

Honorable Mayor
and City Council
City of Jonestown, Texas

We have audited the financial statements of the City of Jonestown, Texas ("City"), as of and for the year ended September 30, 2025, and have issued our report thereon dated March 23, 2026. Professional standards require that we advise you of the following matters relating to our audit.

Our Responsibility in Relation to the Financial Statement Audit

As communicated in our engagement letter dated December 11, 2025, our responsibility, as described by professional standards, is to form and express opinions about whether the financial statements that have been prepared by management with your oversight are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America. Our audit of the financial statements does not relieve you or management of your respective responsibilities.

Our responsibility, as prescribed by professional standards, is to plan and perform our audit to obtain reasonable, rather than absolute, assurance about whether the financial statements are free of material misstatement. An audit of financial statements includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over financial reporting. Accordingly, as part of our audit, we considered the internal control of the City solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

We are also responsible for communicating significant matters related to the audit that are, in our professional judgment, relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures for the purpose of identifying other matters to communicate to you.

Planned Scope and Timing of the Audit

We conducted our audit consistent with the planned scope and timing we previously communicated to you.

Compliance with All Ethics Requirements Regarding Independence

The engagement team, others in our firm, and, as appropriate, our firm have complied with all relevant ethical requirements regarding independence.

As a part of the engagement, we assisted in preparing the financial statements, and related notes to the financial statements of the City in conformity with U.S. generally accepted accounting principles based on information provided by you. These nonaudit services do not constitute an audit under *Government Auditing Standards* and such services were not conducted in accordance with *Government Auditing Standards*.

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In order to reduce threats to our independence caused by these nonattest services to an acceptable level, we applied certain safeguards. These safeguards include a concurring review, which is a review of the financial statements and key audit areas which is performed by an individual who has adequate experience in audits of local governments, but who was not involved in this audit engagement. The concurring reviewer serves as an evaluator of the performance of the engagement team and the nonattest services provided.

In addition, management assumed responsibility for the financial statements, related notes to the financial statements, and any other nonaudit services we provided. Management acknowledged in the management representation letter our assistance with the preparation of the financial statements and related notes to the financial statements, and that these items were reviewed and approved prior to their issuance and accepted responsibility for them. Further, the nonaudit services were overseen by an individual within management that has the suitable skill, knowledge, or experience; evaluated the adequacy and results of the services; and accepted responsibility for them.

Significant Risks Identified

We have identified the following significant risks during our audit process, which required special audit consideration:

<u>Significant Risk Identified</u>	<u>Reasoning for Special Audit Consideration</u>
Management override of controls	There is a presumption in all audits that a significant risk of fraud exists associated with management override of controls.

Based on the testwork performed in these areas, no material misstatements, significant deficiencies or material weaknesses were found.

Qualitative Aspects of the City's Significant Accounting Practices

Significant Accounting Policies

Management has the responsibility to select and use appropriate accounting policies. A summary of the significant accounting policies adopted by the City is included in the notes to the financial statements. During the current fiscal year, the City changed its method for recognizing vacation and sick leave liabilities by implementing new accounting guidance, Government Accounting Standards Board (GASB) Statement No. 101, *Compensated Absences*. New note disclosures were added, and the cumulative effect of this accounting change has been reported in the financial statements. No matters have come to our attention that would require us, under professional standards, to inform you about (1) the methods used to account for significant unusual transactions and (2) the effect of significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.

Significant Accounting Estimates

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's current judgments. Those judgments are normally based on knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ markedly from management's current judgments.

The most sensitive accounting estimates affecting the financial statements are:

Management's estimate of the useful lives of capital assets is based on the expected lifespan of the asset in accordance with standard guidelines. We evaluated the key factors and assumptions used to develop the estimate of useful lives in determining that it is reasonable in relation to the financial statements taken as a whole and in relation to the applicable opinion units.

Management's estimate of the allowance for uncollectible receivables is based on historical collections. We evaluated the key factors and assumptions used to develop the allowance for uncollectible receivables in determining that it is reasonable in relation to the financial statements taken as a whole and in relation to the applicable opinion units.

Management's estimate of the compensated absences liability for unused leave is based on past trends in how employees earn and use their time off and their average pay rates. We reviewed the key information and assumptions used to make this estimate and found them to be reasonable in relation to the financial statements as a whole and in relation to the applicable opinion units.

Management's estimate of the net pension and other postemployment benefit (OPEB) liabilities is based on actuarial assumptions which are determined by the demographics of the plan and future projections that the actuarial makes based on historical information of the plan and the investment market. We evaluated the key factors and assumptions used to develop the net pension and OPEB liabilities and determined that it is reasonable in relation to the basic financial statements taken as a whole and in relation to the applicable opinion units.

Financial Statement Disclosures

Certain financial statement disclosures involve significant judgment and are particularly sensitive because of their significance to financial statement users. The most sensitive disclosures affecting the City's financial statements relate to long-term liabilities. The disclosures in the financial statements are neutral, consistent, and clear.

Significant Difficulties Encountered during the Audit

We encountered no significant difficulties in dealing with management relating to the performance of the audit.

Uncorrected and Corrected Misstatements

For purposes of this communication, professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that we believe are trivial, and communicate them to the appropriate level of management. Further, professional standards require us to also communicate the effect of uncorrected misstatements related to prior periods on the relevant classes of transactions, account balances or disclosures, and the financial statements as a whole and each applicable opinion unit. Management has corrected all identified misstatements.

In addition, professional standards require us to communicate to you all material, corrected misstatements that were brought to the attention of management as a result of our audit procedures. None of the misstatements identified by us as a result of our audit procedures and corrected by management were material, either individually or in the aggregate, to the financial statements taken as a whole or applicable opinion units.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter, which could be significant to the City's financial statements or the auditor's report. No such disagreements arose during the course of the audit.

Representations Requested from Management

We have requested certain written representations from management, which are included in the management representation letter dated March 23, 2026.

Management's Consultations with Other Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters. Management informed us that, and to our knowledge, there were no consultations with other accountants regarding auditing and accounting matters.

Other Significant Matters, Findings, or Issues

In the normal course of our professional association with the City, we generally discuss a variety of matters, including the application of accounting principles and auditing standards, operating and regulatory conditions affecting the entity, and operational plans and strategies that may affect the risks of material misstatement. None of the matters discussed resulted in a condition to our retention as the City's auditors.

New Accounting Pronouncements

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

GASB Statement No. 103, *Financial Reporting Model Improvements* – The objective of this Statement is to improve key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government’s accountability and address certain application issues. The requirements for Statement No. 103 are effective for fiscal years beginning after June 15, 2025, and the impact has not yet been determined.

GASB Statement No. 104, *Disclosure of Certain Capital Assets* – The objective of this Statement is to provide users of government financial statements with essential information about certain types of capital assets. This Statement requires certain types of capital assets to be presented separately in the note disclosures, including right-to-use assets related to leases, Subscription-Based Information Technology Arrangements, and public-private or public-public partnerships. Other intangible assets are also required to be presented separately by major class. Additional disclosures have also been required for capital assets held for sale. This Statement will become effective for reporting periods beginning after June 15, 2025, and the impact has not yet been determined.

GASB Statement No 105, *Subsequent Events* – The objective of this Statement is to improve the financial reporting requirements for subsequent events, thereby enhancing consistency in their application and better meeting the information needs of financial statement users. This Statement will become effective for fiscal years beginning after June 15, 2026, and the impact has not yet been determined.

Restriction on Use

This report is intended solely for the information and use of the City Council and management of the City of Jonestown, Texas, and is not intended to be and should not be used by anyone other than these specified parties.

Pattillo, Brown & Hill, L.L.P.

Waco, Texas
March 23, 2026

**ANNUAL
FINANCIAL REPORT
CITY OF JONESTOWN, TEXAS
FOR THE FISCAL YEAR ENDED
SEPTEMBER 30, 2025**

**Tracie Hlavinka
City Administrator**

**Prepared by
Finance Department**

CITY OF JONESTOWN, TEXAS

ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED SEPTEMBER 30, 2025

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FINANCIAL SECTION

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INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and
Members of the City Council
City of Jonestown, Texas

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Jonestown, Texas (the "City") as of and for the year ended September 30, 2025, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the financial statements present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City as of September 30, 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 (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis of Matter – Accounting Change

As discussed in Note I to the basic financial statements, during the year ended September 30, 2025, the City implemented Governmental Accounting Standards Board (GASB) Statement No. 101, *Compensated Absences*. Our opinions are not modified with respect to this matter.

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.

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City’s basic financial statements. The combining and individual nonmajor fund financial statements and schedules 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. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 23, 2026, on our consideration of the City’s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City’s internal control over financial reporting and compliance.

Pattillo, Brown & Hill, L.L.P.

Waco, Texas
March 23, 2026

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MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the City of Jonestown (City), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended September 30, 2025.

Financial Highlights

- At the end of the current fiscal year, the City's governmental activities (full accrual presentation) net position increased by \$1,470,355 as a result of this year's current operations to end at \$16,647,295.
- At the end of the current fiscal year, the City's General Fund reported an ending fund balance of \$2,418,295 after a net decrease of \$1,188,244. The City's Streets Fund reported an ending fund balance of \$865,087 after a net increase of \$162,905. The Debt Service Fund reported an ending fund balance of \$167,786 after a net decrease of \$10,831. The Capital Projects Fund reported an ending fund balance of \$1,770,311 after a net decrease of \$384,055.
- At the end of the current fiscal year, the City's proprietary funds reported total ending net position of \$2,849,451 after the cumulative increase of \$111,311.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements comprise three components: (1) government-wide financial statements, (2) fund financial statements and (3) notes to the financial statements. This report also includes supplementary information intended to furnish additional detail to support the basic financial statements themselves.

Government-wide Financial Statements

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

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

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

Both government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the City include general government, public safety, highways and streets, sanitation, and culture and recreation. The business-type activities of the City include a wastewater utility and rental activities.

The government-wide financial statements can be found immediately following this management discussion and analysis.

Fund Financial Statements

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

Governmental Funds

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

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

The City maintains 12 individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the General Fund, Streets Fund, Capital Projects Fund, Debt Service Fund, and Capital Expenditures Fund, which are considered to be major funds. Data from the other 7 governmental funds are combined into a single, aggregated presentation.

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

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

Proprietary Funds

The City has the option of maintaining two different types of proprietary funds. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The City uses an enterprise fund to account for the Plaza Fund and the Northshore Wastewater Utility System Fund. *Internal service funds* are an accounting device used to accumulate and allocate costs internally among a City's functions. The City is not currently utilizing an internal service fund.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the Plaza Fund and the Northshore Wastewater Utility System Fund, which are considered to be major funds.

The basic proprietary fund financial statements can be found immediately following the governmental fund financial statements.

Notes to the Basic Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found immediately following the fund financial statements.

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the City's progress in funding its obligation to provide pension and OPEB benefits to its employees and certain budgetary comparisons. Required supplementary information can be found immediately following the notes to the basic financial statements.

The combining and individual fund financial statements and schedules referred to earlier in connection with non-major governmental funds are presented immediately following the required supplementary information. This information can be found immediately following the required supplementary information.

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government’s financial position. The assets and deferred outflows of resources of the City exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$16,647,295 and \$2,849,451 (net position) for governmental and business-type activities, respectively. At the end of the current fiscal year, the City can report positive balances in all three categories of net position, both for the government as a whole, as well as for its separate governmental and business-type activities.

The following table provides a summary of the City’s net position as of September 30, 2025, and 2024:

CITY OF JONESTOWN’S NET POSITION **For the Years Ended September 30, 2025, and 2024**

	Governmental Activities		Business-type Activities		Totals	
	2025	2024	2025	2024	2025	2024
Current and other assets	\$ 7,559,321	\$ 8,912,924	\$ 1,074,132	\$ 1,236,292	\$ 8,633,453	\$ 10,149,216
Capital assets	10,354,357	8,210,353	1,899,299	1,914,301	12,253,656	10,124,654
Total assets	<u>17,913,678</u>	<u>17,123,277</u>	<u>2,973,431</u>	<u>3,150,593</u>	<u>20,887,109</u>	<u>20,273,870</u>
Deferred outflows of resources	144,396	176,775	-	-	144,396	176,775
Current and other liabilities	227,598	286,724	127,590	145,516	355,188	432,240
Long-term liabilities	1,086,160	1,572,666	-	-	1,086,160	1,572,666
Total liabilities	<u>1,313,758</u>	<u>1,859,390</u>	<u>127,590</u>	<u>145,516</u>	<u>1,441,348</u>	<u>2,004,906</u>
Deferred inflows of resources	97,021	127,730	200,203	266,937	297,224	394,667
Net position:						
Net investment in						
capital assets	9,573,167	6,793,477	1,899,299	1,914,301	11,472,466	8,707,778
Restricted	1,194,765	1,168,747	-	-	1,194,765	1,168,747
Unrestricted	<u>5,879,363</u>	<u>7,350,708</u>	<u>950,152</u>	<u>823,839</u>	<u>6,829,515</u>	<u>8,174,547</u>
Total net position	<u>\$ 16,647,295</u>	<u>\$ 15,312,932</u>	<u>\$ 2,849,451</u>	<u>\$ 2,738,140</u>	<u>\$ 19,496,746</u>	<u>\$ 18,051,072</u>

\$11,472,466 or 59% of total net position, reflects its investment in capital assets (e.g., land, buildings, infrastructure, machinery and equipment), less any related debt used to acquire those assets that is still outstanding. Although the City’s investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the City’s total net position amounting to \$1,194,765 or 6% of overall net position, represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$6,829,515(35%) is unrestricted and may be used to meet the City’s ongoing obligations to its citizens and creditors.

The City’s overall net position increased by \$1,581,666 from the prior fiscal year. The reasons for this increase are discussed in the following sections for governmental activities and business-type activities.

CITY OF JONESTOWN'S CHANGES IN NET POSITION
For the Years Ended September 30, 2025, and 2024

	Governmental Activities		Business-type Activities		Totals	
	2025	2024	2025	2024	2025	2024
Revenues:						
Program revenue:						
Charges for services	\$ 554,893	\$ 718,643	\$ 473,799	\$ 456,860	\$ 1,028,692	\$ 1,175,503
Operating grants and contributions	158,691	362,698	-	-	158,691	362,698
General revenues:						
Property taxes	4,496,661	4,260,805	-	-	4,496,661	4,260,805
Other taxes	672,577	622,984	-	-	672,577	622,984
Grant and contributions not restricted to specific programs	-	363	42,919	30,884	42,919	31,247
Other	457,702	496,805	7,739	5,018	465,441	501,823
Total revenues	<u>6,340,524</u>	<u>6,462,298</u>	<u>524,457</u>	<u>492,762</u>	<u>6,864,981</u>	<u>6,955,060</u>
Expenses:						
General government	1,302,992	984,105	-	-	1,302,992	984,105
Public safety	2,096,498	2,008,656	-	-	2,096,498	2,008,656
Highways and streets	316,062	195,967	-	-	316,062	195,967
Sanitation	704,589	588,246	-	-	704,589	588,246
Culture and recreation	393,217	423,965	-	-	393,217	423,965
Interest on long-term debt	21,811	32,457	-	-	21,811	32,457
Plaza enterprise	-	-	74,034	123,276	74,034	123,276
Wastewater utility	-	-	374,112	369,586	374,112	369,586
Total expenses	<u>4,835,169</u>	<u>4,233,396</u>	<u>448,146</u>	<u>492,862</u>	<u>5,283,315</u>	<u>4,726,258</u>
Increases in net position						
before transfers	1,505,355	2,228,902	76,311	(100)	1,581,666	2,228,802
Transfers	(35,000)	(35,000)	35,000	35,000	-	-
Change in net position	1,470,355	2,193,902	111,311	34,900	1,581,666	2,228,802
Net position, beginning	<u>15,312,932</u>	<u>13,119,030</u>	<u>2,738,140</u>	<u>2,703,240</u>	<u>18,051,072</u>	<u>15,822,270</u>
Restatements	(135,992)	-	-	-	(135,992)	-
Net position, ending	<u>\$ 16,647,295</u>	<u>\$ 15,312,932</u>	<u>\$ 2,849,451</u>	<u>\$ 2,738,140</u>	<u>\$ 19,496,746</u>	<u>\$ 18,051,072</u>

Governmental Activities

For the current fiscal year ended, the increase in net position was 35%. The overall increase is consistent with the City's budgeted projections and prior year activity.

Business-type Activities

For the City's business-type activities, net position increased by \$111,311 from the prior fiscal year for an ending balance of \$2,849,451.

Financial Analysis of the City's Funds

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

Governmental Funds

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

At the close of the current fiscal year, the City's governmental funds reported a combined ending fund balance of \$7,037,572, a decrease from the prior year. Key elements of this decrease include a \$1.8 million land purchase in fiscal year 2025.

The General Fund is the chief operating fund of the City. At the close of the current fiscal year, unassigned fund balance was \$2,403,748. The General Fund balance decreased by \$1,188,244 from the prior year. This decrease is primarily attributed to the City's \$1.8 million land purchase in fiscal year 2025.

At the close of the current fiscal year, the City's Streets Fund reported a fund balance of \$865,087, an increase of \$162,905 from the prior year. This increase is primarily attributed to a transfer in from the general fund for planned street projects.

The Capital Projects Fund was created to account for the accumulation of resources for the construction of capital projects through debt proceeds and other committed governmental activity resources. At the close of the current fiscal year, the City's Capital Projects Fund reported a fund balance of \$1,770,311. The \$384,055 decrease in fund balance is attributed to capital projects that were planned for fiscal year 2025.

The Capital Expenditures Fund was created to account for resources assigned for capital projects. At the close of the current fiscal year, the City's Capital Expenditures fund reported a fund balance of \$349,184. This represents an increase of \$20,757 from a transfer in from general fund.

At the close of the current fiscal year, the City's Debt Service Fund reported an increase in fund balance of \$10,831.

Proprietary Funds

Proprietary funds are used to report the same type of information found in the business-type activities in the government-wide financial statements. The City uses an enterprise fund to account for its wastewater utility and its Plaza Enterprise Fund.

At year-end, the unrestricted net position of the Plaza Enterprise Fund was \$357,646 and the Northshore Wastewater Utility System Fund was \$592,506. The change in net position for the funds was \$51,294 and \$60,017, respectively.

General Fund Budgetary Highlights

Differences between the original budget and the final amended budget primarily relate to an increase in expenditures for a \$1.8 million land purchase. Actual revenues were less than budgeted revenues by \$88,505. This underage was offset by a \$475,769 cost savings compared to budgeted expenditures.

Capital Asset and Debt Administration

Capital Assets

At the end of fiscal year 2025, the City's governmental activities and business-type activities had invested \$10,354,357 and \$1,899,299, respectively, in a variety of capital assets as reflected in the following schedule. This represents an increase of \$2,144,044 or 26% over the end of last fiscal year for the governmental activities' capital assets and a decrease of \$15,002 or 1% for the business-type activities.

The following table shows the balances on September 30, 2025, and 2024:

	Governmental Activities		Business-type Activities		Totals	
	2025	2024	2025	2024	2025	2024
Land	\$ 2,047,313	\$ 245,350	\$ 407,360	\$ 407,360	\$ 2,454,673	\$ 652,710
Construction in progress	694,810	157,870	-	-	694,810	157,870
Buildings and improvements	1,557,891	1,522,189	2,946,520	2,869,081	4,504,411	4,391,270
Infrastructure	8,214,423	7,927,328	-	-	8,214,423	7,927,328
Machinery and equipment	2,233,143	2,352,847	7,100	7,100	2,240,243	2,359,947
Right-to-use equipment	200,810	200,810	-	-	200,810	200,810
Less accumulated depreciation	(4,594,033)	(4,196,041)	(1,461,681)	(1,369,240)	(6,055,714)	(5,565,281)
Total capital assets	<u>\$ 10,354,357</u>	<u>\$ 8,210,353</u>	<u>\$ 1,899,299</u>	<u>\$ 1,914,301</u>	<u>\$ 12,253,656</u>	<u>\$ 10,124,654</u>

Additional information regarding the City's capital assets can be found in the notes to the basic financial statements.

Long-term Liabilities

At the end of the current fiscal year, the City had total bonded debt outstanding of \$180,000 and tax notes of \$535,000. Additionally, the City had long-term obligations related to compensated absences amounting to \$213,704 and leases payable of \$66,190.

A schedule of long-term debt at September 30, 2025, and 2024, follows:

	Governmental Activities	
	2025	2024
General obligation bonds	\$ 180,000	\$ 235,000
Tax notes	535,000	1,060,000
Leases payable	66,190	120,736
Compensated absences	<u>213,704</u>	<u>72,373</u>
Totals	<u>\$ 994,894</u>	<u>\$ 1,488,109</u>

Note that the above table reflects the City’s implementation of GASB Statement No. 101, *Compensated Absences*, for 2025 and 2024. The liability now includes the estimated portion of accumulated sick leave that will be paid in future years. The other portion of compensated absences related to vacation payable was not significantly affected by GASB 101 because all vacation leave vests and is paid upon termination; thus, those amounts were already reported under existing standards.

The City’s total long-term liabilities decreased by \$493,215 during the current fiscal year due primarily to scheduled debt payments. Additional information regarding the City’s long-term debt can be found in the notes to the basic financial statements.

Economic Factors and Next Year’s Budget and Rates

The adopted budget for the City’s General Fund for fiscal year 2025-2026 is approximately \$5.3 million, which reflects an approximate increase of \$96,797 from the fiscal year 2024-2025 General Fund adopted budget. The adopted tax rates to finance General Fund and Debt Service Fund operations were \$0.3448 and \$0.0534 respectively, for a total tax rate of \$0.3981 per \$100 valuation.

Requests for Information

This financial report is designed to provide a general overview of the City’s finances for all those with an interest in the City’s finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Office of the Finance Director, 18649 FM 1431, Suite 4A, Jonestown, Texas, 78645, or by calling (512) 267-3243.

**BASIC
FINANCIAL STATEMENTS**

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CITY OF JONESTOWN, TEXAS

STATEMENT OF NET POSITION

SEPTEMBER 30, 2025

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 7,077,492	\$ 1,044,662	\$ 8,122,154
Taxes receivable, net	331,848	-	331,848
Accounts receivable, net	63,001	233,283	296,284
Prepaid items	14,547	-	14,547
Net pension asset	72,433	-	72,433
Capital assets:			
Nondepreciable	2,742,123	407,360	3,149,483
Depreciable, net	<u>7,612,234</u>	<u>1,491,939</u>	<u>9,104,173</u>
Total capital assets	<u>10,354,357</u>	<u>1,899,299</u>	<u>12,253,656</u>
Total assets	<u>17,913,678</u>	<u>3,177,244</u>	<u>21,090,922</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows related to pensions	131,284	-	131,284
Deferred outflows related to OPEB	<u>13,112</u>	<u>-</u>	<u>13,112</u>
Total deferred outflows of resources	<u>144,396</u>	<u>-</u>	<u>144,396</u>
LIABILITIES			
Accounts payable	111,067	20,388	131,455
Accrued liabilities	75,728	2,390	78,118
Accrued interest payable	1,219	-	1,219
Unearned revenue	-	7,780	7,780
Due to other governments	29,332	-	29,332
Other current liabilities	10,252	57,850	68,102
Customer deposits	-	39,182	39,182
Noncurrent liabilities:			
Due within one year:			
Long-term debt	792,845	-	792,845
Total OPEB liability	2,302	-	2,302
Due in more than one year:			
Long-term debt	202,049	-	202,049
Total OPEB liability	<u>88,964</u>	<u>-</u>	<u>88,964</u>
Total liabilities	<u>1,313,758</u>	<u>127,590</u>	<u>1,441,348</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows related to leases	-	200,203	200,203
Deferred inflows related to pensions	75,082	-	75,082
Deferred inflows related to OPEB	<u>21,939</u>	<u>-</u>	<u>21,939</u>
Total deferred inflows of resources	<u>97,021</u>	<u>200,203</u>	<u>297,224</u>
NET POSITION			
Net investment in capital assets	9,573,167	1,899,299	11,472,466
Restricted for:			
Net pension asset	72,433	-	72,433
Municipal court	142,967	-	142,967
Debt service	188,819	-	188,819
Parks	184,620	-	184,620
Public safety	4,352	-	4,352
Tourism	581,508	-	581,508
Library	20,066	-	20,066
Unrestricted	<u>5,879,363</u>	<u>950,152</u>	<u>6,829,515</u>
Total net position	<u>\$ 16,647,295</u>	<u>\$ 2,849,451</u>	<u>\$ 19,496,746</u>

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

CITY OF JONESTOWN, TEXAS

STATEMENT OF ACTIVITIES

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2025

Function/Program Activities	Expenses	Program Revenues	
		Charges for Services	Operating Grants and Contributions
Governmental activities:			
General government	\$ 1,302,992	\$ 60,434	\$ 1,877
Public safety	2,096,498	453,709	4,214
Highways and streets	316,062	-	152,600
Sanitation	704,589	-	-
Culture and recreation	393,217	40,750	-
Interest on long-term debt	21,811	-	-
Total governmental activities	<u>4,835,169</u>	<u>554,893</u>	<u>158,691</u>
Business-type activities:			
Plaza	74,034	71,134	-
Northshore wastewater utility	<u>374,112</u>	<u>402,665</u>	<u>-</u>
Total business-type activities	<u>448,146</u>	<u>473,799</u>	<u>-</u>
 Total	 <u>\$ 5,283,315</u>	 <u>\$ 1,028,692</u>	 <u>\$ 158,691</u>

General revenues:
 Taxes:
 Property
 Sales and mixed beverage
 Hotel/motel
 Franchise
 Unrestricted investment earnings
 Miscellaneous
 Gain on sale of assets
 Transfers
 Total general revenues and transfers

Change in net position
 Net position, beginning, as previously reported
 Restatement - change in accounting principle
 Net position, beginning, as restated
 Net position, ending

Net (Expense) Revenues and Changes in Net Position

<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
\$ (1,240,681)	\$ -	\$ (1,240,681)
(1,638,575)	-	(1,638,575)
(163,462)	-	(163,462)
(704,589)	-	(704,589)
(352,467)	-	(352,467)
(21,811)	-	(21,811)
<u>(4,121,585)</u>	<u>-</u>	<u>(4,121,585)</u>
-	(2,900)	(2,900)
-	<u>28,553</u>	<u>28,553</u>
-	<u>25,653</u>	<u>25,653</u>
<u>(4,121,585)</u>	<u>25,653</u>	<u>(4,095,932)</u>
4,496,661	-	4,496,661
399,824	-	399,824
108,102	-	108,102
164,651	-	164,651
335,205	42,919	378,124
5,163	7,739	12,902
117,334	-	117,334
(35,000)	<u>35,000</u>	<u>-</u>
<u>5,591,940</u>	<u>85,658</u>	<u>5,677,598</u>
<u>1,470,355</u>	<u>111,311</u>	<u>1,581,666</u>
15,312,932	2,738,140	18,051,072
<u>(135,992)</u>	<u>-</u>	<u>(135,992)</u>
<u>15,176,940</u>	<u>2,738,140</u>	<u>17,915,080</u>
<u>\$ 16,647,295</u>	<u>\$ 2,849,451</u>	<u>\$ 19,496,746</u>

CITY OF JONESTOWN, TEXAS

BALANCE SHEET
GOVERNMENTAL FUNDS

SEPTEMBER 30, 2025

	<u>General</u>	<u>Streets</u>	<u>Capital Projects</u>
ASSETS			
Cash and cash equivalents	\$ 2,397,649	\$ 865,087	\$ 1,770,311
Taxes receivable, net	272,177	-	-
Accounts receivable, net	63,001	-	-
Prepaid items	14,547	-	-
Total assets	<u>2,747,374</u>	<u>865,087</u>	<u>1,770,311</u>
LIABILITIES, DEFERRED INFLOWS, AND FUND BALANCES			
Liabilities:			
Accounts payable	13,082	-	-
Accrued liabilities	75,728	-	-
Due to other governments	29,332	-	-
Other	10,252	-	-
Total liabilities	<u>128,394</u>	<u>-</u>	<u>-</u>
Deferred inflows of resources:			
Unavailable revenue - property taxes	137,672	-	-
Unavailable revenue - municipal court	63,013	-	-
Total deferred inflows of resources	<u>200,685</u>	<u>-</u>	<u>-</u>
Fund balances:			
Nonspendable:			
Prepaid items	14,547	-	-
Restricted:			
Municipal court	-	-	-
Debt service	-	-	-
Parks	-	-	-
Public safety	-	-	-
Tourism	-	-	-
Library	-	-	-
Committed:			
Landscape	-	-	-
Capital projects	-	865,087	1,770,311
Assigned:			
Capital projects	-	-	-
Unassigned	2,403,748	-	-
Total fund balances	<u>2,418,295</u>	<u>865,087</u>	<u>1,770,311</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 2,747,374</u>	<u>\$ 865,087</u>	<u>\$ 1,770,311</u>

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

<u>Debt Service</u>	<u>Capital Expenditures</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
\$ 165,305	\$ 446,766	\$ 1,432,374	\$ 7,077,492
24,733	-	34,938	331,848
-	-	-	63,001
-	-	-	14,547
<u>190,038</u>	<u>446,766</u>	<u>1,467,312</u>	<u>7,486,888</u>
-	97,582	403	111,067
-	-	-	75,728
-	-	-	29,332
-	-	-	10,252
<u>-</u>	<u>97,582</u>	<u>403</u>	<u>226,379</u>
22,252	-	-	159,924
-	-	-	63,013
<u>22,252</u>	<u>-</u>	<u>-</u>	<u>222,937</u>
-	-	-	14,547
-	-	142,967	142,967
167,786	-	-	167,786
-	-	184,620	184,620
-	-	4,352	4,352
-	-	581,508	581,508
-	-	20,066	20,066
-	-	533,396	533,396
-	-	-	2,635,398
-	349,184	-	349,184
-	-	-	2,403,748
<u>167,786</u>	<u>349,184</u>	<u>1,466,909</u>	<u>7,037,572</u>
<u>\$ 190,038</u>	<u>\$ 446,766</u>	<u>\$ 1,467,312</u>	<u>\$ 7,486,888</u>

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CITY OF JONESTOWN, TEXAS

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

SEPTEMBER 30, 2025

Total fund balance, governmental funds	\$	7,037,572
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Capital assets used in governmental activities are not current financial resources and therefore are not reported in this fund financial statements, but are reported in the governmental activities of the Statement of Net Position.		
		10,354,357
Certain other long-term assets are not available to pay current period expenditures and therefore are not reported in this fund financial statements, but are reported in the governmental activities of the Statement of Net Position.		
Unavailable revenue - property taxes		159,924
Unavailable revenue - court fines		63,013
Long-term liabilities are not due in the current period and, therefore, are not reported as liabilities in the fund financial statements, but are included in the governmental activities of the Statement of Net Position.		
Bonds payable		(715,000)
Interest payable		(1,219)
Compensated absences		(213,704)
Leases payable		(66,190)
Net Pension Liability		72,433
Total OPEB Liability		(91,266)
Differences between expected and actual experiences, assumption changes and net differences between projected and actual earnings and contributions subsequent to the measurement date for the postretirement benefits (pension and OPEB) are recognized as deferred outflows of resources and deferred inflows of resources on the Statement of Net Position.		
Deferred outflows related to pensions		131,284
Deferred outflows related to OPEB		13,112
Deferred inflows related to pensions		(75,082)
Deferred inflows related to OPEB		(21,939)
Net position of governmental activities in the statement of net position	\$	<u>16,647,295</u>

CITY OF JONESTOWN, TEXAS

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

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2025

	<u>General</u>	<u>Streets</u>	<u>ARPA Grant</u>
REVENUES			
Property taxes	\$ 3,828,217	\$ -	
Sales and mixed beverage taxes	399,824	-	
Hotel/motel taxes	-	-	
Franchise taxes	164,651	-	
Licenses and permits	275,499	-	
Intergovernmental	22,301	-	
Charges for services	18,857	-	
Fines	186,003	-	
Investment earnings	301,643	-	
Contributions and donations	1,877	-	
Miscellaneous	<u>4,323</u>	<u>-</u>	
Total revenues	<u>5,203,195</u>	<u>-</u>	
EXPENDITURES			
Current:			
General government	2,873,627	-	
Public safety	2,012,765	-	
Highways and streets	-	287,095	
Sanitation	568,908	-	
Culture and recreation	325,995	-	
Capital outlay	-	-	
Debt service:			
Principal	15,992	-	
Interest	<u>1,304</u>	<u>-</u>	
Total expenditures	<u>5,798,591</u>	<u>287,095</u>	
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(595,396)</u>	<u>(287,095)</u>	
OTHER FINANCING SOURCES (USES)			
Transfers in	-	450,000	
Transfers out	(710,182)	-	
Insurance recoveries	72,171	-	
Sale of capital assets	<u>45,163</u>	<u>-</u>	
Total other financing sources (uses)	<u>(592,848)</u>	<u>450,000</u>	
NET CHANGE IN FUND BALANCES	<u>(1,188,244)</u>	<u>162,905</u>	
FUND BALANCES, BEGINNING, AS PREVIOUSLY REPORTED	3,606,539	702,182	1,611
ADJUSTMENTS - CHANGES WITHIN FINANCIAL REPORTING ENTITY	<u>-</u>	<u>-</u>	<u>(1,611)</u>
FUND BALANCES, BEGINNING, AS RESTATED	<u>3,606,539</u>	<u>702,182</u>	<u>-</u>
FUND BALANCES, ENDING	<u>\$ 2,418,295</u>	<u>\$ 865,087</u>	<u>\$ -</u>

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

<u>Capital Projects</u>	<u>Debt Service</u>	<u>Capital Expenditures</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
\$ -	\$ 611,570	\$ -	\$ -	\$ 4,439,787
-	-	-	-	399,824
-	-	-	108,102	108,102
-	-	-	-	164,651
-	-	-	22,500	297,999
-	-	-	154,513	176,814
-	-	-	-	18,857
-	-	-	19,159	205,162
-	-	-	33,562	335,205
-	-	-	-	1,877
-	-	-	840	5,163
<u>-</u>	<u>611,570</u>	<u>-</u>	<u>338,676</u>	<u>6,153,441</u>
28	-	4,509	85,080	2,963,244
-	-	-	-	2,012,765
-	-	-	-	287,095
-	-	-	-	568,908
-	-	-	49,096	375,091
384,027	-	160,625	258,316	802,968
-	580,000	38,554	-	634,546
<u>-</u>	<u>20,739</u>	<u>737</u>	<u>-</u>	<u>22,780</u>
<u>384,055</u>	<u>600,739</u>	<u>204,425</u>	<u>392,492</u>	<u>7,667,397</u>
<u>(384,055)</u>	<u>10,831</u>	<u>(204,425)</u>	<u>(53,816)</u>	<u>(1,513,956)</u>
-	-	225,182	5,500	680,682
-	-	-	(5,500)	(715,682)
-	-	-	-	72,171
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>45,163</u>
<u>-</u>	<u>-</u>	<u>225,182</u>	<u>-</u>	<u>82,334</u>
<u>(384,055)</u>	<u>10,831</u>	<u>20,757</u>	<u>(53,816)</u>	<u>(1,431,622)</u>
2,154,366	156,955	-	1,847,541	8,469,194
<u>-</u>	<u>-</u>	<u>328,427</u>	<u>(326,816)</u>	<u>-</u>
<u>2,154,366</u>	<u>156,955</u>	<u>328,427</u>	<u>1,520,725</u>	<u>8,469,194</u>
<u>\$ 1,770,311</u>	<u>\$ 167,786</u>	<u>\$ 349,184</u>	<u>\$ 1,466,909</u>	<u>\$ 7,037,572</u>

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CITY OF JONESTOWN, TEXAS

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

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2025

Net change in fund balances - total governmental funds: \$ (1,431,622)

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

Governmental funds report outlays for capital assets as expenditures because such outlays use current financial resources. In contrast, the Statement of Activities reports only a portion of the outlay as expense. The capital asset expenditures are allocated over the assets' estimated useful lives as depreciation expense for the period:

Capital outlay	2,775,843
Depreciation expense	(631,839)

Governmental funds do not present revenues that are not available to pay current obligations. In contrast, such revenues are reported in the Statement of Activities when earned.

69,749

Governmental funds report repayment of bond principal as an expenditure. In contrast, the Statement of Activities treats such repayments as a reduction in long-term liabilities. This is the amount of payments made on long-term debt.

634,546

Some expenses reported in the Statement of Activities do not require the use of current financial resources and these are not reported as expenditures in governmental funds:

Changes in accrued interest	969
Changes in accrued compensated absences	(5,339)

Pension expense does not represent a use of current resources and is not recognized in the fund financial statements.

60,492

OPEB expense does not represent a use of current resources and is not recognized in the fund financial statements.

(2,444)

Change in net position of governmental activities \$ 1,470,355

CITY OF JONESTOWN, TEXAS

STATEMENT OF NET POSITION
PROPRIETARY FUNDS

SEPTEMBER 30, 2025

	Business-type Activities		
	Plaza	Northshore WW Utility System	Total Enterprise Funds
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 354,159	\$ 690,503	\$ 1,044,662
Lease receivable	203,813	-	203,813
Accounts receivable, net	383	29,087	29,470
Total current assets	<u>558,355</u>	<u>719,590</u>	<u>1,277,945</u>
Non-current assets:			
Capital assets:			
Land	120,000	287,360	407,360
Buildings	573,546	2,372,974	2,946,520
Furnishings and equipment	-	7,100	7,100
Less: accumulated depreciation	(506,518)	(955,163)	(1,461,681)
Total non-current assets	<u>187,028</u>	<u>1,712,271</u>	<u>1,899,299</u>
Total assets	<u>745,383</u>	<u>2,431,861</u>	<u>3,177,244</u>
LIABILITIES			
Current liabilities:			
Accounts payable	506	19,882	20,388
Accrued liabilities	-	2,390	2,390
Unearned revenue	-	7,780	7,780
Due to other governments	-	57,850	57,850
Customer deposits	-	39,182	39,182
Total current liabilities	<u>506</u>	<u>127,084</u>	<u>127,590</u>
Total liabilities	<u>506</u>	<u>127,084</u>	<u>127,590</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows related to leases	200,203	-	200,203
Total deferred inflows of resources	<u>200,203</u>	<u>-</u>	<u>200,203</u>
NET POSITION			
Net investment in capital assets	187,028	1,712,271	1,899,299
Unrestricted	357,646	592,506	950,152
Total net position	<u>\$ 544,674</u>	<u>\$ 2,304,777</u>	<u>\$ 2,849,451</u>

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

CITY OF JONESTOWN, TEXAS

STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN NET POSITION
PROPRIETARY FUNDS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2025

	Business-Type Activities		
	Plaza	Northshore WW Utility System	Total Enterprise Funds
OPERATING REVENUES			
Charges for services:			
Sewerage service	\$ -	\$ 402,665	\$ 402,665
Rent	71,134	-	71,134
Miscellaneous	-	7,739	7,739
Total operating revenues	<u>71,134</u>	<u>410,404</u>	<u>481,538</u>
OPERATING EXPENSES			
Personnel services	-	49,756	49,756
Contractual services	63,733	1,967	65,700
Materials and supplies	-	215,465	215,465
Other	20	24,764	24,784
Depreciation	<u>10,281</u>	<u>82,160</u>	<u>92,441</u>
Total operating expenses	<u>74,034</u>	<u>374,112</u>	<u>448,146</u>
OPERATING INCOME (LOSS)	<u>(2,900)</u>	<u>36,292</u>	<u>33,392</u>
NONOPERATING REVENUES (EXPENSES)			
Investment earnings	<u>19,194</u>	<u>23,725</u>	<u>42,919</u>
OPERATING INCOME (LOSS) BEFORE TRANSFERS	16,294	60,017	76,311
Transfers in	<u>35,000</u>	<u>-</u>	<u>35,000</u>
CHANGE IN NET POSITION	51,294	60,017	111,311
NET POSITION, BEGINNING	<u>493,380</u>	<u>2,244,760</u>	<u>2,738,140</u>
NET POSITION, ENDING	<u>\$ 544,674</u>	<u>\$ 2,304,777</u>	<u>\$ 2,849,451</u>

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

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CITY OF JONESTOWN, TEXAS

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2025

	Business-Type Activities		
	Plaza	Northshore WW Utility System	Total Enterprise Funds
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers	\$ 69,694	\$ 406,897	\$ 476,591
Payments to suppliers and service providers	(66,713)	(258,262)	(324,975)
Payments to employees for salaries and benefits	-	(49,756)	(49,756)
Net cash provided (used) by operating activities	2,981	98,879	101,860
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Transfers from other funds	35,000	-	35,000
Net cash provided (used) by noncapital financing activities	35,000	-	35,000
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Acquisition and construction of capital assets	-	(77,439)	(77,439)
Net cash used for capital and related financing activities	-	(77,439)	(77,439)
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest on investments	19,194	23,725	42,919
Net cash provided by investing activities	19,194	23,725	42,919
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	57,175	45,165	102,340
CASH AND CASH EQUIVALENTS, BEGINNING	296,984	645,338	942,322
CASH AND CASH EQUIVALENTS, ENDING	354,159	690,503	1,044,662
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES			
Operating income (loss)	(2,900)	36,292	33,392
Adjustments to reconcile operating income to net cash provided (used) by operating activities:			
Depreciation	10,281	82,160	92,441
Decrease (increase) in accounts receivable	65,294	(4,607)	60,687
Increase (decrease) in customer deposits	-	1,100	1,100
Increase (decrease) in accounts payable	(2,960)	4,901	1,941
Increase (decrease) in accrued liabilities	-	108	108
Increase (decrease) in deferred inflows	(66,734)	-	(66,734)
Increase (decrease) in other current liabilities	-	(21,075)	(21,075)
Net cash provided (used) by operating activities	\$ 2,981	\$ 98,879	\$ 101,860

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

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CITY OF JONESTOWN, TEXAS

NOTES TO THE BASIC FINANCIAL STATEMENTS

SEPTEMBER 30, 2025

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The City of Jonestown, Texas, (the "City") is a municipal corporation governed by an elected mayor and five council members, which make up the City Council (the "Council"). The accompanying financial statements present the City and its component units, entities for which the City is considered to be financially accountable. Blended component units are, in substance, part of the primary government's operations, even though they are legally separate entities. Thus, blended component units are appropriately presented as funds of the primary government. Each discretely presented component unit is reported in a separate column in the government-wide financial statements to emphasize that it is legally separate from the government. The City does not currently report any component units.

B. Description of Government-wide Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units. All fiduciary activities are reported only in the fund financial statements. Governmental activities, which normally are supported by taxes, intergovernmental revenues, and other nonexchange transactions, are reported separately from business-type activities, which rely to a significant extent on fees and charges to external customers for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

C. Basis of Presentation – Government-wide Financial Statements

While separate government-wide and fund financial statements are presented, they are interrelated. The governmental activities column incorporates data from governmental funds, while business-type activities incorporate data from the City's enterprise funds. Separate financial statements are provided for governmental funds and proprietary funds.

D. Basis of Presentation – Fund Financial Statements

The fund financial statements provide information about the City's funds. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds.

The City reports the following major governmental funds:

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

The *Streets Fund* is used to account for resources for capital projects funded through governmental activity resources.

The *Capital Projects Fund* is used to account for the accumulation of resources for the construction of capital projects through debt proceeds and other governmental activity resources that are restricted by formal agreements with external parties.

The *Capital Expenditures Fund* is used to account for the expenditure of resources City management has committed or assigned for various capital assets, but which are not restricted.

The *Debt Service Fund* is used to account for the accumulation of resources that are restricted for the payment of principal and interest on long-term obligations of governmental funds.

The City reports the following major enterprise funds:

The *Plaza Fund* accounts for revenues earned and expenses incurred in relation to the plaza building commercial rental real estate owned by the City.

The *Northshore Wastewater Utility System Fund* accounts for sewerage services provided to customers and related costs of operations.

Additionally, the City reports the following nonmajor governmental fund types:

Special revenue funds account for resources restricted, committed, or assigned for specific purposes.

During the course of operations, the City has activity between funds for various purposes. Any residual balances outstanding at year end are reported as due from/to other funds or advances to/from other funds. While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Balances between the funds included in governmental activities are eliminated so that only the net amount is included as internal balances in the governmental activities column. Similarly, balances between the funds included in business-type activities are eliminated so that only the net amount is included as internal balances in the business-type activities column.

Further, certain activity occurs during the year involving transfers of resources between funds. In fund financial statements these amounts are reported at gross amounts as transfers in/out. While reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Transfers between the funds included in governmental activities are eliminated so that only the net amount is included as transfers in the governmental activities column. Similarly, balances between the funds included in business-type activities are eliminated so that only the net amount is included as transfers in the business-type activities column.

E. Measurement Focus and Basis of Accounting

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as current financial resources or economic resources. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

The governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, and claims and judgments, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuances of long-term debt are reported as other financing sources.

Property taxes, sales taxes, franchise taxes, hotel/motel taxes, charges for services, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Entitlements are recorded as revenues when all eligibility requirements are met, including any time requirements, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year-end). Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year-end). All other revenue items are considered to be measurable and available only when cash is received by the City.

F. Budgetary Information

1. *Budgetary Basis of Accounting*

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for the General Fund and Debt Service Fund. Other special revenue funds do not have appropriated budgets since other means control the use of these resources (e.g., grant awards) and sometimes span a period of more than one fiscal year.

The appropriated budget is prepared by fund and department. The City's department heads may make transfers of appropriations within a department. Transfers of appropriations between departments require the approval of the City Council. The legal level of budgetary control (i.e., the level at which expenditures may not legally exceed appropriations) is the fund level.

Appropriations in all budgeted funds lapse at the end of the fiscal year even if they have related encumbrances. Encumbrances are commitments related to unperformed (executory) contracts for goods or services (i.e., purchase orders, contracts, and commitments). Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. While all appropriations and encumbrances lapse at year end, valid outstanding encumbrances (those for which performance under the executory contract is expected in the next year) are re-appropriated and become part of the subsequent year's budget pursuant to state regulations.

G. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance

1. *Cash and Cash Equivalents*

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

2. *Prepaid Items*

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

3. *Capital Assets*

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Capital assets, except for infrastructure assets, are defined by the City as assets with an initial, individual cost of more than \$5,000 and an estimated useful life of more than one year.

As the City constructs or acquires additional capital assets each period, including infrastructure assets, they are capitalized and reported at historical cost. The reported value excludes normal maintenance and repairs which are essentially amounts spent in relation to capital assets that do not increase the capacity or efficiency of the item or increase its estimated useful life. Donated capital assets are recorded at acquisition value, which is the price that would be paid to acquire an asset with equivalent service potential at the acquisition date. Land and construction in progress are not depreciated. Capital assets are depreciated using the straight-line method over the following estimated useful lives:

<u>Asset</u>	<u>Estimated Useful Lives</u>
Buildings & improvements	7-40 years
Machinery and equipment	5-20 years
Infrastructure	10-40 years
Right to use assets	3-5 years

4. Leases

The City has entered into lease agreements as both lessee and lessor. Key estimates and judgments related to leases include how the City determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments.

- The City uses the interest rate charged by the lessor as the discount rate, if available. When the interest rate charged by the lessor is not provided, the City generally uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancellable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option price that the City is reasonably certain to exercise.

The City monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability or lease asset.

Lessee

The City is a lessee for noncancellable leases of equipment. The City recognizes a lease liability and an intangible right-to-use lease asset (lease asset) in the government-wide financial statements. At the commencement of a lease, the City initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over its useful life. Lease assets are reported with other capital assets and lease liabilities are reported with long-term debt on the statement of net position.

Lessor

The City is a lessor in an arrangement allowing the use of an office building. In both the government-wide financial statements and the governmental fund financial statements, the City initially measures a lease receivable and a deferred inflow of resources for the present value of payments expected to be made during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments made. The deferred inflow of resources is recognized as revenue on a systematic basis over the life of the lease.

5. 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 assets that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net assets that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. Accordingly, the item, unavailable revenue, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from two sources: property taxes and fines. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

6. Net Position Flow Assumption

Sometimes the City will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted – net position and unrestricted – net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the City's policy to consider restricted – net position to have been depleted before unrestricted – net position is applied.

7. Fund Balance Flow Assumptions

Sometimes the City will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied. It is the City's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

8. Fund Balance Policies

Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The City itself can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance). The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the City's highest level of decision-making authority. The City Council is the highest level of decision-making authority for the City that can, by adoption of an ordinance prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the ordinance remains in place until a similar action is taken (the adoption of another ordinance) to remove or revise the limitation. Amounts in the assigned fund balance classification are intended to be used by the City for specific purposes but do not meet the criteria to be classified as committed. The City Council may assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.

H. Revenues and Expenditures/Expenses

1. Program Revenues

Amounts reported as *program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions (including special assessments) that are restricted to meeting the operational or capital requirements of a particular function or segment. All taxes, including those dedicated for specific purposes, and other internally dedicated resources are reported as general revenues rather than as program revenues.

2. Property Taxes

Property taxes are considered available when collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. The City levies its taxes on October 1 in conformity with Subtitle E, Texas Property Tax Code. Taxes are due upon receipt of the tax bill and are past due and subject to interest if not paid by February 1 of the year following the October 1 levy date. The assessed value of the property tax roll of January 1, 2024, upon which the levy for the 2024-2025 fiscal year was based, was \$1,136,724,482. Taxes are delinquent if not paid by February 1st of the following calendar year. Delinquent taxes are subject to both penalty and interest charges plus 15% delinquent collection fees for attorney costs. The tax rates assessed for the year ended September 30, 2025, to finance General Fund and Debt Service Fund operations were \$0.3391 and \$0.0534, respectively, for a total tax rate of \$0.3925 per \$100 valuation. The total tax levy for the General Fund and Debt Service Fund for the 2024-2025 fiscal year was \$4,461,644. Tax collections, including collections of prior year delinquent balances, for the year ended September 30, 2025, were 98.35% of the year-end adjusted tax levy. Delinquent taxes are prorated between maintenance and debt service based on rates for the year of the levy. Allowances for uncollectible taxes within the General Fund and Debt Service Fund are based on historical experience in collecting taxes.

3. Interfund transfers

Legally authorize transfers are treated as interfund transfers and are included in operations of both Governmental and Proprietary funds.

4. Compensated Absences

The City accumulates leave for vacation and sick time that has been earned. A liability is recorded in the government-wide financial statements and proprietary fund financial statements for the estimate of accumulated leave that is more likely than not to be used or paid out in a future reporting period. Expenses are recorded in the period that the compensated absence is liquidated.

4. Pensions

For purposes of measuring the net pension liability, the economic resources measurement focus and full accrual basis of accounting have been used. This includes deferred inflows and outflows of resources related to pensions, pension expense and information about assets, liabilities, additions to/deductions from the net position of the pension plan. Benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

5. Other Post-Employment Benefits

The City participates in a single-employer, unfunded, defined benefit group-term life insurance plan operated by the Texas Municipal Retirement System (TMRS) known as the Supplemental Death Benefit Fund (SDBF). The City elected, by ordinance, to provide group-term life insurance coverage to both current and retired employees. 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 rather than prefunding. Benefit payments are treated as being equal to the City's yearly contribution for retirees. For purposes of measuring the total SDBF OPEB liability, related deferred outflows and inflows of resources, and expense, City specific information about its total SDBF liability and additions to/deductions from the City's total SDBF liability have been determined on the same basis as they are reported by TMRS. The SDBF expense and deferred (inflows)/outflows of resources related to SDBF, primarily result from changes in the components of the total SDBF liability. Most changes in the total SDBF liability will be included in SDBF expense in the period of the change. For example, changes in the total SDBF liability resulting from current-period service cost, interest on the Total OPEB Liability, and changes of benefit terms are required to be included in SDBF expense immediately. Changes in the total SDBF liability that have not been included in SDBF expense are required to be reported as deferred outflows of resources or deferred inflows of resources related to SDBF.

6. Proprietary Funds Operating and Nonoperating Revenues and Expenses

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Northshore Wastewater Utility System Fund are charges to customers for sales and services. This fund also recognizes as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the system. The revenue for the Plaza Fund comprises rental income for leasing space in the plaza building. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

7. Change in Accounting Principle

During fiscal year 2025, the City adopted the following new accounting guidance:

GASB Statement No. 101, *Compensated Absences* – The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. Accordingly, the cumulative effect of the accounting change has been recognized in a restatement of beginning net position for the year ended September 30, 2025.

II. DETAILED NOTES ON ALL ACTIVITIES AND FUNDS

A. Cash Deposits with Financial Institutions

Custodial credit risk-deposits. In the case of deposits, this is the risk that in the event of a bank failure, the City’s deposits may not be returned to it. The City does not have a deposit policy for custodial credit risk. As of September 30, 2025, the City’s bank balance was \$7,557,784, all of which was insured or collateralized with securities held by the pledging institution.

B. Investments

The City does not have any amounts classified as investments as of September 30, 2025.

Interest rate risk. In accordance with its investment policy, the City manages its exposure to declines in fair values by limiting the weighted average maturity of its investment portfolio to less than ten months.

Credit risk. State law limits investments in commercial paper and corporate bonds to the top two ratings issued by nationally recognized statistical rating organizations (NRSROs). It is the City’s policy to limit its investments in these investment types to the top rating issued by NRSROs. As of September 30, 2025, the City was not exposed to credit risk since the City had no investment balances at year end.

Concentration of credit risk. The City’s investment policy does not allow for an investment in any one issuer that is in excess of 5 percent of the government’s total investments. This restriction, however, does not apply to government investment pools due to the low risk nature of this type of investment.

Custodial credit risk-investments. For an investment, this is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party.

C. Receivables

Amounts are aggregated into a single accounts receivable (net of allowance for uncollectibles) line for certain funds and aggregated columns. Below is a detail of receivables for the major and nonmajor funds of both the governmental and proprietary funds of the government, including the applicable allowances for uncollectible accounts:

Governmental Funds:

	General Fund	Debt Service Fund	Nonmajor Governmental Funds	Total Governmental Funds
Receivables:				
Property taxes	\$ 152,428	\$ 24,733	\$ -	\$ 177,161
Court fines	1,306,120	-	-	1,306,120
Other	<u>119,749</u>	<u>-</u>	<u>34,938</u>	<u>154,687</u>
Gross receivables	1,578,297	24,733	34,938	1,637,968
Less: allowance for uncollectibles	<u>(1,243,119)</u>	<u>-</u>	<u>-</u>	<u>(1,243,119)</u>
Net total receivables	<u>\$ 335,178</u>	<u>\$ 24,733</u>	<u>\$ 34,938</u>	<u>\$ 394,849</u>

Proprietary Funds:

	Plaza Fund	Northshore WW Utility System Fund	Total
Receivables:			
Accounts Receivable	\$ 204,196	\$ 29,528	\$ 233,724
Less: allowance for uncollectibles	<u>-</u>	<u>(441)</u>	<u>(441)</u>
Net total receivables	<u>\$ 204,196</u>	<u>\$ 29,087</u>	<u>\$ 233,283</u>

Leases Receivable

A summary of the City's leases receivable as of September 30, 2025, was as follows:

<u>Purpose of Lease</u>	<u>Interest Rate</u>	<u>Initial Year of Lease</u>	<u>Amount of Initial Lease Receivable</u>	<u>Interest Revenue Current Year</u>	<u>Amounts Outstanding 9/30/2025</u>
Right to Use: Office Building	1.98%	2023	\$ 333,671	\$ 4,738	\$ 203,813

D. Capital Assets

Capital assets activity for the year ended September 30, 2025, was as follows:

	<u>Balance 10/1/2024</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance 9/30/2025</u>
<u>Governmental Activities</u>				
Capital assets, not being depreciated:				
Land	\$ 245,350	\$ 1,801,963	\$ -	\$ 2,047,313
Construction in progress	157,870	536,940	-	694,810
Total capital assets, not being depreciated	<u>403,220</u>	<u>2,338,903</u>	<u>-</u>	<u>2,742,123</u>
Capital assets being depreciated:				
Buildings and improvements	1,522,189	35,702	-	1,557,891
Infrastructure	7,927,328	287,095	-	8,214,423
Machinery and equipment	2,352,847	114,143	(233,847)	2,233,143
Right to use - Equipment	200,810	-	-	200,810
Total capital assets being depreciated	<u>12,003,174</u>	<u>436,940</u>	<u>(233,847)</u>	<u>12,206,267</u>
Less accumulated depreciation for:				
Buildings and improvements	(721,206)	(41,853)	-	(763,059)
Infrastructure	(1,921,369)	(315,815)	-	(2,237,184)
Machinery and equipment	(1,472,511)	(223,222)	233,847	(1,461,886)
Right to use - Equipment	(80,955)	(50,949)	-	(131,904)
Total accumulated depreciation	<u>(4,196,041)</u>	<u>(631,839)</u>	<u>233,847</u>	<u>(4,594,033)</u>
Total capital assets being depreciated, net	<u>7,807,133</u>	<u>(194,899)</u>	<u>-</u>	<u>7,612,234</u>
Governmental activities capital assets, net	<u>\$ 8,210,353</u>	<u>\$ 2,144,004</u>	<u>\$ -</u>	<u>\$ 10,354,357</u>
<u>Business-Type Activities</u>				
Capital assets, not being depreciated:				
Land	\$ 407,360	\$ -	\$ -	\$ 407,360
Total capital assets, not being depreciated	<u>407,360</u>	<u>-</u>	<u>-</u>	<u>407,360</u>
Capital assets being depreciated:				
Buildings	2,869,081	5,209	-	2,874,290
Machinery and equipment	7,100	72,230	-	79,330
Total capital assets being depreciated	<u>2,876,181</u>	<u>77,439</u>	<u>-</u>	<u>2,953,620</u>
Less accumulated depreciation for:				
Buildings	(1,362,140)	(77,995)	-	(1,440,135)
Machinery and equipment	(7,100)	(14,446)	-	(21,546)
Total accumulated depreciation	<u>(1,369,240)</u>	<u>(92,441)</u>	<u>-</u>	<u>(1,461,681)</u>
Total capital assets being depreciated, net	<u>1,506,941</u>	<u>(15,002)</u>	<u>-</u>	<u>1,491,939</u>
Business-type activities capital assets, net	<u>\$ 1,914,301</u>	<u>\$ (15,002)</u>	<u>\$ -</u>	<u>\$ 1,899,299</u>

Depreciation expense was charged to the City's functions/programs as follows:

Governmental Activities:	
General government	\$ 35,752
Public safety	112,770
Public works	315,815
Sanitation	144,377
Culture and recreation	23,125
	<u>\$ 631,839</u>
Business-Type Activities:	
Plaza	\$ 10,281
Northshore wastewater utility	82,160
	<u>\$ 92,441</u>

E. Defined Benefit Pension Plan

Plan Description

The City of Jonestown 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 Texas Government Code, Title 8, Subtitle G (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 does not receive any funding from the State of Texas. TMRS issues a publicly available Annual Comprehensive Financial Report (Annual Report) that can be obtained at *tmrs.com*.

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

Benefits Provided

TMRS provides retirement, disability, and death benefits. Benefit provisions are adopted by the governing body of the City, within the options available in the state statutes governing TMRS. At retirement, the benefit is calculated as if the sum of the employee's contributions, with interest, and the City-financed monetary credits with interest were used to purchase an annuity. Members may choose to receive their retirement benefit in one of seven payments options. Members may also choose to receive a portion of their benefit as a Partial Lump Sum Distribution in an amount equal to 12, 24, or 36 monthly payments, which cannot exceed 75% of the member's deposits and interest.

A summary of plan provisions for the City are as follows:

Employee deposit rate	7%
Matching ratio (City to employee)	2 to 1
Years required for vesting	5
Service retirement eligibility	20 years at any age; 5 years at age 60 and above
Supplemental death benefit - employees and retirees	Yes

Employees Covered by Benefit Terms

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

Inactive employees or beneficiaries currently receiving benefits	19
Inactive employees entitled to but not yet receiving benefits	39
Active employees	<u>31</u>
Total	<u><u>89</u></u>

Contributions

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

Employees for the City were required to contribute 7% of their annual compensation during the fiscal year. The contribution rate for the City was 7.22% and 6.92% for the calendar years 2024 and 2025, respectively. The City's contributions to TMRS for the year ended September 30, 2025, were \$142,674, and were equal to the required contributions.

Net Pension Liability

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

Actuarial Assumptions

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

Inflation	2.5% per year
Overall payroll growth	3.50% to 11.50% including inflation
Investment rate of return	6.75%

Salary increases were based on a service-related table. Mortality rates for active members are based on the PUB(10) mortality tables with the Public Safety table used for males and the General Employee table used for females. Mortality rates for healthy retirees and beneficiaries are based on the Gender-distinct 2019 Municipal Retirees of Texas mortality tables. The rates for actives, healthy retirees and beneficiaries are projected on a fully generational basis by Scale UMP to account for future mortality improvements. For disabled annuitants, the same mortality tables for healthy retirees are used with a 4-year set-forward for males and a 3-year set-forward for females. In addition, a 3.5% and 3.0% minimum 16 mortality rate is applied, for males and females respectively, to reflect the impairment for younger members who become disabled. The rates are projected on a fully generational basis by Scale MP-2021 to account for future mortality improvements subject to the 3% floor.

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

The long-term expected rate of return on pension plan investments was determined 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 real rates of 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%	7.10%
Core Fixed Income	6.0%	5.00%
Non-Core Fixed Income	6.0%	6.80%
Hedge Funds	5.0%	6.40%
Private Equity	13.0%	8.50%
Private Debt	13.0%	8.20%
Real Estate	12.0%	6.70%
Infrastructure	6.0%	6.00%
Other Private Markets	4.0%	7.30%
Total	<u>100%</u>	

Discount Rate

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

Schedule of Changes in the Net Pension Liability (Asset)

	Increase (Decrease)		
	Total Pension	Plan Fiduciary	Net Pension
	Liability	Net Position	Liability/ (Asset)
	(a)	(b)	(c)
Balance at 12/31/2023	\$ 2,872,887	\$ 2,878,893	(6,006)
Changes for the year:			-
Service cost	256,132	-	256,132
Interest	197,462	-	197,462
Difference between expected and actual experience	37,785	-	37,785
Changes in assumptions	-	-	-
Contributions - employer	-	127,973	(127,973)
Contributions - employee	-	131,350	(131,350)
Net investment income	-	300,446	(300,446)
Benefit payments, including refunds of employee contributions	(151,189)	(151,189)	-
Administrative expense	-	(1,918)	1,918
Other changes	-	(45)	45
Net changes	<u>340,190</u>	<u>406,617</u>	<u>(66,427)</u>
Balance at 12/31/2024	<u>\$ 3,213,077</u>	<u>\$ 3,285,510</u>	<u>\$ (72,433)</u>

Sensitivity of the Net Pension Liability (Asset) to Changes in the Discount Rate

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

	1% Decrease in Discount Rate (5.75%)	Current Discount Rate (6.75%)	1% Increase in Discount Rate (7.75%)
City's net pension liability (asset)	\$ 351,926	\$ (72,433)	\$ (421,845)

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 the City. That report may be obtained at www.tmr.com.

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

For the year ended September 30, 2025, the City recognized pension expense of \$76,706.

On September 30, 2025, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences in expected and actual experience	\$ 23,253	\$ 25,752
Changes in actuarial assumptions used	-	8,874
Net difference between projected and actual investment earnings	-	40,456
Contributions subsequent to the measurement date	<u>108,031</u>	<u>-</u>
Total	<u>\$ 131,284</u>	<u>\$ 75,082</u>

\$108,031 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability for the year ending September 30, 2026. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

For the Year Ended September 30,	
2026	\$ (19,826)
2027	34,042
2028	(44,821)
2029	(21,224)

F. Other Post-Employment Benefit (OPEB) Obligations – TMRS Supplemental Death Benefits Fund

Plan Description

The City also voluntarily participates in a single-employer other postemployment benefit (OPEB) plan administered by TMRS. The Plan is a group-term life insurance plan known as the Supplemental Death Benefits Fund (SDBF). The Plan is established and administered in accordance with the TMRS Act identically to the City’s pension plan. SDBF includes coverage for both active and retired members, and assets are commingled for the payment of such benefits. Therefore, there are no assets accumulated in an OPEB Trust in accordance with paragraph 4 of GASB Statement No. 75.

Benefits Provided

The SDBF provides group-term life insurance to City employees who are active members in TMRS, including or not including retirees. The City Council opted into this program via an ordinance, and 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.

Payments from this fund are similar to group-term life insurance benefits and are paid to the designated beneficiaries upon the receipt of an approved application for payment. 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 employment benefit and is a fixed amount of \$7,500.

The number of employees currently covered by the benefit terms is as follows:

Inactive employees or beneficiaries currently receiving benefits	17
Inactive employees entitled to but not yet receiving benefits	4
Active employees	<u>31</u>
Total	<u><u>52</u></u>

Contributions

The City contributes to the SDBF at a contractually required rate as determined by an annual actuarial valuation. The rate is equal to the cost of providing one-year term life insurance. The funding policy for the SDBF program is to assure that adequate resources are available to meet all death benefit payments for the upcoming year; the intent is not to pre-fund retiree term life insurance during employees’ entire careers. The City’s contributions to the TMRS SDBF for the years September 30, 2024, and 2025, were \$2,239 and \$2,439 respectively, which equaled the required contributions each year.

Plan Assets

As of the December 31, 2024, valuation and measurement date, there are no assets accumulated in trust.

Actuarial Assumptions

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

Measurement year ended December 31,	2024
Inflation rate	2.50%
Discount rate	4.08%
Actuarial cost method	Entry Age
	Normal Actuarial Cost Method
Projected salary increases	3.60% to 11.85% including inflation

Changes in assumptions reflect the annual change in the municipal bond rate. 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, 2023.

Administrative expenses for the SDBF are paid through the TMRS Pension Trust Fund and are wholly accounted for under the provisions of GASB Statement No. 68.

Salary increases are based on a service-related table. Mortality rates for active members are based on 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). 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 SDBF program is treated as an unfunded OPEB plan because the SDBF trust covers both actives and retirees and the assets are not segregated for these groups. As such, a single discount rate of 4.08% was used to measure the total OPEB liability. Because the plan is essentially a “pay-as-you-go” plan, the single discount rate is equal to the prevailing municipal bond rate. The discount rate was based on the Bond Buyer “20-Bond GO Index” rate closest to, but later than December 31, 2024.

Schedule of Changes in the Total OPEB Liability

	Total OPEB Liability
Balance at 12/31/2023	\$ 84,557
Changes for the year:	
Service cost	6,567
Interest	3,266
Difference between expected and actual experience	3,802
Changes of assumptions	(4,487)
Benefit payments	(2,439)
Balance at 12/31/2024	<u>\$ 91,266</u>

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

The following presents the total OPEB liability of the City, calculated using the discount rate of 4.08%, as well as what the City’s total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower 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	\$ 107,002	\$ 91,266	\$ 78,698

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

For the year ended September 30, 2025, the City recognized OPEB expense of \$5,479.

On September 30, 2025, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences in expected and actual experience	\$ 5,090	\$ 5,489
Changes in actuarial assumptions used	5,720	16,450
Contributions subsequent to the measurement date	<u>2,302</u>	<u>-</u>
Total	<u>\$ 13,112</u>	<u>\$ 21,939</u>

\$2,302 reported as deferred outflows of resources related to OPEB resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability for the year ending September 30, 2026. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in OPEB expense as follows:

For the Year Ended September 30,	
2026	\$ (4,744)
2027	(6,080)
2028	(507)
2029	202

G. Risk Management

The City is exposed to various risks of loss related to torts: theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. For workers' compensation the government retains the risk for the first \$750,000 of an individual claim. Excess insurance coverage is purchased to cover individual claims in excess of \$750,000. Insurance policies are purchased for the following exposures with the deductible or the amount of risk retention indicated in parenthesis:

Public officials and employment practices liability (\$25,000/\$100,000 deductible), boiler and machinery (\$10,000/deductible), employee faithful performance (\$25,000 deductible), and an excess liability insurance policy (government retains risks up to \$1,000,000). There were no settlements in excess of the insurance coverage in any of the three prior fiscal years.

H. Long-term Liabilities

General Obligation Bonds

The City issues general obligation bonds and tax notes to provide funds for the acquisition and construction of major capital facilities. General obligation bonds and tax notes have been issued for governmental activities. These long-term debt instruments are direct obligations and pledge the full faith and credit of the City. General obligation bonds and tax notes generally are issued with repayment scheduled to occur as equal amounts of principal maturing each year with maturities that range from 5 to 20 years.

Details of long-term debt obligations outstanding on September 30, 2025, are as follows:

Governmental Activities:

Governmental Activities:					
Type	Sale Date	Original Borrowing	Interest Rate to Maturity	Final Maturity	Outstanding
General Obligation Bonds:					
General Obligation Refunding Bonds, Series 2012	2012	\$ 1,445,000	2.24%	2028	\$ 180,000
Notes Payable:					
Tax Notes, Series 2019	2019	\$ 2,750,000	1.98%	2026	<u>535,000</u>
Total Governmental Activities					<u>\$ 715,000</u>

Changes in Long-term Liabilities

Changes in the City’s long-term liabilities for the year ended September 30, 2025, are as follows:

	Balance 10/1/2024	Additions	Reductions	Balance 9/30/2025	Due in One Year
Governmental Activities:					
Bonds payable:					
General obligation bonds	\$ 235,000	\$ -	\$ (55,000)	\$ 180,000	\$ 60,000
Tax Notes, Series 2019	1,060,000	-	(525,000)	535,000	535,000
Lease payable	120,736	-	(54,546)	66,190	32,599
Compensated absences	208,315	5,389	-	213,704	165,246
Governmental activities long-term liabilities	<u>\$ 1,624,051</u>	<u>\$ 5,389</u>	<u>\$ (634,546)</u>	<u>\$ 994,894</u>	<u>\$ 792,845</u>

The debt service requirements for the City’s bonds and notes payable are as follows:

Year Ending September 30,	Governmental Activities				Total	
	Bonds Payable		Notes Payable		Governmental Activities	
	Principal	Interest	Principal	Interest	Principal	Interest
2026	\$ 60,000	\$ 3,360	\$ 535,000	\$ 5,297	\$ 595,000	\$ 8,657
2027	60,000	2,016	-	-	60,000	2,016
2028	60,000	672	-	-	60,000	672
	<u>\$ 180,000</u>	<u>\$ 6,048</u>	<u>\$ 535,000</u>	<u>\$ 5,297</u>	<u>\$ 715,000</u>	<u>\$ 11,345</u>

Leases

A summary of leases payable as of September 30, 2025, are as follows:

<u>Governmental Activities:</u>	Interest Rates	Initial Year of Lease	Amount of Initial Liability	Interest Current Year	Amounts Outstanding
Backhoe	1.98%	2023	\$ 117,622	\$ 737	\$ 16,290
Axon Enterprise	1.98%	2024	<u>65,892</u>	<u>1,305</u>	<u>49,900</u>
Total			<u>\$ 183,514</u>	<u>\$ 2,042</u>	<u>\$ 66,190</u>

The future principal and interest lease payments as of September 30, 2025, are as follows:

Year Ending September 30	Governmental Activities - Leases		
	Principal	Interest	Total
2026	\$ 32,599	\$ 1,069	\$ 33,668
2027	16,631	746	17,377
2028	<u>16,960</u>	<u>417</u>	<u>17,377</u>
Total	<u>\$ 66,190</u>	<u>\$ 2,232</u>	<u>\$ 68,422</u>

I. Interfund Transfers

The composition of interfund transfers for the year ended September 30, 2025, is as follows:

Transfer out from:	Transfer in to:			Total
	Governmental Funds		Enterprise Fund	
	Streets Fund	Nonmajor Gov. Funds	Plaza Fund	
General fund	\$ 450,000	\$ 225,182	\$ 35,000	\$ 710,182
Nonmajor Gov. Funds	-	<u>5,500</u>	-	<u>5,500</u>
Total	<u>\$ 450,000</u>	<u>\$ 230,682</u>	<u>\$ 35,000</u>	<u>\$ 715,682</u>

During the year, recurring transfers are used to 1) move revenues from a fund with collection authority to another fund with related expenditure requirements, and 2) move General Fund resources to provide subsidies to other funds as needs arise.

J. Accounting Changes

Change in Accounting Principle

During Fiscal Year 2025, the City implemented GASB 101, *Compensated Absences*. The cumulative effect of the accounting change increased liabilities and decreased beginning net position by \$135,992 in the governmental activities, for the year ended September 30, 2025.

Change within Financial Reporting Entity

For Fiscal Year 2025, the City also reported the two following changes in its financial reporting entity:

1. *The ARPA Grant Fund*, a special revenue fund, was previously reported as a major governmental fund and is now reported as a non-major fund.
2. *The Capital Expenditures Fund*, a capital projects fund, was previously reported as a non-major governmental fund and is now reported as a major fund.

Both changes in classification are required under governmental accounting standards based on quantitative factors.

The restatement of beginning fund balances and net position is as follows:

	9/30/2024 As Previously Reported	Change in Accounting Principle	Change Within Financial Reporting Entity	Change Within Financial Reporting Entity	Total
Government-wide					
Governmental Activities	\$ 15,312,932	\$ (135,992)	\$ -	\$ -	\$ 15,176,940
Business-Type Activities	<u>2,738,140</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,738,140</u>
Total	<u>\$ 18,051,072</u>	<u>\$ (135,992)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 17,915,080</u>
Governmental Funds					
Major Funds:					
General	\$ 3,606,539	\$ -	\$ -	\$ -	\$ 3,606,539
Streets	702,182	-	-	-	702,182
ARPA Grant	1,611	-	(1,611)	-	-
Capital Projects	2,154,366	-	-	-	2,154,366
Debt Service	156,955	-	-	-	156,955
Capital Expenditures	-	-	-	328,427	328,427
Non-major Governmental	<u>1,847,541</u>	<u>-</u>	<u>1,611</u>	<u>(328,427)</u>	<u>1,520,725</u>
Total	<u>\$ 8,469,194</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 8,469,194</u>

K. Subsequent Events

In February 2026, the City Council authorized issuance of Texas Combination Tax and Revenue Certificates of Obligation, Series 2026 in the amount of \$2,175,000 and Tax Notes, Series \$3,550,000 in Texas Tax Notes, Series 2026. At the time of this writing, neither the bond nor the tax note had official statements available to report further details, but preliminary information indicates they will fully mature by March 2046.

L. New Accounting Standards

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

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

GASB Statement No. 104, *Disclosure of Certain Capital Assets* – The objective of this Statement is to provide users of government financial statements with essential information about certain types of capital assets. This Statement requires certain types of capital assets to be presented separately in the note disclosures, including right-to-use assets related to leases, Subscription-Based Information Technology Arrangements, and public-private or public-public partnerships. Other intangible assets are also required to be presented separately by major class. Additional disclosures have also been required for capital assets held for sale. This Statement will become effective for reporting periods beginning after June 15, 2025, and the impact has not yet been determined.

GASB Statement No 105, *Subsequent Events* – The objective of this Statement is to improve the financial reporting requirements for subsequent events, thereby enhancing consistency in their application and better meeting the information needs of financial statement users. This Statement will become effective for fiscal years beginning after June 15, 2026, and the impact has not yet been determined.

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**REQUIRED
SUPPLEMENTARY INFORMATION**

CITY OF JONESTOWN, TEXAS

SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2025

	Budgeted Amounts		Actual	Variance from Final
	Original Budget	Final Budget		
REVENUES				
Property taxes	\$ 3,767,160	\$ 3,767,160	\$ 3,828,217	\$ 61,057
Sales and mixed beverage taxes	410,000	410,000	399,824	(10,176)
Franchise taxes	170,200	170,200	164,651	(5,549)
Licenses and permits	313,050	313,050	275,499	(37,551)
Intergovernmental	21,300	21,300	22,301	1,001
Charges for services	117,990	117,990	18,857	(99,133)
Fines	200,000	200,000	186,003	(13,997)
Investment earnings	290,000	290,000	301,643	11,643
Contributions and donations	-	-	1,877	1,877
Miscellaneous	<u>2,000</u>	<u>2,000</u>	<u>4,323</u>	<u>2,323</u>
Total revenues	<u>5,291,700</u>	<u>5,291,700</u>	<u>5,203,195</u>	<u>(88,505)</u>
EXPENDITURES				
General government:				
Nondepartmental	232,593	2,034,556	1,957,954	76,602
Administration	122,891	181,881	146,465	35,416
Human Resources	-	78,471	52,819	25,652
City Council	4,000	4,000	1,884	2,116
City Administrator	125,903	173,203	170,068	3,135
City Secretary	112,055	125,757	110,534	15,223
Municipal court	204,021	204,021	205,288	(1,267)
Finance	<u>231,095</u>	<u>231,095</u>	<u>228,615</u>	<u>2,480</u>
Total general government	<u>1,032,558</u>	<u>3,032,984</u>	<u>2,873,627</u>	<u>159,357</u>
Public safety:				
Police	1,638,088	1,649,554	1,579,957	69,597
Inspection	<u>534,691</u>	<u>534,691</u>	<u>432,808</u>	<u>101,883</u>
Total public safety	<u>2,172,779</u>	<u>2,184,245</u>	<u>2,012,765</u>	<u>171,480</u>
Sanitation:				
Sanitation	<u>660,963</u>	<u>661,063</u>	<u>568,908</u>	<u>92,155</u>
Total sanitation	<u>660,963</u>	<u>661,063</u>	<u>568,908</u>	<u>92,155</u>

The accompanying notes are an integral part of this schedule.

CITY OF JONESTOWN, TEXAS

SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2025

	Budgeted Amounts		Actual	Variance from Final
	Original Budget	Final Budget		
EXPENDITURES (Continued)				
Culture and recreation:				
Parks	\$ 231,661	\$ 236,064	\$ 174,853	\$ 61,211
Libraries	<u>160,004</u>	<u>160,004</u>	<u>151,142</u>	<u>8,862</u>
Total culture and recreation	<u>391,665</u>	<u>396,068</u>	<u>325,995</u>	<u>70,073</u>
Debt service:				
Principal	-	-	15,992	(15,992)
Interest	<u>-</u>	<u>-</u>	<u>1,304</u>	<u>(1,304)</u>
Total debt service	<u>-</u>	<u>-</u>	<u>17,296</u>	<u>(17,296)</u>
Total expenditures	<u>4,257,965</u>	<u>6,274,360</u>	<u>5,798,591</u>	<u>475,769</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>1,033,735</u>	<u>(982,660)</u>	<u>(595,396)</u>	<u>387,264</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	(950,000)	(710,182)	(710,182)	-
Insurance recoveries	-	-	72,171	72,171
Sale of capital assets	<u>5,000</u>	<u>5,000</u>	<u>45,163</u>	<u>40,163</u>
Total other financing sources (uses)	<u>(945,000)</u>	<u>(705,182)</u>	<u>(592,848)</u>	<u>112,334</u>
NET CHANGE IN FUND BALANCE	88,735	(1,687,842)	(1,188,244)	499,598
FUND BALANCE, BEGINNING	<u>3,606,539</u>	<u>3,606,539</u>	<u>3,606,539</u>	<u>-</u>
FUND BALANCE, ENDING	<u>\$ 3,695,274</u>	<u>\$ 1,918,697</u>	<u>\$ 2,418,295</u>	<u>\$ 499,598</u>

CITY OF JONESTOWN, TEXAS

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS

FOR THE YEAR ENDED SEPTEMBER 30, 2025

Measurement Date December 31,	2015	2016	2017
A. Total pension liability			
Service Cost	\$ 107,321	\$ 111,815	\$ 133,491
Interest (on the Total Pension Liability)	74,981	84,429	91,348
Changes of benefit terms	-	23,163	20,751
Difference between expected and actual experience	(10,121)	(56,428)	(21,328)
Changes in assumptions	38,586	-	-
Benefit payments, including refunds of employee contributions	<u>(37,320)</u>	<u>(75,768)</u>	<u>(62,007)</u>
Net change in total pension liability	173,447	87,211	162,255
Total pension liability - beginning	<u>1,036,160</u>	<u>1,209,607</u>	<u>1,296,818</u>
Total pension liability - ending (a)	<u>1,209,607</u>	<u>1,296,818</u>	<u>1,459,073</u>
B. Plan fiduciary net position			
Contributions - Employer	59,172	59,068	73,694
Contributions - Employee	56,248	57,459	67,240
Net Investment Income	1,399	69,447	157,610
Benefit payments, including refunds of employee contributions	(37,320)	(75,768)	(62,007)
Administrative Expenses	(852)	(784)	(816)
Other	<u>(42)</u>	<u>(42)</u>	<u>(41)</u>
Net change in plan fiduciary net position	78,605	109,380	235,680
Plan fiduciary net position - beginning	<u>948,011</u>	<u>1,026,616</u>	<u>1,135,996</u>
Plan fiduciary net position - ending (b)	<u>1,026,616</u>	<u>1,135,996</u>	<u>1,371,676</u>
C. Net pension liability (asset) - ending (a) - (b)	<u>\$ 182,991</u>	<u>\$ 160,822</u>	<u>\$ 87,397</u>
D. Plan fiduciary net position as a percentage of total pension liability	85%	88%	94%
E. Covered payroll	\$ 1,124,954	\$ 1,149,181	\$ 1,164,841
F. Net pension liability (asset) as a percentage of covered payroll	16.3%	14.0%	7.5%

	2018	2019	2020	2021	2022	2023	2024
\$	166,475	\$ 182,847	\$ 207,970	\$ 217,751	\$ 232,993	\$ 255,461	\$ 256,132
	102,127	116,980	134,541	153,425	171,403	179,967	197,462
	-	-	-	-	-	-	-
	193	(5,101)	1,810	1,049	(160,888)	(24,890)	37,785
	-	14,160	-	-	-	(25,939)	-
	<u>(58,624)</u>	<u>(55,270)</u>	<u>(67,302)</u>	<u>(71,596)</u>	<u>(155,400)</u>	<u>(100,328)</u>	<u>(151,189)</u>
	210,171	253,616	277,019	300,629	88,108	284,271	340,190
	<u>1,459,073</u>	<u>1,669,244</u>	<u>1,922,860</u>	<u>2,199,879</u>	<u>2,500,508</u>	<u>2,588,616</u>	<u>2,872,887</u>
	<u>1,669,244</u>	<u>1,922,860</u>	<u>2,199,879</u>	<u>2,500,508</u>	<u>2,588,616</u>	<u>2,872,887</u>	<u>3,213,077</u>
	86,754	94,251	111,823	118,744	128,070	144,408	127,973
	84,930	94,251	106,934	110,534	118,271	133,358	131,350
	(41,150)	223,580	136,872	272,752	(184,312)	281,456	300,446
	(58,624)	(55,270)	(67,302)	(71,596)	(155,400)	(100,328)	(151,189)
	(794)	(1,260)	(883)	(1,258)	(1,589)	(1,783)	(1,918)
	<u>(42)</u>	<u>(39)</u>	<u>(34)</u>	<u>9</u>	<u>1,896</u>	<u>(12)</u>	<u>(45)</u>
	71,074	355,513	287,410	429,185	(93,064)	457,099	406,617
	<u>1,371,676</u>	<u>1,442,750</u>	<u>1,798,263</u>	<u>2,085,673</u>	<u>2,514,858</u>	<u>2,421,794</u>	<u>2,878,893</u>
	<u>1,442,750</u>	<u>1,798,263</u>	<u>2,085,673</u>	<u>2,514,858</u>	<u>2,421,794</u>	<u>2,878,893</u>	<u>3,285,510</u>
\$	<u>226,494</u>	<u>\$ 124,597</u>	<u>\$ 114,206</u>	<u>\$ (14,350)</u>	<u>\$ 166,822</u>	<u>\$ (6,006)</u>	<u>\$ (72,433)</u>
	86%	94%	95%	101%	94%	100%	102%
\$	1,252,634	\$ 1,346,446	\$ 1,519,136	\$ 1,579,052	\$ 1,689,582	\$ 1,833,183	\$ 1,876,431
	18.1%	9.3%	7.5%	-0.9%	9.9%	-0.3%	-3.9%

CITY OF JONESTOWN, TEXAS

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF EMPLOYER CONTRIBUTIONS
NET PENSION LIABILITY

FOR THE YEAR ENDED SEPTEMBER 30, 2025

Fiscal Year Ended September 30,	<u>2016</u>	<u>2017</u>	<u>2018</u>
Actuarial determined contribution	\$ 58,475	\$ 59,973	\$ 66,776
Contributions in relation to the actuarially determined contribution	<u>(58,475)</u>	<u>(59,973)</u>	<u>(66,776)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 1,133,232	\$ 1,166,798	\$ 1,214,103
Contributions as a percentage of covered payroll	5.2%	5.1%	5.5%

NOTES TO SCHEDULE OF CONTRIBUTIONS

Valuation Date:

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

Methods and Assumptions Used to Determine Contribution Rates:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percentage of Payroll, Closed
Remaining Amortization Period	22 years
Asset Valuation Method	10 Year smoothed fair value; 12% soft corridor
Inflation	2.50%
Salary Increases	3.60% to 11.85% including inflation
Investment Rate of Return	6.75%
Retirement Age	Experience-based table of rates that are specific to the City's plan of benefits. Last updated for the 2023 valuation pursuant to an experience study of the period ending 2022.
Mortality	Post-retirement: 2019 Municipal Retirees of Texas Mortality Tables. Male rates are multiplied by 103% and female rates are multiplied by 105%. The rates are projected on a fully generational basis by the most recent Scale MP-2021 (with immediate convergence). Pre-retirement: PUB(10) mortality tables, with the 110% of the Public Safety table used for males and the 100% of the General Employee table used for females. The rates are projected on a fully generational basis by the most recent Scale MP-2021 (with immediate convergence).

Other Information:

Notes There were no benefit changes during the year.

2019	2020	2021	2022	2023	2024	2025
\$ 93,770	\$ 104,819	\$ 116,465	\$ 137,463	\$ 144,732	\$ 132,166	\$ 142,674
<u>(93,770)</u>	<u>(104,819)</u>	<u>(116,465)</u>	<u>(137,463)</u>	<u>(144,732)</u>	<u>(132,166)</u>	<u>(142,674)</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
\$ 1,331,862	\$ 1,448,324	\$ 1,560,803	\$ 1,749,161	\$ 1,818,738	\$ 1,786,549	\$ 2,152,267
7.0%	7.2%	7.5%	7.9%	8.0%	7.4%	6.6%

CITY OF JONESTOWN, TEXAS

SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY
AND RELATED RATIOS

FOR THE YEAR ENDED SEPTEMBER 30, 2025

Measurement Date December 31,	<u>2017</u>	<u>2018</u>	<u>2019</u>
A. Total OPEB liability			
Service Cost	\$ 3,029	\$ 3,758	\$ 3,905
Interest (on the Total OPEB Liability)	1,798	1,852	2,095
Difference between expected and actual experience	-	(1,204)	1,175
Changes of assumptions	3,661	(3,359)	11,929
Benefit payments, including refunds of employee contributions	<u>(466)</u>	<u>(501)</u>	<u>(673)</u>
Net change in Total OPEB liability	8,022	546	18,431
Total OPEB liability - beginning	<u>46,287</u>	<u>54,309</u>	<u>54,855</u>
Total OPEB liability - ending (a)	<u>\$ 54,309</u>	<u>\$ 54,855</u>	<u>\$ 73,286</u>
 B. Covered-employee payroll	 \$ 1,164,841	 \$ 1,252,634	 \$ 1,252,634
 C. Total OPEB liability as a percentage of covered-employee payroll	 4.7%	 4.4%	 5.9%

Notes to Schedule:

- No assets are accumulated in a trust for the SDB plan to pay related benefits that meet the criteria in paragraph 4 of GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions.

- This schedule is required to have 10 years of information, but the information prior to 2017 is not available.

	2020	2021	2022	2023	2024
\$	9,267	\$ 10,738	\$ 11,827	\$ 7,272	\$ 6,567
	2,132	1,929	1,817	2,900	3,266
	(2,169)	(10,945)	(6,007)	3,215	3,802
	10,519	2,574	(30,134)	4,219	(4,487)
	<u>(760)</u>	<u>(2,369)</u>	<u>(2,703)</u>	<u>(2,051)</u>	<u>(2,439)</u>
	18,989	1,927	(25,200)	15,555	6,709
	<u>73,286</u>	<u>92,275</u>	<u>94,202</u>	<u>69,002</u>	<u>84,557</u>
\$	<u>92,275</u>	\$ <u>94,202</u>	\$ <u>69,002</u>	\$ <u>84,557</u>	\$ <u>91,266</u>
\$	1,519,136	\$ 1,579,052	\$ 1,689,582	\$ 1,833,183	\$ 1,876,431
	6.1%	6.0%	4.1%	4.6%	4.9%

CITY OF JONESTOWN, TEXAS

NOTES TO REQUIRED SUPPLEMENTARY BUDGET INFORMATION

FOR THE YEAR ENDED SEPTEMBER 30, 2025

Budgetary Information

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for the General Fund and Debt Service Fund. Capital projects funds are appropriated on a project-length basis.

The original budget is adopted by the City Council prior to the beginning of the fiscal year. Expenditures may not legally exceed budgeted appropriations at the fund level (legal level of budgetary control). Expenditure requests, which would require an increase in the fund budgeted appropriations, must be approved by the City Council through a formal budget amendment. At any time in the fiscal year, the Council may make emergency appropriations to meet a pressing need for public expenditure in order to protect health, safety, or welfare. The City Council has the power to transfer any unencumbered funds allocated by the budget from one activity, function, or department, to re-estimate revenues and expenditures, and to amend the budget.

**SUPPLEMENTARY
INFORMATION**

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Nonmajor Governmental Funds

Special Revenue Funds

Special revenue funds are used to account for specific revenue sources that are restricted, committed, or assigned to expenditures for particular purposes. The City reports the following special revenue funds:

Court Restricted Fund – to account for the resources collected and related expenditures that are legally restricted for court security and technology purposes.

Parks Fund – to account for the operating revenues and the costs of operations related to the City's parks.

Landscape Fund – This fund is used to account for the costs of operations related to tree replacement.

Ione Jones Library Fund – to account for the donations and the use of donated funds restricted for the use of maintaining the City's library.

Hotel Occupancy Tax Fund – to account for hotel occupancy tax revenue and related tourism expenditures.

Opioid Settlement Fund – to account for the proceeds of opioid settlement funds.

ARPA Grant Fund – to account for the resources that were received from the American Rescue Plan Act and the related project costs.

CITY OF JONESTOWN, TEXAS

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS

SEPTEMBER 30, 2025

	Special Revenue		
	Court Restricted	Parks	Landscape
ASSETS			
Cash and cash equivalents	\$ 142,967	\$ 184,620	\$ 533,799
Taxes receivable	-	-	-
Total assets	142,967	184,620	533,799
LIABILITIES AND FUND BALANCES			
Accounts payable	-	-	403
Total liabilities	-	-	403
Fund balances:			
Restricted:			
Municipal court	142,967	-	-
Parks	-	184,620	-
Public safety	-	-	-
Tourism	-	-	-
Library	-	-	-
Committed:			
Landscape	-	-	533,396
Total fund balances	142,967	184,620	533,396
Total liabilities and fund balances	\$ 142,967	\$ 184,620	\$ 533,799

Special Revenue				Total
Ione Jones Library	Hotel Occupancy Tax	Opioid Settlement	ARPA Grant	Nonmajor Governmental Funds
\$ 20,066	\$ 546,570	\$ 4,326	\$ 26	\$ 1,432,374
-	34,938	-	-	34,938
<u>20,066</u>	<u>581,508</u>	<u>4,326</u>	<u>26</u>	<u>1,467,312</u>
-	-	-	-	403
-	-	-	-	<u>403</u>
-	-	-	-	142,967
-	-	-	-	184,620
-	-	4,326	26	4,352
-	581,508	-	-	581,508
20,066	-	-	-	20,066
-	-	-	-	533,396
<u>20,066</u>	<u>581,508</u>	<u>4,326</u>	<u>26</u>	<u>1,466,909</u>
<u>\$ 20,066</u>	<u>\$ 581,508</u>	<u>\$ 4,326</u>	<u>\$ 26</u>	<u>\$ 1,467,312</u>

CITY OF JONESTOWN, TEXAS

COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2025

	Special Revenue		
	Court Restricted	Parks	Landscape
REVENUES			
Hotel/motel taxes	\$ -	\$ -	\$ -
Licenses and permits	-	-	22,500
Intergovernmental	-	-	-
Investment earnings	5,987	-	-
Fines	19,159	-	-
Miscellaneous	-	840	-
Total revenues	<u>25,146</u>	<u>840</u>	<u>22,500</u>
EXPENDITURES			
Current:			
General government	14,308	-	-
Culture and recreation	-	38,948	10,148
Capital outlay	-	-	-
Total expenditures	<u>14,308</u>	<u>38,948</u>	<u>10,148</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	10,838	(38,108)	12,352
OTHER FINANCING SOURCES (USES)			
Transfers in	-	5,500	-
Transfers out	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>5,500</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	<u>10,838</u>	<u>(32,608)</u>	<u>12,352</u>
FUND BALANCES, BEGINNING, AS PREVIOUSLY REPORTED	132,129	217,228	521,044
ADJUSTMENTS - CHANGES WITHIN FINANCIAL REPORTING ENTITY	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES, BEGINNING, AS RESTATED	<u>132,129</u>	<u>217,228</u>	<u>521,044</u>
FUND BALANCES, ENDING	<u>\$ 142,967</u>	<u>\$ 184,620</u>	<u>\$ 533,396</u>

Special Revenue				Capital Projects	Total Nonmajor Governmental Funds
Ione Jones Library	Hotel Occupancy Tax	Opioid Settlement	ARPA Grant	Capital Expenditures	
\$ -	\$ 108,102	\$ -	\$ -		\$ 108,102
-	-	-	-		22,500
-	-	1,913	152,600		154,513
-	25,616	3	1,956		33,562
-	-	-	-		19,159
-	-	-	-		840
<u>-</u>	<u>133,718</u>	<u>1,916</u>	<u>154,556</u>		<u>338,676</u>
-	61,278	-	9,494		85,080
-	-	-	-		49,096
<u>-</u>	<u>111,669</u>	<u>-</u>	<u>146,647</u>		<u>258,316</u>
<u>-</u>	<u>172,947</u>	<u>-</u>	<u>156,141</u>		<u>392,492</u>
-	(39,229)	1,916	(1,585)		(53,816)
-	-	-	-		5,500
<u>-</u>	<u>(5,500)</u>	<u>-</u>	<u>-</u>		<u>(5,500)</u>
<u>-</u>	<u>(5,500)</u>	<u>-</u>	<u>-</u>		<u>-</u>
<u>-</u>	<u>(44,729)</u>	<u>1,916</u>	<u>(1,585)</u>		<u>(53,816)</u>
20,066	626,237	2,410	-	328,427	1,847,541
<u>-</u>	<u>-</u>	<u>-</u>	<u>1,611</u>	<u>(328,427)</u>	<u>(326,816)</u>
<u>20,066</u>	<u>626,237</u>	<u>2,410</u>	<u>1,611</u>	<u>-</u>	<u>1,520,725</u>
<u>\$ 20,066</u>	<u>\$ 581,508</u>	<u>\$ 4,326</u>	<u>\$ 26</u>	<u>\$ -</u>	<u>\$ 1,466,909</u>

CITY OF JONESTOWN, TEXAS

SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
DEBT SERVICE FUND

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2025

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Taxes:				
Property	\$ 604,839	\$ 604,839	\$ 611,570	\$ 6,731
Total revenues	<u>604,839</u>	<u>604,839</u>	<u>611,570</u>	<u>6,731</u>
EXPENDITURES				
Debt service:				
Principal	580,000	580,000	580,000	-
Interest and other charges	<u>20,739</u>	<u>20,739</u>	<u>20,739</u>	<u>-</u>
Total expenditures	<u>600,739</u>	<u>600,739</u>	<u>600,739</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	4,100	4,100	10,831	6,731
FUND BALANCE, BEGINNING	<u>156,955</u>	<u>156,955</u>	<u>156,955</u>	<u>-</u>
FUND BALANCE, ENDING	<u>\$ 161,055</u>	<u>\$ 161,055</u>	<u>\$ 167,786</u>	<u>\$ 6,731</u>

COMPLIANCE SECTION

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

Honorable Mayor
and Members of City Council
City of Jonestown, Texas

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Jonestown, Texas ("City"), as of and for the year ended September 30, 2025, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated March 23, 2026.

Report on Internal Control Over Financial Reporting

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

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

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

Report on Compliance and Other Matters

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

Purpose of this Report

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

Pattillo, Brown & Hill, L.L.P.

Waco, Texas
March 23, 2026