Fines and Forfeitures	- -	- -	- -	- -	- -
Investment Earnings	- -	- -	- -	- -	- -
Miscellaneous	5,695	- -	- -	- -	6,555
<b>TOTAL REVENUES</b>	<b>5,695</b>	<b>573,150</b>	<b>13,232</b>	<b>27,375</b>	<b>104,486</b>
<b>EXPENDITURES</b>					
<i>Current:</i>					
General Government	- 32,380	32,380	- -	- -	- -
Public Safety	6,679 1,097,925	1,097,925	12,188	- -	- -
Culture and Recreation	5,445 -	- -	- -	- -	26,105
Tourism	- -	- -	- -	- -	- -
<i>Capital Outlay</i>	- -	- -	- -	- -	- -
<b>TOTAL EXPENDITURES</b>	<b>12,124</b>	<b>1,130,305</b>	<b>12,188</b>	<b>- -</b>	<b>26,105</b>
<b>Excess (Deficiency) of Revenues</b>					
<b>Over (Under) Expenditures</b>	<b>(6,429)</b>	<b>(557,155)</b>	<b>1,044</b>	<b>27,375</b>	<b>78,381</b>
<b>OTHER FINANCING SOURCES (USES)</b>					
Sales of Capital Assets	- -	- -	- -	- -	- -
Transfers In	- 585,501	585,501	12,403	- -	- -
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>- 585,501</b>	<b>585,501</b>	<b>12,403</b>	<b>- -</b>	<b>- -</b>
<b>Net Change in Fund Balance</b>	<b>(6,429)</b>	<b>28,346</b>	<b>13,447</b>	<b>27,375</b>	<b>78,381</b>
<b>Fund Balances, Beginning</b>	<b>22,014</b>	<b>(28,346)</b>	<b>(13,447)</b>	<b>340,017</b>	<b>70,545</b>
Prior Period Adjustment	- -	- -	- -	7,346	- -
<b>Fund Balances, Ending</b>	<b>\$ 15,585</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 374,738</b>	<b>\$ 148,926</b>



**CITY OF ROCKPORT**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCES**  
**NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2024**

	Special Revenue Funds			Capital Vehicle & Equipment Replacement	Total Nonmajor Funds
	Hotel Tax	Opioid	Forfeiture		
<b>REVENUES</b>					
Franchise Taxes	\$ -	\$ -	\$ -	\$ -	\$ 27,375
Occupancy Tax	1,138,879	-	-	-	1,138,879
Licenses and Permits	-	-	-	-	97,931
Grants and Donations	-	-	-	-	335,548
Charges for Services	-	-	-	-	829,845
Fines and Forfeitures	-	-	874	-	12,457
Investment Earnings	-	-	-	34,389	34,389
Miscellaneous	-	3,314	-	-	15,564
<b>TOTAL REVENUES</b>	<b>1,138,879</b>	<b>3,314</b>	<b>874</b>	<b>34,389</b>	<b>2,491,988</b>
<b>EXPENDITURES</b>					
<i>Current:</i>					
General Government	-	-	-	-	62,651
Public Safety	-	-	7,188	-	1,573,821
Culture and Recreation	-	-	-	-	31,550
Tourism	1,429,213	-	-	-	1,429,213
<i>Capital Outlay</i>	-	6,568	18,826	177,554	329,735
<b>TOTAL EXPENDITURES</b>	<b>1,429,213</b>	<b>6,568</b>	<b>26,014</b>	<b>177,554</b>	<b>3,426,970</b>
<b>Excess (Deficiency) of Revenues</b>					
<b>Over (Under) Expenditures</b>	<b>(290,334)</b>	<b>(3,254)</b>	<b>(25,140)</b>	<b>(143,165)</b>	<b>(934,982)</b>
<b>OTHER FINANCING SOURCES (USES)</b>					
Sales of Capital Assets	-	-	2,500	-	2,500
Transfers In	-	-	-	-	648,562
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>-</b>	<b>-</b>	<b>2,500</b>	<b>-</b>	<b>651,062</b>
<b>Net Change in Fund Balance</b>	<b>(290,334)</b>	<b>(3,254)</b>	<b>(22,640)</b>	<b>(143,165)</b>	<b>(283,920)</b>
<b>Fund Balances, Beginning</b>	<b>2,195,437</b>	<b>17,031</b>	<b>49,130</b>	<b>660,873</b>	<b>3,460,012</b>
Prior Period Adjustment	-	-	-	-	7,346
<b>Fund Balances, Ending</b>	<b>\$ 1,905,103</b>	<b>\$ 13,777</b>	<b>\$ 26,490</b>	<b>\$ 517,708</b>	<b>\$ 3,183,438</b>

**CITY OF ROCKPORT**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**BUDGET TO ACTUAL**  
**DISPATCH FUND**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2024**  
**(WITH COMPARATIVE ACTUAL TOTALS FOR 2023)**

					Variance with Final Budget- Positive (Negative)	2023 Actual Amounts		
	Budgeted Amounts		2024 Actual Amounts	Final Budget- Positive (Negative)				
	Original	Final						
<b>REVENUES</b>								
Charges for Services	\$ 597,932	\$ 597,932	\$ 573,150	\$ (24,782)		\$ 526,624		
<b>TOTAL REVENUES</b>	<b>597,932</b>	<b>597,932</b>	<b>573,150</b>	<b>(24,782)</b>		<b>526,624</b>		
<b>EXPENDITURES</b>								
<i>Current:</i>								
General Government	32,380	32,380	32,380	-		20,142		
Public Safety	1,119,706	1,119,706	1,097,925	21,781		1,082,874		
<b>TOTAL EXPENDITURES</b>	<b>1,152,086</b>	<b>1,152,086</b>	<b>1,130,305</b>	<b>21,781</b>		<b>1,103,016</b>		
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<b>(554,154)</b>	<b>(554,154)</b>	<b>(557,155)</b>	<b>(3,001)</b>		<b>(576,392)</b>		
<b>OTHER SOURCES (USES)</b>								
Transfers In	554,153	554,153	585,501	(31,348)		562,429		
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>554,153</b>	<b>554,153</b>	<b>585,501</b>	<b>(31,348)</b>		<b>562,429</b>		
<b>Net Change in Fund Balance</b>	<b>(1)</b>	<b>(1)</b>	<b>28,346</b>	<b>28,347</b>		<b>(13,963)</b>		
<b>FUND BALANCE, BEGINNING</b>	<b>(28,346)</b>	<b>(28,346)</b>	<b>(28,346)</b>	<b>-</b>		<b>(14,383)</b>		
<b>FUND BALANCE, ENDING</b>	<b>\$ (28,347)</b>	<b>\$ (28,347)</b>	<b>\$ -</b>	<b>\$ 28,347</b>		<b>\$ (28,346)</b>		

**CITY OF ROCKPORT**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**BUDGET TO ACTUAL**  
**HOTEL TAX FUND**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2024**  
**(WITH COMPARATIVE ACTUAL TOTALS FOR 2023)**

				Variance with Final Budget- Positive (Negative)	2023 Actual Amounts		
	Budgeted Amounts		2024 Actual Amounts				
	Original	Final					
<b>REVENUES</b>							
Occupancy Tax	\$ 1,159,262	\$ 1,159,262	\$ 1,138,879	\$ (20,383)	\$ 1,180,536		
<b>TOTAL REVENUES</b>	<b>1,159,262</b>	<b>1,159,262</b>	<b>1,138,879</b>	<b>(20,383)</b>	<b>1,180,536</b>		
<b>EXPENDITURES</b>							
<i>Current:</i>							
Tourism Development	1,448,576	1,997,326	1,429,213	568,113	1,121,674		
<i>Capital Outlay</i>	-	-	-	-	21,432		
<b>TOTAL EXPENDITURES</b>	<b>1,448,576</b>	<b>1,997,326</b>	<b>1,429,213</b>	<b>568,113</b>	<b>1,143,106</b>		
<b>Net Change in Fund Balance</b>	<b>(289,314)</b>	<b>(838,064)</b>	<b>(290,334)</b>	<b>547,730</b>	<b>37,430</b>		
<b>FUND BALANCE, BEGINNING</b>	<b>2,195,437</b>	<b>2,195,437</b>	<b>2,195,437</b>	<b>-</b>	<b>2,158,007</b>		
<b>FUND BALANCE, ENDING</b>	<b>\$ 1,906,123</b>	<b>\$ 1,357,373</b>	<b>\$ 1,905,103</b>	<b>\$ 547,730</b>	<b>\$ 2,195,437</b>		

**CITY OF ROCKPORT**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**BUDGET TO ACTUAL**  
**UTILITY SURCHARGE FUND**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2024**  
**(WITH COMPARATIVE ACTUAL TOTALS FOR 2023)**

			2024		Variance with Final Budget- (Positive (Negative)	2023 Actual Amounts
			Budgeted Amounts	Actual Amounts		
	Original	Final				
<b>REVENUES</b>						
Charges for Services	\$ 186,500	\$ 186,500	\$ 256,695	\$ 70,195	\$ 205,136	
<b>TOTAL REVENUES</b>	<b>186,500</b>	<b>186,500</b>	<b>256,695</b>	<b>70,195</b>	<b>205,136</b>	
<b>EXPENDITURES</b>						
<i>Current:</i>						
General Government	9,184	9,184	3,674	5,510	9,184	
Public Safety	177,315	177,315	251,562	(74,247)	178,888	
<b>TOTAL EXPENDITURES</b>	<b>186,499</b>	<b>186,499</b>	<b>255,236</b>	<b>(68,737)</b>	<b>188,072</b>	
<b>Net Change in Fund Balance</b>	1	1	1,459	1,458	17,064	
<b>FUND BALANCE, BEGINNING</b>	<b>150,152</b>	<b>150,152</b>	<b>150,152</b>	<b>-</b>	<b>133,088</b>	
<b>FUND BALANCE, ENDING</b>	<b>\$ 150,153</b>	<b>\$ 150,153</b>	<b>\$ 151,611</b>	<b>\$ 1,458</b>	<b>\$ 150,152</b>	

**CITY OF ROCKPORT**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**BUDGET TO ACTUAL**  
**COURT SECURITY AND TECHNOLOGY FUND**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2024**  
**(WITH COMPARATIVE ACTUAL TOTALS FOR 2023)**

	Budgeted Amounts		2024	Variance with	
	Original	Final		Final Budget-	2023
			Actual	Positive	Actual
<b>REVENUES</b>					
Fines and Forfeitures	\$ 6,500	\$ 6,500	\$ 7,079	\$ 579	\$ 7,518
<b>TOTAL REVENUES</b>	<b><u>6,500</u></b>	<b><u>6,500</u></b>	<b><u>7,079</u></b>	<b><u>579</u></b>	<b><u>7,518</u></b>
<b>EXPENDITURES</b>					
<i>Current:</i>					
General Government	6,500	6,500	3,484	3,016	-
<b>TOTAL EXPENDITURES</b>	<b><u>6,500</u></b>	<b><u>6,500</u></b>	<b><u>3,484</u></b>	<b><u>3,016</u></b>	<b><u>-</u></b>
<b>Net Change in Fund Balance</b>	-	-	3,595	3,595	7,518
<b>FUND BALANCE, BEGINNING</b>	<b><u>22,823</u></b>	<b><u>22,823</u></b>	<b><u>22,823</u></b>	<b><u>-</u></b>	<b><u>15,305</u></b>
<b>FUND BALANCE, ENDING</b>	<b><u>\$ 22,823</u></b>	<b><u>\$ 22,823</u></b>	<b><u>\$ 26,418</u></b>	<b><u>\$ 3,595</u></b>	<b><u>\$ 22,823</u></b>

**CITY OF ROCKPORT**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**BUDGET TO ACTUAL**  
**JUVENILE CASE MANAGER FUND**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2024**  
**(WITH COMPARATIVE ACTUAL TOTALS FOR 2023)**

			2024		Variance with Final Budget-	2023
			Budgeted Amounts	Actual		
	Original	Final		Amounts	Positive (Negative)	Amounts
<b>REVENUES</b>						
Fines and Forfeitures	\$ 5,400	\$ 5,400	\$ 4,314	\$ (1,086)	\$ 4,977	
<b>TOTAL REVENUES</b>	<b>5,400</b>	<b>5,400</b>	<b>4,314</b>	<b>(1,086)</b>	<b>4,977</b>	
<b>EXPENDITURES</b>						
<i>Current:</i>						
General Government	20,000	20,000	23,113	(3,113)	24,040	
<b>TOTAL EXPENDITURES</b>	<b>20,000</b>	<b>20,000</b>	<b>23,113</b>	<b>(3,113)</b>	<b>24,040</b>	
<b>Excess (Deficiency) of Revenues</b>						
<b>Over (Under) Expenditures</b>	<b>(14,600)</b>	<b>(14,600)</b>	<b>(18,799)</b>	<b>(4,199)</b>	<b>(19,063)</b>	
<b>OTHER SOURCES (USES)</b>						
Transfers In	14,600	14,600	50,658	(36,058)	-	
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>14,600</b>	<b>14,600</b>	<b>50,658</b>	<b>(36,058)</b>	<b>-</b>	
<b>Net Change in Fund Balance</b>	-	-	31,859	31,859	(19,063)	
<b>FUND BALANCE, BEGINNING</b>	<b>(31,859)</b>	<b>(31,859)</b>	<b>(31,859)</b>	<b>-</b>	<b>(12,796)</b>	
<b>FUND BALANCE, ENDING</b>	<b>\$ (31,859)</b>	<b>\$ (31,859)</b>	<b>\$ -</b>	<b>\$ 31,859</b>	<b>\$ (31,859)</b>	

**CITY OF ROCKPORT**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**BUDGET TO ACTUAL**  
**DEBT SERVICE FUND**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2024**  
**(WITH COMPARATIVE ACTUAL TOTALS FOR 2023)**

	Budgeted Amounts		2024	Variance With	
	Original	Final		Final Budget -	
			Actual	Positive (Negative)	2023
<b>REVENUES</b>					
Property Taxes	\$ 3,759,910	\$ 3,759,910	\$ 3,799,314	\$ 39,404	\$ 3,417,219
Investment Earnings	-	-	32	32	27
<b>TOTAL REVENUES</b>	<b>3,759,910</b>	<b>3,759,910</b>	<b>3,799,346</b>	<b>39,436</b>	<b>3,417,246</b>
<b>EXPENDITURES</b>					
<i>Debt Service:</i>					
Principal	2,616,951	2,616,951	2,563,547	53,404	2,200,124
Interest and Fiscal Charges	1,142,959	1,142,959	1,122,593	20,366	1,370,280
<b>TOTAL EXPENDITURES</b>	<b>3,759,910</b>	<b>3,759,910</b>	<b>3,686,140</b>	<b>73,770</b>	<b>3,570,404</b>
<b>Net Change in Fund Balance</b>	-	-	113,206	113,206	(153,158)
<b>FUND BALANCE - BEGINNING</b>	<b>1,325,227</b>	<b>1,325,227</b>	<b>1,325,227</b>	-	<b>1,478,385</b>
<b>FUND BALANCE - ENDING</b>	<b>\$ 1,325,227</b>	<b>\$ 1,325,227</b>	<b>\$ 1,438,433</b>	<b>\$ 113,206</b>	<b>\$ 1,325,227</b>



## COMPLIANCE SECTION



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

To the Mayor, City Council and management of  
City of Rockport

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Rockport as of and for the year ended September 30, 2024, and the related notes to the financial statements, which collectively comprise City of Rockport's basic financial statements, and have issued our report thereon dated November 4, 2025.

***Report on Internal Control over Financial Reporting***

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

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

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

### ***Report on Compliance and Other Matters***

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

We noted certain matters that we have reported to management of the City in a separate letter dated November 4, 2025.

### **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.

A handwritten signature in black ink that reads "Armstrong, Vaughan & Associates, P.C." The signature is fluid and cursive, with "Armstrong" on the top line, "Vaughan & Associates" on the middle line, and "P.C." on the bottom line.

Armstrong, Vaughan & Associates, P.C.

November 4, 2025



REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND REPORT  
ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH THE  
UNIFORM GUIDANCE

INDEPENDENT AUDITOR'S REPORT

To the Mayor, City Council and management of  
City of Rockport

**Report on Compliance for Each Major Federal Program**

***Opinion on Each Major Federal Program***

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

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

## ***Auditor's Responsibilities for the Audit of Compliance***

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

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

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

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

## **Report on Internal Control Over Compliance**

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

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

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.

A handwritten signature in black ink that reads "Armstrong, Vaughan & Associates, P.C." The signature is written in a cursive, flowing style.

Armstrong, Vaughan & Associates, P.C.

November 4, 2025

**CITY OF ROCKPORT**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**SEPTEMBER 30, 2024**

**A. Summary of Auditor's Results**

*Financial Statements*

Type of auditor's report issued:	Unmodified
Internal control over financial reporting:	
Any material weaknesses identified?	No
Any significant deficiencies identified?	No
Noncompliance material to the financial statements noted?	No

*Federal Awards*

Internal control over major programs:	
Any material weaknesses identified?	No
Any significant deficiencies identified?	No
Type of auditor's report issued on compliance for major programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	No
Identification of major programs:	
<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>
14.228	Community Development Block Grant
21.027	Coronavirus State and Local Fiscal Recovery
Dollar threshold used to distinguish between type A and type B programs:	\$750,000
Auditee qualified as low-risk auditee?	No

**B. Financial Statement Findings**

NONE

**C. Federal Award Findings and Questioned Costs**

NONE

**D. Prior Year Findings**

2023-001 Single audit was not completed in accordance with Uniform Guidance deadlines. The City's corrective action plan has not been fully enacted yet, but the fiscal year 2024-2025 audit is scheduled to be on time.

**CITY OF ROCKPORT**  
**SCHEDULE OF FEDERAL EXPENDITURES**  
**FOR THE YEAR ENDING SEPTEMBER 30, 2024**

Federal Grantor/Pass-Through Grantor Program Title	Assistance Listing Number	Pass-Through Entity Number	Federal Expenditures
<b>U.S. DEPARTMENT OF TREASURY</b>			
<i>Passed Texas Division of Emergency Management</i>			
Coronavirus State and Local Fiscal Recovery Fund	21.027	N/A	<u>\$ 1,607,884</u>
<b>TOTAL U.S. DEPARTMENT OF TREASURY</b>			<u>1,607,884</u>
<b>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</b>			
<i>Passed Texas Department of Agriculture</i>			
Community Development Block Grant	14.228	CDV23	41,750
<i>Passed Texas General Land Office</i>			
Community Development Block Grant	14.228	C252	<u>1,832,149</u>
	Total ALN 14.228		<u>1,873,899</u>
<b>TOTAL U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</b>			<u>1,873,899</u>
<b>U.S. DEPARTMENT OF FEDERAL EMERGENCY MANAGEMENT</b>			
<i>Passed Texas Governor's Office</i>			
Operation Stonegarden	97.067	N/A	312,925
<i>Passed Texas Division of Emergency Management</i>			
Disaster Grants - Public Assistance	97.036	N/A	<u>9,896</u>
<b>TOTAL U.S. DEPARTMENT OF FEDERAL EMERGENCY MANAGEMENT</b>			<u>322,821</u>
<b>TOTAL FEDERAL AWARDS EXPENDED</b>			<u><u>\$ 3,804,604</u></u>

**CITY OF ROCKPORT**  
**NOTES TO SCHEDULE OF FEDERAL EXPENDITURES**  
**FOR THE YEAR ENDING SEPTEMBER 30, 2024**

The accompanying schedule of expenditures of federal awards include the grant activity of the City and is presented on the modified accrual basis of accounting. The modified accrual basis of accounting is used for the Governmental Fund types. This basis of accounting recognizes revenue in the accounting period in which they become susceptible to accrual, i.e., both measurable and available, and expenditures in the accounting period in which the fund liability is incurred, if measurable.

Federal and state grant funds are considered to be earned to the extent of expenditures made under the provisions of the grant, and accordingly, when such funds are received, they are recorded as unearned revenue until earned.

The information in these schedules is presented in accordance with the requirements Uniform Guidance.

The City did not use the 10% de minimis indirect cost rate as allowed by Uniform Guidance.

