

**TOWN OF PONDER, TEXAS**  
FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2025

**TOWN OF PONDER, TEXAS**  
**FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2025**

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**TOWN OF PONDER, TEXAS**

PRINCIPAL TOWN OFFICIALS  
SEPTEMBER 30, 2025

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Mayor

Nick McGregor

Commissioners

John Estes  
Mark Culpepper  
Ginger Duessen  
Lael McWilliams  
Marc Shingelo

Town Secretary

Rebecca Zielinski

Tax Collector

Denton County

Town Administrator

Fred Tillman

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# Hankins Eastup

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*Deaton Tonn Seay & Scarborough | A Texas LLC*

## **INDEPENDENT AUDITOR'S REPORT**

Honorable Mayor and Town Council  
Town of Ponder, Texas

### **Opinion**

We have audited the accompanying financial statements of the governmental activities, business type activities, the discretely presented component units, and each major fund of the Town of Ponder as of and for the year ended September 30, 2025, and the related notes to the financial statements, which collectively comprise the Town of Ponder's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business type activities, the discretely presented component units, and each major fund of the Town of Ponder as of September 30, 2025, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### **Basis for Opinion**

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standard applicable to financial audit 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 Financials section of our report. We are required to be independent of the Town of Ponder 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 opinion.

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

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

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

### **Auditor's Responsibility 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 general accepted auditing standards and Government Auditing Standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

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

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

### **Required Supplementary Information**

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

### **Other Information**

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Ponder's basic financial statements. The comparative schedule and individual fund statements and schedules listed in the table of contents 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 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 15, 2026, on our consideration of the Town of Ponder's internal control over financial reporting and on our test of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town of Ponder's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Hankins Eastup Deaton Tonn Seay & Scarborough". The signature is written in a cursive, flowing style.

Hankins, Eastup, Deaton, Tonn, Seay & Scarborough, LLC  
Denton, Texas

March 15, 2026

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

# TOWN OF PONDER, TEXAS

## MANAGEMENT'S DISCUSSION AND ANALYSIS SEPTEMBER 30, 2025

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As management of the Town of Ponder, we offer readers of the Town of Ponder's financial statements this narrative overview and analysis of the financial activities of the Town of Ponder for the year ended September 30, 2025. We encourage readers to consider the information presented here in conjunction with the Town's basic financial statements.

### Financial Highlights

- The assets and deferred outflows of resources of the Town of Ponder exceeded its liabilities and deferred inflows of resources as of September 30, 2025, by \$11,308,014. The Unrestricted Net Position amount of \$10,680,640 may be used to meet the government's ongoing obligations to citizens and creditors.
- The Town's total net position increased by \$547,811 during the fiscal year from the results of current year operations.
- As of September 30, 2025, the Town of Ponder's governmental funds reported combined ending fund balances of \$2,803,456, a decrease of \$1,568,723 in comparison with the beginning of the period. Approximately 74 percent of this total amount, \$2,087,310 is available for spending at the government's discretion (*unassigned fund balance*).
- At the end of the fiscal year, unassigned fund balance for the general fund of \$2,087,310 was 89 percent of total general fund non-capital expenditures.

### Overview of the Financial Statements

The management's discussion and analysis is intended to serve as an introduction to the Town of Ponder's basic financial statements. The Town of Ponder'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 contains other supplementary information in addition to the basic financial statements themselves.

The Town had two discretely presented component units at September 30, 2025: the Ponder Economic Development Corporation, which was created in fiscal year 2003 as the result of a successful 4B sales tax election, and the Ponder Public Improvement District No. 1 which was created in fiscal year 2015 to finance certain public improvements benefiting property owners within the public improvement district commonly known as "Estates at Remington Park".

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

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

The statement of activities presents information showing how the Town's net position changed during the most recent period. All of the current period's revenues and expenses are included regardless of when cash is received or paid. 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 the statement of net position and the statement of activities are prepared utilizing the accrual basis of accounting as opposed to the modified accrual basis used in prior reporting models.

# TOWN OF PONDER, TEXAS

## MANAGEMENT'S DISCUSSION AND ANALYSIS SEPTEMBER 30, 2025

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In the Statement of Net Position and the Statement of Activities, the Town is divided between two kinds of activities:

- **Governmental activities.** All of the Town's basic services are reported here, including the police, community development, public works, municipal court, and general administration. Property taxes, sales taxes, and franchise fees finance most of these activities.
- **Business-type activities.** The Town charges a fee to customers to help it cover all or most of the cost of water and wastewater services it provides.

**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. Fund financial statements provide detailed information about the most significant funds, not the Town as a whole. Some funds are required to be established by state law or bond covenants. However, the Town Council may establish other funds to help it control and manage money for particular purposes or to show that it is meeting legal responsibilities for using certain taxes, grants and other money. The Town's two kinds of funds, governmental and proprietary, use different accounting approaches.

**Governmental Funds.** All of the Town's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at period-end that are available for spending. These funds are reported using an accounting method identified as the modified accrual basis of accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the Town's general operations and the basic services it provides. Governmental fund information helps the reader determine whether there are more or fewer financial resources that can be spent in the near future to finance the Town's programs. By comparing information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements, readers may better understand the long-term impact of the government's near-term financing decisions. The relationship or differences between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds is detailed in a reconciliation following the fund financial statements.

The Town of Ponder maintains three 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, debt service fund and capital projects fund, all of which are considered to be major funds.

**Proprietary Funds.** The Town reports the activities for which it charges users (whether outside customers or other units of the Town) in proprietary funds using the same accounting methods employed in the Statement of Net Position and the Statement of Activities. In fact, the Town's enterprise fund is the business-type activities reported in the government-wide statements but containing more detail and additional information, such as cash flows.

**Fiduciary Funds.** Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statement because the resources of those funds are not available to support the Town of Ponder's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds. The Town of Ponder does not currently have any fiduciary funds.

# TOWN OF PONDER, TEXAS

## MANAGEMENT'S DISCUSSION AND ANALYSIS SEPTEMBER 30, 2025

**Notes to the Financial Statements.** The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and funds financial statements.

**Other Information.** In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information highlighting budgetary information for the general fund.

### Government-wide Financial Analysis

The Town's combined net position was \$11,308,014 as of September 30, 2025. The following analysis presents both current and prior year data and discusses significant changes in the accounts. This analysis focuses on the net position (Table 1), general revenues (Table 2), and changes in net position (Table 3) of the Town's governmental activities.

The largest portion of the Town's net position reflects its investment in capital assets (e.g., land, buildings, machinery, equipment, and infrastructure) less any related debt used to acquire those assets that is still outstanding. The Town uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Town'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.

Table 1

#### Net Position

	Governmental Activities		Business-Type Activities		Total	
	2025	2024	2025	2024	2025	2024
	Current and other assets	\$2,914,120	\$3,453,909	\$ 9,918,296	\$11,850,552	\$12,832,416
Capital assets	6,529,576	7,311,526	9,135,951	6,856,508	15,665,527	14,168,033
Total assets	9,443,696	10,765,435	19,054,247	18,707,060	28,497,943	29,472,495
Deferred outflows of resources	81,965	231,982	-	-	81,965	231,982
Long-term liabilities						
outstanding	5,396,628	5,396,628	13,055,864	13,055,864	18,452,492	18,452,492
Other liabilities	31,504	31,504	252,311	252,311	283,815	283,815
Total liabilities	5,344,151	5,428,132	11,871,685	13,308,175	17,215,836	18,736,307
Deferred inflows of resources	56,058	74,021	-	-	56,058	74,021
Net Position:						
Net investment in capital						
assets	3,197,145	2,370,229	(2,672,288)	3,721,969	524,857	6,092,198
Restricted	102,516	92,650	-	-	102,516	92,650
Unrestricted	825,791	3,032,383	9,854,850	1,676,916	10,680,641	4,709,299
Total net position	<u>\$4,125,452</u>	<u>\$5,495,262</u>	<u>\$ 7,182,562</u>	<u>\$ 5,398,885</u>	<u>\$11,308,014</u>	<u>\$ 10,894,147</u>

# TOWN OF PONDER, TEXAS

## MANAGEMENT'S DISCUSSION AND ANALYSIS SEPTEMBER 30, 2025

**Governmental Activities.** The Town's general revenues for governmental activities for the years ended September 30, 2025, and 2024 are detailed below (Table 2).

Table 2

General Revenues		
	2025	2024
Property taxes	\$ 2,340,775	\$ 1,739,831
Sales taxes	408,142	404,980
Franchise taxes	152,978	152,778
Gas royalties	1,625	1,494
Investment earnings	557,239	159,650
Other	120,551	1,719
	\$ 3,581,310	\$ 2,460,452

The following table provides a summary of the Town's operations for the years ended September 30, 2025, and 2024.

Table 3

Changes in Net Position						
	Governmental Activities		Business-Type Activities		Total	
	2025	2024	2025	2024	2025	2024
Revenues:						
Program Revenues:						
Charges for Services	\$ 175,593	\$ 326,832	\$ 2,168,411	\$ 2,556,597	\$ 2,344,004	\$ 2,883,429
Operating grants and contributions	-	3,250	-	-	-	3,250
General Revenues:						
Property taxes	2,340,775	1,739,831	-	-	2,340,775	1,739,831
Sales taxes	408,142	404,980	-	-	408,142	404,980
Franchise taxes	152,978	152,778	-	-	152,978	152,778
Gas royalties	1,625	1,494	-	-	1,625	1,494
Investment earnings	297,044	159,650	260,195	305,257	557,239	464,907
Other	120,551	1,719	-	-	120,551	1,719
Total Revenues	3,496,708	2,790,534	2,428,606	2,861,854	5,925,314	5,652,388
Expenses:						
Administration	911,062	638,326	-	-	911,062	638,326
Library	112,214	74,094	-	-	112,214	74,094
Municipal court	57,835	88,345	-	-	57,835	88,345
Public safety	1,084,608	881,096	-	-	1,084,608	881,096
Public works	553,370	532,270	-	-	553,370	532,270
Debt service-interest and fees	200,713	195,852	-	-	200,713	195,852
Water and wastewater expenses	-	-	2,457,700	2,007,612	2,457,700	2,007,612
Total Expenses	2,919,802	2,409,983	2,457,700	2,007,612	5,377,502	4,417,595
Transfers in (out)	(1,812,771)	1,551,515	1,812,771	(1,551,515)	-	-
Change in net position	(1,235,865)	1,932,066	1,783,677	(697,273)	547,812	1,234,793
Net Position – October 1 (beginning)	5,495,262	3,563,196	5,398,885	6,096,158	10,894,147	9,659,354
Restatement - GASB 101	(133,944)	-	-	-	-	-
Net Position – September 30 (ending)	\$ 4,125,452	\$ 5,495,262	\$ 7,182,562	\$ 5,398,885	\$ 11,441,958	\$ 10,894,147

# TOWN OF PONDER, TEXAS

## MANAGEMENT'S DISCUSSION AND ANALYSIS SEPTEMBER 30, 2025

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

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

As of the end of the current period, the Town's governmental funds reported combined ending fund balances of \$2,803,456, a decrease of \$1,568,723 in comparison with the beginning of the period. Approximately 74% percent of this total amount (\$2,087,310) constitutes unassigned fund balance, which is available for spending at the Town's discretion. The remainder of fund balance is not available for new spending because it has already been committed for debt service, capital projects, and prepaid costs.

The general fund is the chief operating fund of the Town. At the end of the current period, unassigned fund balance of the general fund totaled \$2,087,310, while total fund balance was \$2,107,282. As a measure of the general fund's liquidity, it may be useful to compare unassigned fund balance to total fund expenditures. Unassigned fund balance represents 89 percent of total general fund non-capital expenditures.

The fund balance of the Town's general fund increased by \$991,513 during the current year compared to a \$271,668 decrease in the previous year. General fund revenues were up \$535,212 or 22 percent above the prior year primarily due to greater property tax revenue. Expenditures were up \$535,546 from the previous year.

The fund balance of the debt service fund increased 34,434 during the current year, compared to a \$33,888 increase in fund balance in the prior year. Revenues were up \$62,811 or 13% and expenditures decreased by \$58,320.

### **General Fund Budgetary Highlights**

During the current year, the Town Council of the Town of Ponder did not amend the budget for the General Fund.

The original budget for the general fund projected the activity for the year would result in breakeven financial performance. The unassigned fund balance for the general fund increased by \$991,513.

### **Capital Asset and Debt Administration**

**Governmental Activities Capital Assets.** The investment in capital assets for its governmental activities as of September 30, 2025, amounts to \$6,529,576 (net of accumulated depreciation). The investment in capital assets includes land, building, equipment, parks, and streets and drainage.

# TOWN OF PONDER, TEXAS

## MANAGEMENT'S DISCUSSION AND ANALYSIS SEPTEMBER 30, 2025

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Additional information on the Town's capital assets can be found in note 6 of this report.

**Governmental Activities Long-term Debt.** At the end of the current period, the Town had outstanding governmental long-term debt consisting of certificates of obligation, premiums on the issuance of certificates of obligation, capital leases, and accrued compensated absences.

No new debt was incurred during the current period.

Additional information on the Town's governmental long-term debt can be found in note 7 of this report.

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

The mayor and town council evaluate various economic factors such as the state of the general economy, debt obligations, and fund balances when determining an annual budget for town services. The Town adopted a balanced budget for fiscal year 2025. The tax rate for fiscal year 2025 is \$0.694379 per \$100 valuation of property (\$0.539641 per \$100 valuation for maintenance and operations and \$.154738 per \$100 valuation for interest and sinking fund debt service).

### **Requests for Information**

This financial report is designed to provide a general overview of the Town's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Town of Ponder, P.O. Box 297, Ponder, Texas 76259.

## **BASIC FINANCIAL STATEMENTS**

**TOWN OF PONDER, TEXAS**  
**STATEMENT OF NET POSITION**  
**SEPTEMBER 30, 2025**

	Primary Government		Total
	Governmental Activities	Business Type Activities	
<b>ASSETS</b>			
Cash and Investments	\$ 2,809,203	\$ 9,569,307	\$ 12,378,510
Sales Tax Receivable	76,100	-	76,100
Ad Valorem Tax Receivable	15,400	-	15,400
Receivables (net of allowance for uncollectibles)	3,898	348,989	352,887
Internal Balances	(8,519)	-	(8,519)
Prepaid Expenses	18,038	-	18,038
Capital Assets:			-
Land	3,289,400	206,435	3,495,835
Construction in Progress	-	225,266	225,266
Buildings (net of accumulated depreciation)	2,004,534	341,317	2,345,851
Water System (net of accumulated depreciation)	-	2,917,637	2,917,637
Wastewater System (net of accumulated depreciation)	-	5,152,934	5,152,934
Vehicles and Equipment (net of accumulated depreciation)	394,515	292,362	686,877
Streets and Drainage (net of accumulated depreciation)	801,630	-	801,630
Parks (net of accumulated depreciation)	39,497	-	39,497
Total Assets	9,443,696	19,054,247	28,497,942
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred Outflow Related to TMRS	80,661	-	80,661
Deferred Outflow Related to OPEB	1,304	-	1,304
Total Deferred Outflows of Resources	81,965	-	81,965
<b>LIABILITIES</b>			
Accounts Payable	17,926	35,433	53,359
Accrued Liabilities	101,548	28,013	129,561
Noncurrent Liabilities:			
Due within one year	318,902	549,908	868,810
Due in more than one year	4,845,690	11,258,331	16,104,021
Net pension liability	6,828	-	6,828
Net OPEB liability	53,257	-	53,257
Total Liabilities	5,344,151	11,871,685	17,215,836
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred Inflow Related to TMRS	48,285	-	48,285
Deferred Inflow Related to OPEB	7,773	-	7,773
Total Deferred Inflows of Resources	56,058	-	56,058
<b>NET POSITION</b>			
Net Investment in Capital Assets	3,197,145	4,685,798	7,882,943
Restricted for:			
Debt Service	100,581	-	100,581
CLFRF Funds	1,935	-	1,935
Economic Development	-	-	-
Unrestricted Net Position	825,791	2,496,764	3,322,554
Total Net Position	\$ 4,125,452	\$ 7,182,562	\$ 11,308,014

Component Units	
Economic Development Corporation	Public Improvement District No. 1
\$ 687,731	\$ 390,542
30,440	-
-	1,304
-	-
8,519	-
-	-
672,947	-
-	-
-	-
-	-
-	-
-	2,450,809
-	-
<u>1,399,637</u>	<u>2,842,655</u>
-	-
-	-
-	-
-	-
-	-
35,335	55,000
150,335	3,321,134
-	-
-	-
<u>185,670</u>	<u>3,376,134</u>
-	-
-	-
-	-
487,277	(925,325)
-	391,846
-	-
726,690	-
-	-
<u>\$ 1,213,967</u>	<u>\$ (533,479)</u>

**TOWN OF PONDER, TEXAS**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2025**

	Program Revenues		
Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
<b>Primary Government:</b>			
<b>GOVERNMENTAL ACTIVITIES</b>			
Administration	\$ 893,169	\$ 146,052	\$ -
Library	112,214	-	-
Municipal Court	57,835	29,541	-
Public Safety	1,084,608	-	-
Public Works	553,370	-	-
City Council	17,893	-	-
Debt Service – Interest and fees	200,713	-	-
Total Governmental Activities	2,919,802	175,593	-
<b>BUSINESS-TYPE ACTIVITIES</b>			
Enterprise Fund	2,457,700	2,168,411	-
Total Business-Type Activities	2,457,700	2,168,411	-
TOTAL PRIMARY GOVERNMENT	\$ 5,377,502	\$ 2,344,004	\$ -
<b>Component Units</b>			
Economic Development Corporation	\$ 48,223	\$ -	\$ -
Public Improvement District No. 1	279,347	-	-
TOTAL COMPONENT UNITS	\$ 327,570	\$ -	\$ -

**GENERAL REVENUES AND SPECIAL ITEMS**

Taxes:

Property Taxes, Levied for General Purposes

Property Taxes, Levied for Debt Service

Sales Taxes

Franchise Taxes

Street Maintenance Taxes

Gas Royalties

Special Assessments

Miscellaneous Revenue

Investment Earnings

Total General Revenues and Special Items

Change in Net Position

NET POSITION, October 1 - Beginning

Restatement Due to New GASB Pronouncement

Transfers In (Out)

NET POSITION, September 30 - Ending

Net (Expense) Revenue and  
Change in Net Position

Primary Government			Component Units	
Governmental Activities	Business-type Activities	Total	Economic Development Corp	Public Improvement District No. 1
\$ (747,117)	\$ -	\$ (747,117)	\$ -	\$ -
(112,214)	-	(112,214)	-	-
(28,294)	-	(28,294)	-	-
(1,084,608)	-	(1,084,608)	-	-
(553,370)	-	(553,370)	-	-
(17,893)	-	(17,893)	-	-
(200,713)	-	(200,713)	-	-
<u>(2,744,209)</u>	<u>-</u>	<u>(2,744,209)</u>	<u>-</u>	<u>-</u>
-	(289,289)	(289,289)	-	-
-	(289,289)	(289,289)	-	-
<u>(2,744,209)</u>	<u>(289,289)</u>	<u>(3,033,498)</u>	<u>-</u>	<u>-</u>
-	-	-	(48,223)	-
-	-	-	-	(279,347)
-	-	-	(48,223)	(279,347)
1,794,848	-	1,794,848	-	-
545,927	-	545,927	-	-
408,142	-	408,142	207,473	-
152,978	-	152,978	-	-
61,274	-	61,274	-	-
1,625	-	1,625	-	-
-	-	-	-	253,168
59,277	-	59,277	8	-
297,044	260,195	557,239	7,274	-
<u>3,321,115</u>	<u>260,195</u>	<u>3,581,310</u>	<u>214,755</u>	<u>253,168</u>
576,905	(29,094)	547,811	166,532	(26,179)
<u>5,495,262</u>	<u>5,398,885</u>	<u>10,894,147</u>	<u>1,047,435</u>	<u>(507,300)</u>
(133,944)	-	-	-	-
(1,812,771)	1,812,771	-	-	-
<u>\$ 4,125,452</u>	<u>\$ 7,182,562</u>	<u>\$ 11,441,958</u>	<u>\$ 1,213,967</u>	<u>\$ (533,479)</u>

**TOWN OF PONDER, TEXAS**

BALANCE SHEET - GOVERNMENTAL FUNDS  
SEPTEMBER 30, 2025

	General Fund	Debt Service Fund
<b>ASSETS</b>		
Cash and Investments	\$ 2,113,030	\$ 79,803
Receivables (net of allowances for uncollectibles):		
Taxes – Ad Valorem	11,944	3,456
Taxes – Sales	76,100	-
Other	3,898	-
Prepaid Costs	18,038	-
Total Assets	\$ 2,223,010	\$ 83,259
<b>LIABILITIES, DEFERRED OUTFLOWS AND FUND BALANCE</b>		
Liabilities:		
Current Liabilities:		
Accounts Payable	\$ 17,926	\$ -
Accrued Liabilities	77,338	-
Due to EDC	8,519	-
Total Liabilities	103,783	-
Deferred Outflows of Resources:		
Unavailable Revenue--Property Taxes	11,944	3,456
Total Deferred Outflows of Resources	11,944	3,456
Fund Balance:		
Nonspendable Fund Balance:		
Prepaid Costs	18,038	-
Restricted Fund Balance:		
CLFRF Funds	1,935	-
Retirement of Long-Term Debt	-	79,803
Capital Improvements	-	-
Unassigned Fund Balance	2,087,310	-
Total Fund Balance	2,107,283	79,803
Total Liabilities, Deferred Outflows and Fund Balance	\$ 2,223,010	\$ 83,259

The accompanying notes are an integral part of this statement.

<u>Capital Projects Fund</u>	<u>Total Governmental Funds</u>
\$ 616,370	\$ 2,809,203
-	15,400
-	76,100
-	3,898
-	18,038
<u>\$ 616,370</u>	<u>\$ 2,922,639</u>
\$ -	\$ 17,926
-	77,338
-	8,519
<u>-</u>	<u>103,783</u>
-	15,400
-	15,400
-	18,038
-	1,935
-	79,803
616,370	616,370
-	2,087,310
<u>616,370</u>	<u>2,803,456</u>
<u>\$ 616,370</u>	<u>\$ 2,922,639</u>

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## TOWN OF PONDER, TEXAS

### RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET POSITION SEPTEMBER 30, 2025

<b>Total Fund Balances – Governmental Funds</b>	\$2,803,456
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the fund financial statements.	9,728,472
Accumulated depreciation is not reported in the fund financial statements.	(3,198,896)
Certificates of obligation, general obligation bonds, capital leases and compensated absences are not reported in the fund financial statements.	(4,882,587)
Premiums on the issuance of certificates of obligation are not recognized in the fund financial statements.	(282,005)
Property tax revenue reported as unavailable revenues in the fund financial statements was recognized as revenue in the government-wide financial statements	15,400
Interest is accrued on outstanding debt in the government-wide financial statements, whereas in the fund financial statements interest expenditures are reported when due.	(24,210)
Included in the items related to debt is the recognition of the Town's net TMRS pension liability required by GASB 68 in the amount of \$6,828, a Deferred Resource Inflow related to TMRS in the amount of \$48,285 and a Deferred Resource Outflow related to TMRS in the amount of \$80,661. This amounted to an increase in Net Position in the amount of \$25,548.	25,548
Included in the items related to debt is the recognition of the Town's net TMRS OPEB liability required by GASB 75 in the amount of \$53,257, a Deferred Resource Outflow related to OPEB in the amount of \$1,304, and a Deferred Resource Inflow related to OPEB in the amount of \$7,773. This amounted to a decrease in Net Position in the amount of \$59,726.	<u>(59,726)</u>
Net Position of Governmental Activities	<u><u>\$4,125,452</u></u>

The accompanying notes are an integral part of this statement.

**TOWN OF PONDER, TEXAS**

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE  
GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED SEPTEMBER 30, 2025

	General Fund	Debt Service Fund
<b>Revenues:</b>		
Taxes - Ad Valorem	\$ 1,801,535	\$ 547,844
- Franchise	152,978	-
- Sales	408,142	-
- Street Maintenance	61,274	-
Building Permits and other Fees	63,590	-
Administrative Fees	82,462	-
Interest Income	297,037	7
Court Citations	29,541	-
Gas Royalties	1,625	-
CLFRF Funds	1,935	-
County Funding	42,800	-
Other	14,541	-
Total Revenues	2,957,460	547,851
<b>Expenditures:</b>		
Current:		
Administration	773,715	-
Library	104,896	-
Municipal Court	51,993	-
Public Safety	1,002,669	-
Public Works	382,728	-
City Council	17,893	-
Capital Expenditures	413,952	-
Debt Service:		
Principal	-	289,000
Interest and Fees	-	224,417
Total Expenditures	2,747,846	513,417
Excess (Deficit) of Revenues over Expenditures	209,614	34,434
<b>Other Financing Sources (Uses):</b>		
Transfers to Other Funds	(1,159,354)	-
Transfers from Other Funds	1,941,253	-
Total Other Financing Sources (Uses)	781,899	-
Net Change in Fund Balance	991,513	34,434
Fund Balance – October 1 (beginning)	1,115,770	45,369
Fund Balance – September 30 (ending)	\$ 2,107,283	\$ 79,803

The accompanying notes are an integral part of this statement.

<u>Capital Projects Fund</u>	<u>Total Governmental Funds</u>
\$ -	\$ 2,349,379
-	152,978
-	408,142
-	61,274
-	63,590
-	82,462
-	297,046
-	29,541
-	1,625
-	1,935
-	42,800
-	14,539
<u>-</u>	<u>3,505,311</u>
-	773,715
-	104,896
-	51,993
-	1,002,669
-	382,728
-	17,893
-	413,952
-	289,000
-	224,417
<u>-</u>	<u>3,261,263</u>
<u>-</u>	<u>244,048</u>
(2,594,670)	(3,754,024)
-	1,941,253
<u>(2,594,670)</u>	<u>(1,812,771)</u>
(2,594,670)	(1,568,723)
3,211,040	4,372,179
<u>\$ 616,370</u>	<u>\$ 2,803,456</u>

## TOWN OF PONDER, TEXAS

### RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE TO THE STATEMENT OF ACTIVITIES FOR THE YEAR ENDED SEPTEMBER 30, 2025

**Total Net Change in Fund Balances – Governmental Funds** \$ (1,568,723)

Current year capital asset additions are expenditures in the fund financial statements, but they are shown as increases in capital assets in the government-wide financial statements. The net effect of reclassifying the current year capital asset additions is to increase net position. 413,952

Depreciation is not recognized as an expense in governmental funds since it does not require the use of current financial resources. The net effect of the current year's depreciation is to decrease net position in the government-wide financial statements. (251,296)

Revenues from property taxes are shown as unavailable in the fund financial statements until they are considered available to finance current expenditures, but such revenues are recognized when assessed, net of an allowance for uncollectible amounts, in the government-wide financial statements. (8,604)

Current year compensated absences earned but not used is not recorded in the fund financial statements, but is shown as an increase in long-term debt in the government-wide financial statements. (56,479)

Current year principal payments on certificates of obligation, general obligation bonds and capital leases are expenditures in the fund financial statements, but are shown as reductions in long-term debt in the government-wide financial statements. 300,520

Current year amortization of the premium on bond issuance is not recorded in the fund financial statements, but is shown as a reduction in long-term debt in the government-wide financial statements. 23,704

Interest is accrued on outstanding debt in the government-wide financial statements, whereas in the fund financial statements interest expenditures are reported when due. -

The implementation of GASB 68 required that certain expenditures be de-expended and recorded as deferred resource outflows. The contributions made after the measurement date of 12/31/24 caused net position to increase in the amount of \$65,494. Contributions made before the measurement date but during the 2025 FY were also de-expended and recorded as a reduction in the net position liability for the Town. This also caused an increase in net position in the amount of \$56,807. These contributions were replaced with the Town's pension expense for the year of \$52,346, which caused a decrease in net position. The impact of all of these is to decrease net position by \$74,503 (74,503)

**TOWN OF PONDER, TEXAS**

**RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES,  
EXPENDITURES, AND CHANGES IN FUND BALANCE TO THE STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED SEPTEMBER 30, 2025**

The implementation of GASB 75 required that certain expenditures be de-expended and recorded as deferred resource outflows. The contributions made after the measurement date of 12/31/24 caused net position to increase in the amount of \$9,941. Contributions made before the measurement date but during the 2025 FY were also de-expended and recorded as a reduction in the net position liability for the Town. This also caused an increase in net position in the amount of \$3,258. These contributions were replaced with the Town's OPEB expense for the year of \$7,754, which caused a decrease in the change in net position. The impact of all of these is to decrease net position by \$14,437.

(14,437)

Current year General Revenue (Transfers Out) not recorded in fund financial statements, but is shown as an decrease in government-wide financial statements

1,812,771

**Change in Net Position of Governmental Activities**

\$ 576,905

The accompanying notes are an integral part of this statement.

**TOWN OF PONDER, TEXAS**

STATEMENT OF REVENUES, EXPENDITURES AND CHANGE  
IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND  
FOR THE YEAR ENDED SEPTEMBER 30, 2025

	Budgeted Amounts		Actual Amounts (GAAP BASIS)	Variance With Final Budget
	Original	Final		
<b>Revenues:</b>				
Taxes - Ad Valorem	\$ 1,718,818	\$ 1,718,818	\$ 1,801,535	\$ 82,717
- Franchise	150,000	150,000	152,978	2,978
- Sales	350,000	350,000	408,142	58,142
- Street Maintenance	71,428	71,428	61,274	(10,154)
Building Permits and Other Fees	20,000	20,000	63,590	43,590
Administrative Fees	100,000	100,000	82,462	(17,538)
Interest Income	50,000	50,000	297,037	247,037
Court Citations	20,000	20,000	29,541	9,541
Gas Royalties	1,500	1,500	1,625	125
County Funding			42,800	42,800
CLFRF Funds	-	-	1,935	1,935
Other	11,860	11,860	14,541	2,681
<b>Total Revenues</b>	<b>2,493,606</b>	<b>2,493,606</b>	<b>2,957,460</b>	<b>463,854</b>
<b>Expenditures:</b>				
Administration	832,427	832,427	773,715	58,712
Library	64,131	64,131	104,896	(40,765)
Municipal Court	71,702	71,702	51,993	19,709
Public Safety	946,494	946,494	1,002,669	(56,175)
Public Works	111,352	111,352	382,728	(271,376)
City Council	17,500	17,500	17,893	(393)
Capital Expenditures	450,000	450,000	413,952	36,048
<b>Total Expenditures</b>	<b>2,493,606</b>	<b>2,493,606</b>	<b>2,747,846</b>	<b>(254,240)</b>
Excess (Deficit) of Revenues over Expenditures	-	-	209,614	209,614
<b>Other Financing Sources (Uses):</b>				
Transfers to Other Funds	-	-	(1,159,354)	(1,159,354)
Transfers from Other Funds	-	-	1,941,253	1,941,253
<b>Total Other Financing Sources (Uses)</b>	-	-	<b>781,899</b>	<b>781,899</b>
Net Change in Fund Balance	-	-	991,513	991,513
Fund Balance – October 1 (Beginning)	1,115,770	1,115,770	1,115,770	-
Fund Balance – September 30 (Ending)	<b>\$ 1,115,770</b>	<b>\$ 1,115,770</b>	<b>\$ 2,107,283</b>	<b>\$ 991,513</b>

**TOWN OF PONDER, TEXAS**  
**STATEMENT OF NET POSITION**  
**ENTERPRISE FUNDS**  
**SEPTEMBER 30, 2025**

	<u>Business-Type Activities</u> <u>Total</u> <u>Enterprise Funds</u>
<b>ASSETS</b>	
Current Assets:	
Cash and Cash Equivalents	\$ 9,569,307
Accounts Receivable	348,989
Total Current Assets	<u>9,918,296</u>
Noncurrent Assets:	
Capital Assets:	
Land	206,435
Construction in Progress	225,266
Building, net	341,317
Water Systems, net	2,917,637
Wastewater System, net	5,152,934
Vehicles and Equipment, net	292,362
Total Capital Assets	<u>9,135,951</u>
Total Assets	<u>19,054,247</u>
<b>LIABILITIES</b>	
Current Liabilities:	
Accounts Payable	35,433
Accrued Liabilities	28,013
Total Current Liabilities	<u>63,446</u>
Noncurrent Liabilities:	
Due within one year	549,908
Due in more than one year	11,258,331
Total Noncurrent Liabilities	<u>11,808,239</u>
Total Liabilities	<u>11,871,685</u>
<b>NET POSITION</b>	
Net Investment in Capital Assets	4,685,798
Unrestricted Net Position	2,496,764
Total Net Position	<u>\$ 7,182,562</u>

The accompanying notes are an integral part of this statement.

**TOWN OF PONDER, TEXAS**

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGE IN FUND NET POSITION  
ENTERPRISE FUNDS  
FOR THE YEAR ENDED SEPTEMBER 30, 2025

	Business-Type Activities
	Total Enterprise Funds
<b>OPERATING REVENUES:</b>	
Water and Sewer Charges	\$ 2,044,977
Tap Fees	34,510
Impact and Other Fees	88,924
Total Operating Revenues	2,168,411
<b>OPERATING EXPENSES:</b>	
Salaries	323,997
Payroll Taxes	6,289
Retirement	25,865
Health Insurance	44,857
Utilities	134,192
Telephone	13,157
Equipment Repairs and Maintenance	22,270
Building Repairs and Maintenance	7,452
Water Wells Repair and Maintenance	156,920
Water Systems	139,704
Water Equipment	24,473
Contract Labor	66,800
Operating Supplies	33,963
Uniforms	1,500
Engineering Fees	27,099
Property and Liability Insurance	28,806
Bank Charges	19,828
Legal and Accounting	9,750
Dues and Publications	41,685
Tech Service	8,385
Vehicle Expense	33,103
Training	2,559
Computer Expense	3,379
Other	214,793
Depreciation	494,593
Total Operating Expenses	1,885,419
Operating Income	282,992
<b>NON OPERATING REVENUE (EXPENSES):</b>	
Interest Income	260,195
Interest Expense	(572,281)
Total Nonoperating Revenue (Expenses)	(312,086)
Income Before Transfers	(29,094)
Transfers In (Out)	1,812,771
Change in Net Position	1,783,677
Total Net Position – October 1 (Beginning)	5,398,885
Total Net Position – September 30 (Ending)	\$ 7,182,562

The accompanying notes are an integral part of this statement.

**TOWN OF PONDER, TEXAS**

STATEMENT OF CASH FLOWS  
ENTERPRISE FUNDS  
FOR THE YEAR ENDED SEPTEMBER 30, 2025

	<u>Business-Type Activities</u> Total <u>Enterprise Funds</u>
Cash Flows from Operating Activities:	
Cash Received from Customers	\$ 2,314,669
Cash Paid for Payroll Costs and Benefits	(401,008)
Cash Paid for Repairs and Maintenance	(610,550)
Cash Paid for Utilities	(134,192)
Cash Paid for Other Expenses	(793,741)
Net Cash Provided by Operating Activities	<u>375,178</u>
Cash Flows from Capital and Related Financing Activities:	
Purchase of Capital Assets	(2,770,756)
Payment of Long-term Debt Principal	(443,655)
Transfers from Other Funds	1,812,771
Interest Paid	(572,281)
Net Cash Provided by Capital and Related Financing Activities	<u>(1,973,921)</u>
Cash Flows from Investing Activities:	
Interest Income	<u>260,195</u>
Net Cash Provided by Investing Activities	<u>260,195</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(1,338,548)
Cash and Cash Equivalents at Beginning of the Year	<u>10,907,855</u>
Cash and Cash Equivalents at the End of the Year	<u><u>\$ 9,569,307</u></u>
<u>Reconciliation of Operating Income to Net Cash Provided</u>	
by Operating Activities:	
Operating Income	\$ 282,992
Adjustment to Reconcile Operating Income to Net Cash Provided by Operating Activities:	
Depreciation	494,593
Effect of Increases and Decreases in Current Assets and Liabilities:	
Decrease (Increase) in Accounts Receivable	(146,258)
Decrease (Increase) in Prepaid Expenses	3,582
Increase (Decrease) in Accounts Payable	(103,576)
Increase (Decrease) in Accrued Liabilities	(68,884)
Increase (Decrease) in Customer Meter Deposits	(87,271)
Net Cash Provided by Operating Activities	<u><u>\$ 375,178</u></u>

The accompanying notes are an integral part of this statement.

**TOWN OF PONDER, TEXAS**NOTES TO THE BASIC FINANCIAL STATEMENTS  
SEPTEMBER 30, 2025

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The financial statements of the Town of Ponder (the "Town") are presented in accordance with generally accepted accounting principles applicable to state and local governmental units as set forth by the Governmental Accounting Standards Board (GASB).

In fiscal year 2004, the Town implemented GASB Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for the State and Local Governments*, GASB Statement No. 37, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments: Omnibus* which provides additional guidance for the implementation of GASB Statement 34, GASB Statement No. 38, *Certain Financial Statement Disclosures*, which changes note disclosures requirements for governmental entities, and GASB Interpretation No. 6, *Recognition and Measurement of Certain Liabilities and Expenditures in Governmental Fund Financial Statements*, which clarifies the application of standards for modified accrual recognition of certain liabilities and expenditures in areas where difference have arisen, or potentially could arise, in the interpretation and implementation of GASB Statement No. 34.

GASB Statements No. 34 established a new financial reporting model for state and local governments that included the addition of management's discussion and analysis, government-wide financial statements, required supplementary information, and the elimination of account groups. GASB Statement No. 37 provides additional guidance in reporting infrastructure, program revenues, and major fund criteria.

The GASB determined that fund accounting has and will continue to be essential in helping governments achieve fiscal accountability and should, therefore, be retained. The GASB also determined that government-wide financial statements are needed to allow users of financial reports to assess a government's operational accountability. The 2004 GASB model integrates fund-based financial reporting and government-wide financial reporting as complementary components of a single comprehensive financial reporting model.

The following is a summary of the Town's more significant accounting policies.

**A. Reporting Entity**

The Town is a municipal corporation governed by an elected mayor and five-member town council. The accompanying financial statements present the government and its component units, entities for which the government is considered to be financially accountable. The criteria for including organizations as component units within the Town's reporting entity, as set forth in Section 2100 GASB's Codification of Governmental Accounting and Financial Reporting Standards, include the following factors:

- the organization is legally separate (can sue and be sued in their own name)
- the Town holds the corporate powers of the organization
- the Town appoints a voting majority of the organization's board



# TOWN OF PONDER, TEXAS

## NOTES TO THE BASIC FINANCIAL STATEMENTS SEPTEMBER 30, 2025

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- the Town is able to impose its will on the organization
- the organization has the potential to impose a financial benefit/burden on the Town
- there is fiscal dependency by the organization on the Town

Discretely presented component units are reported in a separate column in the government-wide financial statements.

The Town had two discretely presented component units as September 30, 2025: the Ponder Economic Development Corporation, which was created in 2003 as the result of a successful 4B sales tax election, and Ponder Public Improvement District No. 1, which was created in fiscal year 2015 to finance certain public improvements benefiting property owners within the public improvement district known as the Estates at Remington Park.

### **B. Government-wide and Fund 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 non-fiduciary activities of the Town and its component units. The effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on user fees and charges for support. The Town's business-type activities are its water and sewer operations.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not reported as program revenues are reported as general revenues.

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

### **C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation**

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are proprietary fund financial statements. Revenues are recorded when earned, and expenses are recorded when a liability is incurred, regardless of the timing of related cash 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.

## TOWN OF PONDER, TEXAS

### NOTES TO THE BASIC FINANCIAL STATEMENTS SEPTEMBER 30, 2025

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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 Town 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 are recorded only when payment is due.

For purposes of measuring the Town's net pension liability, deferred outflows of resources, deferred inflows of resources related to pensions, and pension expense, such amounts have been determined on the same basis as they are reported by the Texas Municipal Retirement System (TMRS).

For purposes of measuring the Town's net OPEB liability, deferred outflows of resources, deferred inflows of resources related to OPEB, and OPEB expense, such amounts have been determined on the same basis as they are reported by the Texas Municipal Retirement System (TMRS).

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

The Town reports the following major governmental funds:

General Fund - The general fund is the general operating fund of the Town. It is used to account for all financial resources except those required to be accounted for in another fund.

Debt Service Fund - The debt service fund accounts for the payment of principal and interest on the Town's general obligation debt paid primarily by property taxes levied by the Town.

Capital Projects Fund - The capital projects fund accounts for financial resources used for the acquisition or construction of major capital facilities that are not financed by the Town's water and sewer fund.

Enterprise Fund - The Town utilizes a proprietary enterprise fund to account for the Town's activities for which outside users are charged a fee roughly equal to the cost of providing the goods or services of these related activities. The Town uses this fund to account for the operations of its water and sewer system, which provides water and sewer services to its customers.

# TOWN OF PONDER, TEXAS

## NOTES TO THE BASIC FINANCIAL STATEMENTS SEPTEMBER 30, 2025

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### **D. Cash and Investments**

The Town's cash and investments are considered to be cash on hand, demand deposits and short-term investments in state investment pools.

### **E. Receivable and Payables**

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the period are referred to as "due to/from other funds."

### **F. Property Taxes**

Ad valorem taxes are levied from valuations assessed as of January 1; the date of levy is October 1. Property tax receivables are recognized when the Town has an enforceable claim against the property owner. In the governmental funds, property tax revenue is recognized in the fiscal period for which the taxes are levied, provided that they become available. Available means collected within the current period or expected to be collected soon enough thereafter to be used to pay current liabilities. The Town's availability period is sixty days.

Taxes are considered delinquent if not collected by February 1. No discounts are allowed for early payment. Penalty and interest are calculated after February 1 up to the date collected by the Town at the rate of 6% for the first month and then increases 1% per month up to a total of 12%. Under state law, property taxes on real property constitute a lien on the property and cannot be forgiven without specific approval of the State Legislature. The lien expires at the end of twenty years.

For fiscal year 2025, the assessed values were established at 100% of estimated market value. The assessed value for the roll of January 1, 2024, upon which the fiscal year 2025 levy was based, was \$347,989,951. The tax rate to finance general governmental services and the payment of principal and interest on general obligation long-term debt for the year ended September 30, 2025, was \$0.539641 and \$0.154738 per \$100 valuation, respectively, for a total of \$0.694379 per \$100 valuation.

### **G. Bad Debts**

The Town uses the direct write-off method of recording water and sewer fund bad debts, which approximates the allowance method of recording bad debts. An allowance is provided for uncollectible real property taxes even though all real property taxes should ultimately be collected when title to the property is transferred, except in rare instances when taxes are discharged in bankruptcy.

**TOWN OF PONDER, TEXAS**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
SEPTEMBER 30, 2025

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**H. Capital Assets**

Capital assets, which include property, plant, equipment and infrastructure assets (e.g., roads, bridges, sidewalks and similar items), are reported in the governmental activities and business type activities columns in the government-wide financial statements as well as in the enterprise fund financial statements. The Town defines capital assets as personal property with an initial individual cost of more than \$1,000 and an estimated useful life in excess of one year, and all other assets with an initial individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the time received. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Net interest incurred during the construction phase of capital assets of governmental activities is not included as part of the capitalized value of the assets constructed.

Depreciation expense is calculated on the straight-line method. Depreciation methods are designed to amortize the cost of the assets over their estimated useful lives. Estimated useful lives of major categories of property are as follows:

<u>Category</u>	<u>Estimated Life</u>
Water and sewer system	40 years
Buildings	20-40 years
Machinery and equipment	7-10 years
Vehicles	7 years

**I. Compensated Absences**

It is the Town's policy to permit employees to accumulate earned vacation and unused sick leave. A liability for carry-forward compensated absences has been accrued in the government-wide financial statements in accordance with GASB Statement No. 101, "Compensated Absences," which was effective for fiscal years beginning after December 15, 2023. The measurement of the accrued liability includes salary-related payments that are directly and incrementally associated with the leave (e.g., payroll taxes).

**J. Estimates**

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

# TOWN OF PONDER, TEXAS

## NOTES TO THE BASIC FINANCIAL STATEMENTS SEPTEMBER 30, 2025

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### **K. Net Position**

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

### **L. Budgets**

The town council adopts an appropriated budget on a basis consistent with GAAP for the general fund and debt service fund. At a minimum, the town council is required to present the original and the final amended budgets for revenues and expenditures compared to actual revenues and expenditures for these two funds.

The following procedures are followed in establishing the annual budget reflected in the financial statements:

- Prior to September 1, the council prepares a budget based on the modified zero-based budgetary concept for the next succeeding fiscal year. The operating budget includes proposed expenditures and the means of financing them.
- After one of more budget workshops with the council, a meeting is called for the purpose of adopting the proposed budget. At least ten days but not more than 30 days public notice of the meeting is required.
- Prior to September 30, the council legally adopts the budget for the general fund and debt service fund.
- After the budget for the above listed funds is approved, any amendment that causes an increase or decrease in a fund's total expenditures or total revenue or other resources object category requires council approval prior to the fact. These amendments are presented to the council at its regular monthly meeting and are reflected in the official minutes.
- Expenditure budgets are controlled at the departmental level by the department heads. All budget appropriations lapse at year-end.

The general fund and debt service fund budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP).

### **M. Cash Equivalents**

For purposes of the statement of cash flows, the Town considers cash deposits and highly liquid investments with a maturity of three months or less when purchased, to be cash equivalents.

## TOWN OF PONDER, TEXAS

### NOTES TO THE BASIC FINANCIAL STATEMENTS SEPTEMBER 30, 2025

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#### 2. DEPOSITS AND INVESTMENTS

The Town's funds are required to be deposited and invested under the terms of a depository agreement. The depository bank deposits for safekeeping and trust approved pledged securities in an amount sufficient to protect Town funds on a day-to-day basis during the period of the agreement. The pledge of approved securities is waived only to the extent of the depository bank's dollar amount of Federal Deposit Insurance Corporation (FDIC) insurance.

##### 1. Cash Deposits:

As of September 30, 2025, the carrying amount of the Town's deposits in checking accounts and interest-bearing savings accounts was \$350,276 and the bank balance was \$377,524. The Town's cash deposits as of September 30, 2025, were entirely covered by FDIC insurance or by pledged collateral held by the Town's agent bank in the Town's name.

##### 2. Investments:

The Public Funds Investment Act (Government Code Chapter 2256) contains specific provisions in the areas of investment practices, management reports and establishment of appropriate policies. Among other things, it requires the Town to adopt, implement, and publicize an investment policy. That policy must address the following areas: (1) safety of principal and liquidity, (2) portfolio diversification, (3) allowable investments, (4) acceptable risk levels, (5) expected rates of return, (6) maximum allowable stated maturity of portfolio investments, (7) maximum average dollar-weighted maturity allowed based on the stated maturity date for the portfolio, (8) investment staff quality and capabilities, (9) and bid solicitation preferences for certificates of deposit. Statutes authorize the Town to invest in (1) obligations of the U.S. Treasury, certain U.S. agencies, and the State of Texas, (2) certificates of deposit, (3) certain municipal securities, (4) money market savings accounts, (5) repurchase agreements, (6) banker's acceptance, (7) mutual funds, (8) Investment pools, (9) guaranteed investment contracts, (10) and common trust funds. The Act also requires the Town to have independent auditors perform test procedures related to investment practices as provided by the Act. The Town is in substantial compliance with the requirements of the Act and with local policies.

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

- a. Custodial Credit Risk – Deposits: In the case of deposits, this is the risk that, in the event of a bank failure, the Town's deposits may not be returned to it. As of September 30, 2025, the Town's cash balances totaled \$350,276. This entire amount was either collateralized with securities held by the Town's financial institution's agent in the Town's name or covered by FDIC insurance. Thus, the Town's deposits are not exposed to custodial credit risk.

## TOWN OF PONDER, TEXAS

### NOTES TO THE BASIC FINANCIAL STATEMENTS SEPTEMBER 30, 2025

- b. Custodial Credit Risk – Investments: For an investment, this is the risk that, in the event of the failure of the counterparty, the Town will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. At September 30, 2025, the Town held all of its investments in TexPool public funds investment pool. Investments in external investment pools are considered unclassified as to custodial credit risk because they are not evidenced by securities that exist in physical or book entry form.
- c. Credit Risk: This is the risk that an issuer or other counterparty to an investment will be unable to fulfill its obligation. The rating of securities by nationally recognized rating agencies is designed to give an indication of credit risk. The credit quality rating for TexPool at year-end was AAAM (Standard & Poor's).
- d. Interest Rate Risk: This is the risk that changes in interest rates will adversely affect the fair value of an investment. The Town manages its exposure to declines in fair values by limiting the weighted average maturity of its investment portfolio to less than one year from the time of purchase. The weighted average maturity for the TexPool investment pool is less than 60 days.
- e. Foreign Currency Risk: This is the risk that exchange rates will adversely affect the fair value of an investment. As September 30, 2025, the Town was not exposed to foreign currency risk.
- f. Concentration of Credit Risk: This is the risk of loss attributed to the magnitude of the Town's investment in a single issuer (i.e., lack of diversification). Concentration risk is defined as positions of 5 percent or more in the securities of a single issuer. Investment pools are excluded from the 5 percent disclosure requirement.

The Town's investment as of September 30, 2025, is shown below:

	<u>Carrying Amount</u>	<u>Market Value</u>
TexPool Investment Pool	<u>\$ 12,028,234</u>	<u>\$ 12,028,234</u>
Total	<u><u>\$ 12,028,234</u></u>	<u><u>\$ 12,028,234</u></u>

#### **Fair Value Measurements**

The Town categorizes its fair value measurements with the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. Investments that are measured at fair value using the net asset value per share (or its equivalent) as a practical expedient are not classified in the fair value hierarchy below.

# TOWN OF PONDER, TEXAS

## NOTES TO THE BASIC FINANCIAL STATEMENTS SEPTEMBER 30, 2025

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In instances where inputs used to measure fair value fall into different levels in the above fair value hierarchy, fair value measurements in their entirety are categorized based in the lowest level input that is significantly to the valuation. The Town's assessment of the significance of particular inputs to these fair value measurements requires judgment and considers factors specific to each asset or liability.

The Town's investments in the TexPool investment pools (statewide 2a7-like external investment pools) are not required to be measured at fair value but are measured at amortized cost.

### 3. FUND BALANCES

The Town implemented GASB Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions" in a previous year. This Statement provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on a government's fund balances more transparent.

Fund Balance Classifications: The governmental fund financial statements present fund balances based on classifications that comprise a hierarchy based primarily on the extent to which the Town is bound to honor constraints on the specific purposes for which amounts in the respective governmental funds can be spent. The classifications used in the governmental fund financial statements are as follows:

- Nonspendable: This classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) are legally or contractually required to be maintained intact. The Town has classified prepaid items as being nonspendable as these items are not expected to be converted to cash.
- Restricted: This classification includes amounts for which constraints have been placed on the use of the resources either (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation. Debt service resources are to be used for future servicing of the Town's bonded debt and are restricted through debt covenants. Capital projects fund resources are to be used for future construction and renovation projects and are restricted through bond orders and constitutional law. CLFRF funds are restricted to purposes outlined in guidance published for use of those funds.
- Committed: This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by formal action of the Town Council. The Council establishes (and modifies or rescinds) fund balance commitments by passage of a resolution. This can also be done through adoption and amendment of the budget. These amounts cannot be used for any other purpose unless the Council removes or changes the specified use by taking the same type of action that was employed when the funds were initially committed. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements. The Town has no committed fund balance as of September 30, 2025.

# TOWN OF PONDER, TEXAS

## NOTES TO THE BASIC FINANCIAL STATEMENTS SEPTEMBER 30, 2025

- Assigned: This classification includes amounts that are constrained by the Town’s intent to be used for a specific purpose but are neither restricted nor committed. This intent can be expressed by the Council or through the Council delegating this responsibility to other individuals employed the Town. Under the Town's policy, only the Council may assign amounts for specific purposes. This classification also includes the remaining positive fund balance for all governmental funds except for the General Fund. The Town has no assigned fund balance as of September 30, 2025.
- Unassigned: This classification includes all amounts not included in other spendable classifications.

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

The fund balance policy of the Town expresses an intent to maintain a level of assigned and unassigned fund balance in the general fund equal to 25 percent of the fund's operating expenditures.

The details of the fund balances are included in the Governmental Funds Balance Sheet and are described below:

### General Fund

The general fund has unassigned fund balance of \$2,087,310 as of September 30, 2025. Prepaid expenditures (prepaid items) are considered non-spendable fund balance.

### Other Major Funds

The debt service fund has restricted funds of \$79,803 as of September 30, 2025, consisting of property tax collections that are restricted for debt service payments on general obligation debt. The capital projects fund has restricted funds of \$616,370 consisting primarily of unspent certificates of obligation funds.

## 4. RECEIVABLES

Government-wide receivables as of September 30, 2025, are as follows:

	General Fund	Debt Service Fund	Total
Receivables:			
Property taxes	\$ 29,861	\$ 3,456	\$ 33,317
Sales taxes	76,100	-	76,100
Other	3,898		3,898
Gross receivables	105,961	3,456	109,417
Less: Uncollectible allowance	(17,917)	-	(17,917)
Net Receivables	\$ 88,044	\$ 3,456	\$ 91,500

## TOWN OF PONDER, TEXAS

### NOTES TO THE BASIC FINANCIAL STATEMENTS SEPTEMBER 30, 2025

Governmental funds report unearned or unavailable revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. At the end of the current fiscal period, the unavailable revenue reported in the governmental funds relates to delinquent property taxes.

#### 5. INTERFUND BALANCES AND TRANSFERS

<u>Fund</u>	<u>Due to Other Funds</u>	<u>Due from Other Funds</u>
General Fund:		
Economic Development Corporation	\$ 3,898	\$ -
Economic Development Corporation		
General Fund	-	3,898
Total	<u>\$ 3,898</u>	<u>\$ 3,898</u>

<u>Fund</u>	<u>Operating Transfers Out</u>	<u>Operating Transfers In</u>
General Fund:		
Enterprise Fund	\$ 1,159,354	\$ 1,941,253
Capital Projects Fund:		
General Fund	781,899	
Enterprise Fund	1,812,771	
Enterprise Fund:		
General Fund	-	
Capital Projects Fund		1,812,771
Total	<u>\$ 3,754,024</u>	<u>\$ 3,754,024</u>

#### 6. CAPITAL ASSETS

Capital asset activity for governmental activities for the year ended September 30, 2025, was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Retirements / Transfers</u>	<u>Ending Balance</u>
Governmental activities:				
Capital assets:				
Land	\$ 3,267,472	\$ 21,928	\$ -	\$ 3,289,400
Construction in Progress	23,100	-	(23,100)	-
Buildings & Improvements	2,542,007	-	23,100	2,565,107
Equipment and Vehicles	1,239,547	-	-	1,239,547
Streets and Drainage	2,003,727	392,024	-	2,395,751
Parks	238,667	-	-	238,667
Totals at historic cost	<u>9,314,520</u>	<u>413,952</u>	<u>-</u>	<u>9,728,472</u>
Less accumulated depreciation for:				
Buildings & Improvements	(496,364)	(64,209)	-	(560,573)
Equipment and Vehicles	(763,981)	(81,051)	-	(845,032)
Streets and Drainage	(1,506,108)	(63,124)	-	(1,569,232)
Parks	(181,147)	(18,023)	-	(199,170)
Total accumulated depreciation	<u>(2,947,600)</u>	<u>(226,408)</u>	<u>-</u>	<u>(3,174,008)</u>
Governmental activities capital assets, net	<u>\$ 6,366,920</u>	<u>\$ 187,544</u>	<u>\$ -</u>	<u>\$ 6,554,464</u>

## TOWN OF PONDER, TEXAS

### NOTES TO THE BASIC FINANCIAL STATEMENTS SEPTEMBER 30, 2025

Depreciation expense charged to governmental activities during the fiscal year was charged to the following programmatic categories:

Governmental Activities:	
Administration	\$ 63,854
Library	660
Court	2,322
Public Safety	27,482
Public Works	<u>132,090</u>
Total depreciation expense – Governmental activities	<u><u>\$ 226,408</u></u>

Capital asset activity for the business-type enterprise fund activities for the year ended September 30, 2025, was as follows:

	Balance October 1	Additions	Retirements	Balance September 30
<b>Enterprise Activities:</b>				
Land	\$ 203,855	\$ 2,580	\$ -	\$ 206,435
Construction in Progress	225,266	-	-	225,266
Building	480,398	-	-	480,398
Water System	4,337,086	833,616	-	5,170,702
Wastewater System	4,794,290	1,884,858	-	6,679,148
Vehicles and Equipment	<u>862,712</u>	<u>49,702</u>	-	<u>912,414</u>
Totals at historic cost	<u>10,903,607</u>	<u>2,770,756</u>	-	<u>13,674,363</u>
<b>Less Accumulated Depreciation:</b>				
Building	(121,583)	(17,498)	-	(139,081)
Water System	(2,048,397)	(204,668)	-	(2,253,065)
Wastewater System	(1,308,122)	(218,092)	-	(1,526,214)
Vehicles and Equipment	<u>(568,997)</u>	<u>(51,055)</u>	-	<u>(620,052)</u>
	<u>(4,047,099)</u>	<u>(491,313)</u>	-	<u>(4,538,412)</u>
Enterprise Activities Capital Assets, net	<u><u>\$ 6,856,508</u></u>	<u><u>\$ 2,279,443</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 9,135,951</u></u>

## 7. GOVERNMENTAL LONG-TERM DEBT

Governmental long-term debt of the Town consists of two certificates of obligation series, one capital lease, and accrued compensated absences.

The following is a summary of changes in the Town's governmental long-term debt for the fiscal year ended September 30, 2025.

## TOWN OF PONDER, TEXAS

### NOTES TO THE BASIC FINANCIAL STATEMENTS SEPTEMBER 30, 2025

	Interest Rate Payable	Balance October 1 2024	Additions	Refunded/ Retired	Balance September 30 2025	Due Within One Year
Certificates of Obligation:						
Series 2015	2.00-4.00%	\$ 1,138,500	\$ -	\$ 84,000	\$ 1,054,500	\$ 92,000
Series 2018	3.00-4.00%	3,750,000		205,000	3,545,000	215,000
Capital Lease:						
Police Vehicle	3.125%	23,422		11,520	11,902	11,902
Premiums		305,709		23,704	282,005	
Compensated Absences		214,706	56,479		271,185	
<b>Total Long-Term Debt</b>		<u>\$ 5,432,337</u>	<u>\$ 56,479</u>	<u>\$ 324,224</u>	<u>\$ 5,164,592</u>	<u>\$ 318,902</u>

Payment of the certificates of obligation will be from a combination of (1) the levy and collections of a direct and continuing ad valorem tax within the limits of the law on all taxable property within the Town and (2) a limited pledge of surplus net revenues of the Town's water and wastewater operating system.

#### 8. DEBT SERVICE REQUIREMENTS – GOVERNMENTAL LONG-TERM DEBT

Presented below is a summary of certificates of obligation requirements to maturity:

Year Ended September 30,	Principal	Interest	Total Requirements
2026	307,000	176,708	483,708
2027	315,000	165,358	480,358
2028	327,000	153,708	480,708
2029	340,000	141,608	481,608
2030	353,000	128,758	481,758
2031-2035	1,972,500	431,392	2,403,892
2036-2038	985,000	79,800	1,064,800
<b>Total</b>	<u>\$ 4,599,500</u>	<u>\$ 1,277,332</u>	<u>\$ 5,876,832</u>

Presented below is a summary of capital lease requirements to maturity:

Year Ended September 30,	Principal	Interest	Total Requirements
2026	11,902	372	12,274
<b>Total</b>	<u>\$ 11,902</u>	<u>\$ 372</u>	<u>\$ 12,274</u>

**TOWN OF PONDER, TEXAS**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
SEPTEMBER 30, 2025

**9. PROPRIETARY ENTERPRISE FUND LONG TERM DEBT**

Enterprise fund long term debt of the Town consists of three certificates of obligation series and an equipment lease. Retirement of all enterprise fund long term debt is provided from revenues of the Town's water and sewer system.

The following is a summary of changes in the Town's enterprise fund long-term debt for the fiscal year ended September 30, 2025:

<u>Description</u>	<u>Interest Rate Payable</u>	<u>Balance October 1 2024</u>	<u>Additions</u>	<u>Refunded/ Retired</u>	<u>Balance September 30 2025</u>	<u>Due Within One Year</u>
Certificates of Obligation:						
Series 2015	2.00-4.00%	\$ 2,311,500	\$ -	\$ 186,000	\$ 2,125,500	\$ 183,000
Series 2018A	3.55%	1,174,000		112,000	1,062,000	117,000
Series 2022	4.00-5.00%	3,585,000		120,000	3,465,000	130,000
Series 2024	4.00-5.00%	4,840,000			4,840,000	100,000
Equipment Lease	8.00%	45,563		25,655	19,908	19,908
Premiums		314,197		18,366	295,831	
Total Long-Term Debt		<u>\$12,270,260</u>	<u>\$ -</u>	<u>\$ 462,021</u>	<u>\$ 11,808,239</u>	<u>\$ 549,908</u>

**10. DEBT SERVICE REQUIREMENTS – ENTERPRISE FUND LONG TERM DEBT**

Presented below is a summary of certificates of obligation requirements to maturity:

<u>Year Ended September 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Requirements</u>
2026	530,333	478,907	1,009,240
2027	616,000	453,892	1,069,892
2028	639,333	428,707	1,068,040
2029	670,000	402,497	1,072,497
2030	696,667	374,447	1,071,113
2031-2035	3,630,167	1,415,678	5,045,845
2036-2040	2,550,000	754,850	3,304,850
2041-2045	2,160,000	204,200	2,364,200
Total	<u>\$ 11,492,500</u>	<u>\$ 4,513,177</u>	<u>\$ 16,005,677</u>

**11. PONDER EDC LONG-TERM DEBT**

Long-term debt of the Ponder Economic Development Corporation consists of one bank note obtained in fiscal year 2011 for the purchase of land.

<u>Description</u>	<u>Interest Rate Payable</u>	<u>Balance October 1 2024</u>	<u>Additions</u>	<u>Retired</u>	<u>Balance September 30 2025</u>	<u>Due Within One Year</u>
Economic Development Corp.						
Bank Loan - Independent Bank	4.25%	<u>\$ 219,537</u>	<u>\$ -</u>	<u>\$ 33,867</u>	<u>\$ 185,670</u>	<u>\$ 35,335</u>

**TOWN OF PONDER, TEXAS**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
SEPTEMBER 30, 2025

Presented below is a summary of the Ponder Economic Development Corporation bank loan requirements to maturity:

<u>Year Ended</u> <u>September 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u> <u>Requirements</u>
2026	\$ 35,335	\$ 7,208	\$ 42,543
2027	36,867	5,676	42,543
2028	38,464	4,079	42,543
2029	39,377	3,166	42,543
2030	<u>35,627</u>	<u>310</u>	<u>35,937</u>
Total	<u>\$ 185,670</u>	<u>\$ 20,439</u>	<u>\$ 206,109</u>

**12. PONDER PUBLIC IMPROVEMENT DISTRICT NO. 1 LONG-TERM DEBT**

Long-term debt of the Ponder Public Improvement District No. 1 consists of \$3,545,000 special assessment revenue bonds that were issued in September 2017 to finance public improvements benefiting property owners within the public improvement district. The Town is not obligated in any manner for the debt service payments on the special assessment debt. A summary of the change in the long-term debt for the year ended September 30, 2025, is as follows:

<u>Description</u>	<u>Interest</u> <u>Rate</u> <u>Payable</u>	<u>Amounts</u> <u>Outstanding</u> <u>10/01/24</u>	<u>Additions</u>	<u>Refunded/</u> <u>Retired</u>	<u>Amounts</u> <u>Outstanding</u> <u>09/30/25</u>	<u>Due</u> <u>Within</u> <u>One Year</u>
Special Assessment Revenue Bonds: Series 2017	4.0 - 5.0%	\$ 3,355,000	\$ -	\$ 45,000	\$ 3,310,000	\$ 55,000
Premium on Bond issuance		<u>69,141</u>	<u>-</u>	<u>3,007</u>	<u>66,134</u>	<u>3,006</u>
Total Long-Term Debt		<u>\$ 3,424,141</u>	<u>\$ -</u>	<u>\$ 48,007</u>	<u>\$ 3,376,134</u>	<u>\$ 58,006</u>

Presented below is a summary of the Ponder Public Improvement District No. 1 special assessment revenue bonds to maturity:

<u>Year Ended</u> <u>September 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u> <u>Requirements</u>
2026	\$ 55,000	\$ 164,350	\$ 219,350
2027	60,000	162,150	222,150
2028	65,000	159,750	224,750
2029	75,000	156,500	
2030	85,000	152,750	
2031-2035	560,000	691,500	1,251,500
2036-2040	855,000	524,000	1,379,000
2041-2045	1,240,000	273,500	1,513,500
2046-2047	<u>315,000</u>	<u>24,000</u>	<u>339,000</u>
Total	<u>\$ 3,310,000</u>	<u>\$ 2,308,500</u>	<u>\$ 5,149,250</u>

# TOWN OF PONDER, TEXAS

## NOTES TO THE BASIC FINANCIAL STATEMENTS SEPTEMBER 30, 2025

### 13. DEFINED BENEFIT PENSION PLAN

#### Plan Description

The Town of Ponder participates in a nontraditional, joint contributory, hybrid defined benefit pension plan administered by the Texas Municipal Retirement System (TMRS). TMRS is an agency created by the State of Texas and administered in accordance with the TMRS Act, Subtitle G, Title 8, Texas Government Code (the TMRS Act) as an agent multiple-employer retirement system for municipal employees in the State of Texas. The TMRS Act places the general administration and management of TMRS with a six-member Board of Trustees. Although the Governor, with the advice and consent of the Senate, appoints the Board, TMRS does not receive any funding from the State of Texas. TMRS's defined benefit pension plan is a tax-qualified plan under Section 401(a) of the Internal Revenue Code. TMRS issues a publicly available comprehensive annual financial report (CAFR) that can be obtained at [www.tmr.com](http://www.tmr.com).

All eligible employees of the Town participate in TMRS.

#### Benefits Provided

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

At retirement, the retirement benefit is calculated based on the sum of the employee's contributions with interest and the town-financed monetary credits with interest, which are used to purchase a retirement annuity.

Members may choose to receive their retirement benefit in accordance with one of seven payments options. Members may also choose to receive a portion of their benefit as a Partial Lump Sum Distribution in amounts equal to 12, 24, or 36 monthly payments, which cannot exceed 75% of the member's deposits and interest.

Plan provisions are adopted by the governing body of the Town, within the options available in the state statutes governing TMRS. Plan provisions for the Town were as follows:

Employee deposit rate	5.00%
Employer deposit rate	6.75%
Matching ratio (Town to employee)	2 to 1
Years required for vesting	5
Service retirement eligibility (expressed as age/years of service)	60/5 0/25
Updated Service Credit	0%
Annuity Increase (to retirees)	0% of CPI Repeating

# TOWN OF PONDER, TEXAS

## NOTES TO THE BASIC FINANCIAL STATEMENTS SEPTEMBER 30, 2025

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### *Employees covered by benefit terms.*

As of the December 31, 2024, measurement date, the following employees were covered by the pension benefit plan:

Inactive employees or beneficiaries currently receiving benefits	8
Inactive employees entitled to but not yet receiving benefits	9
Active employees	<u>17</u>
	<u>34</u>

### **Contributions**

The contribution rates for employees in TMRS are either 5%, 6%, or 7% of employee gross earnings, and the town matching percentages are either 100%, 150%, or 200%, both as adopted by the governing body of the town. Under the state law governing TMRS, the contribution rate for each town is determined annually by the actuary using the Entry Age Normal (EAN) actuarial cost method. The actuarially determined rate is the estimated amount necessary to finance the cost of benefits earned by employees during the year with an additional amount to finance any unfunded accrued liability.

Employees for the Town of Ponder were required to contribute 5% of their annual gross earnings during the fiscal year. The contribution rate for the Town of Ponder was 6.75% in 2025, respectively. The Town's contributions to TMRS for the year ended September 30, 2025, were \$72,229, and were equal to the required contributions.

### **Net Pension Liability**

The Town'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 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	2.50% per year
Overall payroll growth	3.6% per year, adjusted down for population declines, if any
Investment Rate of Return	6.75%, net of pension plan investment expense, including inflation

## TOWN OF PONDER, TEXAS

### NOTES TO THE BASIC FINANCIAL STATEMENTS SEPTEMBER 30, 2025

Salary increases are 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 is used with a 4-year set-forward for males and a 3-year set-forward for females. In addition, a 3.5% and 3.0% minimum mortality rate is applied, for males and females respectively, to reflect the impairment for younger members who become disabled. The rates are projected on a fully generational basis by Scale MP-2021 to account for future mortality improvements subject to the 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, 2020. They 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, in order to satisfy the short-term and long-term funding needs of TMRS.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. In determining their best estimate of a recommended investment return assumption under the various alternative asset allocation portfolios, GRS focused on the area between (1) arithmetic mean (aggressive) without an adjustment for time (conservative) and (2) the geometric mean (conservative) with an adjustment for time (aggressive). 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 Portfolio Real Rate of Return
Global Equity	35.0%	7.10%
Core Fixed Income	6.0%	5.00%
Non-Core Fixed Income	6.0%	6.80%
Other Public and Private Market	4.0%	7.30%
Real Estate	12.0%	6.70%
Hedge Funds	5.0%	6.40%
Private Debt	13.0%	8.20%
Infrastructure	6.0%	6.00%
Private Equity	13.0%	8.50%
Total	<u>100.0%</u>	

**TOWN OF PONDER, TEXAS**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
SEPTEMBER 30, 2025

***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 NET PENSION LIABILITY/(ASSET) AND RELATED RATIOS - CURRENT PERIOD**

<b>A. Total pension liability</b>	
1. Service Cost	\$ 106,351
2. Interest (on the Total Pension Liability)	116,415
3. Change in benefit terms including substantively automatic status	0
4. Difference between expected and actual experience	12,691
5. Change in assumptions	0
6. Benefit payments, including refunds of employee contributions	(27,575)
7. Net change in total pension liability	\$ 207,882
8. Total pension liability – beginning	1,685,273
9. Total pension liability – ending	\$ 1,893,155
<b>B. Plan fiduciary net position</b>	
1. Contributions – employer	\$ 56,807
2. Contributions – employee	54,205
3. Net investment income	170,611
4. Benefit payments, including refunds of employee contributions	(27,575)
5. Administrative Expense	(1,088)
6. Other	(25)
7. Net change in plan fiduciary net position*	\$ 252,934
8. Plan fiduciary net position – beginning	1,633,393
9. Plan fiduciary net position – ending	\$ 1,886,327
<b>C. Net pension liability/(asset) (Item A.9 - Item B.9)</b>	<b>\$ 6,828</b>

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

The following presents the net pension liability of the Town, calculated using the discount rate of 6.75%, as well as what the Town’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:

<b>1% Decrease</b>	<b>Current Single Discount</b>	<b>1% Increase</b>
<b>5.75%</b>	<b>Rate Assumption</b>	<b>7.75%</b>
\$ 199,730	\$ 6,828	\$ (158,143)

***Pension Plan Fiduciary Net Position***

Detailed information about the pension plan’s Fiduciary Net Position is available in a separately issued TMRS financial report. That report may be obtained on the Internet at [www.tmr.com](http://www.tmr.com).

**TOWN OF PONDER, TEXAS**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
SEPTEMBER 30, 2025

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

For the year ended September 30, 2025, the Town recognized pension expense of \$52,346. As of September 30, 2025, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Recognition Period (or amortization years)	Total (Inflow) or Outflow of Resources	<b>2024 Recognized in Current Pension Expense</b>	Deferred (Inflow)/Outflow in future expense
<b><u>Due to Liabilities:</u></b>				
Difference in expected and actual experience [actuarial (gains) or losses]	2.98	\$ 12,691	\$ 4,259	\$ 8,432
Change in assumptions [actuarial (gains) or losses]	2.98	0	0	0
			\$ 4,259	\$ 8,432
<b><u>Due to Assets:</u></b>				
Difference in projected and actual earnings on pension plan investments [actuarial (gains) or losses]	5.00	\$ (60,357)	\$ (12,072)	\$ (48,285)
			\$ (12,072)	\$ (48,285)
<b>Total:</b>				\$ (39,853)

\$72,229 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability for the year ending September 30, 2025. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

		Net Deferred Outflows/ (Inflows) of Resources
2025	\$	(4,258)
2026		15,543
2027		(25,975)
2028		(12,069)
2029		0
Thereafter		0
<b>Total</b>	<b>\$</b>	<b>(26,759)</b>

**14. OTHER POST EMPLOYMENT BENEFITS**

**Plan Description**

The Town also participates in a defined benefit group-term life insurance plan known as the Supplemental Death Benefits Fund (SDBF). This is a voluntary program in which participating member cities may elect, by ordinance, to provide group-term life insurance coverage (Supplemental Death Benefits) for their active members, including or not including retirees.

**TOWN OF PONDER, TEXAS**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
SEPTEMBER 30, 2025

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**Benefits Provided**

The death benefit for active employees provides a lump-sum payment approximately equal to the employee’s annual salary (calculated based on the employee’s actual earnings for the 12-month period preceding the month of death). The death benefit for retirees is considered an “other postemployment benefit” (OPEB) and is a fixed amount of \$7,500. As the SDBF covers both active employees and retirees with no segregation of assets, the SDBF is considered to be an unfunded OPEB plan. Texas Local Government Code Section 177.001 assigns the authority to establish and amend benefit provisions to the Town Council. At the December 31, 2024, valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	7
Inactive employees entitled to but not yet receiving benefits	3
Active employees	<u>17</u>
Total	27

**Contributions**

The Town contributes to the SDBF program at a contractually required rate. An annual actuarial valuation is performed, and the contractual rate is equal to the cost of providing one-year term life insurance. The premium rate is expressed as a percentage of the covered payroll of members employed by the participating employer. There is a one-year delay between the actuarial valuation that serves as the basis for the employer contribution rate and the calendar year when the rate goes into effect.

The SDBF program is voluntary, and employers can cease participation by adopting an ordinance before November 1 of any year to be effective the following January 1. Therefore, the funding policy of the program is to ensure that adequate resources are available to meet all insurance benefit payments for the upcoming year. It is not the intent of the funding policy to pre-fund retiree term life insurance during employees’ entire careers. The Town’s contribution, which equaled the required contribution, was as follows for the year ended September 30:

	<u>2025</u>
Employer rate	0.66%
Employer contributions	\$ 7,262

**Actuarial Assumptions**

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

Inflation	2.5%
Salary increases	3.60% to 11.85%, including inflation
Discount rate	4.09%

Mortality rates for service retirees were based on the 2019 Municipal Retirees of Texas Mortality Tables. The rates are projected on a fully generational basis with Scale MP-2021.

# TOWN OF PONDER, TEXAS

## NOTES TO THE BASIC FINANCIAL STATEMENTS SEPTEMBER 30, 2025

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

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

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. A discount rate of 4.08% was based on the Bond Buyer “20-Bond GO Index” rate closest to but not later than December 31, 2024.

### **OPEB Liability, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB**

As of September 30, 2025, the Town reported a total OPEB liability of \$53,257 measured as of December 31, 2024. For the year ended September 30, 2025, the Town recognized OPEB expense of \$3,258.

There were no changes of assumptions or other inputs that affected measurement of the total OPEB liability during the measurement period, except for a change in the discount rate from 4.05% to 4.08%.

There were no changes of benefit terms that affected measurement of the total OPEB liability during the measurement period.

Changes in the total OPEB liability for the measurement year ended December 31, 2024, are as follows:

#### **Changes in the Total OPEB Liability**

Total OPEB Liability – beginning of year	\$	51,319
Changes for the year		
Service Cost		3,578
Interest on Total OPEB Liability		1,990
Changes of benefit terms including TMRS plan participation		0
Differences between expected and actual experience		(126)
Changes in assumptions or other inputs		(2,854)
Benefit payments **		(650)
Net changes		<u>1,938</u>
Total OPEB Liability – end of year	\$	<u>53,257</u>

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

# TOWN OF PONDER, TEXAS

## NOTES TO THE BASIC FINANCIAL STATEMENTS SEPTEMBER 30, 2025

### Discount Rate Sensitivity Analysis

The following presents the total OPEB liability of the Town, calculated using the discount rate of 4.05%, as well as what the Town’s total OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (3.08%) or 1 percentage point higher (5.08%) than the current rate.

	1% Decrease 3.08%	Current Discount Rate 4.08%	1% Increase 5.08%
Total OPEB liability	\$63,099	\$53,257	\$45,436

As of December 31, 2024, the Town reported its deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

Difference in expected and actual experience [actuarial (gains) or losses]	3.8200	\$	(126)	\$	(33)	\$	(93)
Change in assumptions [actuarial (gains) or losses]	3.8200		(2,854)		(748)	\$	(2,106)

Deferred outflows of resources related to OPEB resulting from contribution subsequent to the measurement date will be recognized as a reduction of the total OPEB liability for the year ended September 30, 2025. The other net amounts of the employer’s balances of deferred outflows and inflows of resources related to OPEB, excluding contributions made subsequent to the measurement date, will be recognized in OPEB expense as follows:

	Recognition Period (or amortization years)	Total (Inflow) or Outflow of Resources	2024 Recognized in Current Pension Expense	Deferred (Inflow)/Outflow in future expense
<b>Due to Liabilities:</b>				
Difference in expected and actual experience [actuarial (gains) or losses]	2.98	\$ 12,691	\$ 4,259	\$ 8,432
Change in assumptions [actuarial (gains) or losses]	2.98	0	0	0
			\$ 4,259	\$ 8,432
<b>Due to Assets:</b>				
Difference in projected and actual earnings on pension plan investments [actuarial (gains) or losses]	5.00	\$ (60,357)	\$ (12,072)	\$ (48,285)
			\$ (12,072)	\$ (48,285)
<b>Total:</b>				\$ (39,853)

## 15. LITIGATION AND CONTINGENCIES

There is no pending or threatened litigation, claim or assessment, or unasserted claim or assessment that individually or collectively represents a potential loss to the Town of Ponder, Texas.

# TOWN OF PONDER, TEXAS

## NOTES TO THE BASIC FINANCIAL STATEMENTS SEPTEMBER 30, 2025

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### 16. RISK MANAGEMENT

Significant losses to which the Town is exposed are covered by insurance obtained primarily through the Texas Municipal League. This includes property and liability, worker's compensation and employee health. The Town retains no risk of loss except for small deductibles on some policies.

For insured programs, there have been no significant reduction in insurance coverage, and settlement amounts have not exceeded insurance coverage for the current year or the three prior years.

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**REQUIRED SUPPLEMENTARY INFORMATION**

**TOWN OF PONDER, TEXAS**

SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS  
TEXAS MUNICIPAL RETIREMENT SYSTEM  
FOR THE YEAR ENDED SEPTEMBER 30, 2025

<b>Total Pension Liability (measurement year)</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>
Service Cost	\$ 44,917	\$ 51,973	\$ 73,641	\$ 71,137
Interest (on the Total Pension Liability)	41,021	46,730	50,633	58,185
Changes of Benefit Terms	-	8,315	-	-
Difference Between Expected and Actual Experience	3,714	(30,742)	(2,498)	3,428
Change of Assumptions	25,786	-	-	-
Benefit Payments, including refunds of employee contributions	<u>(8,069)</u>	<u>(33,927)</u>	<u>(8,030)</u>	<u>(9,245)</u>
<b>Net Change in Total Pension Liability</b>	107,369	42,349	113,746	123,505
<b>Total Pension Liability – Beginning</b>	<u>567,596</u>	<u>674,965</u>	<u>717,314</u>	<u>831,060</u>
<b>Total Pension Liability – Ending (a)</b>	<u><u>\$674,965</u></u>	<u><u>\$717,314</u></u>	<u><u>\$831,060</u></u>	<u><u>\$954,565</u></u>
Plan Fiduciary Net Position				
Contributions – Employer	\$ 23,875	\$ 26,909	\$ 43,859	\$ 43,205
Contributions – Employee	23,225	25,452	35,168	33,972
Net Investment Income	803	39,459	88,892	(24,015)
Benefit Payments, including refunds of employee contributions	(8,069)	(33,927)	(8,030)	(9,245)
Administrative Expense	(489)	(445)	(460)	(463)
Other	<u>(24)</u>	<u>(24)</u>	<u>(23)</u>	<u>(25)</u>
<b>Net Change in Plan Fiduciary Net Position</b>	39,321	57,424	159,406	43,429
<b>Plan Fiduciary Net Position – Beginning</b>	<u>543,903</u>	<u>583,224</u>	<u>640,648</u>	<u>800,054</u>
<b>Plan Fiduciary Net Position – Ending (b)</b>	<u><u>\$583,224</u></u>	<u><u>\$640,648</u></u>	<u><u>\$800,054</u></u>	<u><u>\$843,483</u></u>
<b>Net Pension Liability (Asset) – Ending (a) – (b)</b>	\$ 91,741	\$ 76,666	\$ 31,006	\$ 111,082
<b>Plan Fiduciary Net Position as a Percentage of Total Pension Liability (Asset)</b>	86.41%	89.31%	96.27%	88.36%
<b>Covered Employee Payroll</b>	\$ 464,498	\$ 509,038	\$ 703,351	\$ 679,434
<b>Net Pension Liability (Asset) as a Percentage of Covered Employee Payroll</b>	19.75%	15.06%	4.41%	16.35%

<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
\$ 81,322	\$ 87,211	\$ 91,860	\$ 97,418	\$ 91,875	\$ 106,351
66,858	76,088	86,988	97,871	106,891	116,415
-	-	-	-	-	-
3,598	6,226	2,942	(12,307)	(6,403)	12,691
(7,514)	-	-	-	(16,833)	-
<u>(9,461)</u>	<u>(11,485)</u>	<u>(9,253)</u>	<u>(37,413)</u>	<u>(55,771)</u>	<u>(27,575)</u>
134,803	158,040	172,537	145,569	119,759	207,882
<u>954,565</u>	<u>1,089,368</u>	<u>1,247,408</u>	<u>1,419,945</u>	<u>1,565,514</u>	<u>1,685,273</u>
<u><u>\$1,089,368</u></u>	<u><u>\$1,247,408</u></u>	<u><u>\$1,419,945</u></u>	<u><u>\$1,565,514</u></u>	<u><u>\$1,685,273</u></u>	<u><u>\$1,893,155</u></u>
\$ 47,370	\$ 53,695	\$ 52,481	\$ 56,324	\$ 54,819	\$ 56,807
38,762	43,174	45,341	48,418	47,752	54,205
130,784	79,967	158,957	(107,171)	165,520	170,611
(9,461)	(11,485)	(9,253)	(37,413)	(55,771)	(27,575)
(737)	(516)	(733)	(923)	(1,047)	(1,088)
<u>(23)</u>	<u>(21)</u>	<u>5</u>	<u>1,102</u>	<u>(7)</u>	<u>(26)</u>
206,695	164,814	246,798	(39,663)	211,266	252,934
<u>843,483</u>	<u>1,050,178</u>	<u>1,214,992</u>	<u>1,461,790</u>	<u>1,422,127</u>	<u>1,633,393</u>
<u><u>\$1,050,178</u></u>	<u><u>\$1,214,992</u></u>	<u><u>\$1,461,790</u></u>	<u><u>\$1,422,127</u></u>	<u><u>\$1,633,393</u></u>	<u><u>\$1,886,327</u></u>
\$ 39,190	\$ 32,416	\$ (41,845)	\$ 143,387	\$ 51,880	\$ 6,828
96.40%	97.40%	102.95%	90.84%	96.92%	99.64%
\$ 775,234	\$ 863,477	\$ 906,815	\$ 968,365	\$ 955,038	\$1,084,108
5.06%	3.75%	(4.61%)	14.81%	5.43%	0.63%

**TOWN OF PONDER, TEXAS**

**SCHEDULE OF EMPLOYER CONTRIBUTIONS  
TEXAS MUNICIPAL RETIREMENT SYSTEM  
FOR THE YEAR ENDED SEPTEMBER 30, 2025**

	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Contractually Required Contribution	\$ 28,086	\$ 42,053	\$ 44,948	\$ 48,901
Contribution in Relation to the Contractually Required Contribution	<u>(28,086)</u>	<u>(42,053)</u>	<u>(44,948)</u>	<u>(48,901)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Town's Covered-Employee Payroll	\$ 505,684	\$ 657,840	\$ 671,423	\$ 744,702
Contributions as a Percentage of Covered-Employee Payroll	5.55%	6.39%	6.69%	6.57%

<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
\$ 53,904	\$ 58,885	\$ 59,874	\$ 62,617	\$ 62,643	\$ 72,229
<u>(53,904)</u>	<u>(58,885)</u>	<u>(59,874)</u>	<u>(62,617)</u>	<u>(62,643)</u>	<u>(72,229)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$816,151	\$933,876	\$961,076	\$966,317	\$994,340	\$ 1,319,111
6.60%	6.31%	6.23%	6.48%	6.30%	5.48%

**TOWN OF PONDER, TEXAS**

SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY AND RELATED RATIOS  
TEXAS MUNICIPAL RETIREMENT SYSTEM  
SEPTEMBER 30, 2025

Measurement Year	2018	2019	2020
Total OPEB Liability			
Service cost	\$ 3,601	\$ 3,799	\$ 5,267
Interest on total OPEB liability	979	1,154	1,116
Changes of benefit terms	-	-	-
Differences between expected and actual experience	(875)	(4,193)	1,593
Change of assumptions or other inputs	(1,990)	8,362	6,402
Benefit payments/refunds of contributions	(272)	(310)	(432)
Net change in total OPEB liability	1,443	8,812	13,946
Total OPEB liability, beginning	27,915	29,358	38,170
Total OPEB liability, ending	\$ 29,358	\$ 38,170	\$ 52,116
Covered employee payroll	\$ 679,434	\$ 775,234	\$ 863,477
Net OPEB liability as a percentage of covered payroll	4.32%	4.92%	6.04%

<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
\$ 6,166	\$ 6,779	\$ 6,976	\$ 3,578
1,091	1,088	\$ 1,120	\$ 1,990
-	-	-	-
(3,202)	1,638	2,413	(126)
1,537	(21,227)	(1,021)	(2,854)
<u>(1,270)</u>	<u>(1,356)</u>	<u>(1,528)</u>	<u>(650)</u>
4,322	(13,078)	7,959	1,938
<u>52,116</u>	<u>56,438</u>	<u>43,360</u>	<u>51,319</u>
<u>\$ 56,438</u>	<u>\$ 43,360</u>	<u>\$ 51,319</u>	<u>\$ 53,257</u>
\$906,815	\$968,365	\$994,340	\$1,084,108
6.22%	4.48%	5.16%	4.91%

**TOWN OF PONDER, TEXAS**

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE YEAR ENDED SEPTEMBER 30, 2025

**Note A – Net Pension Liability – Texas Municipal Retirement System**

**Valuation Date:** December 31, 2024

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

Actuarial Cost Method	Entry Age Normal
Discount Rate	4.08%
Inflation	2.5%
Salary Increases	3.60% to 11.85%, including inflation
Mortality	2019 Municipal Retirees of Texas Mortality Tables.

**Changes of Benefit Terms – None.**

**Changes in the Size or Composition of the Population Covered by the Benefit Terms – None.**

**Changes of Assumptions – None.**

**Note B – Total OPEB Liability – Texas Municipal Retirement System**

**Valuation Date:** December 31, 2024

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

Actuarial Cost Method	Entry Age Normal
Inflation	2.5%
Salary Increases	3.60% to 11.85%, including inflation
Discount Rate	4.08%
Mortality	2019 Municipal Retirees of Texas Mortality Tables.



**COMBINING AND INDIVIDUAL FUND  
STATEMENTS AND SCHEDULES**

**TOWN OF PONDER, TEXAS**

COMPARATIVE STATEMENT OF EXPENDITURES  
GENERAL FUND  
FOR THE YEARS ENDED SEPTEMBER 30, 2024 AND 2025

	2024	2025
<b>Administration:</b>		
Salaries and Wages	\$ 189,478	\$ 288,362
Payroll Taxes	6,437	8,294
Health Insurance	18,201	15,876
Retirement	11,388	14,484
Legal and Audit Fees	50,208	23,240
Property/Liability Insurance	21,808	24,448
Utilities	37,704	40,158
Telephone	40,940	23,806
Office Supplies	5,561	4,622
Postage	811	843
Planning and Zoning Consulting	38,880	68,133
Building Repairs and Maintenance	42,913	94,656
Dues and Publications	50,420	21,900
Town Council Costs	-	1,572
Legal Notices	685	600
Tax Assessor/Collector Fees	14,426	13,134
Travel and Training	9,382	3,532
Election Costs	-	10,906
Contract Labor	3,207	9,150
Computer/Website Costs	20,893	9,866
Ordinance Codification	1,826	1,271
Other	2,851	94,862
<b>Total Administration</b>	568,020	773,715
<b>Library:</b>		
Wages	29,583	35,091
Payroll Taxes	2,281	2,736
Retirement	598	-
Books/Videos/DVD's	2,956	5,189
Utilities	3,880	4,102
Telephone	1,608	2,122
Computer Supplies/Equipment/Website	10,892	3,618
Office Supplies	1,344	1,311
Contract Labor	4,175	3,763
Repairs and Maintenance	7,171	6,792
Dues and Publications	298	1,700
Other	189	38,472
<b>Total Library</b>	64,976	104,896

**TOWN OF PONDER, TEXAS**

COMPARATIVE STATEMENT OF EXPENDITURES  
GENERAL FUND (CONTINUED)  
FOR THE YEARS ENDED SEPTEMBER 30, 2024 AND 2025

	2024	2025
Municipal Court:		
Salaries and Wages	\$ 33,804	\$ 23,421
Office Supplies	663	1,189
Computer Software	-	2,315
Judge Fees	3,500	3,450
Prosecuting Attorney Fees	2,000	2,500
Travel and Training	55	55
Other	-	19,063
Total Municipal Court	40,022	51,993
 Public Safety:		
Police Department:		
Salaries	491,833	565,258
Payroll Taxes	11,043	12,651
Health Insurance	54,011	52,295
Retirement	25,888	30,301
Legal	650	-
Office Rent	13,520	12,480
Office Supplies	2,653	1,251
Computer Software/Website	12,109	6,668
Uniforms	1,640	4,669
Repair & Maintenance - Equip	8,688	6,249
Small Equipment	3,203	2,483
Vehicle Costs	12,263	17,737
Property/Liability Insurance	27,321	34,356
Telephone	1,939	2,244
Dues and Publications	7,583	7,636
Travel and Training	19,764	(974)
Other	7,371	15,291
Total Police	701,478	770,595
 Fire and Ambulance:		
Volunteer Fire Department Funding	100,000	200,000
Ambulance Service	46,691	32,074
Total Fire and Ambulance	146,691	232,074
 Total Public Safety	848,170	1,002,669

**TOWN OF PONDER, TEXAS**

COMPARATIVE STATEMENT OF EXPENDITURES  
GENERAL FUND (CONTINUED)  
FOR THE YEARS ENDED SEPTEMBER 30, 2024 AND 2025

	2024	2025
<b>Public Works:</b>		
Salaries	\$ 58,017	\$ 104,574
Employee Insurance	-	603
Payroll Taxes	474	951
Retirement	1,969	2,056
Inspection Fees	16,423	6,456
Engineer Fees	50,574	101,409
Parks and Recreation	156,085	130,912
Supplies	14,115	-
Street Repairs and Maintenance	4,500	12,248
Animal Control	14,887	14,440
Vehicle Costs	-	7,316
Other	-	1,763
Total Public Works	317,044	382,728
 <b>City Council:</b>		
Other	-	17,893
Total City Council	-	17,893
 <b>Debt Service:</b>		
Principal	11,181	-
Interest	1,082	-
Total Debt Service	12,263	-
 <b>Capital Outlay:</b>		
Construction in Progress	23,100	-
Roads and Infrastructure	-	413,952
Equipment	48,528	-
Total Capital Outlay	71,628	413,952
 <b>Total Expenditures</b>	<b>\$ 1,922,123</b>	<b>\$ 2,747,846</b>

**TOWN OF PONDER, TEXAS**

**BUDGETARY COMPARISON SCHEDULE - DEBT SERVICE FUND  
FOR THE YEAR ENDED SEPTEMBER 30, 2025**

	<u>Budgeted Amounts</u>		Actual Amounts (GAAP BASIS)	Variance With Final Budget
	<u>Original</u>	<u>Final</u>		
Revenues:				
Taxes-Ad Valorem	\$ 500,000	\$ 500,000	\$ 547,844	\$ 47,844
Interest Income	-	-	7	7
Total Revenues	<u>500,000</u>	<u>500,000</u>	<u>547,851</u>	<u>47,851</u>
Expenditures:				
Principal	289,000	289,000	289,000	-
Interest and Fees	<u>225,000</u>	<u>225,000</u>	<u>224,417</u>	<u>583</u>
Total Expenditures	<u>514,000</u>	<u>514,000</u>	<u>513,417</u>	<u>583</u>
Net Change in Fund Balance	(14,000)	(14,000)	34,434	48,434
Fund Balance – October 1 (Beginning)	<u>45,369</u>	<u>45,369</u>	<u>45,369</u>	<u>-</u>
Fund Balance – September 30 (Ending)	<u>\$ 31,369</u>	<u>\$ 31,369</u>	<u>\$ 79,803</u>	<u>\$ 48,434</u>

## TOWN OF PONDER, TEXAS

### STATEMENT OF REVENUES, EXPENSES, AND CHANGE IN NET POSITION ECONOMIC DEVELOPMENT CORPORATION FOR THE YEAR ENDED SEPTEMBER 30, 2025

Revenues:	
Taxes – Sales	\$ 207,473
Interest Income	7,274
Other	<u>8</u>
Total Revenues	<u>214,755</u>
Expenses:	
Project Funding	35,750
Professional	3,489
Administrative	5
Electricity	303
Interest	<u>8,676</u>
Total Expenses	<u>48,223</u>
Change in Net Position	166,532
Net Position – October 1 (beginning)	<u>1,047,435</u>
Net Position – September 30 (ending)	<u><u>\$ 1,213,967</u></u>

**TOWN OF PONDER, TEXAS**

**STATEMENT OF REVENUES, EXPENSES, AND CHANGE IN NET POSITION  
PUBLIC IMPROVEMENT DISTRICT NO. 1  
FOR THE YEAR ENDED SEPTEMBER 30, 2025**

Revenues:	
Special Assessment Fees	<u>\$ 253,168</u>
Total Revenues	<u>253,168</u>
Expenses:	
Depreciation Expense	110,191
Interest Expense	<u>169,156</u>
Total Expenses	<u>279,347</u>
Change in Net Position	(26,179)
Net Position – October 1 (beginning)	<u>(507,300)</u>
Net Position – September 30 (ending)	<u><u>\$ (533,479)</u></u>

# HankinsEastup

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Deaton Tonn Seay & Scarborough | A Texas LLC

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

Honorable Mayor and Town Council  
Town of Ponder, 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, the discretely presented component units and each major fund of the Town of Ponder, Texas, as of and for the year ended September 30, 2025, and the related notes to the financial statements, which collectively comprise the Town of Ponder, Texas's basic financial statements, and have issued our report dated March 15, 2026.

## **Report on Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Town's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town'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 Town's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

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

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

**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 Town's internal control or on compliance. This report is an integral part of the audit performed in accordance with *Government Auditing Standards* in considering the Town's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Hankins Eastup Deaton Tonn Seay & Scarborough*

Hankins, Eastup, Deaton, Tonn, Seay & Scarborough, LLC  
Denton, Texas

March 15, 2026