CITY OF LITTLE RIVER-ACADEMY

AUDITED BASIC FINANCIAL STATEMENTS

AND SUPPLEMENTAL SCHEDULES

AND INDEPENDENT AUDITOR'S REPORT

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2024

CITY OF LITTLE RIVER-ACADEMY

TABLE OF CONTENTS

Independent Auditor's Report	1 - 2
Management's Discussion and Analysis	3 - 8
Statement of Net Position	9
Statement of Activities	10
Balance Sheet – Governmental Funds	11
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds	12 - 13
Notes to Financial Statements	14-20
Required Supplementary Information	
Schedule of Revenues, Expenditures, and Changes in Fund Balance Budget and Actual (Non-GAAP Budgetary Basis) General Fund	21
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	22

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CERTIFIED PUBLIC ACCOUNTANT

Independent Auditor's Report

To the Honorable Mayor and Members of the City Council
City of Little River-Academy, Texas

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

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

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of 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 Little River Academy, Texas's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City of Little River Academy, Texas's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City of Little River-Academy, Texas's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 3-8 and 21 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated May 10, 2025, on our consideration of the City of Little River Academy, Texas internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City of Little River Academy, Texas's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Little River Academy, Texas internal control over financial reporting and compliance.

Donald L. Allman, CPA, P.C.

Georgetown, TX
May 10, 2025

CITY OF LITTLE RIVER-ACADEMY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED SEPTEMBER 30, 2024

Within this section of the City of Little River-Academy's annual financial report, the City's management provides narrative discussion and analysis of the financial activities of the City for the fiscal year ended September 30, 2024. The City's financial performance is discussed and analyzed within the context of the accompanying financial statements and disclosure following this section. The discussion focuses on the City's primary government, unless otherwise noted.

FINANCIAL HIGHLIGHTS

The City's assets exceeded its liabilities by $2,368,796 (net position) for the fiscal year reported. This compares to the previous year when assets exceeded liabilities by $1,927,884, an increase of $440,912.

Total net position is comprised of the following:
(1) Capital assets, net of related debt, include property and equipment, net of accumulated depreciation, and reduced for outstanding debt service requirements to $860,156.
(2) No Net position is restricted.
(3) Unrestricted net position of $1,508,640 represents the portion available to maintain the City's continuing obligations to citizens and creditors.

Overview of the Financial Statements

Management's Discussion and Analysis introduces the City's basic financial statements. The basic financial statements include (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the financial statements.

Government-wide Financial Statements

The City's annual report includes two government-wide financial statements. These statements provide both long-term and short-term information about the City's overall status. Financial reporting at this level uses a perspective similar to that found in the private sector with its basis in full accrual accounting and elimination or reclassification of internal activities.

The first of these government-wide statements is the *Statement of Net Position.* This is the City-wide statement of financial position presenting information that includes all of the City's assets and liabilities, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City as a whole is improving or deteriorating. Evaluation of the overall economic health of the City

would extend to other non-financial factors such as diversification of the taxpayer base or the condition of the City infrastructure in addition to the financial information provided in this report.

The second government-wide statement is the *Statement of Activities,* which reports how the City's net position changed during the current fiscal year. All current year revenues and expenses are included regardless of when cash is received or paid. An important purpose of the design of the statement of activities is to show the financial reliance of the City's activities or functions on revenues provided by the City's taxpayers.

Both government-wide financial statements distinctively report governmental activities of the City that are principally supported by taxes, and business-type activities that are intended to cover all or a significant portion of their costs through user fees and charges. Governmental activities include general government, public safety, and public services. Business-type activities include water utilities.

Fund Financial Statements

A fund is an accountability unit used to maintain control over resources segregated for specific activities or objectives. The City uses funds to ensure and demonstrate compliance with finance-related laws and regulations. The City has two kinds of funds.

Governmental Funds are reported in the fund financial statements and encompass essentially the same functions reported as governmental activities in the government-wide financial statements. However, the focus is very different with fund statements providing a distinctive view of the City's governmental funds. These statements report short-term fiscal accountability focusing on the use of spendable resources during the year and balances of spendable resources available at the end of the year. They are useful in evaluating annual financing requirements of governmental programs and the commitment of spendable resources for the near-term.

Since the government-wide focus includes the long-term view, comparisons between these two perspectives may provide insight into the long-term impact of short-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provides a reconciliation to the government-wide financial statements to assist in understanding the differences between these two perspectives.

Budgetary comparison statements are included in the basic financial statements for the general fund. These statements demonstrate compliance with the City's adopted and final revised budget.

Notes to the Financial Statements
The accompanying notes to the financial statements provide information essential to a full understanding of the government-wide and fund financial statements. The notes to the financial statements begin immediately following the basic financial statements.

Financial Analysis of the City as a Whole

As year-to-year financial information is accumulated on a consistent basis, changes in net assets may be observed and used to discuss the changing financial position of the City as a whole.

The City's net position at fiscal year-end is $2,368,796. This is an increase of $440,912 over last year's net position of $1,927,884. The following table provides a summary of the City's net position at September 30:

The City reported positive balances in net position for both governmental funds and government-wide activities. Net position decreased $(230,456) for governmental funds. The City's overall financial position improved during fiscal year 2024.

Table 1
Summary of Net Position

	2024	2023
Cash and Current Assets	$ 1,849,186	$ 1,803,336
Capital Assets	860,156	163,726
Total Assets	$ 2,709,342	$ 1,967,062
Current Liabilities	$ 79,106	$ 39,178
Long-Term Liabilities	-	-
Total Liabilities	$ 79,106	$ 39,178
Net Position:		
Net Investment in Capital Assets	$ 860,156	$ 163,726
Restricted	-	-
Unrestricted	1,508,640	1,764,158
Total Net Position	$ 2,368,796	$ 1,927,884

Table 2 reports the 2024 change in net position.

Table 2
Summary of Changes in Net Position

	2024	2023
Program Revenues:		
Charges for Services	$ 52,860	$ 25,290
General Revenues:		
Property Taxes	558,042	531,494
Sales Taxes	161,273	133,442
Franchise Fees	79,600	78,935
Court Fines and Fees	266,340	46,347
Other	2,189	10,507
Grant income	-	-
Interest Income	79,427	5,597
Total Revenues	$ 1,199,731	$ 831,612
Program Expenses:		
Street Maintenance	$ -	$ -
General Government	758,819	507,693
Interest on L/T Debt	-	-
Total Expenses	$ 758,819	$ 507,693
Net Position Increase	$ 440,912	$ 323,919
Net Position - Beginning	$ 1,927,884	$ 1,603,965
Net Position- Ending	$ 2,368,796	$ 1,927,884

Financial Analysis of the City's Funds

Governmental Funds

As discussed, governmental funds are reported in the fund statements with a short-term, inflow and outflow of spendable resources focus. This information is useful in assessing resources available at the end of the year in comparison with upcoming financing requirements. Governmental funds reported ending fund balances of $1,481,673. None of that amount is committed, restricted, or assigned, so the total amount is available.

General Fund Budgetary Highlights

The adopted General Fund budget for revenues for fiscal year 2024 was approximately $908,472 and the budget for expenditures was $908,472. Actual revenues for fiscal year 2024 were $1,224,783 and expenditures for fiscal year 2023 were approximately $1,455,239, a deficit of approximately $(230,456).

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

The City's investment in capital assets, net of accumulated depreciation, for governmental activities as of September 30, 2024, was $860,156. Depreciation was $38,971 and equipment of $735,401 was added.

Capital Assets
Net of Accumulated Depreciation

	2024	2023
Non-Depreciable Assets:		
Land	$ 511	$ 511
Building & Improvements	412,905	116,378
Police Department Equipment	54,866	38,186
Street Improvements	388,357	-
Vehicles & Equipment	91,831	57,994
Accumulated Depreciation	(88,314)	(49,343)
Total	$ 860,156	$ 163,726

Debt Administration

At the end of September 2024, the City had no outstanding debt.

Economic Environment and Next Year's Budgets and Rates

No material changes in the economic environment, City budget expenditures, and revenues are expected in the next fiscal year.

Contacting the City's Financial Management

This financial report is designed to provide a general overview of the City's finances, comply with finance-related laws and regulations, and demonstrate the City's commitment to public accountability. If you have any questions about this report or would like to request additional information, contact the City's should be addressed to the City of Little River-Academy, P.O. Box 521, Little River-Academy, TX 76554.

CITY OF LITTLE RIVER-ACADEMY
STATEMENT OF NET POSITION
SEPTEMBER 30, 2024

	Primary Government	
	Governmental Activities	Total
ASSETS:		
Current Assets:		
Pooled cash and cash equivalents (Texpool Savings)	$ 1,535,727	$ 1,535,727
Property Tax receivable	25,052	$ 25,052
Sales Tax Receivable	-	-
Court Fines Receivable	288,407	288,407
Total Current Assets	$ 1,849,186	$ 1,849,186
Non-Current Assets:		
Capital Assets:		
Building, equipment & vehicles Net of Accumulated Depreciation	$ 471,288	$ 471,288
Land & Construction in Progress	388,868	388,868
Total Non-Current Assets	$ 860,156	$ 860,156
Total Assets	$ 2,709,342	$ 2,709,342
LIABILITIES:		
Current Liabilities		
Accounts Payable & accrued expenses	$ 79,106	$ 79,106
Deferred Revenue	-	-
Bond Payable, Current	-	-
Total Current Liabilities	$ 79,106	$ 79,106
Non Current Liabilities:		
Bond Payable, Non-Current	$ -	$ -
Total Non-Current Liabilities	$ -	$ -
Total Liabilities	$ 79,106	$ 79,106
NET POSITION:		
Net Investment in Capital Assets	$ 860,156	$ 860,156
Restricted	-	-
Unrestricted	1,770,080	1,770,080
Total Net Position	$ 2,630,236	$ 2,630,236
Total Liabilities and Net Position	$ 2,709,342	$ 2,709,342

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

CITY OF LITTLE RIVER-ACADEMY
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2024

Functions/Programs	Expenses	Program Revenues	Net (Expense) Revenue
Primary Government			
Governmental Activities:			
General Government	$ 758,819	$ 52,860	$ (705,959)
Interest on Long-Term Debt	-	-	-
Total Governmental Activities	$ 758,819	$ 52,860	$ (705,959)
Total Primary Government	$ 758,819	$ 52,860	$ (705,959)

	Primary Government Governmental	Total
Changes in Net Position:		
Net (Expense) Revenue	$ (705,959)	$ (705,959)
General Revenues:		
Taxes:		
Property Taxes	$ 558,042	$ 558,042
Sales Taxes	161,273	161,273
Franchise Fees	79,600	79,600
Interest Income	79,427	79,427
Grant income	-	-
Court Fines & Fees	266,340	266,340
Miscellaneous	2,189	2,189
Total General Revenues	$ 1,146,871	$ 1,146,871
Transfers In	-	
Transfers Out	-	
Changes in Net Position	$ 440,912	$ 440,912
Net Position - Beginning	$ 1,927,884	$ 1,927,884
Net Position - Ending	$ 2,368,796	$ 2,368,796

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

CITY OF LITTLE RIVER-ACADEMY
BALANCE SHEET - GOVERNMENTAL FUNDS
SEPTEMBER 30, 2024

	General	Debt Service	Total Governmental Funds
Assets:			
Pooled Cash and Cash Equivalents	$ 1,535,727	$ -	$ 1,535,727
Property Tax receivable	25,052	-	25,052
Accounts Receivable	288,407	-	288,407
Total Assets	$ 1,849,186	$ -	$ 1,849,186
Liabilities and Fund Balances			
Liabilities:			
Accounts Payable	$ 79,106	$ -	$ 79,106
Deferred Revenue	288,407	-	288,407
Total Liabilities	$ 367,513	$ -	$ 367,513
Fund Balances			
Nonspendable	$ -	$ -	$ -
Restricted for Debt Service		-	-
Committed for Revenue		-	-
Committed for Road Funds	-	-	-
Assigned			-
Unassigned	1,481,673	-	1,481,673
Total Fund Balances	$ 1,481,673	$ -	$ 1,481,673
Total Liabilities and Fund Balances	$ 1,849,186	$ -	$ 1,849,186

RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION

Total fund balance – total governmental funds	$1,481,673
Amounts reported for governmental activities in the statement of net assets are different because:	
Deferred Revenue, court fines not attributable to current year	26,967
Capital assets of $948,470 net of accumulated depreciation (of $88,314), are not financial resources, and therefore, are not reported in the funds. See Note III.A.3. for additional detail.	860,156
Net position of governmental activities	$ 2,368,796

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

CITY OF LITTLE RIVER-ACADEMY

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN BALANCES-GOVERNMENTAL FUNDS

SEPTEMBER 30, 2024

	General	Debt Service	Total Governmental Funds
Revenues			
Property Taxes	$ 583,094	$ -	$ 583,094
Sales Taxes	161,273		161,273
Franchise Taxes	79,600	-	79,600
Court Fines and fees	266,340		266,340
Interest Income	79,427	-	79,427
Building Permits	52,860	-	52,860
Grant income	-	-	-
Miscellaneous	2,189	-	2,189
Total General Revenues	$ 1,224,783	$ -	$ 1,224,783
Expenditures			
General Government	$ 719,838	$ -	$ 719,838
Debt Service:			-
Principal	-	-	-
Interest & Bond Fee		-	-
Capital Assets	735,401	-	735,401
Total Expenditures	$ 1,455,239	$ -	$ 1,455,239
Net Income	$ (230,456)	$ -	$ (230,456)
Transfers in	-	-	-
Transfers Out	-	-	-
Net Changes in Fund Balances	$ (230,456)	$ -	$ (230,456)
Fund Balances - Beginning	$ 1,712,129	$ -	$ 1,712,129
Fund Balances - Ending	$ 1,481,673	$ -	$ 1,481,673

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

CITY OF LITTLE RIVER-ACADEMY
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED SEPTEMBER 30, 2024

Net change in fund balance – total governmental funds	$(230,456)
Amounts reported for governmental activities in the statement of net assets 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. This is the amount by which capital outlays of $735,401 were more than depreciation of $(38,971) in the current period.	696,430
Differences in property tax receivable for governmental funds and governmental activities	(25,062)
Changes in net position of governmental activities	$ 440,912

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

CITY OF LITTLE RIVER-ACADEMY

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2024

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. INTRODUCTION

The City of Little River-Academy (The City) was formed in 1989 by an election of its inhabitants which voted in favor of incorporation. The City operates under an election Mayor/Council form of government.

B. FINANCIAL REPORTING ENTITY – BASIS OF PRESENTATION

B. 1. Government-wide financial statements

The government-wide financial statements include the statement of net position and the statement of activities. These statements report financial information for the City as a whole. Individual funds are not displayed but the statements distinguish governmental activities, generally supported by taxes and City general revenues, from business-type activities, generally financed in whole or in part with fees charged to external customers. The statement of activities reports the expenses of a given function offset by program revenues directly connected with the functional program. A function is an assembly of similar activities and may include portions of a fund or summarize more than one fund to capture the expenses and program revenues associated with a distinct functional activity. Program revenues include charges for services which report fees, fines and forfeitures, and other charges to users of the City's services. Taxes and other revenue sources not properly included with program revenues are reported as general revenues.

Fund Financial Statements

Fund financial statements are provided for governmental and proprietary funds. Major individual governmental and enterprise funds are reported in separate columns with composite columns for non-major funds.

B. 2. MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION

The financial statements of the City are prepared in accordance with generally accepted accounting principles (GAAP). The City's reporting entity applies all relevant Governmental Accounting Standards Board (GASB) pronouncements and applicable Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, unless they conflict with GASB pronouncements. The City's reporting entity does not apply FASB pronouncements or APB opinions issued after November 30, 1989.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The government-wide statements report using the economic resources measurement focus and the accrual basis of accounting generally including the reclassification or elimination of internal activity (between or within funds). Property tax revenues are recognized in the year for which they are levied.

Governmental fund financial statements report using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when they are both measurable and available. Available means collectible within the current period or soon enough thereafter to pay current liabilities. The City considers revenues to be available if they are collected within 30 days of the end of the fiscal year. Expenditures are recorded when the related fund liability is incurred, except for general obligation bond principal and interest which are reported as expenditures in the year due.

Major revenue sources susceptible to accrual include: property taxes, franchise taxes, and investment income. In general, other revenues are recognized when cash is received.

Operating income reported in proprietary fund financial statements includes revenues and expenses related to the primary, continuing operations of the fund. Principal operating revenues for proprietary funds are charges to customers for sales or services. Principal operating expenses are the costs of providing goods and services and include administrative expenses and depreciation of capital assets.

When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, then unrestricted resources as needs. Restricted assets and liabilities payable from restricted assets current in nature are reported with current assets and current liabilities in the financial statements.

B.3. FUND TYPES AND MAJOR FUNDS

Governmental Funds

The City reports the following major governmental funds:

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

General Fund – reports as the primary fund of the City. This fund is used to account for all financial resources not reported in other funds.

C. ASSETS, LIABILITIES, AND NET POSITION OR EQUITY

C.1. Cash and Investments

The City maintains and controls three major cash and investment accounts in which funds of the primary government share. Each fund's portion of a pool is displayed on its respective balance sheet or statement of fund net assets as "pooled cash and cash equivalents." In addition, non-pooled cash and investments are separately held and reflected in respective funds as "non-pooled cash" and investments, some of which are restricted assets. The City considers highly liquid investments with an original maturity of three months or less to be cash equivalents. Investments are reported at fair value which is determined using selected bases. Short-term investments are reported at cost, which approximates fair value.

C.2. Capital Assets and Depreciation

The City's property, plant, equipment and infrastructure with useful lives of more than one year are stated at historical cost and reported in the government-wide financial statements. Proprietary capital assets are also reported in their respective fund financial statements. The costs of normal maintenance and repairs that do not add to the asset value or materially extend useful lives are not capitalized. Capital assets are depreciated using the straight-line method. When capital assets are disposed, the cost and applicable accumulated depreciation are removed from their respective accounts, and the resulting gain or loss is recorded in operations. Estimated useful lives for depreciable assets are as follows:

Buildings and road improvements - 50 year life
Water utility assets and infrastructure – 20 year life
Mobile equipment, furniture, machinery, and equipment - 5 year life

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C.3. Long-Term Debt

In the government-wide financial statements, outstanding debt is reported as liabilities. The City has no long—term debt.

C.4. Fund Equity

The governmental fund financial statements report reserved fund balance for amounts not available for appropriation legally restricted for specified purposes.

D. REVENUES, EXPENDITURES, AND EXPENSES

Revenues are recognized in the accounting period in which they become both available and measurable. Licenses and permits, charges for services, fines and forfeits, and miscellaneous revenues are recorded when received in cash. General property taxes, franchise taxes and investment earnings are recorded when they are both measurable and available. Expenditures are recognized in the accounting period in which the fund liability is incurred, if measurable. The proprietary fund is accounted for using the accrual basis of accounting. Its revenues are recognized when they are earned, and its expenses recognized when they are incurred.

NOTE 2 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

B.1. BUDGET POLICY AND PRACTICE

The Budget is presented to the Council for review, and public hearings are held to address priorities and the allocation of resources. Once approved, the Council may amend the legally adopted budget when unexpected modifications are required in estimated revenues and appropriations.

B.2. BASIS OF BUDGETING

The budgets for the operating funds and proprietary fund operations are prepared on the cash and expenditures/encumbrances basis. Revenues are budgeted in the year receipt is expected; and expenditures are budgeted in the year that the applicable expenses are incurred. The Debt Service Fund budget is prepared to provide funding for general obligation debt service when liabilities are due for payment.

NOTE 3 – DETAILED NOTES ON FUNDS

3.A. ASSETS

NOTE 3 – DETAILED NOTES ON FUNDS (Continued)

3.A.1. DEPOSITS AND INVESTMENTS

Deposits

Custodial credit risk for deposits is the risk that in the event of a bank failure, the City's deposits may not be returned or the City will not be able to recover collateral securities in the possession of an outside party. The City's policy requires deposits to be 100% secured by collateral valued at market or par, or covered by FDIC insurance. Deposits of the City's reporting entity are insured or collateralized with securities held by the City, its agent, or by the pledging financial institution's trust department or agent in the name of the City or applicable public trust.

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

Types of Investments	Fair Value	Cost	Average Credit Quality/Rating
Primary Government			
Bank Accounts			
Bancorp Operating	62,527	62,527	AAA
Security Bank	2,185	2,185	
Certificates of Deposit			
Texpool	1,420,915	1,420,915	FDIC
Bancorp CD 7501	50,000	50,000	
Grand Total Deposits and Investments	1,535,627	1,535,627	

Investment Policies

Credit Risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. Investing is performed in accordance with investment policies adopted by the Council complying with State Statutes and the City charter. City funds may be invested in (1) direct obligations of the United States Government, its agencies or instrumentalities to the payment of which the full faith and credit of the government of the United States is pledged, or obligations to the payment of which the full faith and credit of the State of Texas is pledged; (2) collateralized or insured certificates of deposit and other evidences of deposits at banks, savings banks, and credit unions located in the State when secured by appropriate collateral; (3) money market funds regulated by the Securities and Exchange Commission and which investments consist of the authorized investments (domestic securities) with restrictions as specified in state law.

NOTE 3 – DETAILED NOTES ON FUNDS (Continued)

3.A.2. RECEIVABLES

Receivables consist of revenues earned within the accounting period and not received. Revenues attributable to the year ended September 30, 2024 and received within 30 days after year end consisted of $313,459.

3.A.3. CAPITAL ASSETS

Primary Government	Land	Building	Police DepartmentEquipment	Vehicles & Equipment	Street Improvements	Totals
Governmental Activities						
Balance, September 30, 2023	$ 511	$ 116,378	$ 38,186	$ 57,994	-	$ 213,069
Increases	-	296,527	16,680	33,837	388,357	$ 735,401
Decreases	-	-	-	-		$ -
Balance, September 30, 2024	$ 511	$ 412,905	$ 54,866	$ 91,831	388,357	$ 948,470
Accumulated Depreciation						
Balance, September 30, 2023	$ -	$ 8,727	$ 5,819	$ 34,797	-	$ 49,343
Increases	-	11,226	21,185	6,560	-	38,971
Decreases	-	-	-	-		-
Balance, September 30, 2024	$ -	$ 19,953	$ 27,004	$ 41,357	-	$ 88,314
Governmental Activities Capital Assets, Net	$ 511	$ 392,952	$ 27,862	$ 50,474	388,357	$ 860,156

NOTE 3 – DETAILED NOTES ON FUNDS (Continued)
3.B. LIABILITIES
3.B.1. LONG-TERM DEBT
The City of Little River-Academy has no long term debt as of September 30, 2024.

NOTE 3 – CONTINGENCIES

As of September 30, 2024, the City of Little River-Academy did not have any pending litigation or potential non-disclosed liabilities that would have a material effect on these financial statements.

NOTE 4 – SUBSEQUENT EVENTS

No subsequent events of audit significance were noted for the fiscal year ended September 30, 2024.

CITY OF LITTLE RIVER-ACADEMY

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE BUDGET

AND ACTUAL (NON-GAAP BUDGETARY BASIS) GENERAL FUND

FOR THE YEAR ENDED SEPTEMBER 30, 2024

	Budgeted Amounts			Variance with Budget
	Original	Final	Actual	Positive (Negative)
Revenues:				
Property Taxes	$ 532,222	$ 532,222	$ 583,094	$ 50,872
Sales Taxes	147,000	147,000	161,273	$ 14,273
Franchise Taxes	100,000	100,000	79,600	(20,400)
Interest Earnings	6,000	6,000	79,427	73,427
Permits	35,000	35,000	52,860	17,860
Court Fines & Fees	35,000	35,000	266,340	231,340
Miscellaneous	53,250	53,250	2,189	(51,061)
Grant	-	-	-	-
Total Revenues	**$ 908,472**	**$ 908,472**	**$ 1,224,783**	**$ 316,311**
Expenditures:				
Street Maintenance	$ 250,000	$ 250,000	$ 2,547	$ 247,453
Salaries	87,000	87,000	51,846	$ 35,154
Payroll Taxes	13,000	13,000	621	$ 12,379
Retirement	10,000	10,000	-	$ 10,000
Maintenance/Mowing	3,500	3,500	1,785	$ 1,715
Attorney Services	-	-	2,114	$ (2,114)
Election	6,000	6,000	-	$ 6,000
Accounting/Audit	4,500	4,500	12,525	$ (8,025)
Utilities	18,500	18,500	14,924	$ 3,576
Office expenses	9,185	9,185	1,950	$ 7,235
Insurance	28,063	28,063	12,608	$ 15,455
Police Department expenses	130,000	130,000	325,484	$ (195,484)
Court Expenses	-	-	180,332	$ (180,332)
Professional Services	34,402	34,402	11,273	23,129
Miscellaneous	1,200	1,200	80,211	$ (79,011)
Repairs & maintenance	-	-	21,618	$ (21,618)
Capital Projects	-	-	735,401	$ (735,401)
Total Expenditures	**$ 595,350**	**$ 595,350**	**$ 1,455,239**	**$ (859,889)**
Excess (Deficiency) of Revenues Over (Under) Expenditures	**$ 313,122**	**$ 313,122**	**$ (230,456)**	**$ (543,578)**
Net Changes in Fund Balances	$ 313,122	$ 313,122	$ (230,456)	
Fund Balances - Beginning	$ 1,712,129	$ 1,712,129	$ 1,712,129	
Fund Balances - Ending	$ 2,025,251	$ 2,025,251	$ 1,481,673	

The Accounting Firm
of
Donald L. Allman, CPA

CERTIFIED PUBLIC ACCOUNTANT

Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards

To the Honorable Mayor and Members of the City Council
City of Little River-Academy, Texas

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of City of Little River-Academy, Texas, as of and for the year ended September 30, 2024, and the related notes to the financial statements, which collectively comprise City of Little River-Academy, Texas' basic financial statements, and have issued our report thereon dated May 10, 2025.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered City of Little River-Academy, Texas' 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 Little River-Academy, Texas' internal control. Accordingly, we do not express an opinion on the effectiveness of City of Little River-Academy, Texas' internal control. A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether City of Little River-Academy, Texas' financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the 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*.

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.

Donald L. Allman, CPA, PC
Georgetown, TX
May 10,2025