

TOWN OF WOODSBORO, TEXAS

FINANCIAL STATEMENTS

For the Year Ended July 31, 2025

**TOWN OF WOODSBORO, TEXAS
FINANCIAL STATEMENTS
For the Year Ended July 31, 2025**

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FINANCIAL STATEMENTS
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INTRODUCTORY SECTION

**TOWN OF WOODSBORO, TEXAS
LIST OF PRINCIPAL OFFICIALS
July 31, 2025**

Mayor	Kay Roach
Mayor Pro-tem	Dahlia Smith
Council Members	Freddie Arriaga Johnny Cisneros Daniel Porras Wayne Roberts
City Attorney	Desiree Voth
City Engineer	Robert Viera (Ardurra Group, Inc. - Engineering)
Tax Assessor and Collector	Liz Kelley
Municipal Police Officer	(August 1, 2024 – February 28, 2025) Russell Smith
City Secretary	Ruby H. DeLaGarza
City Clerk/Water Clerk	Viola Meza
Municipal Court Clerk/Office Clerk	John Rivera
Municipal Judge	Emi Riemenschneider
Public Works Director	(August 1, 2024 – September 27, 2024) Gabriel Thomas
Administrator/Public Works Director	(June 3, 2025 – July 31, 2025) Earl Henning

FINANCIAL SECTION

Goldman, Hunt & Notz, L.L.P.

Certified Public Accountants

DONALD G. GOLDMAN, CPA
D. DALE HUNT, CPA
JAMIE K. NOTZ, CPA, CVA*

MEMBERS OF:
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CERTIFIED PUBLIC ACCOUNTANTS

KEITH H. COX, CPA, CISA¹
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*CERTIFIED VALUATION ANALYST

TEXAS SOCIETY OF
CERTIFIED PUBLIC ACCOUNTANTS

¹CERTIFIED INFORMATION SYSTEMS AUDITOR

INDEPENDENT AUDITOR'S REPORT

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

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Woodsboro, Texas as of and for the year ended July 31, 2025, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Woodsboro, Texas, as of July 31, 2025, 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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Town of Woodsboro, 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 Town of Woodsboro, 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 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, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Town of Woodsboro, 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 Town of Woodsboro, 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, budgetary comparison information, and Texas Municipal Retirement System (TMRS) information on pages 5-12 and 53-60 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 Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Woodsboro, Texas's basic financial statements. The combining and individual nonmajor fund financial statements on pages 61-62 are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Individual Grant Information

The Individual Grant Information section on pages 63-67 has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.



Goldman, Hunt & Notz, L.L.P.

January 5, 2026

TOWN OF WOODSBORO, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
July 31, 2025

This discussion and analysis is intended to be an easily readable analysis of Town of Woodsboro, Texas's (Town) financial activities based on currently known facts, decisions, or conditions. This analysis focuses on current year activities and should be read in conjunction with the financial statements that follow.

Report Layout

In addition to the Management's Discussion and Analysis (MD&A), the report consists of government-wide statements, fund financial statements, notes to the financial statements required supplementary information and individual grant information. The first several statements are highly condensed and present a government-wide view of the Town's finances. Within this view, all Town operations are categorized and reported as either governmental or business-type activities. Governmental activities include basic services such as general government, public safety, municipal court, streets, animal control, and recreation. The Town's business-type activity provides water, sewer, and sanitation services to the citizens. These government-wide statements are designed to be more corporate-like in that all activities are consolidated into a total for the Town.

Basic Financial Statements

- The Statement of Net Position focuses on resources available for future operations. In simple terms, this statement presents a snapshot view of the assets the community owns, the liabilities it owes and the net difference. The net difference is further separated into amounts invested in capital assets net of related debt, restricted for specific purposes and unrestricted amounts.
- The Statement of Activities focuses gross and net costs of Town programs and the extent to which such programs rely upon general tax and other revenues. This statement summarizes and simplifies the user's analysis to determine the extent to which programs are self-supporting and/or subsidized by general revenues.
- Fund financial statements focus separately on major governmental funds and proprietary funds. Governmental fund statements follow the more traditional presentation of financial statements. The Town's major governmental funds are presented in their own columns. Statements for the Town's proprietary fund follow the governmental funds and include net position, revenue, expenses and changes in net position, and cash flow.
- The notes to the financial statements provide additional disclosure required by governmental accounting standards and provide information to assist the reader in understanding the Town's financial condition.

The discussion and analysis of Town of Woodsboro, Texas's financial performance provides an overall review of the Town's financial activities for the year ended July 31, 2025. The intent of this discussion and analysis is to look at the Town's financial performance as a whole; readers should also review the basic financial statements to enhance their understanding of the Town's financial performance.

TOWN OF WOODSBORO, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
July 31, 2025

Financial Highlights

- The assets of the Town of Woodsboro, Texas exceeded its liabilities at the close of the year ended July 31, 2025 by \$8,740,163. Of this amount, \$1,524,575 of unrestricted net assets is available to meet the Town's ongoing obligations to citizens and creditors.
- At July 31, 2025, the Town's governmental funds reported combined ending fund balances of \$1,253,342, of which \$717,647 is unassigned fund balance for the General Fund.
- At July 31, 2025, unassigned fund balance for the General Fund was \$717,647 or 98% of total General Fund expenditures.
- The total cost of all Town activities was \$2,053,364 for the year. Net expense from all activities was (\$535,336).
- During the year, the Town's expenditures exceeded program revenue of the governmental activities by \$605,353 and the Town's revenue exceeded business-type activity expenses by \$70,017.

Town as a Whole

Government-Wide Financial Statements

A condensed version of the Statement of Net Assets at July 31, 2025 and 2024 follows:

Town of Woodsboro, Texas
Components of Net Position
July 31, 2025
With Comparative Totals for July 31, 2024
(in thousands)

	Governmental Activities		Business-type Activities		Total Government		Amount Change	% Change
	July 31, 2025	July 31, 2024	July 31, 2025	July 31, 2024	July 31, 2025	July 31, 2024		
Cash	\$ 1,191	\$ 961	\$ 93	\$ 83	\$ 1,284	\$ 1,044	\$ 240	23.0%
Restricted assets	105	96	518	605	623	701	(78)	-11.1%
Other assets	249	188	285	213	534	401	133	33.2%
Capital assets	3,262	3,448	3,942	4,052	7,204	7,500	(296)	-3.9%
Total assets	4,807	4,693	4,838	4,953	9,645	9,646	(1)	0.0%
Deferred outflows of resources	10	27	10	27	20	54	(34)	-63.0%
Current and other liabilities	186	209	221	368	407	577	(170)	-29.5%
Long term debt outstanding	9	8	422	496	431	504	(73)	-14.5%
Total liabilities	195	217	643	864	838	1,081	(243)	-22.5%
Deferred inflows of resources	41	20	46	20	87	40	47	117.5%
Net investment in capital assets	3,185	3,337	3,454	3,489	6,639	6,826	(187)	-2.7%
Restricted	96	44	480	701	576	745	(169)	-22.7%
Unrestricted	1,300	1,102	225	(94)	1,525	1,008	517	51.3%
Total net position	\$ 4,581	\$ 4,483	\$ 4,159	\$ 4,096	\$ 8,740	\$ 8,579	\$ 161	1.9%

TOWN OF WOODSBORO, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
July 31, 2025

Financial Highlights (Continued)

During the year ended July 31, 2025, the net position of the Town increased approximately \$161,000. Cash (unrestricted and restricted) increased by \$162,000 primarily due to the increase in service accounts rates, increase in the sales tax rate, and the receipt of SB 7 funds in relation to the FEMA PA grant Fire House project from a previous year. Net pension assets increased by \$103,000, and other current assets increased by \$30,000, primarily due to an increase in sales tax receivable, ad valorem tax receivable, and service accounts receivables. New asset purchases were \$164,000, \$12,000 in asset disposals and depreciation expense was \$448,000. Deferred outflows of resources decreased by \$34,000. Current and other liabilities decreased \$170,000, primarily due to a \$123,000 decrease in accrued liabilities, due to the expensing of CARES Act funds that were received in the previous year. Long-term debt outstanding decreased \$73,000 due to the \$75,000 principal payment reduction in long-term debt and OPEB obligation increase of \$2,000. Deferred inflows of resources increased \$47,000.

**TOWN OF WOODSBORO, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
July 31, 2025**

Financial Highlights (Continued)

A condensed version of the Statement of Activities follows:

**Town of Woodsboro, Texas
Condensed Statement of Activities
For the Year Ended July 31, 2025
With Comparative Totals for the Year Ended July 31, 2024
(in thousands)**

	Governmental Activities		Business-type Activities		Total Government		Amount Change	% Change
	July 31, 2025	July 31, 2024	July 31, 2025	July 31, 2024	July 31, 2025	July 31, 2024		
Revenues								
Program revenues								
Charges for services	\$ 257	\$ 349	\$ 1,084	\$ 1,111	\$ 1,341	\$ 1,460	\$ (119)	-8.2%
General revenues								
Taxes	701	613	-	-	701	613	88	14.4%
Interest	7	6	4	4	11	10	1	10.0%
Intergovernmental revenue	48	361	129	530	177	891	(714)	-80.1%
Total revenues	<u>1,013</u>	<u>1,329</u>	<u>1,217</u>	<u>1,645</u>	<u>2,230</u>	<u>2,974</u>	<u>(744)</u>	-25.0%
Expenses								
General government	524	639	-	-	524	639	(115)	-18.0%
Public safety/municipal court	168	207	-	-	168	207	(39)	-18.8%
Streets	186	185	-	-	186	185	1	0.5%
Animal control	27	21	-	-	27	21	6	28.6%
Recreation	6	18	-	-	6	18	(12)	-66.7%
Water and sewer	-	-	876	894	876	894	(18)	-2.0%
Sanitation	-	-	266	281	266	281	(15)	-5.3%
Total expenses	<u>911</u>	<u>1,070</u>	<u>1,142</u>	<u>1,175</u>	<u>2,053</u>	<u>2,245</u>	<u>(192)</u>	-8.6%
Excess (deficiency) before non operating expenses and transfers	102	259	75	470	177	729	(552)	-75.7%
Non operating revenue (expenses)	<u>(4)</u>	<u>20</u>	<u>(12)</u>	<u>-</u>	<u>(16)</u>	<u>20</u>	<u>(36)</u>	-180.0%
Change in net position	98	279	63	470	161	749	(588)	-78.5%
Beginning net position	4,483	4,204	4,096	3,626	8,579	7,830	749	9.6%
Ending net position	<u>\$ 4,581</u>	<u>\$ 4,483</u>	<u>\$ 4,159</u>	<u>\$ 4,096</u>	<u>\$ 8,740</u>	<u>\$ 8,579</u>	<u>\$ 161</u>	1.9%

**TOWN OF WOODSBORO, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
July 31, 2025**

Financial Highlights (Concluded)

Governmental Activities

Revenues

Revenues decreased by \$316,000, primarily due to a \$313,000 decrease in intergovernmental revenue as the Town had received Community Development Block Grant funds in 2024 for streets and drainage infrastructure improvements and those projects were completed. Program revenues decreased \$92,000. Program revenues, including licenses, permits, and fees, decreased \$35,000, public safety/municipal court revenues decreased \$42,000 and miscellaneous revenues decreased 15,000. General revenues increased by \$89,000. Ad valorem taxes increased \$25,000, sales taxes increased \$67,000, franchise fees decreased \$4,000, and interest income increased \$1,000.

Expenditures

Expenditures decreased by \$159,000. General government expenditures decreased by \$115,000. The decrease is due primarily to a \$78,000 decrease in salaries and a \$26,000 decrease in related salaries expenses, such as payroll taxes, retirement, and group medical. Other general government expenditures in capital outlay and depreciation collectively decreased \$25,000. Public safety and municipal court expenditures decreased by \$40,000 primarily due to a \$12,000 public safety gasoline expense and an \$18,000 decrease in vehicle maintenance expenses. During 2025, public safety had a decrease in law enforcement. Street expenditures stayed consistent with 2024. Animal Control increased by \$5,000 due to the accrual of the 2025 animal control agreement. Recreation expenditures decreased \$12,000 due to repairs and electrical upgrades to Dodson Field that were performed during 2024 and none during 2025.

Non-operating revenues and expenditures stayed consistent with prior year. During 2025, the Town did not receive substantial donations as it did during 2024 and did not have any asset disposals. During 2024, the Town received \$29,000 in donated property and had a \$1,000 loss on asset disposal. Interest expense decreased \$4,000.

Business-type Activities

Revenues

Revenues decreased by \$428,000. Program revenues decreased by \$27,000 and interest income stayed consistent with 2024. Intergovernmental revenue decreased \$401,000 as the Town completed grant projects during 2025.

Expenses

Expenses decreased by \$33,000 primarily due to a \$57,000 decrease in salaries expense, as the Town's personnel in the water and sewer decreased. The Town contracted water and sewer personnel, which increased by \$48,000, instead of hiring. The Town had major water and sewer system repairs during 2024, therefore, the amount of repairs decreased in 2025.

During 2025, the Town had \$12,000 in non-operating expenses due to a loss on an asset disposition.

**TOWN OF WOODSBORO, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
July 31, 2025**

Capital Assets

At July 31, 2025, the Town had \$7,204,000 invested in capital assets, including police and street equipment, donated property, sewer improvements and lift station repairs. This amount represents a net decrease (additions, deletions, and depreciation) of \$296,000 or 3.9% compared to last year, due to depreciation and a decrease in new assets.

**Town of Woodsboro, Texas
Capital Assets
July 31, 2025
With Comparative Totals for July 31, 2024
(in thousands)**

	Governmental Activities		Business-type Activities		Total Government		Amount Change	% Change
	July 31, 2025	July 31, 2024	July 31, 2025	July 31, 2024	July 31, 2025	July 31, 2024		
Construction in progress	\$ 21	\$ 21	\$ -	\$ -	\$ 21	\$ 21	\$ -	0.0%
Land	111	111	-	-	111	111	-	0.0%
Buildings and improvements	1,312	1,301	-	-	1,312	1,301	11	0.8%
Machinery and equipment	678	677	7,039	6,915	7,717	7,592	125	1.6%
Streets	2,348	2,348	-	-	2,348	2,348	-	0.0%
Subtotal	4,470	4,458	7,039	6,915	11,509	11,373	136	1.2%
Accumulated depreciation	(1,208)	(1,010)	(3,097)	(2,863)	(4,305)	(3,873)	(432)	11.2%
Capital assets, net	<u>\$ 3,262</u>	<u>\$ 3,448</u>	<u>\$ 3,942</u>	<u>\$ 4,052</u>	<u>\$ 7,204</u>	<u>\$ 7,500</u>	<u>\$ (296)</u>	-3.9%

Additional information on the Town's capital assets can be found in the notes to the financial statements.

Budgetary Highlights

The Town did not revise its budget for the General Fund during the fiscal year ended July 31, 2025. Actual revenues in the General Fund were lower than budgeted revenues by approximately \$130,000, primarily due to municipal court revenue being less than budgeted due to a decrease in police personnel. Actual General Fund expenditures were lower than budgeted amounts by approximately \$349,000 in all budgeted areas.

**TOWN OF WOODSBORO, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
July 31, 2025**

Debt Administration

At year-end, the Town had \$583,000 in Long-Term Debt, including a \$18,000 OPEB obligation, \$488,000 in Certificates of Obligation, and \$77,000 in Long-Term Debt. During July 31, 2025, the Town paid \$75,000 in principal reductions for Refunding Bonds obligation and paid \$35,000 in principal reductions for Long-Term Debt. The OPEB obligation increased \$2,000.

**Town of Woodsboro, Texas
Debt Outstanding
July 31, 2025
With Comparative Totals for July 31, 2024
(in thousands)**

	Governmental Activities		Business-type Activities		Total Government		Amount Change	% Change
	July 31, 2025	July 31, 2024	July 31, 2025	July 31, 2024	July 31, 2025	July 31, 2024		
Long-term debt	\$ 86	\$ 120	\$ 9	\$ 8	\$ 95	\$ 128	\$ (33)	-25.8%
Refunding bonds	-	-	488	563	488	563	(75)	-13.3%
Total	<u>\$ 86</u>	<u>\$ 120</u>	<u>\$ 497</u>	<u>\$ 571</u>	<u>\$ 583</u>	<u>\$ 691</u>	<u>\$ (108)</u>	-15.6%

More detailed information on the Town's long-term debt is presented in the notes to the financial statements.

**TOWN OF WOODSBORO, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
July 31, 2025**

Economic Factors and Next Year's Budgets and Rates

- Anticipate that the Town's effective tax rate will approximate the 2025/2026 rate of .7190/\$100, which is a \$0.0036 decrease from 2024/2025. The total taxable valuation is \$65,334,522 that should produce a tax of \$469,755.
- Anticipate the Town's water and sewer rates will be studied to ensure that rates keep up with expenses and inflation.
- The budget for the fiscal year ending July 31, 2026 will be as follows:

FUND	REVENUE	EXPENDITURE/EXPENSES
General Fund	\$ 963,374	\$ 963,374
Enterprise Fund - Water	\$ 535,300	\$ 535,300
Enterprise Fund - Sewer	\$ 303,850	\$ 303,850
Enterprise Fund - Sanitation	\$ 295,000	\$ 295,000

Financial Contact

The Town's financial statements are designed to present users (citizens, taxpayers, customers, investors, and creditors) with a general overview of the Town's finances and to demonstrate the Town's accountability. If you have questions about the report or need additional financial information, please contact the City Secretary at 113 Wood Avenue, Woodsboro, Texas 78393.

BASIC FINANCIAL STATEMENTS

GOVERNMENT-WIDE FINANCIAL STATEMENTS

TOWN OF WOODSBORO, TEXAS
STATEMENT OF NET POSITION
July 31, 2025

	Primary Government		
	Governmental	Business-type	
	Activities	Activities	Total
ASSETS			
Cash	\$ 1,190,729	\$ 92,559	\$ 1,283,288
Receivables			
Sales tax	20,268	-	20,268
Service accounts	-	141,617	141,617
Franchise tax	7,271	-	7,271
Ad valorem taxes	111,990	-	111,990
Prepaid expenses	15,702	3,463	19,165
Due from other fund	2,481	17,392	19,873
Inventory	12,579	33,678	46,257
Restricted cash	104,678	518,020	622,698
Net pension asset	79,192	89,301	168,493
Capital assets, net of depreciation	3,262,424	3,942,026	7,204,450
Total assets	<u>4,807,314</u>	<u>4,838,056</u>	<u>9,645,370</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred contributions	7,495	8,451	15,946
Changes in assumptions - net pension	1,740	1,962	3,702
Total deferred outflows of resources	<u>9,235</u>	<u>10,413</u>	<u>19,648</u>

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

TOWN OF WOODSBORO, TEXAS
STATEMENT OF NET POSITION (CONTINUED)
July 31, 2025

	Primary Government		
	Governmental	Business-type	
	Activities	Activities	Total
LIABILITIES			
Accounts payable - trade	9,823	6,792	16,615
Accrued expenses	21,182	2,187	23,369
Accrued interest	3,745	3,212	6,957
Accrued vacation	1,972	1,313	3,285
Accrued salaries	5,437	7,390	12,827
Due to grant agencies	46,582	43,577	90,159
Due to other fund	19,873	-	19,873
Customer deposits payable	-	80,697	80,697
Noncurrent liabilities:			
Net OPEB obligation	8,637	9,740	18,377
Note payable - due within one year	77,718	-	77,718
Bonds payable - due within one year	-	75,000	75,000
Bonds payable - due in more than one year	-	413,000	413,000
Total liabilities	<u>194,969</u>	<u>642,908</u>	<u>837,877</u>
DEFERRED INFLOWS OF RESOURCES			
Difference in experience - net pension	30,940	34,890	65,830
Difference in investment returns - net pension	6,989	7,881	14,870
Difference in assumptions - OPEB	1,601	1,805	3,406
Difference in experience - OPEB	1,350	1,522	2,872
Total deferred inflows of resources	<u>40,880</u>	<u>46,098</u>	<u>86,978</u>
NET POSITION			
Net investment in capital assets	3,184,706	3,454,026	6,638,732
Restricted for:			
Law enforcement	10,346	-	10,346
Municipal court building security	32,789	-	32,789
Municipal court technology fund	45,416	-	45,416
Dodson field	7,405	-	7,405
Utility replacement	-	480,900	480,900
Unrestricted	1,300,038	224,537	1,524,575
Total net position	<u>\$ 4,580,700</u>	<u>\$ 4,159,463</u>	<u>\$ 8,740,163</u>

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

TOWN OF WOODSBORO, TEXAS
STATEMENT OF ACTIVITIES
For the Year Ended July 31, 2025

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Capital Grants and Contributions	Primary Government		Total
				Governmental Activities	Business-type Activities	
Primary Government						
Governmental activities:						
General government	\$ 524,492	\$ 20,941	\$ 48,436	\$ (455,115)	\$ -	\$ (455,115)
Public safety/municipal court	168,096	236,582	-	68,486	-	68,486
Streets	185,647	-	-	(185,647)	-	(185,647)
Animal control	26,626	-	-	(26,626)	-	(26,626)
Recreation	6,451	-	-	(6,451)	-	(6,451)
Total governmental activities	<u>911,312</u>	<u>257,523</u>	<u>48,436</u>	<u>(605,353)</u>	<u>-</u>	<u>(605,353)</u>
Business-type activities:						
Water and sewer	876,425	797,111	128,524	-	49,210	49,210
Sanitation	265,627	286,434	-	-	20,807	20,807
Total business-type activities	<u>1,142,052</u>	<u>1,083,545</u>	<u>128,524</u>	<u>-</u>	<u>70,017</u>	<u>70,017</u>
Total primary government	<u>\$ 2,053,364</u>	<u>\$ 1,341,068</u>	<u>\$ 176,960</u>	<u>(605,353)</u>	<u>70,017</u>	<u>(535,336)</u>
General revenues:						
Taxes:						
Property taxes, levied for general purposes				457,444	-	457,444
Franchise taxes				54,591	-	54,591
Sales taxes				188,600	-	188,600
Interest income				7,059	4,296	11,355
Donations				100	-	100
Interest expense				(4,301)	-	(4,301)
Loss on asset disposal				-	(11,671)	(11,671)
Total general revenues and transfers				<u>703,493</u>	<u>(7,375)</u>	<u>696,118</u>
Change in net position				98,140	62,642	160,782
Net position - beginning				4,482,560	4,096,821	8,579,381
Net position - ending				<u>\$ 4,580,700</u>	<u>\$ 4,159,463</u>	<u>\$ 8,740,163</u>

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

FUND FINANCIAL STATEMENTS

TOWN OF WOODSBORO, TEXAS
BALANCE SHEET
GOVERNMENTAL FUNDS
July 31, 2025

	General Fund	Police Department Fund	Other Governmental Funds	Total Governmental Funds
ASSETS				
Cash - unrestricted	\$ 1,190,729	\$ -	\$ -	\$ 1,190,729
Receivables:				
Sales tax	20,268	-	-	20,268
Franchise tax	7,271	-	-	7,271
Ad valorem taxes	111,990	-	-	111,990
Restricted cash	13,203	8,346	83,129	104,678
Prepaid expenses	15,702	-	-	15,702
Due from other government funds	-	-	2,481	2,481
Inventory	10,579	2,000	-	12,579
Total assets	<u>\$ 1,369,742</u>	<u>\$ 10,346</u>	<u>\$ 85,610</u>	<u>\$ 1,465,698</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES				
Liabilities:				
Accounts payable - trade	\$ 9,823	\$ -	\$ -	\$ 9,823
Accrued expenses	21,182	-	-	21,182
Accrued vacation	1,972	-	-	1,972
Accrued salaries	5,437	-	-	5,437
Due to grants agencies	46,582	-	-	46,582
Due to other fund	19,873	-	-	19,873
Total liabilities	<u>104,869</u>	<u>-</u>	<u>-</u>	<u>104,869</u>
Deferred inflows of resources:				
Unavailable revenue - property taxes	107,487	-	-	107,487
Total deferred inflows of resources	<u>107,487</u>	<u>-</u>	<u>-</u>	<u>107,487</u>
Fund balances:				
Non-spendable	26,281	-	-	26,281
Restricted	13,203	10,346	85,610	109,159
Committed	400,255	-	-	400,255
Unassigned	717,647	-	-	717,647
Total fund balances	<u>1,157,386</u>	<u>10,346</u>	<u>85,610</u>	<u>1,253,342</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 1,369,742</u>	<u>\$ 10,346</u>	<u>\$ 85,610</u>	<u>\$ 1,465,698</u>

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

TOWN OF WOODSBORO, TEXAS
RECONCILIATION OF GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
July 31, 2025

Total governmental fund balances (page 16)	\$ 1,253,342
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.	3,262,424
Noncurrent assets are not available to pay for current period expenditures and, therefore, are not reported in the funds. These assets are comprised of the following:	
Net pension asset	79,192
Deferred outflows related to pensions:	
Deferred contributions	7,495
Changes in assumptions	1,740
Other assets are not available to pay for current period expenditures and, therefore, are reported as unavailable revenue in the funds.	107,487
Interest that has accrued on long-term debt is not recorded as an expenditure in the governmental funds until the funds are expended.	(3,745)
Deferred inflows related to pensions:	
Difference in experience	(30,940)
Difference in investment returns	(6,989)
Deferred inflows related to OPEB:	
Changes in assumptions	(1,601)
Difference in experience	(1,350)
Long-term liabilities are not due and payable in the current period and therefore, are not reported in the funds. These liabilities are comprised of the following:	
Net OPEB obligation	(8,637)
Long-term debt	(77,718)
Net position of governmental activities	<u>\$ 4,580,700</u>

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

TOWN OF WOODSBORO, TEXAS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the Year Ended July 31, 2025

	<u>General Fund</u>	<u>Police Department Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
REVENUES				
Taxes:				
Ad valorem taxes, penalty and interest	\$ 445,914	\$ -	\$ -	\$ 445,914
City sales tax	188,600	-	-	188,600
Franchise taxes	54,591	-	-	54,591
Licenses, permits and fees	5,759	-	-	5,759
Fines and forfeitures	236,582	-	-	236,582
Interest income	6,844	20	195	7,059
Intergovernmental - grant revenue	48,436	-	-	48,436
Donations	100	-	-	100
Miscellaneous	7,061	-	8,121	15,182
Total revenues	<u>993,887</u>	<u>20</u>	<u>8,316</u>	<u>1,002,223</u>
EXPENDITURES				
Current:				
General government	485,068	-	-	485,068
Public safety	41,046	-	-	41,046
Streets	66,299	-	-	66,299
Animal control	26,626	-	-	26,626
Municipal court	80,083	-	-	80,083
Parks	2,792	-	812	3,604
Capital outlay	12,120	-	-	12,120
Grant expenditures	18,140	-	-	18,140
Total expenditures	<u>732,174</u>	<u>-</u>	<u>812</u>	<u>732,986</u>
Excess (deficiency) of revenues over (under) expenditures	<u>261,713</u>	<u>20</u>	<u>7,504</u>	<u>269,237</u>
OTHER FINANCING SOURCES (USES)				
Principal payment on loan	(34,512)	-	-	(34,512)
Interest expense	(8,007)	-	-	(8,007)
Transfers in	-	-	2,050	2,050
Transfers out	(2,050)	-	-	(2,050)
Total other financing sources (uses)	<u>(44,569)</u>	<u>-</u>	<u>2,050</u>	<u>(42,519)</u>
Net change in fund balances	217,144	20	9,554	226,718
Fund balances - beginning	<u>940,242</u>	<u>10,326</u>	<u>76,056</u>	<u>1,026,624</u>
Fund balances - ending	<u>\$ 1,157,386</u>	<u>\$ 10,346</u>	<u>\$ 85,610</u>	<u>\$ 1,253,342</u>

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

TOWN OF WOODSBORO, TEXAS
RECONCILIATION OF STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
For the Year Ended July 31, 2025

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

Net change in fund balances - total governmental funds (page 18)	\$ 226,718
Governmental funds report capital outlay as expenditures. However, in the government-wide Statement of Activities and changes in net assets, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount of capital assets recorded in the current period.	12,120
Depreciation expense on capital assets reported in the government-wide Statement of Activities and changes in net assets does not require the use of current financial resources. Therefore, depreciation expense is not reported as an expenditure in governmental funds.	(198,111)
Some property taxes will not be collected for several months after the Town's fiscal year end, and are not considered "available" revenues in the governmental funds.	11,530
Interest is not recorded as an expense in the governmental funds until the expenditure is actually made. However, interest is accrued in the Statement of Activities to match the interest expense to the period incurred.	(3,745)
Payments made for interest expense that was incurred in prior periods is recorded as an expenditure in the governmental funds, but is matched to the period incurred in the Statement of Activities.	7,451
Expenditures are recognized in the governmental funds when paid are due for items not normally paid with available financial resources. However, the Statement of Activities is presented on an accrual basis and expenses reported when incurred.	7,665
Principal payments on long-term debt are recorded as expenses in the governmental funds.	34,512
Change in net assets of governmental activities	\$ 98,140

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

TOWN OF WOODSBORO, TEXAS
STATEMENT OF NET POSITION
PROPRIETARY FUND
July 31, 2025

	Business-type Activities - Enterprise Fund	
	Water, Sewer and Sanitation Fund	Total Enterprise Fund
ASSETS		
Current assets		
Cash and cash equivalents	\$ 92,559	\$ 92,559
Accounts receivable - customers, net	141,617	141,617
Prepaid expenses	3,463	3,463
Due from other fund	17,392	17,392
Inventory	33,678	33,678
Total current assets	<u>288,709</u>	<u>288,709</u>
Restricted assets		
Cash and cash equivalents	518,020	518,020
Total restricted assets	<u>518,020</u>	<u>518,020</u>
Noncurrent assets		
Capital assets		
Property, plant and equipment	7,039,436	7,039,436
Less: accumulated depreciation	<u>(3,097,410)</u>	<u>(3,097,410)</u>
Total capital assets, net of accumulated depreciation	3,942,026	3,942,026
Net pension asset	89,301	89,301
Total noncurrent assets	<u>4,031,327</u>	<u>4,031,327</u>
Total assets	<u>4,838,056</u>	<u>4,838,056</u>
DEFERRED OUTFLOWS OF RESOURCES		
Deferred contributions	8,451	8,451
Changes in assumptions - net pension	<u>1,962</u>	<u>1,962</u>
Total deferred outflows of resources	<u>10,413</u>	<u>10,413</u>

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

TOWN OF WOODSBORO, TEXAS
STATEMENT OF NET POSITION
PROPRIETARY FUND (CONTINUED)
July 31, 2025

	Business-type Activities - Enterprise Fund	
	Water, Sewer and Sanitation Fund	Total Enterprise Fund
LIABILITIES		
Current liabilities		
Accounts payable - trade	6,792	6,792
Accrued expenses	2,187	2,187
Accrued interest	3,212	3,212
Accrued vacation	1,313	1,313
Accrued salaries	7,390	7,390
Due to grant agencies	43,577	43,577
Customer deposits payable	80,697	80,697
Bonds payable - current portion	75,000	75,000
Total current liabilities	<u>220,168</u>	<u>220,168</u>
Noncurrent liabilities		
Net OPEB obligation	9,740	9,740
Bonds payable	413,000	413,000
Total noncurrent liabilities	<u>422,740</u>	<u>422,740</u>
Total liabilities	<u>642,908</u>	<u>642,908</u>
DEFERRED INFLOWS OF RESOURCES		
Difference in experience - net pension	34,890	34,890
Difference in investment returns - net pension	7,881	7,881
Changes in assumptions - OPEB	1,805	1,805
Difference in experience - OPEB	1,522	1,522
Total deferred inflows of resources	<u>46,098</u>	<u>46,098</u>
NET POSITION		
Invested in capital assets, net of related debt	3,454,026	3,454,026
Restricted for utility replacement	480,900	480,900
Unrestricted	224,537	224,537
Total net position	<u>\$ 4,159,463</u>	<u>\$ 4,159,463</u>

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

TOWN OF WOODSBORO, TEXAS
STATEMENT OF REVENUES, EXPENSES AND CHANGE IN NET POSITION
PROPRIETARY FUND
For the Year Ended July 31, 2025

	Business-type Activities - Enterprise Fund	
	Water, Sewer and Sanitation Fund	Total Enterprise Fund
OPERATING REVENUES		
Charges for services:		
Water sales	\$ 449,961	\$ 449,961
Sewer	305,646	305,646
Sanitation	286,434	286,434
Late charges	29,836	29,836
Reconnect fees	550	550
Transfer and other fees	10,700	10,700
Miscellaneous	418	418
Total operating revenues	<u>1,083,545</u>	<u>1,083,545</u>
OPERATING EXPENSES		
Salaries	206,261	206,261
Sanitation charges	265,627	265,627
Repairs and maintenance	70,266	70,266
Materials	17,090	17,090
Truck expenses	10,817	10,817
Sewer plant	27,104	27,104
Office expenses	87,819	87,819
Professional fees	23,488	23,488
Contractual services	50,576	50,576
Insurance	64,772	64,772
Utilities	35,827	35,827
Uniforms	2,690	2,690
Payroll taxes	16,473	16,473
Depreciation	250,950	250,950
Retirement	4,015	4,015
Total operating expenses	<u>1,133,775</u>	<u>1,133,775</u>
Operating income (loss)	<u>(50,230)</u>	<u>(50,230)</u>

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

TOWN OF WOODSBORO, TEXAS
STATEMENT OF REVENUES, EXPENSES AND CHANGE IN NET POSITION
PROPRIETARY FUND (CONTINUED)
For the Year Ended July 31, 2025

	Business-type Activities - Enterprise Fund	
	Water, Sewer and Sanitation Fund	Total Enterprise Fund
NON OPERATING REVENUES (EXPENSES)		
Grant income	128,524	128,524
Interest income	4,296	4,296
Loss on sale of asset	(11,671)	(11,671)
Interest expense	(8,277)	(8,277)
Total non operating revenues (expenses)	<u>112,872</u>	<u>112,872</u>
Change in fund net position	62,642	62,642
Total net position, beginning	<u>4,096,821</u>	<u>4,096,821</u>
Total net position, ending	<u><u>\$ 4,159,463</u></u>	<u><u>\$ 4,159,463</u></u>

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

TOWN OF WOODSBORO, TEXAS
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
For the Year Ended July 31, 2025

CASH FLOWS FROM OPERATING ACTIVITIES

Cash received from customers	\$ 1,076,184
Cash paid to suppliers for goods and services	(830,078)
Cash paid to employees for services	<u>(220,235)</u>
Net cash provided (used) by operating activities	<u>25,871</u>

CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES

Purchase of fixed assets	(152,112)
Principal payments on 2020 refunding bonds	(75,000)
Interest paid	<u>(8,277)</u>
Net cash provided (used) by capital and related financing activities	<u>(235,389)</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Interest income	4,296
Grant income	<u>128,524</u>
Net cash provided (used) by investing activities	<u>132,820</u>

NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(76,698)
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CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	<u>687,277</u>
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CASH AND CASH EQUIVALENTS AT END OF YEAR	<u><u>\$ 610,579</u></u>
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The notes to the financial statements are an integral part of this statement.

**TOWN OF WOODSBORO, TEXAS
STATEMENT OF CASH FLOWS
PROPRIETARY FUND (CONTINUED)
For the Year Ended July 31, 2025**

**RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH
PROVIDED (USED) BY OPERATING ACTIVITIES**

Operating income (loss)	<u>\$ (50,230)</u>
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:	
Depreciation	250,950
Loss on asset disposal	11,671
Change in pension	(13,862)
Change in OPEB	1,232
(Increase) decrease in accounts receivable - trade	(9,879)
Increase (decrease) in allowance account	2,518
(Increase) decrease in prepaid expenses	58
(Increase) decrease in inventory	(7,654)
Increase (decrease) in accounts payable - trade	(26,254)
Increase (decrease) in accrued expenses	(15)
Increase (decrease) in accrued interest payable	(493)
Increase (decrease) in accrued vacation payable	(545)
Increase (decrease) in accrued salaries payable	3,216
Increase (decrease) in due to grant agencies	(128,524)
Increase (decrease) in meter deposits payable	<u>5,353</u>
Total adjustments	<u>87,772</u>
Net cash provided (used) by operating activities	<u><u>\$ 37,542</u></u>

RECONCILIATION OF TOTAL CASH AND CASH EQUIVALENTS

Cash and cash equivalents	\$ 92,559
Restricted cash and cash equivalents	<u>518,020</u>
Total cash and cash equivalents	<u><u>\$ 610,579</u></u>

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

TOWN OF WOODSBORO, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended July 31, 2025

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Town of Woodsboro, Texas (Town) was incorporated in 1928 and provides the following services: general government, public safety/municipal court, streets, animal control, recreation, and water, sewer, and sanitation services.

Basis of Accounting/Measurement Focus

The accounts of the Town are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, deferred inflow of resources, fund balance/net position, revenues, and expenditures or expenses, as appropriate. Governmental resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

The accounting and reporting policies of the Town relating to the funds included in the accompanying financial statements conform to generally accepted accounting principles applicable to state and local governments. Generally accepted accounting principles for local governments include those principles prescribed by the Governmental Accounting Standards Board (GASB), the American Institute of Certified Public Accountants in the publication entitled *Audits of State and Local Governmental Units*, and by the Financial Accounting Standards Board (when applicable). As allowed in GASB's *Codification of Governmental Accounting and Financial Reporting Standards*, the Town has elected not to apply to its proprietary activities Financial Accounting Standards Board Statements and interpretations, Accounting Principles Board Opinions and Accounting Research Bulletins of the Committee of Accounting Procedure issued after November 30, 1989. The more significant accounting policies of the Town are described below.

A. Government-Wide Financial Statements

The Town Government-Wide Financial Statements include a Statement of Net Position and a Statement of Activities. These statements present summaries of Governmental and Business-Type Activities for the Town accompanied by a total column.

These statements are presented on an "economic resources" measurement focus and the accrual basis of accounting. Accordingly, all of the Town's assets and liabilities, including capital assets as well as infrastructure assets and long-term liabilities, are included in the accompanying Statement of Net Position. The Statement of Activities presents changes in net assets. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred. The types of transactions reported as program revenues for the Town are reported in two categories: 1) charges for services, 2) capital grants and contributions.

Certain eliminations have been made, as prescribed by GASB Statement No. 34, in regard to interfund activities, payables and receivables. All internal balances in the Statement of Net Position have been eliminated except those representing balances between the governmental activities and the business-type activities, which are presented as internal balances and eliminated in the total primary government column.

TOWN OF WOODSBORO, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended July 31, 2025

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Governmental Fund Financial Statements

Governmental Fund Financial Statements include a Balance Sheet and a Statement of Revenues, Expenditures and Changes in Fund Balances for all major governmental funds and non-major funds aggregated. An accompanying schedule is presented to reconcile and explain the differences in fund balances and changes in fund balances as presented in these statements to the net assets and changes in net assets presented in the Government-Wide financial statements. The Town has presented all major funds that met those qualifications.

All governmental funds are accounted for on a spending or "current financial resources" measurement focus and the modified accrual basis of accounting. Accordingly, only current assets and current liabilities are included on the Balance Sheets. The Statement of Revenues, Expenditures and Changes in Fund Balances present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Under the modified accrual basis of accounting, revenues are recognized in the accounting period in which they become both measurable and available to finance expenditures of the current period. Accordingly, revenues are recorded when received in cash, except that revenues subject to accrual (generally 60 days after year-end) are recognized when due. The primary revenue sources, which have been treated as susceptible to accrual by the Town, are property tax, sales tax, intergovernmental revenues, and other taxes. Expenditures are recorded in the accounting period in which the related fund liability is incurred.

The following are the Town's Governmental Fund types:

General Fund

The General Fund is the general operating fund of the Town. All financial resources, except those required to be accounted for in another fund, are accounted for in the General Fund.

Special Revenue Funds

The Special Revenue Fund is used to account for the proceeds of specific revenue sources (other than special assessments, expendable trust, or major capital projects) that are legally restricted to expenditures for specified purposes.

C. Proprietary Fund Financial Statements

Proprietary Fund Financial Statements include a Statement of Net Position, a Statement of Revenues, Expenses and Change in Net Position, and a Statement of Cash Flows for each major proprietary fund.

TOWN OF WOODSBORO, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended July 31, 2025

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Proprietary Fund Financial Statements (Concluded)

Proprietary funds are accounted for using the “economic resources measurement focus and the accrual basis of accounting.” Accordingly, all assets and liabilities (whether current or noncurrent) are included on the Statement of Net Position. The Statement of Revenues, Expenses and Change in Net Position presents increases (revenues) and decreases (expenses) in total net position. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred.

Operating revenues in the proprietary funds are those revenues that are generated from the primary operations of the fund. All other revenues are reported as non-operating revenues. Operating expenses are those expenses that are essential to the primary operations of the fund. All other expenses are reported as non-operating expenses.

The Town reports the following major proprietary fund:

Water, Sewer, and Sanitation

The Water, Sewer, and Sanitation Fund accounts for the activities necessary to provide water, wastewater, and sanitation services to the residents of the Town. These activities include administration, water and wastewater system operations and maintenance, collection of waste, new construction, financing, and related debt service.

D. Budget

The Town Council follows these procedures in establishing the Town budget:

1. Thirty to sixty days prior to the beginning of each fiscal year, the department supervisors submit to the Town Council a proposed budget for the fiscal year beginning on the following fiscal year. The operating budget includes proposed expenditures and the means of financing them.
2. Public hearings are conducted at which comments concerning the budget are heard.
3. The budget is legally enacted by the Town Council prior to the beginning of the fiscal year.
4. The City Secretary is authorized to transfer budgeted amounts between the departments within any fund, however any revisions that alter the total expenditures of any fund must be approved by the Town Council. The budget was not amended during this fiscal year.

E. Inventory

The General and Enterprise Fund inventories are valued at actual cost. Material and supplies, which constitute the bulk of the inventory, are charged to expense when used. Inventory on hand at the balance sheet date is appropriately adjusted and recorded as a current asset in the General and Enterprise Funds.

TOWN OF WOODSBORO, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended July 31, 2025

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. Vacation and Sick Leave

Vacation is accumulated after the first year of employment and can be used thereafter. Employees shall receive one week of vacation time after one year of employment; two weeks of vacation time two to fourteen years of employment and three weeks of vacation time fifteen years and over. Earned vacation time must be used by December 15 of each year; however, the Town will reimburse employees for a maximum of five unused vacation days accrued during the current year. The Town allows employees twelve sick days each calendar year. Up to thirty-six days of sick leave can be accumulated. Employees can sell back up to five days of sick leave each year. Sick leave is paid only upon illness while in the employment of the Town. Employees leaving the services of the Town shall not be paid for accumulated sick leave.

During fiscal year ended July 31, 2025, the Town implemented GASB Statement No. 101, *Compensated Absences*, however, the amount of compensated absences are immaterial to the financial statements.

G. Restricted Resources

The Town applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

H. Classification of Fund Balances

In accordance with *Government Accounting Standards Board Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions*, the Town classifies governmental fund balances as follows:

Non-spendable – includes fund balance amounts that cannot be spent either because it is not in spendable form or because of legal or contractual constraints.

Restricted – includes fund balance amounts that are constrained for specific purposes which are externally imposed by providers, such as creditors or amounts constrained due to constitutional provisions or enabling legislation.

Committed – includes fund balance amounts that are constrained for specific purposes that are internally imposed by the government through formal action of the highest level of decision-making authority and does not lapse at year-end.

Assigned – includes fund balance amounts that are intended to be used for specific purposes that are neither considered restricted or committed. Fund Balance may be assigned by the Town Council.

Unassigned – includes positive fund balance within the General Fund which has not been classified within the above-mentioned categories and negative fund balances in other governmental funds.

TOWN OF WOODSBORO, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended July 31, 2025

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

H. Classification of Fund Balances (Concluded)

	General Fund	Police Department Fund	Other Governmental Funds	Total Governmental Funds
FUND BALANCES:				
Non-spendable:				
Inventory	\$ 10,579	\$ -	\$ -	\$ 10,579
Prepaid expenses	15,702	-	-	15,702
Restricted for:				
Law enforcement purposes	13,203	10,346	-	23,549
Municipal court building security	-	-	32,789	32,789
Municipal court technical fund	-	-	45,416	45,416
Dodson field	-	-	7,405	7,405
Committed to:				
Street maintenance	400,255	-	-	400,255
Unassigned	717,647	-	-	717,647
Total fund balances	<u>\$ 1,157,386</u>	<u>\$ 10,346</u>	<u>\$ 85,610</u>	<u>\$ 1,253,342</u>

The Town uses *restricted/committed* amounts to be spent first when both restricted and unrestricted fund balance are available unless there are legal documents/contracts that prohibit doing this, such as a grant agreement requiring dollar spending. Additionally, the Government would first use *committed*, then *assigned*, and lastly *unassigned* amounts of unrestricted fund balance when expenditures are made.

I. Property Tax

Taxes are levied on October 1 and are due and payable on or before January 31 of the following year. All unpaid taxes become delinquent February 1 and attach as an enforceable lien on the property as of July 1 of the following year. The Refugio County Tax Assessor Collector bills and collects taxes for the Town. Property taxes not collected within 60 days are deemed not to be material to the financial statements, so no allowance for doubtful accounts has been established.

TOWN OF WOODSBORO, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended July 31, 2025

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

I. Property Tax (Concluded)

The Town reports deferred inflow of resources on its General Fund balance sheet. Deferred inflow of resources arises when potential revenue does not meet both the “measurable” and “available” criteria for recognition in the current period. Deferred inflow of resources also arises when the Town receives resources before it has legal claim to them. In subsequent periods, when both revenue recognition criteria are met, or when the Town has a legal claim to the resources, the liability for deferred inflow of resources is removed from the combined balance sheet and revenue is recognized.

During the year ended July 31, 2025, the Town levied an ad valorem tax for maintenance and operations at a rate of .7226 per \$100 of assessed value. A total tax levy of \$450,536 resulted, based on a net taxable valuation of \$62,349,222 for the 2024 tax year.

J. Capital Assets

Capital assets purchased or acquired are carried at historical cost or estimated historical cost. Contributed assets are recorded at fair market value as of the date donated. Additions, improvements, and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Depreciation on capital assets is calculated on the straight-line basis over the following estimated useful lives:

Buildings	10 – 40 years
Equipment	5 – 10 years
Other improvements	7 – 15 years
Streets	10 years
Software	3 – 5 years
Vehicles	5 – 20 years
Water and sewer assets	5 – 50 years

K. Cash and Cash Equivalents

Cash and cash equivalents include cash on hand and in banks. The Town also considers all highly liquid investments with a maturity of twelve months or less when purchased to be cash equivalents. Carrying values of cash and cash equivalents approximate fair value due to the short-term nature of the instruments.

TOWN OF WOODSBORO, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended July 31, 2024

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

L. Restricted Assets

Certain resources of the Town have been set aside in the Enterprise Fund and General Fund for bond requirements, infrastructure and equipment repair or replacement, and law enforcement. These resources are classified as restricted on the Statement of Net Position because their use is limited by applicable bond covenants or other restrictions.

M. Deferred Outflows/Inflows 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 position or fund balance that applies to a future period(s) and thus, will not be recognized as an outflow of resources (expense/expenditure) until then. The Town has two items that qualify for reporting in this category. One is related to the deferred future pension expense related to the net pension liability and the other is related to the deferred future OPEB expense related to the total OPEB liability. Deferred future pension expense results from the difference in projected and actual experience on pension plan investments, difference in expected and actual experience, difference in assumption changes, and pension contributions remitted after the measurement date. Deferred future OPEB expense results from the difference in expected and actual experience, difference in assumption changes, and OPEB contributions remitted after the measurement date. All differences are based on actuarial gains or losses. These amounts are deferred and amortized over their respective remaining recognition period.

In addition to liabilities, the balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. The Town has two items that qualify for reporting in this category. One is related to the deferred future pension expense related to the net pension liability and the other is related to unearned revenue. Deferred future pension income results from the difference in projected and actual experience on pension plan investments, difference in expected and actual experience and difference in assumption changes. The second type arises only under a modified accrual basis of accounting that qualifies for reporting in this category. Accordingly, the item, *unavailable revenue*, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from one source: property taxes. This amount is deferred and recognized as an inflow of resources in the period that the amounts become available.

N. Pensions

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

**TOWN OF WOODSBORO, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended July 31, 2025**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Concluded)

O. Other postemployment benefits (OPEB)

The fiduciary net position of the TMRS Supplemental Death Benefits Plan (SDBP) has been determined using the flow of economic resources measurement focus and full accrual basis of accounting. This includes for purposes of measuring the total OPEB liability (asset), deferred outflows of resources and deferred inflows of resources related to OPEB, OPEB expense, and information about assets, liabilities, and additions to/deductions from SDBP's fiduciary net position. Benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms.

NOTE 2: CASH

The Town maintains cash that is available for use by all funds, except as restricted. Each fund types' portion of these monies is displayed on the fund balance sheets with the description of "cash" under each fund's caption.

Deposits

State statutes require that all deposits in financial institutions be fully collateralized by U.S. Government obligations or obligations of Texas and its agencies that have a market value of not less than the principal amount of the deposits. The Town's deposits were fully collateralized at July 31, 2025. As of July 31, 2025 the carrying amount of the Town's deposits was \$1,905,182, and the bank balance was \$1,906,075. The entire bank balance was covered by federal depository insurance and Letter of Credit in the amount of \$3,000,000 issued by the Federal Home Loan Bank Dallas.

Texas Government Code authorizes the Town of Woodsboro, Texas to invest in the following eligible securities:

1. A surety bond;
2. An investment security;
3. An ownership or beneficial interest in an investment security, other than an option contract to purchase or sell an investment security;
4. A fixed-rate collateralized mortgage obligation that has an expected weighted average life of ten years or less and does not constitute a high-risk mortgage security;
5. A floating-rate collateralized mortgage obligation that does not constitute a high-risk mortgage security;
6. A letter of credit issued by a federal home loan bank.

TOWN OF WOODSBORO, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended July 31, 2025

NOTE 2: CASH (Concluded)

Investment securities are defined as:

1. An obligation that in the opinion of the Attorney General of the United States is a general obligation of the United States and backed by its full faith and credit;
2. A general or special obligation issued by a public agency that is payable from taxes, revenues, or a combination of taxes and revenues;
3. A security in which a public entity may invest under Subchapter A, Chapter 2256 of Texas Statutes.

Investment Risks

As the Town does not have investments, it is not exposed to Credit Risk, Concentration of Credit Risk, or Interest Rate Risk.

NOTE 3: ACCOUNTS RECEIVABLE AND ALLOWANCE FOR DOUBTFUL ACCOUNTS

At July 31, 2025, accounts receivable – customers for business-type activities were:

	<u>Amount</u>
Total accounts receivable - customers	\$ 167,881
Less: allowance for doubtful accounts	<u>(26,264)</u>
Accounts receivable - customers	<u><u>\$ 141,617</u></u>

TOWN OF WOODSBORO, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended July 31, 2025

NOTE 4: CHANGES IN CAPITAL ASSETS

	Primary Government		
	Beginning Balance	Increases	Decreases
			Ending Balance
Governmental activities:			
Capital assets not being depreciated			
Land	\$ 110,931	\$ -	\$ -
Construction in progress	21,806	-	-
Total capital assets not being depreciated	132,737	-	-
Other capital assets			
Buildings and improvements	1,301,053	10,540	-
Machinery and equipment	677,137	1,580	-
Streets	2,347,659	-	-
Total other capital assets at historical cost	4,325,849	12,120	-
Less accumulated depreciation for:			
Buildings and improvements	(168,576)	(39,171)	-
Machinery and equipment	(512,987)	(44,120)	-
Streets	(328,608)	(114,820)	-
Total accumulated depreciation	(1,010,171)	(198,111)	-
Other capital assets, net	3,315,678	(185,991)	-
Governmental activities capital assets, net	<u>\$ 3,448,415</u>	<u>\$ (185,991)</u>	<u>\$ -</u>
Business-type activities:			
Capital assets not being depreciated			
Land	\$ -	\$ -	\$ -
Construction in progress	-	-	-
Total capital assets not being depreciated	-	-	-
Other capital assets			
Buildings and improvements	-	-	-
Machinery and equipment	6,915,482	152,112	(28,158)
Total other capital assets at historical cost	6,915,482	152,112	(28,158)
Less accumulated depreciation for:			
Buildings and improvements	-	-	-
Machinery and equipment	(2,862,947)	(250,950)	16,487
Total accumulated depreciation	(2,862,947)	(250,950)	16,487
Other capital assets, net	4,052,535	(98,838)	(11,671)
Business-type activities capital assets, net	<u>\$ 4,052,535</u>	<u>\$ (98,838)</u>	<u>\$ (11,671)</u>

TOWN OF WOODSBORO, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended July 31, 2025

NOTE 4: CHANGES IN CAPITAL ASSETS (Concluded)

Depreciation expense was charged to functions as follows:

	<u>Amount</u>
Governmental activities	
General government	\$ 28,949
Public safety	46,967
Streets	119,348
Parks	<u>2,847</u>
Total governmental activities depreciation expense	<u><u>\$ 198,111</u></u>
Business-type activities	
Water and sewer	<u>\$ 250,950</u>
Total business-type activities depreciation expense	<u><u>\$ 250,950</u></u>

TOWN OF WOODSBORO, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended July 31, 2025

NOTE 5: LONG-TERM DEBT

A. Changes in Long-Term Liabilities

Long-term liability activity for the year ended July 31, 2025 was as follows:

Description and Purpose	Amount of Original Issue	Maturity Date	Interest Rate	Balance 07/31/24	Issued During Year	Increases (Decreases) During Year	Balance 07/31/25	Due Within One Year
<u>Governmental-type activities</u>								
General Fund:								
OPEB liability	\$ -	various	various	\$ 8,364	\$ -	\$ 273	\$ 8,637	\$ -
Direct borrowing	\$ 112,230	10/21/2026	6.22%	112,230	-	(34,512)	77,718	77,718
<u>Business-type activities</u>								
Water, Sewer, and Sanitation Fund:								
OPEB liability	\$ -	various	various	8,363	-	1,377	9,740	-
General Obligation Refunding bonds	\$ 848,000	3/1/2037	1.57%	563,000	-	(75,000)	488,000	75,000
Total long-term debt				<u>\$ 691,957</u>	<u>\$ -</u>	<u>\$ (107,862)</u>	<u>\$ 584,095</u>	<u>\$ 152,718</u>

The interest paid for governmental activities was \$8,007 for equipment loan debt for the year ended July 31, 2025. The interest paid for business-type activities was \$8,277 for bonds and equipment loan debt for the year ended July 31, 2025 and is charged to interest expense in the water, sewer, and sanitation funds.

TOWN OF WOODSBORO, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended July 31, 2025

NOTE 5: LONG-TERM DEBT (Continued)

B. Long-Term Debt – Governmental Activities

On September 12, 2023, the Town of Woodsboro, Texas entered into a three-year debt agreement with Government Capital Corporation to finance the acquisition of equipment. The loan is secured by the Town's ad valorem tax revenues. The asset and liability under the debt have been recorded at the fair value of the assets, which is equal to the present value of the minimal payments at the inception of the debt agreement. The total amount financed was \$112,230 with an interest rate fixed at 6.217%. Principal and interest are due on October 21 on an annual basis. The final debt payment is due October 21, 2026. This direct borrowing debt contains (1) a provision that if the Town is unable to make payment, outstanding amounts are due immediately and (2) a provision that in the event of default, the timing of repayment of outstanding amounts become due within a period of 20 days after notice of default if a default of performance or debt covenant violation occurs. This direct borrowing debt also contains a subjective acceleration clause that allows the lender to accelerate payment of the entire principal amount to become immediately due if the lender determines that a material adverse change occurs. The Town was not in compliance with all debt covenants of this debt at July 31, 2025. Therefore, debt will be considered current at July 31, 2025.

As of July 31, 2025 the remaining annual payments are as follows:

<u>Year Ended July 31,</u>	<u>Loan Principal</u>	<u>Interest</u>	<u>Total Requirements</u>
2026	\$ 37,688	\$ 4,832	\$ 42,520
2027	40,030	2,489	42,519
	<u>\$ 77,718</u>	<u>\$ 7,321</u>	<u>\$ 85,039</u>

TOWN OF WOODSBORO, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended July 31, 2025

NOTE 5: LONG-TERM DEBT (Continued)

C. Limited Tax Refunding Bonds – Business-type Activities

On May 7, 2020, the Town of Woodsboro issued Limited Tax Refunding Bonds, Series 2020 of \$848,000 with an interest rate of 1.57% and a final maturity of March 1, 2035. Proceeds from the bond sale was used to refund Combination Tax and Combined Waterworks and Sanitary Sewer System Revenue Certificates of Obligation Series 2000 and Series 2000A and Combination Tax and Combined Waterworks and Sanitary Sewer System Revenue Certificates of Obligation, Series 2008 in order to lower the overall debt service requirements of the Town. As a result of refunding, the Town reduced its debt service payments by \$182,443 and obtained an economic gain (difference between present value of debt service payment of old and new debt) of \$138,645. Interest on the Certificates of Obligation is payable March 1 and September 1. Principal payments are due annually on March 1 and continue until March 1, 2035. The interest rate is fixed at 1.57% per annum.

Annual requirements to retire the Limited Tax Refunding Bonds are as follows:

Year Ended July 31,	Principal	Interest	Total Requirements
2026	\$ 75,000	\$ 7,662	\$ 82,662
2027	75,000	6,484	81,484
2028	69,000	5,307	74,307
2029	37,000	4,223	41,223
2030	37,000	3,642	40,642
2031-2035	195,000	9,279	204,279
	<u>\$ 488,000</u>	<u>\$ 36,597</u>	<u>\$ 524,597</u>

TOWN OF WOODSBORO, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended July 31, 2025

NOTE 5: LONG-TERM DEBT (Concluded)

E. Five Year Schedules

Annual debt service requirements to maturity for all long-term debt are as follows:

Year Ended July 31,	Governmental Activities	
	Notes from Direct Borrowings	
	Principal	Interest
2026	\$ 37,688	\$ 4,832
2027	40,030	2,489
	<u>\$ 77,718</u>	<u>\$ 7,321</u>

Year Ended July 31,	Business-Type Activities			
	Bonds		Notes from Direct Borrowings	
	Principal	Interest	Principal	Interest
2026	\$ 75,000	\$ 7,662	\$ -	\$ -
2027	75,000	6,484	-	-
2028	69,000	5,307	-	-
2029	37,000	4,223	-	-
2030	37,000	3,642	-	-
2031-2035	195,000	9,279	-	-
	<u>\$ 488,000</u>	<u>\$ 36,597</u>	<u>\$ -</u>	<u>\$ -</u>

F. Other Post Employment Benefits Obligation

The other post employment benefits obligation represents a liability for the amount of the actuarially required contribution for the retiree portion of the supplemental death benefits in excess of the actual contributions made.

TOWN OF WOODSBORO, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended July 31, 2025

NOTE 6: PENSION PLAN

A. Plan Description

The Town participates as one of 942 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.

All eligible employees of the Town 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 Town, within the options available in the state statutes governing TMRS.

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

Plan provisions for the Town were as follows:

	Plan Year 2024
Employee deposit rate	5.0%
Matching ratio (city to employee)	2 to 1
Years required for vesting	5
Service retirement eligibility (expressed as age / years of service)	60/5, 0/25
Updated Service Credit	100% Repeating
Annuity Increase (to retirees)	70% of CPI Repeating

Employees covered by benefit terms

At the December 31, 2024 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	6
Inactive employees entitled to but not yet receiving benefits	6
Active employees	8
Total	20

TOWN OF WOODSBORO, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended July 31, 2025

NOTE 6: PENSION PLAN (Continued)

C. Contributions

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

Employees for the Town were required to contribute 5% of their annual compensation during the fiscal year 2025. The contribution rates for the Town were 7.65% and 7.56% in calendar years 2024 and 2025, respectively. The Town's contributions to TMRS for the year ended 2025 were \$29,952 and were equal to the required contributions.

D. Net Pension Asset

The Town's Net Pension Asset (NPA) was measured as of December 31, 2024, and the Total Pension Asset (TPA) used to calculate the Net Pension Asset was determined by an actuarial valuation as of that date.

Actuarial assumptions:

The Total Pension Asset in the December 31, 2024 actuarial valuation was determined using the following actuarial assumptions:

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

Salary increases were based on a service-related table. Mortality rates for active members are based on the PUB(10) mortality tables with 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 MP-2021 to account for future mortality improvements subjected to the 3% floor.

TOWN OF WOODSBORO, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended July 31, 2025

NOTE 6: PENSION PLAN (Continued)

D. Net Pension Asset (Continued)

The actuarial assumptions were developed primarily from the actuarial investigation of the experience of TMRS over the four-year period from December 31, 2018 through 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 by best estimate ranges of expected returns for each major asset class. The long-term expected rate of return is determined by weighting the expected return for each major asset class by the respective target asset allocation percentage. The target allocation and best estimates of expected return for each major asset class in fiscal year 2025 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return (Arithmetic)
Global Equity	35.0%	7.1%
Core Fixed Income	6.0%	5.0%
Non-Core Fixed Income	6.0%	6.8%
Hedge Funds	5.0%	6.4%
Private Equity	13.0%	8.5%
Private Debt	13.0%	8.2%
Real Estate	12.0%	6.7%
Infrastructure	6.0%	6.0%
Other Private Markets	6.0%	7.3%
Total	100.0%	

Discount Rate

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

TOWN OF WOODSBORO, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended July 31, 2025

NOTE 6: PENSION PLAN (Continued)

D. Net Pension Asset (Concluded)

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability(Asset)
	(a)	(b)	(a) - (b)
Balance at 12/31/2023	\$ 1,094,826	\$ 1,159,936	\$ (65,110)
Changes for the year:			
Service cost	62,724	-	62,724
Interest	73,645	-	73,645
Difference between expected and actual experience	(59,234)	-	(59,234)
Contributions - employer	-	36,797	(36,797)
Contributions - employee	-	24,051	(24,051)
Net investment income	-	120,460	(120,460)
Benefit payments, including refunds of employee contributions	(70,311)	(70,311)	-
Administrative expense	-	(773)	773
Other changes	-	(17)	17
Net changes	6,824	110,207	(103,383)
Balance at 12/31/2024	\$ 1,101,650	\$ 1,270,143	\$ (168,493)

Sensitivity of the Net Pension Asset to Changes in the Discount Rate

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

	1% Decrease in Discount Rate (5.75%)	Discount Rate (6.75%)	1% Increase in Discount Rate (7.75%)
Town's Net Pension Asset	\$(10,200)	\$(168,493)	\$(297,799)

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's Fiduciary Net Position is available in the Schedule of Changes in Fiduciary Net Position, by Participating City. That report may be obtained at www.tmr.com.

TOWN OF WOODSBORO, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended July 31, 2025

NOTE 6: PENSION PLAN (Concluded)

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

For the year ended July 31, 2025, the Town recognized pension expense of \$8,673.

At July 31, 2025, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ -	\$65,830
Changes in actuarial assumptions	3,702	-
Difference between projected and actual investment earnings	-	14,870
Contributions subsequent to the measurement date December 31, 2024	15,946	-
Total	\$19,648	\$80,700

\$15,946 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the Net Pension Asset for the year ending July 31, 2025. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended December 31:	Net deferred outflows (inflows) of resources
2025	\$(22,342)
2026	(9,093)
2027	(35,361)
2028	(10,202)
2029	-
Thereafter	-
Total	\$(76,998)

TOWN OF WOODSBORO, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended July 31, 2025

NOTE 7: OTHER POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)

A. Plan Description

The Town also participates in the TMRS' administered defined benefit group-term life insurance plan known as the Supplemental Death Benefits Fund (SDBF). The Town elected, by ordinance, to provide group-term life insurance coverage to both current and retired employees. The Town 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.

B. Benefits

The death benefit for active employees provides a lump-sum payment approximately equal to the employee's annual salary (calculated based on the employee's actual earnings, for the 12-month period preceding the month of death). The death benefit for retirees is considered an "other postemployment benefit" (OPEB) and is a fixed amount of \$7,500. As the SDBF covers both active and retiree participants, with no segregation of assets, the SDBF is considered to be an unfunded OPEB plan (i.e., no assets are accumulated).

Employees covered by benefit terms

At the December 31, 2024 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees currently receiving benefits	4
Inactive employees entitled to but not yet receiving benefits	0
Active employees	8
Total	12

C. Contributions

The Town contributes to the SDBF at a contractually required rate as determined by an annual actuarial valuation. The rate is based on the mortality and service experience of all employees covered by the SDBF and the demographic specific to the workforce of the Town. 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. As such, contributions fund the covered active employee and retiree deaths on a pay-as-you-go basis.

The Town's contributions to the TMRS SDBF for the fiscal year ended July 31, 2025 were \$870, which equaled the required contributions each year.

D. Total OPEB Liability

The Town's total OPEB liability of \$18,377 was measured as of December 31, 2024, and was determined by an actuarial valuation as of that date.

Actuarial assumptions:

The total OPEB liability in the December 31, 2024 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.50% per year
Salary increases	3.60% to 11.85% including inflation
Discount rate	4.08%
Retirees' share of benefit-related costs	\$0

TOWN OF WOODSBORO, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended July 31, 2025

NOTE 7: OTHER POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (Continued)

D. Total OPEB Liability (Concluded)

The discount rate was based on the Bond Buyer "20-Bond GO Index" rate as of December 31, 2024.

Salary increases were based on a graduated service-based scale. Mortality rates for service retirees were based on the 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 for disabled retirees were based on the 2019 Municipal Retirees of Texas Mortality Tables with a 4 year set-forward for males and a 3 year set-forward for females. In addition, a 3.5% and 3% minimum mortality rate will be applied to reflect the impairment for younger members who become disabled for males and females, respectively. The rates are projected on a fully generational basis by the most recent Scale MP-2021 (with immediate convergence) to account for future mortality improvements subject to the floor.

The actuarial assumptions used in the December 31, 2024 valuation were based on the results of an actuarial experience study for the period ending December 31, 2022.

E. Changes in the Total OPEB Liability

	Amount
Balance at 12/31/2023	\$ 16,727
Changes for the year:	
Service cost	1,684
Interest on total OPEB liability	659
Differences between expected and actual experience	595
Changes in assumptions and other inputs	(1,096)
Benefit payments	(192)
Net changes	1,650
Balance at 12/31/2024	\$ 18,377

Changes of assumptions and other inputs reflect a change in the discount rate from 3.77 percent as of December 31, 2023 to 4.08 percent as of December 31, 2024.

Sensitivity of the total OPEB Liability to Changes in the Discount Rate

The following presents the total OPEB liability of the Town, calculated using the discount rate of 4.08%, as well as what the Town's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (3.08%) or 1-percentage-point higher (5.08%) than the current rate:

	1% Decrease in Discount Rate (3.08%)	Discount Rate (4.08%)	1% Increase in Discount Rate (5.08%)
Total OPEB liability	\$22,316	\$18,377	\$15,257

TOWN OF WOODSBORO, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended July 31, 2025

NOTE 7: OTHER POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (Concluded)

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

For the year ended July 31, 2025, the Town recognized OPEB expense of \$1,174.

At July 31, 2025, the Town reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ -	\$2,872
Changes in assumptions and other inputs	-	3,406
Contributions made subsequent to measurement date	N/A	-
Total (excluding contributions made subsequent to measurement date)	\$ -	\$6,278

Deferred outflows of resources related to OPEB resulting from contributions subsequent to the measurement date will not be recognized as a reduction of the total OPEB liability for the year ended July 31, 2025 due to immateriality. Other amounts reported as deferred outflows and inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ended December 31:	Net Deferred Outflows (Inflows) of Resources
2025	(\$1,169)
2026	(1,263)
2027	(1,733)
2028	(2,026)
2029	(138)
Thereafter	51
Total	(\$6,278)

TOWN OF WOODSBORO, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended July 31, 2025

NOTE 8: INTERFUND ASSETS/LIABILITIES

During the course of operations, numerous transactions occur between individual funds that may result in amounts owed between funds. Those related to goods and services type transactions are classified as “due to and from other funds.” Short-term interfund loans are reported as “interfund receivables and payables.” Long-term interfund loans (noncurrent portion) are reported as “advances from and to other funds.”

Interfund assets/liabilities for the year ended July 31, 2025 are as follows:

<u>Fund</u>	<u>Due From Other Funds</u>	<u>Due To Other Funds</u>
General	\$ -	\$ (19,873)
MC Security	749	-
MC Technology	1,732	-
Enterprise	17,392	-
Total Due From/Due To	<u>\$ 19,873</u>	<u>\$ (19,873)</u>

NOTE 9: SPECIAL AGENCY FUND - CONFISCATED FUNDS

A local agreement was made and entered into by and between Town of Woodsboro, Texas Police Department and the District Attorney of the 24th Judicial District of Texas for Refugio County, Texas in accordance with Article 59.06 of Chapter 59 of the Texas Code of Criminal Procedure regarding the effect of the disposition of contraband forfeited to the State of Texas.

In consideration for the services associated with the forfeiture of contraband, Town of Woodsboro, Texas Police Department agrees that forty percent of all money forfeited and forty percent of the final sum received from the sale of real estate shall be retained by the prosecuting attorney to be used for the official purposes of the office. The prosecuting attorney is further entitled to forty percent of the final sum received from the sale of vehicles seized. If the vehicle is retained by the Police Department, the Police Department agrees to pay the prosecuting attorney forty percent of the vehicle’s suggested “Blue Book” value.

The prosecuting attorney agrees that remaining contraband, after retention of the above stated portion for the prosecuting attorney, will be retained by Town of Woodsboro, Texas Police Department for law enforcement purposes.

In the event that the office of the prosecuting attorney, or any other law enforcement agency is required to expend significant time and effort in pre-seizure planning of a seizure and/or arrest, the case will be developed as a joint investigation with the percentage apportioned between the parties commensurate with the time and effort required by each of said parties, and an addendum to the agreement will be executed by the parties as it pertains to the particular seizure and/or arrest.

TOWN OF WOODSBORO, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended July 31, 2025

NOTE 9: SPECIAL AGENCY FUND - CONFISCATED FUNDS (Concluded)

This agreement will apply to money or property seized and forfeited to Town of Woodsboro, Texas Police Department on or after January 1, 2008. Money and property will be considered forfeited to the State once a judgment of forfeiture has become final, and no motion for a new trial or notice of appeal has been taken. Payments to the prosecuting attorney will be made quarterly based on a calendar year. The prosecuting attorney will also be paid interest earned on each quarterly payment from the date of forfeiture until the end of the quarter. All costs of court proceedings will be paid by the Town of Woodsboro, Texas Police Department including the cost of titles searched and title policies issued.

The term of this agreement is for a period of one year from January 1, 2008. The agreement will automatically be renewed on a yearly basis after the initial one-year term. The agreement may be terminated by either party upon thirty days prior written notice thereof to the other of its intention to terminate upon the date specified in such notice. Any pending forfeitures under this agreement filed prior to the termination date, however, will not be affected by such notices.

NOTE 10: RISK MANAGEMENT

The Town is exposed to various risks of loss due to torts, theft of, damage to and destruction of assets, errors and omissions, the health of and injuries to employees and natural disasters. The Town uses commercial insurance to manage these risks. Claims have not exceeded its insurance coverage.

Hurricanes can cause flooding, particularly in coastal regions such as the area where the Town is located. Hurricanes can also cause windstorm and other damage and hurricane induced flooding can submerge roadways, thus preventing evacuation of people and/or property. If a hurricane (or any other natural disaster) destroyed all or part of the Town, the assessed value of property within the Town could be substantially reduced, with a corresponding decrease in tax revenues or increase in the tax rate. Further, there can be no assurance that a casualty loss will be covered by insurance (certain casualties, including flood and windstorm, are usually excluded unless specific insurance is purchased), that any insurance company will fulfill its obligation to provide insurance proceeds, or that insurance proceeds will be used to rebuild or repair any damaged Town property. Even if insurance proceeds are available and the Town is rebuilt, there could be a lengthy period in which assessed values within the Town could be adversely affected. The Gulf Coast region in which the Town is located is subject to occasional destructive weather. There can be no assurance the Town will not endure damage from future meteorological events.

The Town operates in an industry regulated by the Texas Commission on Environmental Quality (TCEQ). As a result, various lawsuits, claims, and legal and regulatory proceedings can be instituted or asserted against the Town.

TOWN OF WOODSBORO, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended July 31, 2025

NOTE 10: RISK MANAGEMENT (Concluded)

During the fiscal year ended July 31, 2017, the Town became a defendant in a lawsuit arising in the normal course of business. Plaintiff, Timothy Lee Dickey purchased a license to operate amusement redemption machines in the Town of Woodsboro, Texas. Mr. Dickey voluntarily paid for these permits and purchased 12 permits in 2016 and 28 permits in 2017, totaling \$84,000. These are permit fees which are the same or similar as charged by other cities and counties in the South Texas area. This case is being vigorously contested by the Town of Woodsboro. In the opinion of Counsel, based on current facts, the outcome is unknown; however, Texas Municipal League (TML) has advised Cities and Towns that any charge in excess of \$15.00 per machine is not authorized by statute. The Plaintiff is seeking monetary damages. On May 3, 2021, the case was mediated; however, it was not resolved. Plaintiff has offered to settle for \$30,000 which the Town rejected. On June 3, 2025, the court ruled in favor of the Town, and the case has been resolved with no liability or loss recognized in the accompanying financial statements. The resolution of this matter did not have a material effect on the Town's financial position, results of operations, or cash flows. This disclosure is provided for completeness and transparency.

NOTE 11: COMMITMENTS AND CONTINGENCIES

As of July 31, 2025, the Town had outstanding Federal grant awards of \$259,156 for critical facility generators at the water and wastewater treatment plants on approved projects by the U.S. Department of Treasury, Federal Emergency Management Agency (FEMA) in which the grant is administered through the Texas Department of Emergency Management (TDEM). The Federal grant funds are not available to the Town until expenses are incurred and therefore, are not recorded as receivables. The grant expenses are subject to audit by the TDEM, the purpose of which is to ensure compliance with conditions precedent to the granting of funds. Any liability for reimbursement that may arise as the result of these audits is not believed to be material by management.

As of July 31, 2025, the Town had outstanding Federal grant awards of \$41,090 to respond to the COVID-19 emergency or its negative economic impacts, provide premium pay for essential workers, replace lost public sector revenue, and invest in water, sewer, and broadband infrastructure on approved projects by the U.S. Department of Treasury, in which the grant is administered through the Texas Division of Emergency Management (TDEM). The Federal grant funds are not available to the Town until expenses are incurred and therefore, are not recorded as receivables. The grant expenses are subject to audit by the TDEM, the purpose of which is to ensure compliance with conditions precedent to the granting of funds. Any liability for reimbursement that may arise as the result of these audits is not believed to be material by management.

TOWN OF WOODSBORO, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended July 31, 2025

NOTE 11: COMMITMENTS AND CONTINGENCIES (Concluded)

As of July 31, 2025, the Town had outstanding Federal grant awards of \$305,701 for sundry repair and replacement projects related to Hurricane Harvey damages on approved projects by the U.S. Department of Treasury, Federal Emergency Management Agency (FEMA), in which the grant is administered through the TDEM. For a large project, the Federal grant funds are not available to the Town until expenses are incurred and therefore, are not recorded as receivables. The grant expenses are subject to audit by TDEM, the purpose of which is to ensure compliance with conditions precedent to the granting of funds. Any liability for reimbursement that may arise as the result of these audits is not believed to be material by management. Amounts received or receivable for small projects are subject to audit and adjustment by FEMA. 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 FEMA cannot be determined at this time although the Town expects such amounts, if any, to be immaterial.

NOTE 12: SUBSEQUENT EVENTS

In preparing these financial statements, events and transactions have been evaluated for potential recognition or disclosure through January 5, 2026, the date the financial statements were available to be issued.

REQUIRED SUPPLEMENTARY INFORMATION

TOWN OF WOODSBORO, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES – BUDGET AND ACTUAL – GENERAL FUND
For the Year Ended July 31, 2025

	Original and Final Budget	Actual Amounts	Variance with Final Budget - Positive (Negative)
REVENUES			
Taxes:			
Property taxes	\$ 418,000	\$ 445,914	\$ 27,914
City sales tax revenue	220,000	188,600	(31,400)
Franchise fees	50,500	54,591	4,091
Municipal court	350,000	236,582	(113,418)
Street	-	869	869
Animal control	400	28	(372)
Licenses, permits and fees	3,000	4,862	1,862
Interest income	3,500	6,844	3,344
Intergovernmental - grant revenue	78,172	48,436	(29,736)
Donations	-	100	100
Miscellaneous	500	7,061	6,561
Total revenues	<u>1,124,072</u>	<u>993,887</u>	<u>(130,185)</u>
EXPENDITURES			
General government	330,353	264,304	66,049
Street	220,230	121,324	98,906
Public safety	317,072	200,443	116,629
Municipal court	213,900	146,103	67,797
Total expenditures	<u>1,081,555</u>	<u>732,174</u>	<u>349,381</u>
Excess (deficiency) of revenues over (under) expenditures	<u>42,517</u>	<u>261,713</u>	<u>219,196</u>
OTHER FINANCING SOURCES (USES)			
Transfers out	-	(2,050)	2,050
Principal payment on loan	(34,514)	(34,512)	(2)
Interest expense	(8,003)	(8,007)	4
Total other financing sources (uses)	<u>(42,517)</u>	<u>(44,569)</u>	<u>(2,052)</u>
Net change in fund balances	<u>\$ -</u>	<u>217,144</u>	<u>\$ 217,144</u>
Fund balances - beginning		<u>940,242</u>	
Fund balances - ending		<u>\$ 1,157,386</u>	

TOWN OF WOODSBORO, TEXAS
NOTE TO REQUIRED SUPPLEMENTARY INFORMATION
For the Year Ended July 31, 2025

NOTE 1: BUDGETS

The budget for the Governmental Fund adopted during the fiscal year by the Town Council was prepared using the modified accrual basis of accounting in accordance with generally accepted accounting principles. The General Fund has a legally adopted budget. The Special Revenue Fund budgetary comparisons are not displayed because this budget was not legally adopted during the current fiscal year.

TOWN OF WOODSBORO, TEXAS
TEXAS MUNICIPAL RETIREMENT SYSTEM
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS (unaudited)
For the Year Ended July 31, 2025

	Measurement Year 2015	Measurement Year 2016	Measurement Year 2017	Measurement Year 2018	Measurement Year 2019	Measurement Year 2020	Measurement Year 2021	Measurement Year 2022	Measurement Year 2023	Measurement Year 2024
Total pension liability										
Service cost	\$ 38,084	\$ 39,754	\$ 46,271	\$ 41,106	\$ 39,661	\$ 44,647	\$ 43,952	\$ 72,859	\$ 70,819	\$ 62,724
Interest (on the total pension liability)	24,744	27,898	31,448	35,490	37,903	41,737	44,615	62,114	69,116	73,645
Changes of benefit terms	-	-	-	-	-	-	-	183,781	-	-
Difference between expected and actual experience	3,564	(3,254)	9,501	(12,245)	(7,655)	(17,216)	168	(7,732)	(27,306)	(59,234)
Change of assumptions	4,814	-	-	-	3,205	-	-	-	5,850	-
Benefit payments, including refunds of employee contributions	<u>(8,221)</u>	<u>(16,237)</u>	<u>(13,887)</u>	<u>(35,623)</u>	<u>(20,125)</u>	<u>(17,486)</u>	<u>(34,889)</u>	<u>(20,574)</u>	<u>(24,381)</u>	<u>(70,311)</u>
Net change in total pension liability	62,985	48,161	73,333	28,728	52,989	51,682	53,846	290,448	94,098	6,824
Total pension liability - beginning	<u>338,556</u>	<u>401,541</u>	<u>449,702</u>	<u>523,035</u>	<u>551,763</u>	<u>604,752</u>	<u>656,434</u>	<u>710,280</u>	<u>1,000,728</u>	<u>1,094,826</u>
Total pension liability - ending (a)	<u>\$ 401,541</u>	<u>\$ 449,702</u>	<u>\$ 523,035</u>	<u>\$ 551,763</u>	<u>\$ 604,752</u>	<u>\$ 656,434</u>	<u>\$ 710,280</u>	<u>\$ 1,000,728</u>	<u>\$ 1,094,826</u>	<u>\$ 1,101,650</u>

TOWN OF WOODSBORO, TEXAS
TEXAS MUNICIPAL RETIREMENT SYSTEM
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS (unaudited) (CONCLUDED)
For the Year Ended July 31, 2025

	Measurement Year 2015	Measurement Year 2016	Measurement Year 2017	Measurement Year 2018	Measurement Year 2019	Measurement Year 2020	Measurement Year 2021	Measurement Year 2022	Measurement Year 2023	Measurement Year 2024
Plan fiduciary net position										
Contributions - employer	\$ 928	\$ -	\$ 1,726	\$ 3,162	\$ 4,892	\$ 3,873	\$ 8,291	\$ 10,782	\$ 40,802	\$ 36,797
Contributions - employee	23,194	23,357	26,965	23,954	23,193	26,171	24,973	27,788	27,238	24,051
Net investment income	888	41,782	92,405	(23,174)	114,344	65,352	122,386	(77,292)	115,754	120,460
Benefit payments, including refunds of employee contributions	(8,221)	(16,237)	(13,887)	(35,623)	(20,125)	(17,486)	(34,889)	(20,574)	(24,381)	(70,311)
Administrative expense	(541)	(472)	(479)	(448)	(647)	(424)	(567)	(670)	(737)	(773)
Other	(27)	(25)	(25)	(22)	(19)	(17)	4	798	(5)	(17)
Net change in plan fiduciary net position	16,221	48,405	106,705	(32,151)	121,638	77,469	120,198	(59,168)	158,671	110,207
Plan fiduciary net position - beginning	601,948	618,169	666,574	773,279	741,128	862,766	940,235	1,060,433	1,001,265	1,159,936
Plan fiduciary net position - ending (b)	<u>\$ 618,169</u>	<u>\$ 666,574</u>	<u>\$ 773,279</u>	<u>\$ 741,128</u>	<u>\$ 862,766</u>	<u>\$ 940,235</u>	<u>\$ 1,060,433</u>	<u>\$ 1,001,265</u>	<u>\$ 1,159,936</u>	<u>\$ 1,270,143</u>
Net pension liability (asset) - ending (a) - (b)	\$ (216,628)	\$ (216,872)	\$ (250,244)	\$ (189,365)	\$ (258,014)	\$ (283,801)	\$ (350,153)	\$ (537)	\$ (65,110)	\$ (168,493)
Plan fiduciary net position as a percentage of total pension liability (asset)	153.95 %	148.23 %	147.84 %	134.32 %	142.66 %	143.23 %	149.30 %	100.05 %	105.95 %	115.29 %
Covered employee payroll	\$ 463,872	\$ 467,148	\$ 539,294	\$ 479,085	\$ 463,869	\$ 523,414	\$ 499,458	\$ 555,750	\$ 544,760	\$ 481,015
Net pension liability (asset) as a percentage of covered employee payroll	(46.70) %	(46.42) %	(46.40) %	(39.53) %	(55.62) %	(54.22) %	(70.11) %	(0.10) %	(11.95) %	(35.03) %

**TOWN OF WOODSBORO, TEXAS
TEXAS MUNICIPAL RETIREMENT SYSTEM
SCHEDULE OF CONTRIBUTIONS (unaudited)
For the Year Ended July 31, 2025**

	Fiscal Year 2016	Fiscal Year 2017	Fiscal Year 2018	Fiscal Year 2019	Fiscal Year 2020	Fiscal Year 2021	Fiscal Year 2022	Fiscal Year 2023	Fiscal Year 2024	Fiscal Year 2025
Actuarially determined contribution	\$ 436	\$ 1,274	\$ 3,205	\$ 4,122	\$ 4,426	\$ 6,525	\$ 9,286	\$ 28,275	\$ 40,133	\$ 29,952
Contributions in relation to the actuarially determined contribution	<u>436</u>	<u>971</u>	<u>2,559</u>	<u>4,122</u>	<u>5,341</u>	<u>7,360</u>	<u>9,286</u>	<u>28,275</u>	<u>40,133</u>	<u>29,952</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ 303</u>	<u>\$ 646</u>	<u>\$ -</u>	<u>\$ (915)</u>	<u>\$ (835)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered employee payroll	\$ 485,011	\$ 503,403	\$ 509,279	\$ 469,038	\$ 514,044	\$ 509,394	\$ 507,528	\$ 561,411	\$ 529,462	\$ 394,015
Contributions as a percentage of covered employee payroll	0.09 %	0.19 %	0.50 %	0.88 %	1.04 %	1.44 %	1.83 %	5.04 %	7.58 %	7.60 %

**TOWN OF WOODSBORO, TEXAS
TEXAS MUNICIPAL RETIREMENT SYSTEM
NOTES TO SCHEDULE OF CONTRIBUTIONS (unaudited)
For the Year Ended July 31, 2025**

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

Methods and Assumptions Used to Determine Contribution Rates:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level of percent of payroll, Closed
Remaining Amortization Period	N/A
Asset Valuation Method	10 Year smoothed market; 12% soft corridor
Inflation	2.50%
Salary Increases	3.60% to 11.85% including inflation
Investment Rate of Return	6.75%
Retirement Age	Experience-based table of rates that are specific to the Town's plan of benefits. Last updated for the 2023 valuation pursuant to an experience study of the period 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).

Other Information:

Notes There were no benefit changes during the year.

**TOWN OF WOODSBORO, TEXAS
TEXAS MUNICIPAL RETIREMENT SYSTEM
SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY AND RELATED RATIOS (unaudited)
For the Year Ended July 31, 2025**

	Measurement Year 2017	Measurement Year 2018	Measurement Year 2019	Measurement Year 2020	Measurement Year 2021	Measurement Year 2022	Measurement Year 2023	Measurement Year 2024
Total OPEB liability								
Service cost	\$ 1,402	\$ 1,437	\$ 1,392	\$ 2,198	\$ 2,697	\$ 2,668	\$ 1,307	\$ 1,684
Interest on total OPEB liability	342	386	509	515	453	500	611	659
Difference between expected and actual experience	-	1,357	(677)	(1,651)	922	(6,732)	688	595
Change of assumptions and other inputs	896	(1,054)	3,441	2,718	713	(7,532)	(102)	(1,096)
Benefit payments	<u>(54)</u>	<u>(48)</u>	<u>(46)</u>	<u>(52)</u>	<u>(200)</u>	<u>(222)</u>	<u>(436)</u>	<u>(192)</u>
Net change in total pension liability	2,586	2,078	4,619	3,728	4,585	(11,318)	2,068	1,650
Total OPEB liability - beginning	<u>8,381</u>	<u>10,967</u>	<u>13,045</u>	<u>17,664</u>	<u>21,392</u>	<u>25,977</u>	<u>14,659</u>	<u>16,727</u>
Total OPEB liability - ending	<u>\$ 10,967</u>	<u>\$ 13,045</u>	<u>\$ 17,664</u>	<u>\$ 21,392</u>	<u>\$ 25,977</u>	<u>\$ 14,659</u>	<u>\$ 16,727</u>	<u>\$ 18,377</u>
Covered employee payroll	\$ 539,294	\$ 479,085	\$ 463,869	\$ 523,414	\$ 499,458	\$ 555,750	\$ 544,760	\$ 481,015
Total OPEB liability as a percentage of covered employee payroll	2.03 %	2.72 %	3.81 %	4.09 %	5.20 %	2.64 %	3.07 %	3.82 %

**TOWN OF WOODSBORO, TEXAS
TEXAS MUNICIPAL RETIREMENT SYSTEM
NOTES TO SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY AND RELATED RATIOS (unaudited)
For the Year Ended July 31, 2025**

NOTE 1: CHANGE OF ASSUMPTIONS

Changes of assumptions and other inputs reflect the effect of change in the discount rate from 3.77 percent as of December 31, 2023 to 4.08 percent as of December 31, 2024.

NOTE 2: OTHER INFORMATION

The Supplemental Death Benefit Fund (SDBF) covers both active and retiree benefits with no segregation of assets, therefore does not meet the definition of a trust under GASB Statement No. 75, paragraph 4b.

OTHER SUPPLEMENTARY INFORMATION

**TOWN OF WOODSBORO, TEXAS
COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
July 31, 2025**

	<u>Municipal Court Security</u>	<u>Municipal Court Technology</u>	<u>Dodson Park</u>	<u>Total Non- Major Govern- mental Funds</u>
ASSETS				
Cash - restricted	\$ 32,040	\$ 43,684	\$ 7,405	\$ 83,129
Due from other government funds	<u>749</u>	<u>1,732</u>	<u>-</u>	<u>2,481</u>
Total assets	<u><u>\$ 32,789</u></u>	<u><u>\$ 45,416</u></u>	<u><u>\$ 7,405</u></u>	<u><u>\$ 85,610</u></u>
LIABILITIES				
Total liabilities	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
FUND BALANCES				
Restricted:				
Municipal court building security	32,789	-	-	32,789
Municipal court technology fund	-	45,416	-	45,416
Dodson Park fund	<u>-</u>	<u>-</u>	<u>7,405</u>	<u>7,405</u>
Total fund balances	<u>32,789</u>	<u>45,416</u>	<u>7,405</u>	<u>85,610</u>
Total liabilities and fund balances	<u><u>\$ 32,789</u></u>	<u><u>\$ 45,416</u></u>	<u><u>\$ 7,405</u></u>	<u><u>\$ 85,610</u></u>

TOWN OF WOODSBORO, TEXAS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
NON-MAJOR GOVERNMENTAL FUNDS
For the Year Ended July 31, 2025

	<u>Municipal Court Security</u>	<u>Municipal Court Technology</u>	<u>Dodson Park</u>	<u>Total Non- Major Govern- mental Funds</u>
REVENUES				
Interest income	\$ 76	\$ 106	\$ 13	\$ 195
Miscellaneous income	<u>3,223</u>	<u>2,848</u>	<u>2,050</u>	<u>8,121</u>
Total revenues	<u>3,299</u>	<u>2,954</u>	<u>2,063</u>	<u>8,316</u>
EXPENDITURES				
Current:				
Parks	<u>-</u>	<u>-</u>	<u>812</u>	<u>812</u>
Total expenditures	<u>-</u>	<u>-</u>	<u>812</u>	<u>812</u>
Excess (deficit) of revenues over expenditures	<u>3,299</u>	<u>2,954</u>	<u>1,251</u>	<u>7,504</u>
OTHER FINANCING SOURCES (USES)				
Transfer in	-	-	2,050	2,050
Transfer out	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>2,050</u>	<u>2,050</u>
Net change in fund balances	3,299	2,954	3,301	9,554
FUND BALANCES, beginning of year	<u>29,490</u>	<u>42,462</u>	<u>4,104</u>	<u>76,056</u>
FUND BALANCES, end of year	<u>\$ 32,789</u>	<u>\$ 45,416</u>	<u>\$ 7,405</u>	<u>\$ 85,610</u>

INDIVIDUAL GRANT INFORMATION

TOWN OF WOODSBORO, TEXAS
GRANT REVENUE AND EXPENSE SCHEDULE
For the Year Ended July 31, 2025

Operation Stonegarden Grant Program
Federal Grantor: Department of Homeland Security, Bureau of Customs and Border Protection
Pass Through Grantor: Texas Department of Public Safety
CFDA Number: 97.067
Grant Number: HS 3194209
Contract Period: March 1, 2024 to February 29, 2025

	Original Budget	Revised Budget	Prior Year	Current Year	Total	Remaining Budget
Revenue:						
Federal/State	\$ 45,772	\$ 43,550	\$ 12,611	\$ 16,988	\$ 29,599	\$ 13,951
Total revenue	45,772	43,550	12,611	16,988	29,599	13,951
Expenditures:						
Federal/State						
Equipment	4,000	4,000	-	-	-	4,000
Personnel	27,550	27,550	10,315	14,640	24,955	2,595
Supplies - DOE	14,222	12,000	2,296	2,348	4,644	7,356
Total expenditures	45,772	43,550	12,611	16,988	29,599	13,951
Excess revenue over expenditures	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

TOWN OF WOODSBORO, TEXAS
GRANT REVENUE AND EXPENSE SCHEDULE
For the Year Ended July 31, 2025

Hazard Mitigation Grant Program
Critical Facility Generators
Federal Grantor: Federal Emergency Management Agency
Pass Through Grantor: Texas Division of Emergency Management
CFDA Number: 97.039
Contract Number: DR-4332-060
Contract Period: April 29, 2019 to May 22, 2022

	Budget	Prior Year	Current Year	Total	Remaining Budget
Revenue:					
Federal/State	\$ 434,267	\$ 175,111	\$ -	\$ 175,111	\$ 259,156
Local match - TDEM	103,397	41,338	-	41,338	62,059
Local match - Town	41,359	14,032	-	14,032	27,327
Total revenue	579,023	230,481	-	230,481	348,542
Expenditures:					
Federal/State					
Project costs	364,087	115,852	-	115,852	248,235
Engineering	49,500	49,500	-	49,500	-
Administration	20,680	9,759	-	9,759	10,921
Local match - TDEM					
Project costs	91,022	28,963	-	28,963	62,059
Engineering	12,375	12,375	-	12,375	-
Local match - Town					
Project costs	30,341	9,654	-	9,654	20,687
Engineering	4,125	4,125	-	4,125	-
Administration	6,893	253	-	253	6,640
Total expenditures	579,023	230,481	-	230,481	348,542
Excess revenue over expenditures	\$ -	\$ -	\$ -	\$ -	\$ -

TOWN OF WOODSBORO, TEXAS
GRANT REVENUE AND EXPENSE SCHEDULE
For the Year Ended July 31, 2025

Federal Grantor: U.S. Department of Treasury
 Pass Through Grantor: Texas Division of Emergency Management
 American Rescue Plan
 Coronavirus State and Local Fiscal Recovery Funds
 AL Number: 97.039
 Contract Period: March 3, 2021 to December 31, 2026

	Original Budget	Prior Year	Current Year	Total	Remaining Budget
Revenue:					
Federal/State	\$ 350,068	\$ 350,068	\$ -	\$ 350,068	\$ -
Total revenue	350,068	350,068	-	350,068	-
Expenditures:					
Federal/State					
COVID-related expenses	350,068	180,454	128,524	308,978	41,090
Total expenditures	350,068	180,454	128,524	308,978	41,090
Excess revenue over expenditures	\$ -	\$ 169,614	\$ (128,524)	\$ 41,090	\$ (41,090)

TOWN OF WOODSBORO, TEXAS
GRANT REVENUE AND EXPENSE SCHEDULE
For the Year Ended July 31, 2025

Public Assistance Grant Program
Federal Grantor: Federal Emergency Management Agency
Pass Through Grantor: Texas Division of Emergency Management
CFDA Number: 97.036
Grant Number: 4332-DR, Texas Hurricane Harvey
Contract Period: August 25, 2017 to February 25, 2019, various extensions through August 25, 2021

	Budget	Prior Year	Current Year	Total
Revenue:				
Federal	\$ 1,161,946	\$ 856,245	\$ -	\$ 856,245
Local match - State	62,702	26,995	-	26,995
Local match - Town	59,798	23,079	-	23,079
Total revenue	1,284,446	906,319	-	906,319
Expenditures:				
Federal				
Emergency protective measures	59,447	59,477	-	59,477
Lift station fence	3,812	1,327	-	1,327
Backhoe barn storage building	17,993	17,993	-	17,993
Wastewater treatment plant	73,488	73,488	-	73,488
City building	20,129	3,705	-	3,705
Town square	9,874	9,874	-	9,874
Stockpile yard fence	12,450	12,450	-	12,450
Elevated water storage tank	8,757	8,757	-	8,757
Baseball field/concession stand	53,679	30,009	-	30,009
WWTP contents	11,546	11,546	-	11,546
WTP contents	5,369	5,369	-	5,369
Ditches/city wide	99,075	99,077	-	99,077
Fire house	436,271	436,271	-	436,271
Water treatment plant	154,720	14,360	-	14,360
Street signs/city wide	140,288	64,404	-	64,404
PAAP-DAC	55,048	44,355	-	44,355
Total Federal expenditures	1,161,946	892,462	-	892,462

TOWN OF WOODSBORO, TEXAS
GRANT REVENUE AND EXPENSE SCHEDULE (CONCLUDED)
For the Year Ended July 31, 2025

	<u>Budget</u>	<u>Prior Year</u>	<u>Current Year</u>	<u>Total</u>
Expenditures (continued)				
Local match - State				
Emergency protective measures	-	-	-	-
Lift station fence	318	-	-	-
Backhoe barn storage building	1,499	1,499	-	1,499
Wastewater treatment plant	6,124	6,124	-	6,124
City building	1,677	-	-	-
Town square	823	486	-	486
Stockpile yard fence	1,037	1,037	-	1,037
Elevated water storage tank	730	730	-	730
Baseball field/concession stand	4,473	-	-	-
WWTP contents	962	8	-	8
WTP contents	447	447	-	447
Ditches/city wide	8,256	8,256	-	8,256
Fire house	36,356	8,408	27,948	36,356
Water treatment plant	-	-	-	-
Street signs/city wide	-	-	-	-
PAAP-DAC	-	-	-	-
Total local match-State expenditures	<u>62,702</u>	<u>26,995</u>	<u>27,948</u>	<u>54,943</u>
Local match - Town				
Emergency protective measures	-	-	-	-
Lift station fence	106	-	-	-
Backhoe barn storage building	500	500	-	500
Wastewater treatment plant	2,041	2,041	-	2,041
City building	560	-	-	-
Town square	274	-	-	-
Stockpile yard fence	346	346	-	346
Elevated water storage tank	243	243	-	243
Baseball field/concession stand	1,491	-	-	-
WWTP contents	321	-	-	-
WTP contents	150	150	-	150
Ditches/city wide	2,752	2,752	-	2,752
Fire house	12,119	12,119	-	12,119
Water treatment plant	17,191	-	-	-
Street signs/city wide	15,588	-	-	-
PAAP-DAC	6,116	4,928	-	4,928
Total local match-Town expenditures	<u>59,798</u>	<u>23,079</u>	<u>-</u>	<u>23,079</u>
Total expenditures	<u>1,284,446</u>	<u>942,536</u>	<u>27,948</u>	<u>970,484</u>
Excess revenue over expenditures	<u>\$ -</u>	<u>\$ (36,217)</u>	<u>\$ (27,948)</u>	<u>\$ (64,165)</u>