

TOWN OF PONDER, TEXAS

FINANCIAL STATEMENTS

FOR THE YEAR ENDED SEPTEMBER 30, 2024

TOWN OF PONDER, TEXAS
FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2024

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TOWN OF PONDER, TEXAS

PRINCIPAL TOWN OFFICIALS
SEPTEMBER 30, 2024

Mayor:

John Bassler

Commissioners:

John Estes
Nick McGregor
Mark Culpepper
Ginger Duessen
Lael McWilliams

Secretary - Treasurer:

Sheri Clearman

Tax Collector:

Denton County

Water and Sewer Superintendent:

Gary Morris

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HankinsEastup

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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, the 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, 2024, 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 unit, and each major fund of the Town of Ponder as of September 30, 2024, 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 on pages 7 through 12 and the Texas Municipal Retirement System schedules on pages 58 through 60 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other 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 schedule 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 April 28, 2025, 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.

Hankins Eastup Deaton Tonn Seay & Scarborough

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

April 28, 2025

MANAGEMENT'S DISCUSSION & ANALYSIS

TOWN OF PONDER, TEXAS

MANAGEMENT'S DISCUSSION AND ANALYSIS SEPTEMBER 30, 2024

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, 2024. 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 at September 30, 2024, by \$10,894,147. The Unrestricted Net Position amount of \$4,709,299 may be used to meet the government's ongoing obligations to citizens and creditors.
- The Town's total net position increased by \$1,234,792 during the fiscal year from the results of current year operations.
- As of September 30, 2024, the Town of Ponder's governmental funds reported combined ending fund balances of \$4,372,180, an increase of \$2,644,370 in comparison with the beginning of the period. Approximately 11 percent of this total amount, \$464,931, is available for spending at the government's discretion (*unassigned fund balance*).
- At the end of the current period, unassigned fund balance for the general fund of \$464,931 was 22 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, 2024 – 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 taken into account 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, 2024

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.

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.

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.

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, 2024

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 \$10,894,147 as of September 30, 2024. 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		Business-Type		Total	
	Activities		Activities			
	2024	2023	2024	2023	2024	2023
Current and other assets	\$3,453,909	\$1,817,224	\$11,850,552	\$ 6,831,615	\$15,304,462	\$8,648,839
Capital assets	7,311,526	7,503,387	6,856,508	7,317,993	14,168,033	14,821,380
Total assets	10,765,435	9,320,611	18,707,060	14,149,608	29,472,495	23,470,219
Deferred outflows of resources	231,982	219,760	6,856,507	-	7,088,489	219,760
Long-term liabilities						
outstanding	5,396,628	5,800,825	13,055,864	7,757,023	18,452,492	13,557,848
Other liabilities	31,504	90,028	252,311	296,427	283,815	386,455
Total liabilities	5,428,132	5,890,853	13,308,175	8,053,450	18,736,307	13,944,303
Deferred inflows of resources	74,021	102,637	-	-	74,021	102,637
Net Position:						
Net investment in capital						
assets	2,370,229	2,298,962	3,721,969	4,469,663	6,092,198	6,768,625
Restricted	92,650	42,262	-	-	92,650	42,262
Unrestricted	3,032,383	1,221,972	1,676,916	1,626,495	4,709,299	2,848,467
Total net position	\$5,495,262	\$3,563,196	\$ 5,398,885	\$ 6,096,158	\$10,894,147	\$9,659,354

TOWN OF PONDER, TEXAS

MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2024

Governmental Activities. The Town's general revenues for governmental activities for the years ended September 30, 2024 and 2023 are detailed below (Table 2).

Table 2
General Revenues

	2024	2023
Property taxes	\$ 1,739,831	\$ 1,697,176
Sales taxes	404,980	400,539
Franchise taxes	152,778	117,654
Gas royalties	1,494	4,360
Investment earnings	159,650	154,850
Other	1,719	6,510
	<u>\$ 2,460,452</u>	<u>\$ 2,381,089</u>

The following table provides a summary of the Town's operations for the years ended September 30, 2024 and 2023.

Table 3
Changes in Net Position

	Governmental Activities		Business-Type Activities		Total	
	2024	2023	2024	2023	2024	2023
Revenues:						
Program Revenues:						
Charges for Services	\$ 326,832	\$ 317,005	\$ 2,556,597	\$ 2,288,030	\$ 2,883,429	\$ 2,605,035
Operating grants and contributions	3,250	7,726	-	-	3,250	7,726
General Revenues:						
Property taxes	1,739,831	1,697,176	-	-	1,739,831	1,697,176
Sales taxes	404,980	400,539	-	-	404,980	400,539
Franchise taxes	152,778	117,654	-	-	152,778	117,654
Gas royalties	1,494	4,360	-	-	1,494	4,360
Investment earnings	159,650	154,850	305,257	181,216	464,907	336,066
Other	1,719	6,510	-	-	1,719	6,510
Total Revenues	<u>2,790,534</u>	<u>2,705,820</u>	<u>2,861,854</u>	<u>2,469,246</u>	<u>5,652,388</u>	<u>5,175,066</u>
Expenses:						
Administration	638,326	617,161	-	-	638,326	617,161
Library	74,094	45,179	-	-	74,094	45,179
Municipal court	88,345	11,602	-	-	88,345	11,602
Public safety	881,096	854,603	-	-	881,096	854,603
Public works	532,270	516,266	-	-	532,270	516,266
Debt service-interest and fees	195,852	189,963	-	-	195,852	189,963
Water and wastewater expenses	-	-	2,007,612	1,835,956	2,007,612	1,835,956
Total Expenses	<u>2,409,983</u>	<u>2,234,774</u>	<u>2,007,612</u>	<u>1,835,956</u>	<u>4,417,595</u>	<u>4,070,730</u>
Transfers in (out)	1,551,515	100,570	(1,551,515)	(100,570)	-	-
Change in net position	1,932,066	571,616	(697,273)	532,720	1,234,793	1,104,336
Net Position – October 1 (beginning)	3,563,196	2,991,580	6,096,158	5,563,438	9,659,354	8,555,018
Net Position – September 30 (ending)	<u>\$ 5,495,262</u>	<u>\$ 3,563,196</u>	<u>\$ 5,398,885</u>	<u>\$ 6,096,158</u>	<u>\$ 10,894,147</u>	<u>\$ 9,659,354</u>

TOWN OF PONDER, TEXAS

MANAGEMENT'S DISCUSSION AND ANALYSIS SEPTEMBER 30, 2024

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 \$4,372,180, an increase of \$2,644,370 in comparison with the beginning of the period. Approximately 11% percent of this total amount (\$464,931) 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 \$464,931, while total fund balance was \$1,115,770. 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 22 percent of total general fund non-capital expenditures.

The fund balance of the Town's general fund decreased by \$271,668 during the current year, compared to a \$304,051 increase in the previous year. General fund revenues were up \$228,316 or 10 percent above the prior year primarily due to greater property tax revenue. Expenditures were up \$320,419 from the previous year.

The fund balance of the debt service fund increased 33,888 during the current year, compared to a \$7,359 decrease in fund balance in the prior year. Revenues were down \$4,301 or .9% 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 a 4% increase to the fund balance. The unassigned fund balance for the general fund decreased by \$272,622.

Capital Asset and Debt Administration

Governmental Activities Capital Assets. The investment in capital assets for its governmental activities as of September 30, 2024 amounts to \$7,311,526 (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, 2024

Table 4
Capital Assets at Year-end
(Net of Depreciation)

	<u>Governmental Activities</u>
Land	\$ 3,267,472
Construction in Progress	23,100
Building	2,045,643
Equipment and Vehicles	475,566
Streets and Drainage	1,442,225
Parks	57,520
Totals	<u>\$ 7,311,526</u>

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 \$4,888,500 certificates of obligation, \$305,709 premiums on CO issuance, capital leases of \$23,422 and accrued compensated absences of \$75,798, for a total of \$5,293,429.

The Town's total governmental debt decreased by \$320,649 or 5.7% during the current period. 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 \$0.713243 per \$100 valuation of property (\$0.553196 per \$100 valuation for maintenance and operations and \$.160047 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, 2024

	Primary Government	
	Governmental Activities	Business Type Activities
ASSETS		
Cash and Investments	\$ 3,336,225	\$ 11,644,240
Sales Tax Receivable	76,325	-
Ad Valorem Tax Receivable	18,360	-
Receivables (net of allowance for uncollectibles)	-	202,731
Internal Balances	(8,519)	-
Prepaid Expenses	31,519	3,582
Office Security Deposit	-	-
Capital Assets:		
Land	3,267,472	203,855
Construction in Progress	23,100	225,266
Buildings, net	2,045,643	358,815
Water System, net	-	2,288,689
Wastewater System, net	-	3,486,168
Vehicles and Equipment, net	475,566	293,715
Streets and Drainage, net	1,442,225	-
Parks, net	57,520	-
Total Assets	<u>10,765,435</u>	<u>18,707,060</u>
DEFERRED OUTFLOWS OF RESOURCES		
Deferred Outflow Related to TMRS	224,315	-
Deferred Outflow Related to OPEB	7,667	-
Total Deferred Outflows of Resources	<u>231,982</u>	<u>-</u>
LIABILITIES		
Accounts Payable	12,674	68,143
Accrued Liabilities	18,830	96,897
Customer Meter Deposits	-	87,271
Noncurrent Liabilities:		
Due within one year	324,324	620,821
Due in more than one year	4,969,105	12,435,043
Net pension liability	51,880	-
Net OPEB liability	51,319	-
Total Liabilities	<u>5,428,132</u>	<u>13,308,175</u>
DEFERRED INFLOWS OF RESOURCES		
Deferred Inflow Related to TMRS	72,384	-
Deferred Inflow Related to OPEB	1,637	-
Total Deferred Inflows of Resources	<u>74,021</u>	<u>-</u>
NET POSITION		
Net Investment in Capital Assets	2,370,229	3,721,969
Restricted for:		
Debt Service	60,915	-
Court Security/Technology/Child Safety	31,735	-
Economic Development	-	-
Unrestricted Net Position	<u>3,032,383</u>	<u>1,676,916</u>
Total Net Position	<u>\$ 5,495,262</u>	<u>\$ 5,398,885</u>

	Component Units	
	Economic Development Corporation	Public Improvement District No. 1
<u>Total</u>		
\$ 14,980,465	\$ 570,829	\$ 469,881
76,325	14,677	-
18,360	-	-
202,731	-	-
(8,519)	8,519	-
35,101	-	-
-	-	-
-	-	-
3,471,327	672,947	-
248,366	-	-
2,404,458	-	-
2,288,689	-	-
3,486,168	-	-
769,281	-	-
1,442,225	-	2,446,960
57,520	-	-
<u>29,472,495</u>	<u>1,266,972</u>	<u>2,916,841</u>
224,315	-	-
7,667	-	-
<u>231,982</u>	<u>-</u>	<u>-</u>
80,817	-	-
115,727	-	-
87,271	-	-
945,145	33,867	48,006
17,404,148	185,670	3,376,135
51,880	-	-
51,319	-	-
<u>18,736,307</u>	<u>219,537</u>	<u>3,424,141</u>
72,384	-	-
1,637	-	-
<u>74,021</u>	<u>-</u>	<u>-</u>
6,092,198	433,845	(942,125)
60,915	-	234,466
31,735	-	-
-	613,590	-
4,709,299	-	200,357
<u>\$ 10,894,147</u>	<u>\$ 1,047,435</u>	<u>\$ (507,301)</u>

TOWN OF PONDER, TEXAS

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2024

	Program Revenues			
Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Primary Government:				
GOVERNMENTAL ACTIVITIES:				
Administration	\$ 638,326	\$ -	\$ -	\$ -
Library	74,094	-	2,450	-
Municipal Court	88,345	11,962	-	-
Public Safety	881,096	13,839	800	-
Public Works	532,270	301,031	-	-
Debt Service – Interest and fees	195,852	-	-	-
Total Governmental Activities	2,409,983	326,832	3,250	-
BUSINESS-TYPE ACTIVITIES:				
Enterprise Fund	2,007,612	2,556,597	-	-
Total Business-Type Activities	2,007,612	2,556,597	-	-
TOTAL PRIMARY GOVERNMENT	\$ 4,417,595	\$ 2,883,429	\$ 3,250	\$ -
Component Units:				
Economic Development Corporation	\$ 134,418	\$ -	\$ -	\$ -
Public Improvement District No. 1	299,166	-	-	-
TOTAL COMPONENT UNITS	\$ 433,584	\$ -	\$ -	\$ -

GENERAL REVENUES AND SPECIAL ITEMS:

Taxes:

Property Taxes, Levied for General Purposes

Property Taxes, Levied for Debt Service

Sales Taxes

Franchise Taxes

Gas Royalties

Special Assessments

Miscellaneous Revenue

Investment Earnings

Total General Revenues and Special Items

Change in Net Position

NET POSITION, October 1 - Beginning

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
\$ (638,326)	\$ -	\$ (638,326)	\$ -	\$ -
(71,644)	-	(71,644)	-	-
(76,383)	-	(76,383)	-	-
(866,457)	-	(866,457)	-	-
(231,239)	-	(231,239)	-	-
(195,852)	-	(195,852)	-	-
<u>(2,079,901)</u>	<u>-</u>	<u>(2,079,901)</u>	<u>-</u>	<u>-</u>
-	548,985	548,985	-	-
-	548,985	548,985	-	-
<u>(2,079,901)</u>	<u>548,985</u>	<u>(1,530,916)</u>	<u>-</u>	<u>-</u>
-	-	-	(134,418)	-
-	-	-	-	(299,166)
-	-	-	(134,418)	(299,166)
1,243,731	-	1,243,731	-	-
496,101	-	496,101	-	-
404,980	-	404,980	164,440	-
152,778	-	152,778	-	-
1,494	-	1,494	-	-
-	-	-	-	261,656
1,719	-	1,719	-	-
159,650	305,257	464,907	1,472	22,256
<u>2,460,452</u>	<u>305,257</u>	<u>2,765,709</u>	<u>165,912</u>	<u>283,912</u>
380,551	854,242	1,234,793	31,494	(15,254)
<u>3,563,196</u>	<u>6,096,158</u>	<u>9,659,354</u>	<u>1,015,941</u>	<u>(492,047)</u>
<u>1,551,515</u>	<u>(1,551,515)</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>\$ 5,495,262</u>	<u>\$ 5,398,885</u>	<u>\$ 10,894,147</u>	<u>\$ 1,047,435</u>	<u>\$ (507,301)</u>

TOWN OF PONDER, TEXAS

BALANCE SHEET - GOVERNMENTAL FUNDS
SEPTEMBER 30, 2024

	<u>General Fund</u>	<u>Debt Service Fund</u>
ASSETS		
Cash and Investments	\$ 1,047,949	\$ 51,013
Receivables (net of allowances for uncollectibles):		
Taxes – Ad Valorem	12,344	6,016
Taxes – Sales	76,325	-
Prepaid Costs	31,519	-
Office Security Deposit	-	-
Total Assets	<u>\$ 1,168,137</u>	<u>\$ 57,029</u>
LIABILITIES, DEFERRED OUTFLOWS AND FUND BALANCE		
Liabilities:		
Current Liabilities:		
Accounts Payable	\$ 12,674	\$ -
Accrued Liabilities	18,830	-
Due to EDC	8,519	-
Due to Enterprise Fund	-	-
Total Liabilities	<u>40,023</u>	<u>-</u>
Deferred Outflows of Resources:		
Unavailable Revenue-Property Taxes	12,344	11,660
Total Deferred Outflows of Resources	<u>12,344</u>	<u>11,660</u>
Fund Balance:		
Nonspendable Fund Balance:		
Prepaid Costs	31,519	-
Restricted Fund Balance:		
Court Security/Technology/Child Safety	31,735	-
CLFRF Funds	587,585	-
Retirement of Long-Term Debt	-	-
Capital Improvements	-	45,369
Unassigned Fund Balance	464,931	-
Total Fund Balance	<u>1,115,770</u>	<u>45,369</u>
Total Liabilities, Deferred Outflows and Fund Balance	<u>\$ 1,168,137</u>	<u>\$ 57,029</u>

The accompanying Notes are an integral part of this statement.

<u>Capital Projects Fund</u>	<u>Total Governmental Funds</u>
\$ 2,237,262	3,336,225
-	18,360
-	76,325
973,779	1,005,297
-	-
<u>\$ 3,211,041</u>	<u>\$ 4,436,207</u>
\$ -	\$ 12,674
-	18,830
-	8,519
-	-
<u>-</u>	<u>40,023</u>
<u>-</u>	<u>24,004</u>
<u>-</u>	<u>24,004</u>
-	31,519
-	31,735
-	587,585
-	-
3,211,041	3,256,410
-	464,931
<u>3,211,041</u>	<u>4,372,180</u>
<u>\$ 3,211,041</u>	<u>\$ 4,436,207</u>

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TOWN OF PONDER, TEXAS

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

Total Fund Balances – Governmental Funds	\$4,372,180
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the fund financial statements.	10,259,126
Accumulated depreciation is not reported in the fund financial statements.	(2,947,600)
Certificates of obligation, general obligation bonds, capital leases and compensated absences are not reported in the fund financial statements.	(5,937,291)
Premiums on the issuance of certificates of obligation are not recognized in the fund financial statements.	(305,709)
Property tax revenue reported as unavailable revenues in the fund financial statements was recognized as revenue in the government-wide financial statements.	24,004
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 \$51,880, a Deferred Resource Inflow related to TMRS in the amount of \$72,384 and a Deferred Resource Outflow related to TMRS in the amount of \$224,315. This amounted to an increase in Net Position in the amount of \$100,051.	100,051
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 \$51,319, a Deferred Resource Outflow related to OPEB in the amount of \$7,667, and a Deferred Resource Inflow related to OPEB in the amount of \$1,637. This amounted to a decrease in Net Position in the amount of \$45,289.	(45,289)
 Net Position of Governmental Activities	 <u>\$5,495,262</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, 2024

	<u>General Fund</u>	<u>Debt Service Fund</u>
Revenues:		
Taxes - Ad Valorem	\$ 1,340,000	\$ 483,582
- Franchise	152,778	-
- Sales	404,980	-
Building Permits and other Fees	301,500	-
Interest Income	189,222	1,458
Court Citations	30,555	-
Gas Royalties	1,494	-
Public Donations	-	-
Other	1,719	-
Total Revenues	<u>2,422,248</u>	<u>485,040</u>
Expenditures:		
Current:		
Administration	645,001	-
Library	65,125	-
Municipal Court	88,345	-
Public Safety	890,005	-
Public Works	410,555	-
Debt Service:		
Principal	11,181	341,250
Interest and Fees	1,082	197,700
Capital Outlay	99,006	-
Total Expenditures	<u>2,210,300</u>	<u>538,950</u>
Excess (Deficit) of Revenues over Expenditures	<u>211,948</u>	<u>(53,910)</u>
Other Financing Sources (Uses):		
Transfers to Other Funds	(483,616)	-
Transfers from Other Funds	-	87,798
Total Other Financing Sources (Uses)	<u>(483,616)</u>	<u>87,798</u>
Net Change in Fund Balance	(271,668)	33,888
Fund Balance – October 1, (beginning)	1,387,438	11,481
Fund Balance – September 30 (ending)	<u>\$ 1,115,770</u>	<u>\$ 45,369</u>

The accompanying Notes are an integral part of this statement.

<u>Capital Projects Fund</u>	<u>Total Governmental Funds</u>
\$ -	\$ 1,823,582
-	152,778
-	404,980
-	301,500
35,666	226,346
-	30,555
-	1,494
-	-
-	1,719
<u>35,666</u>	<u>2,942,954</u>
-	645,001
-	65,125
-	88,345
-	890,005
-	410,555
-	352,431
-	198,782
48,528	147,533
<u>48,528</u>	<u>2,797,777</u>
<u>(12,862)</u>	<u>145,177</u>
-	(483,616)
<u>2,895,011</u>	<u>2,982,809</u>
<u>2,895,011</u>	<u>2,499,193</u>
2,882,149	2,644,370
328,891	1,727,810
<u>\$ 3,211,040</u>	<u>\$ 4,372,180</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, 2024

Total Net Change in Fund Balances – Governmental Funds	\$2,644,370
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.	99,006
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.	(240,389)
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.	6,572
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.	4,964
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.	412,900
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
Current year amortization of deferred charge on bond refunding is not recorded in the fund financial statements, but is shown as a reduction of the deferred loss in the government-wide financial statements.	(5,481)
Interest is accrued on outstanding debt in the government-wide financial statements, whereas in the fund financial statements interest expenditures are reported when due.	1,452
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 12/31/23 caused net position to increase in the amount of \$48,489. Contributions made before the measurement date but during the 2024 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 \$16,069. These contributions were replaced with the Town's pension expense for the year of \$77,8616, which caused a decrease in net position. The impact of all of these is to decrease net position by \$13,258	(13,258)

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, 2024

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 12/31/23 caused net position to increase in the amount of \$4,942. Contributions made before the measurement date but during the 2024 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 \$1,648. 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 \$1,165	(1,165)
Current year General Expense (Transfers Out) not recorded in fund financial statements, but is shown as an decrease in government-wide financial statements	<u>630,521</u>
Change in Net Position of Governmental Activities	<u>\$3,563,196</u>

TOWN OF PONDER, TEXAS

STATEMENT OF REVENUES, EXPENDITURES AND CHANGE
IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2024

	<u>Budgeted Amounts</u>		Actual Amounts (GAAP BASIS)	Variance With Final Budget
	<u>Original</u>	<u>Final</u>		
Revenues:				
Taxes - Ad Valorem	\$ 1,596,231	\$ 1,596,231	\$ 1,710,373	\$ 114,142
- Franchise	120,000	120,000	152,778	32,778
- Sales	350,000	350,000	404,980	54,980
Building Permits and Other Fees	100,000	100,000	262,787	162,787
Interest Income	50,000	50,000	462,446	412,446
Court Citations	29,500	29,500	25,165	(4,335)
Gas Royalties	4,500	4,500	1,494	(3,006)
CLFRF Funds	-	-	-	-
Public Donations/Grants	-	-	-	-
Other	-	-	1,719	1,719
Total Revenues	<u>2,250,231</u>	<u>2,250,231</u>	<u>3,021,742</u>	<u>771,511</u>
Expenditures:				
Administration	658,128	658,128	568,621	89,507
Library	51,333	51,333	35,331	16,002
Municipal Court	59,781	59,781	88,345	(28,564)
Public Safety	822,627	822,627	701,478	121,149
Public Works	398,278	398,278	386,606	11,671
Debt Service:				
Principal	-	-	11,181	(11,181)
Interest	-	-	1,082	(1,082)
Capital Outlay	5,000	5,000	99,006	(94,006)
Total Expenditures	<u>1,995,147</u>	<u>1,995,147</u>	<u>1,891,650</u>	<u>103,496</u>
Excess (Deficit) of Revenues over Expenditures	<u>255,084</u>	<u>255,084</u>	<u>1,130,091</u>	<u>875,007</u>
Other Financing Sources (Uses):				
Transfers to Other Funds	-	-	-	-
Transfers from Other Funds	-	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balance	255,084	255,084	1,130,091	875,007
Fund Balance – October 1 (Beginning)	<u>1,083,387</u>	<u>1,083,387</u>	<u>1,387,438</u>	<u>-</u>
Fund Balance – September 30 (Ending)	<u>\$ 1,338,471</u>	<u>\$ 1,338,471</u>	<u>\$ 2,517,529</u>	<u>\$ 875,007</u>

TOWN OF PONDER, TEXAS

STATEMENT OF NET POSITION
ENTERPRISE FUNDS
SEPTEMBER 30, 2024

	<u>Business-Type Activities</u>
	<u>Total Enterprise Funds</u>
ASSETS	
Current Assets:	
Cash and Cash Equivalents	\$ 11,644,240
Accounts Receivable	202,731
Prepaid Expenses	3,582
Total Current Assets	<u>11,850,553</u>
Noncurrent Assets:	
Capital Assets:	
Land	203,855
Construction in Progress	225,266
Building, net	358,815
Water Systems, net	2,288,689
Wastewater System, net	3,486,168
Vehicles and Equipment, net	293,715
Total Capital Assets	<u>6,856,507</u>
Total Assets	<u>18,707,060</u>
LIABILITIES	
Current Liabilities:	
Accounts Payable	68,143
Accrued Liabilities	96,897
Customer Meter Deposits	87,271
Total Current Liabilities	<u>252,311</u>
Noncurrent Liabilities:	
Due within one year	620,821
Due in more than one year	12,435,043
Total Noncurrent Liabilities	<u>13,055,864</u>
Total Liabilities	<u>13,308,175</u>
NET POSITION	
Net Investment in Capital Assets	3,721,969
Unrestricted Net Position	<u>1,676,916</u>
Total Net Position	<u>\$ 5,398,885</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, 2024

	Business-Type Activities
	Total
	<u>Enterprise Funds</u>
OPERATING REVENUES:	
Water and Sewer Charges	\$ 1,981,537
Tap Fees	24,100
Impact and Other Fees	550,960
Total Operating Revenues	<u>2,556,597</u>
OPERATING EXPENSES:	
Salaries	357,694
Payroll Taxes	5,301
Retirement	23,197
Health Insurance	50,026
Utilities	136,540
Telephone	14,551
System Repairs and Maintenance	444,332
Equipment Repairs and Maintenance	12,701
Building Repairs and Maintenance	7,840
Contract Labor	51,245
Operating Supplies	21,047
Uniforms	1,021
Engineering Fees	50,574
Property and Liability Insurance	23,912
Office Expense	11,116
Bank Charges	7,466
Legal and Accounting	43,875
Dues and Publications	38,113
Vehicle Expense	83,653
Training	461
Computer Expense	8,549
Other	24,438
Depreciation	280,170
Total Operating Expenses	<u>1,697,820</u>
Operating Income	<u>858,777</u>
NON OPERATING REVENUE (EXPENSES):	
Interest Income	305,257
Interest Expense	(309,792)
Total Nonoperating Revenue (Expenses)	<u>(4,535)</u>
Income Before Transfers	854,242
Transfers In (Out)	<u>(1,551,515)</u>
Change in Net Position	<u>(697,273)</u>
Total Net Position – October 1 (Beginning)	<u>6,096,158</u>
Total Net Position – September 30 (Ending)	<u>\$ 5,398,885</u>

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, 2024

	<u>Business-Type Activities</u>
	Total
	<u>Enterprise Funds</u>
<u>Cash Flows from Operating Activities:</u>	
Cash Received from Customers	\$ 2,094,089
Cash Paid for Payroll Costs and Benefits	(413,118)
Cash Paid for Repairs and Maintenance	(404,606)
Cash Paid for Utilities	(128,664)
Cash Paid for Other Expenses	(2,394)
Net Cash Provided by Operating Activities	<u>1,145,307</u>
<u>Cash Flows from Capital & Related Financing Activities:</u>	
Purchase of Capital Assets	(181,317)
Certificates of Obligation Proceeds	6,224,178
Payment of Long-term Debt Principal	(599,439)
Transfer to Other Funds	(1,551,515)
Interest Paid	(309,792)
Net Cash Provided by Capital and Related Financing Activities	<u>3,582,115</u>
<u>Cash Flows from Investing Activities:</u>	
Interest Income	<u>305,257</u>
Net Cash Provided by Investing Activities	<u>305,257</u>
Net Increase in Cash and Cash Equivalents	5,032,679
Cash and Cash Equivalents at Beginning of the Year	<u>6,611,561</u>
Cash and Cash Equivalents at the End of the Year	<u>\$ 11,644,240</u>
<u>Reconciliation of Operating Income to Net Cash Provided by Operating Activities:</u>	
Operating Income	\$ 858,777
Adjustment to Reconcile Operating Income to Net Cash Provided by Operating Activities:	
Depreciation	280,170
Effect of Increases and Decreases in Current Assets and Liabilities:	
Decrease (Increase) in Accounts Receivable	14,185
Decrease (Increase) in Prepaid Expenses	(27,926)
Increase (Decrease) in Accounts Payable	(3,880)
Increase (Decrease) in Accrued Liabilities	49,355
Increase (Decrease) in Customer Meter Deposits	(25,374)
Net Cash Provided by Operating Activities	<u>\$ 1,145,307</u>

The accompanying Notes are an integral part of this statement.

TOWN OF PONDER, TEXAS

NOTES TO THE BASIC FINANCIAL STATEMENTS SEPTEMBER 30, 2024

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 interpretation and practice 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 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 the government-wide financial statements are needed to allow users of financial reports to assess a government's operational accountability. The new 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 whether:

- 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, 2024

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

Transfer from:	<u>General Fund</u>	<u>Capital Projects Fund</u>	<u>Total</u>
Business Type/Enterprise Activities	\$1,551,515	\$0	\$1,551,515
General Fund	-	(2,182,036)	(2,182,036)
Total	<u>\$1,551,515</u>	<u>(\$2,182,036)</u>	<u>(\$630,521)</u>

The transfers are from the Enterprise Fund to the General Fund (\$1,551,515) and a transfer from the General Fund to Capital Asset Fund (\$2,182,036) to satisfy debt for capital purchases. As of September 30, 2024, the General Fund had a balance due to the Economic Development Fund of \$8,519.

6. CAPITAL ASSETS

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

<u>Primary Government</u>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Retirements</u>	<u>Ending Balance</u>
Governmental activities:				
Capital assets:				
Land	\$ 3,267,472	\$ -	\$ -	\$ 3,267,472
Construction in Progress	73,578	-	(50,478)	23,100
Buildings & Improvements	2,542,007	-	-	2,542,007
Equipment and Vehicles	1,191,019	48,528	-	1,239,547
Streets and Drainage	2,897,855	50,478	-	2,948,333
Parks	238,667	-	-	238,667
Totals at historic cost	<u>10,210,598</u>	<u>99,006</u>	<u>(50,478)</u>	<u>10,259,126</u>
Less accumulated depreciation for:				
Buildings & Improvements	(432,733)	(63,631)	-	(496,364)
Equipment and Vehicles	(682,930)	(81,051)	-	(763,981)
Streets and Drainage	(1,428,424)	(77,684)	-	(1,506,108)
Parks	(163,124)	(18,023)	-	(181,147)
Total accumulated depreciation	<u>(2,707,211)</u>	<u>(240,389)</u>	<u>-</u>	<u>(2,947,600)</u>
Governmental activities capital assets, net	<u>\$ 7,503,387</u>	<u>\$ (141,383)</u>	<u>\$ (50,478)</u>	<u>\$ 7,311,526</u>

Land and construction in progress are not depreciated.

Depreciation expense was charged to functions/programs of the primary government as follows:

Governmental Activities:	
Administration	\$ 67,797
Library	701
Court	2,465
Public Safety	29,179
Public Works	140,247
Total depreciation expense – Governmental activities	<u>\$ 240,389</u>

TOWN OF PONDER, TEXAS

NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2024

Capital asset activity for the business-type enterprise fund activities for the year ended September 30, 2024, was as follows:

	Balance October 1	Additions	Retirements	Balance September 30
Enterprise Activities:				
Land	\$ 166,385	\$ 37,470	\$ -	\$ 203,855
Construction in Progress	481,522	-	(256,256)	225,266
Building	480,398	-	-	480,398
Water System	4,299,616	37,470	-	4,337,086
Wastewater System	4,794,290	-	-	4,794,290
Vehicles and Equipment	862,712	-	-	862,712
Totals at historic cost	11,084,923	74,940	(256,256)	10,903,607
Less Accumulated Depreciation:				
Building	(104,085)	(17,498)	-	(121,583)
Water System	(1,949,301)	(99,096)	-	(2,048,397)
Wastewater System	(1,195,602)	(112,520)	-	(1,308,122)
Vehicles and Equipment	(517,942)	(51,055)	-	(568,997)
	(3,766,930)	(280,169)	-	(4,047,099)
Enterprise Activities Capital Assets, net	\$ 7,317,993	\$ (205,229)	\$ (256,256)	\$ 6,856,508

Land and construction in progress are not depreciated.

Capital asset activity of the Ponder Public Improvement District No. 1 for the year ended September 30, 2024, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Street and Road Infrastructure	\$ 3,191,683	\$ -	\$ -	\$ 3,191,683
Totals at historic cost	3,191,683	-	-	3,191,683
Less accumulated depreciation for:				
Street and Road Infrastructure	(638,334)	(106,389)	-	(744,723)
Total accumulated depreciation	(638,334)	(106,389)	-	(744,723)
Capital Assets, net	\$ 2,553,349	\$ (106,389)	\$ -	\$ 2,446,960

7. GOVERNMENTAL LONG TERM DEBT

Governmental long-term debt of the Town consists of one general obligation bond series, 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, 2024.

TOWN OF PONDER, TEXAS

NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2024

Description	Interest Rate Payable	Balance October 1 2023	Additions	Refunded/ Retired	Balance September 30 2024	Due Within One Year
Certificates of Obligation:						
Series 2015	2.00-4.00%	1,224,300	-	85,800	1,138,500	89,100
Series 2018	3.00-4.00%	3,945,000	-	195,000	3,750,000	200,000
Capital Lease:						
Police Vehicle	3.125%	34,603	-	11,181	23,422	11,520
Premium on CO issuance	-	329,413	-	23,704	305,709	23,704
Compensated absences	-	80,762	-	-	80,762	-
Total Long-Term Debt		<u>\$ 5,614,078</u>	<u>\$ -</u>	<u>\$ 315,685</u>	<u>\$ 5,298,393</u>	<u>\$ 324,324</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 capital lease requirements to maturity:

Year Ended September 30,	Principal	Interest	Total Requirements
2025	11,531	732	12,263
2026	11,891	372	12,263
Total	<u>\$ 23,422</u>	<u>\$ 1,104</u>	<u>\$ 24,526</u>

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

Year Ended September 30,	Principal	Interest	Total Requirements
2025	294,100	187,233	481,333
2026	305,750	176,360	482,110
2027	314,050	165,037	479,087
2028	325,700	153,416	479,116
2029-2033	1,829,650	573,201	2,402,851
2034-2038	1,819,250	207,248	2,026,498
Total	<u>\$ 4,888,500</u>	<u>\$ 1,462,495</u>	<u>\$ 6,350,995</u>

TOWN OF PONDER, TEXAS

NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2024

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, 2024:

<u>Description</u>	Interest Rate Payable	Balance October 1 2023	Additions	Refunded/ Retired	Balance September 30 2024	Due Within One Year
Certificates of Obligation:						
Series 2015	2.00-4.00%	\$ 2,485,700	\$ -	\$ 174,200	\$ 2,311,500	\$ 186,000
Series 2018 A	3.55%	1,283,000	-	109,000	1,174,000	118,200
Series 2022	4.00-5.00%	3,700,000	-	115,000	3,585,000	118,600
Series 2024	4.00-5.00%	-	4,950,000	-	4,950,000	154,000
Equipment Lease	8.00%	65,760	-	20,197	45,563	25,655
Premiums on CO issuance	-	222,563	-	18,366	204,197	18,366
Total Long-Term Debt		<u>\$ 7,757,023</u>	<u>\$ 4,950,000</u>	<u>\$ 436,763</u>	<u>\$ 12,270,260</u>	<u>\$ 620,821</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>
2025	412,900	553,915	966,815
2026	531,250	475,868	1,007,118
2027	616,950	446,187	1,063,137
2028	640,300	429,412	1,069,712
2029-2033	3,643,350	1,721,430	5,364,780
2034-2038	2,930,750	1,008,356	3,939,106
2039-2044	3,245,000	442,400	3,687,400
Total	<u>\$ 12,020,500</u>	<u>\$ 5,077,568</u>	<u>\$ 17,098,068</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. A summary of the change in the long-term debt for the year ended September 30, 2024, is as follows:

<u>Description</u>	Interest Rate Payable	Amounts Outstanding 10/01/23	Additions	Retired	Amounts Outstanding 09/30/24	Due Within One Year
Bank Loan - Independent Bank	4.25%	\$ 251,998	\$ -	\$ 32,461	\$ 219,537	\$ 33,867

TOWN OF PONDER, TEXAS

NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2024

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

Year Ended September 30,	Principal	Interest	Total Requirements
2025	\$ 33,867	\$ 8,676	\$ 42,543
2026	35,335	7,208	42,543
2027	36,867	5,676	42,543
2028	38,464	4,079	42,543
2029-2030	75,004	3,097	78,101
Total	<u>\$ 219,537</u>	<u>\$ 28,736</u>	<u>\$ 248,273</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, 2024, is as follows:

<u>Description</u>	<u>Interest Rate Payable</u>	<u>Amounts Outstanding 10/01/23</u>	<u>Additions</u>	<u>Refunded/ Retired</u>	<u>Amounts Outstanding 09/30/24</u>	<u>Due Within One Year</u>
Special Assessment Revenue Bonds: Series 2017	4.0 - 5.0%	\$ 3,395,000	\$ -	\$ 40,000	\$ 3,355,000	\$ 45,000
Premium on Bond issuance		72,147	-	3,006	69,141	3,006
Total Long-Term Debt		<u>\$ 3,467,147</u>	<u>\$ -</u>	<u>\$ 43,006</u>	<u>\$ 3,424,141</u>	<u>\$ 48,006</u>

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

Year Ended September 30,	Principal	Interest	Total Requirements
2025	\$ 45,000	\$ 166,150	\$ 211,150
2026	55,000	164,350	219,350
2027	60,000	162,150	222,150
2028	65,000	159,750	224,750
2029-2033	465,000	740,250	1,205,250
2034-2038	725,000	599,750	1,324,750
2039-2043	1,075,000	385,000	1,460,000
2044-2047	865,000	97,250	962,250
Total	<u>\$ 3,355,000</u>	<u>\$ 2,474,650</u>	<u>\$ 5,829,650</u>

TOWN OF PONDER, TEXAS

NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2024

13. DEFINED BENEFIT PENSION PLANS

Plan Description

The Town of Ponder participates as one of 919 plans in the 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 the System 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.

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

Benefits Provided

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

At retirement, the benefit is calculated as if the sum of the employee's contributions, with interest, and the town-financed monetary credits with interest were used to purchase an annuity.

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

The 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:

	Plan Year 2023	Plan Year 2024
Employee deposit rate	5.0%	5.0%
Employer deposit rate	6.56%	6.75%
Matching ratio (Town to employee)	2 to 1	2 to 1
Years required for vesting	5	5
Service retirement eligibility (expressed as age/years of service)	60/5,0/25	60/5,0/25
Updated Service Credit	0%	0%
Annuity Increase (to retirees)	0% of CPI Repeating	0% of CPI Repeating

TOWN OF PONDER, TEXAS

NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2024

Employees covered by benefit terms.

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

Inactive employees or beneficiaries currently receiving benefits	7
Inactive employees entitled to buy not yet receiving benefits	10
Active employees	<u>15</u>
	32

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 rates for the Town of Ponder were 6.25% and 6.56% in calendar years 2023 and 2024, respectively. The Town's contributions to TMRS for the year ended September 30, 2024 were \$62,643, and were equal to the required contributions.

Net Pension Liability

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

Actuarial assumptions:

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

Inflation	2.50% per year
Overall payroll growth	2.75% per year, adjusted down for population declines, if any
Investment Rate of Return	6.75%, net of pension plan investment expense, including inflation

TOWN OF PONDER, TEXAS

NOTES TO THE BASIC FINANCIAL STATEMENTS SEPTEMBER 30, 2024

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 UMP 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, 2014 to December 31, 2018. They were adopted in 2019 and first used in the December 31, 2019 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 2024 are summarized in the following table:

Asset Class	Target Allocation	Long-term Expected Portfolio Real Rate of Return*
Global Public Equity	35.0%	7.70%
Core Fixed Income	6.0%	4.90%
Non-Core Fixed Income	20.0%	8.70%
Other Public and Private Market	12.0%	8.10%
Real Estate	12.0%	5.80%
Hedge Funds	5.0%	6.90%
Private Equity	10.0%	11.80%
Total	100.0%	

TOWN OF PONDER, TEXAS

NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2024

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.

Changes in the Net Pension Liability (Asset)	Increase (Decrease)		
	Total Pension	Plan Fiduciary	Net Pension
	Liability	Net Position	Liability (Asset)
	(a)	(b)	(a) – (b)
Balance at 12/31/2022	\$ 1,565,514	\$ 1,422,127	\$ 143,387
Changes for the year:			
Service Cost	91,875	-	91,875
Interest	106,891	-	106,891
Change in benefit terms		-	-
Difference between expected and actual experience	(6,403)	-	(6,403)
Changes of assumptions	(16,833)	-	(16,833)
Contributions – employer	-	54,819	(54,819)
Contributions – employee	-	47,752	(47,752)
Net investment income	-	165,520	(165,520)
Benefit payments, including refunds of employee contributions	(55,771)	(55,771)	-
Administrative expense	-	(1,047)	1,047
Other changes	-	(7)	7
Net changes	119,759	211,266	(91,507)
Balance at 12/31/2023	\$ 1,685,273	\$ 1,633,393	\$ 51,880

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:

	1% Decrease in Discount Rate (5.75%)	Discount Rate (6.75%)	1% Increase in Discount Rate (7.75%)
Town's net pension liability (asset)	\$ 226,941	\$ 51,880	\$ (98,245)

TOWN OF PONDER, TEXAS

NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2024

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.

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

For the year ended September 30, 2024, the Town recognized pension expense of \$73,343.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 1,784	\$ 4,619
Changes in actuarial assumptions	4,689	12,144
Difference between projected and actual investment earnings	169,447	55,621
Contributions subsequent to the measurement date	48,395	-
Total	\$ 224,315	\$ 72,384

\$48,395 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, 2024. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended September 30:	
2025	3,555
2026	23,442
2027	(13,903)
2028	-
Thereafter	-

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, 2024

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 and retiree employees, 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, 2023 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>15</u>
Total	25

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>2024</u>
Employer rate	0.66%
Employer contributions	\$ 6,562

Actuarial Assumptions

The total OPEB liability in the December 31, 2022 actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.5%
Salary increases	3.50% to 11.5%, including inflation
Discount rate	4.05%

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 UMP.

TOWN OF PONDER, TEXAS

NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2024

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, 2022 valuation were based on the results of actuarial experience studies. The experience study in TMRS was for the period December 31, 2014 through December 31, 2018.

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 4.05% was based on the 20-Year Fidelity Index's Municipal GO AA Index as of December 31, 2022.

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

At September 30, 2024, the Town reported a total OPEB liability of \$51,319 measured at December 31, 2023. For the year ended September 30, 2024, the Town recognized OPEB expense of \$5,461.

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 1.84% to 4.05%.

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, 2023 are as follows:

	<u>Total OPEB Liability</u>
Changes in Total OPEB Liability	
Balance at December 31, 2022	\$ 43,360
Changes for the year:	
Service cost	2,579
Interest on total OPEB liability	1,777
Changes of benefit terms	-
Differences between expected and actual experience	2,413
Changes in assumptions or other inputs	2,718
Benefit payments*	<u>(1,528)</u>
Balance as of December 31, 2023	<u>\$ 51,319</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, 2024

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 (3.05%) or 1 percentage point higher (5.05%) than the current rate.

	1% Decrease in Discount Rate (3.05%)	1% Decrease in Discount Rate (4.05%)	1% Increase in Discount Rate (5.05%)
Total OPEB liability	\$ 61,183	\$ 51,319	\$ 43,557

At December 31, 2023, the Town reported its deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ -	\$ 1,637
Changes in actuarial assumptions	7,667	-
Difference between projected and actual investment earnings	-	-
Contributions subsequent to the measurement date	-	-
Total	\$ 7,667	\$ 1,637

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, 2024 in the amount of \$7,667. 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:

Year ended September 30:	
2024	\$ (2,662)
2025	(4,182)
2026	(2,953)
2027	-
Thereafter	-

15. LITIGATION AND CONTINGENCIES

The Town Attorney (general legal counsel) expresses the opinion that there does not now exist any pending or threatened litigation, claim or assessment, or an unasserted claim and/or assessment which individually or collectively represent a potential loss exposure to the Town of Ponder, Texas.

TOWN OF PONDER, TEXAS

NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2024

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 of the policies.

For insured programs, there have been no significant reduction in insurance coverage, and settlement amounts have not been 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, 2024

Total Pension Liability	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Service Cost	\$ 39,571	\$ 44,917	\$ 51,973	\$ 73,641	\$ 71,137
Interest (on the Total Pension Liability)	36,121	41,021	46,730	50,633	58,185
Changes of Benefit Terms	-	-	8,315	-	-
Difference Between Expected and Actual Experience	(303)	3,714	(30,742)	(2,498)	3,428
Change of Assumptions	-	25,786	-	-	-
Benefit Payments, including refunds of employee contributions	<u>(8,030)</u>	<u>(8,069)</u>	<u>(33,927)</u>	<u>(8,030)</u>	<u>(9,245)</u>
Net Change in Total Pension Liability	67,359	107,369	42,349	113,746	123,505
Total Pension Liability – Beginning	<u>500,237</u>	<u>567,596</u>	<u>674,965</u>	<u>717,314</u>	<u>831,060</u>
Total Pension Liability – Ending (a)	<u>\$ 567,596</u>	<u>\$ 674,965</u>	<u>\$ 717,314</u>	<u>\$ 831,060</u>	<u>\$ 954,565</u>
Plan Fiduciary Net Position					
Contributions – Employer	\$ 22,151	\$ 23,875	\$ 26,909	\$ 43,859	\$ 43,205
Contributions – Employee	22,183	23,225	25,452	35,168	33,972
Net Investment Income	27,492	803	39,459	88,892	(24,015)
Benefit Payments, including refunds of employee contributions	(8,030)	(8,069)	(33,927)	(8,030)	(9,245)
Administrative Expense	(287)	(489)	(445)	(460)	(463)
Other	<u>(24)</u>	<u>(24)</u>	<u>(24)</u>	<u>(23)</u>	<u>(25)</u>
Net Change in Plan Fiduciary Net Position	63,485	39,321	57,424	159,406	43,429
Plan Fiduciary Net Position – Beginning	<u>480,418</u>	<u>543,903</u>	<u>583,224</u>	<u>640,648</u>	<u>800,054</u>
Plan Fiduciary Net Position – Ending (b)	<u>\$ 543,903</u>	<u>\$ 583,224</u>	<u>\$ 640,648</u>	<u>\$ 800,054</u>	<u>\$ 843,483</u>
Net Pension Liability (Asset) – Ending (a) – (b)	\$ 23,693	\$ 91,741	\$ 76,666	\$ 31,006	\$ 111,082
Plan Fiduciary Net Position as a Percentage of Total Pension Liability (Asset)	95.83%	86.41%	89.31%	96.27%	88.36%
Covered Employee Payroll	\$ 443,670	\$ 464,498	\$ 509,038	\$ 703,351	\$ 679,434
Net Pension Liability (Asset) as a Percentage of Covered Employee Payroll	5.34%	19.75%	15.06%	4.41%	16.35%

Note: The information from this schedule corresponds with the periods covered as of the Plan's measurement dates of December 31.

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

TOWN OF PONDER, TEXAS

SCHEDULE OF EMPLOYER CONTRIBUTIONS
TEXAS MUNICIPAL RETIREMENT SYSTEM
FOR FISCAL YEAR 2024

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Contractually Required Contribution	\$ 23,864	\$ 28,086	\$ 42,053	\$ 44,948
Contribution in Relation to the Contractually Required Contribution	<u>(23,864)</u>	<u>(28,086)</u>	<u>(42,053)</u>	<u>(44,948)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Town's Covered-Employee Payroll	\$ 505,684	\$ 505,684	\$ 657,840	\$ 671,423
Contributions as a Percentage of Covered-Employee Payroll	5.55%	5.55%	6.39%	6.69%

Note: The information from this schedule corresponds with the periods covered as of the Plan's measurement dates of December 31.

<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
\$ 48,901	\$ 53,904	\$ 58,885	\$ 59,874	\$ 62,617	\$ 62,643
<u>(48,901)</u>	<u>(53,904)</u>	<u>(58,885)</u>	<u>(59,874)</u>	<u>(62,617)</u>	<u>(62,643)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$744,702	\$816,151	\$933,876	\$961,076	\$966,317	\$994,340
6.57%	6.60%	6.31%	6.23%	6.48%	6.30%

TOWN OF PONDER, TEXAS

SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY AND RELATED RATIOS
TEXAS MUNICIPAL RETIREMENT SYSTEM
SEPTEMBER 30, 2024

	2019	2020	2021	2022	2023	2024
Total OPEB Liability						
Service cost	\$ 3,601	\$ 3,799	\$ 5,267	\$ 6,166	\$ 6,779	\$ 6,976
Interest on total OPEB liability	979	1,154	1,116	1,091	1,088	\$ 1,120
Changes of benefit terms	-	-	-	-	-	-
Differences between expected and actual experience	(875)	(4,193)	1,593	(3,202)	1,638	2,413
Change of assumptions or other inputs	(1,990)	8,362	6,402	1,537	(21,227)	(1,021)
Benefit payments/refunds of contributions	(272)	(310)	(432)	(1,270)	(1,356)	(1,528)
Net change in total OPEB liability	1,443	8,812	13,946	4,322	(13,078)	7,959
Total OPEB liability, beginning	27,915	29,358	38,170	52,116	56,438	43,360
Total OPEB liability, ending	\$ 29,358	\$ 38,170	\$ 52,116	\$ 56,438	\$ 43,360	\$ 51,319
Covered employee payroll	\$679,434	\$775,234	\$863,477	\$906,815	\$968,365	\$994,340
Net OPEB liability as a percentage of covered payroll	4.32%	4.92%	6.04%	6.22%	4.48%	5.16%

Note: The information from this schedule corresponds with the period covered as of the Plan's measurement dates of December 31. Plan information was unavailable prior to 2018. Ten years will ultimately be displayed.

No assets are accumulated in a trust as defined by GASB 75. Benefits are on a pay as you go basis.

TOWN OF PONDER, TEXAS

**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED SEPTEMBER 30, 2024**

Note A – Net Pension Liability – Texas Municipal Retirement System

Valuation Date:

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

Methods and Assumptions Used to Determine Contribution Rates:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percentage of Payroll, Closed
Remaining Amortization Period	19 years (longest amortization ladder)
Asset Valuation Method	10 Year smoothed market; 12% soft corridor
Inflation	2.5%
Salary Increases	3.50% to 11.5%, including inflation
Investment Rate of Return	6.75%
Retirement Age	Experience-based table of rates that are specific to the Town’s plan of benefits. Last updated for the 2019 valuation pursuant to an experience study of the period 2014-2018
Mortality	Post-retirement: 2019 Municipal Retirees of Texas Mortality Tables. The rates are projected on a fully generational basis with Scale UMP. Pre-retirement: PUB(10) mortality tables, with the Public Safety table used for males and the General Employee table used for females. The rates are projected on a fully generational basis with Scale UMP.

Changes of Benefit Terms

There were no benefit changes during the year.

Changes in the Size or Composition of the Population Covered by the Benefit Terms

There were no changes in the size or composition of the population covered by the benefit terms during the measurement period.

Changes of Assumptions

There were no changes of assumptions or other inputs that affected measurement of the total pension liability during the measurement period.

TOWN OF PONDER, TEXAS

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED SEPTEMBER 30, 2024

Note B – Total OPEB Liability – Texas Municipal Retirement System

Valuation Date:

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

Methods and Assumptions Used to Determine Contribution Rates:

Actuarial Cost Method	Entry Age Normal
Inflation	2.5%
Salary Increases	3.50% to 11.5%, including inflation
Discount Rate	4.05%
Retirement Age	Experience-based table of rates that are specific to the Town's plan of benefits. Last updated for the 2019 valuation pursuant to an experience study of the period 2014-2018
Mortality	2019 Municipal Retirees of Texas Mortality Tables with 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.

**COMBINING & INDIVIDUAL FUND
STATEMENTS & SCHEDULES**

TOWN OF PONDER, TEXAS

COMPARATIVE STATEMENT OF EXPENDITURES
GENERAL FUND
FOR THE YEARS ENDED SEPTEMBER 30, 2023 AND 2024

	<u>2023</u>	<u>2024</u>
Administration:		
Salaries and Wages	\$ 217,083	\$ 189,478
Payroll Taxes	6,443	6,437
Health Insurance	18,414	18,201
Retirement	12,016	11,388
Legal and Audit Fees	63,592	50,208
Property/Liability Insurance	19,727	21,808
Utilities	25,162	37,704
Telephone	30,603	40,940
Office Supplies	3,514	5,561
Postage	743	811
Planning and Zoning Consulting	36,686	38,880
Building Repairs and Maintenance	33,376	42,913
Equipment Rent	1,813	-
Dues and Publications	17,600	50,420
Town Council Costs	3,710	-
Legal Notices	23	685
Tax Assessor/Collector Fees	12,031	14,426
Travel and Training	3,193	9,382
Election Costs	6,898	-
Contract Labor	1,413	3,207
Computer/Website Costs	28,034	20,893
Ordinance Codification	-	1,826
Children's Advocacy Center	8,500	-
Other	950	2,851
Total Administration	<u>551,524</u>	<u>568,020</u>
Library:		
Wages	21,016	29,583
Payroll Taxes	1,628	2,281
Retirement	625	598
Books/Videos/DVD's	5,338	2,956
Utilities	4,522	3,880
Telephone	2,383	1,608
Computer Supplies/Equipment/Website	1,358	10,892
Office Supplies	789	1,344
Contract Labor	2,048	4,175
Repairs and Maintenance	2,909	7,171
Dues and Publications	1,278	298
Other	456	189
Total Library	<u>44,350</u>	<u>64,976</u>

TOWN OF PONDER, TEXAS

COMPARATIVE STATEMENT OF EXPENDITURES
GENERAL FUND (CONTINUED)
FOR THE YEARS ENDED SEPTEMBER 30, 2023 AND 2024

	<u>2023</u>	<u>2024</u>
Municipal Court:		
Salaries and Wages	\$ -	\$ 33,804
Payroll Taxes	-	-
Employee Insurance	-	-
Retirement	-	-
Office Supplies	3,604	663
Computer Software	-	-
Judge Fees	2,700	3,500
Prosecuting Attorney Fees	1,750	2,000
Travel and Training	1,074	55
Total Municipal Court	<u>9,128</u>	<u>40,022</u>
Public Safety:		
Police Department:		
Salaries	459,733	491,833
Payroll Taxes	7,734	11,043
Health Insurance	63,453	54,011
Retirement	27,698	25,888
Contract Labor	7,705	-
Legal	-	650
Office Rent	12,480	13,520
Office Supplies	2,948	2,653
Computer Software/Website	6,186	12,109
Uniforms	3,452	1,640
Repair & Maintenance - Equip	-	8,688
Small Equipment	919	3,203
Vehicle Costs	38,346	12,263
Property/Liability Insurance	25,985	27,321
Telephone	2,341	1,939
Dues and Publications	13,286	7,583
Travel and Training	3,384	19,764
Other	2,777	7,371
Total Police	<u>678,427</u>	<u>701,478</u>
Fire and Ambulance:		
Volunteer Fire Department Funding	100,000	100,000
Ambulance Service	36,000	46,691
Total Fire and Ambulance	<u>136,000</u>	<u>146,691</u>
Total Public Safety	<u>814,427</u>	<u>848,170</u>

TOWN OF PONDER, TEXAS

COMPARATIVE STATEMENT OF EXPENDITURES
GENERAL FUND (CONTINUED)
FOR THE YEARS ENDED SEPTEMBER 30, 2023 AND 2024

	<u>2023</u>	<u>2024</u>
Public Works:		
Salaries	\$ -	\$ 58,017
Payroll Taxes	-	\$ 474
Retirement	-	\$ 1,969
Inspection Fees	38,970	\$ 16,423
Engineer Fees	101,477	50,574
Parks and Recreation	110,345	156,085
Supplies	13,737	14,115
Street Lights	10,898	-
Street Repairs and Maintenance	80,032	4,500
Animal Control	13,367	14,887
Vehicle Costs	6,156	-
Total Public Works	<u>374,982</u>	<u>317,044</u>
Debt Service:		
Principal	10,842	11,181
Interest	1,420	1,082
Total Debt Service	<u>12,262</u>	<u>12,263</u>
Capital Outlay:		
Land	-	-
Buildings	-	-
Construction in Progress	73,578	23,100
Equipment	9,630	48,528
Total Capital Outlay	<u>83,208</u>	<u>71,628</u>
Total Expenditures	<u>\$ 1,889,881</u>	<u>\$ 1,922,123</u>

TOWN OF PONDER, TEXAS

**BUDGETARY COMPARISON SCHEDULE - DEBT SERVICE FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2024**

	<u>Budgeted Amounts</u>		<u>Actual Amounts (GAAP BASIS)</u>	<u>Variance With Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Taxes-Ad Valorem	\$ 478,407	\$ 478,407	\$ 483,582	\$ 5,175
Interest Income	-	-	-	-
Total Revenues	<u>478,407</u>	<u>478,407</u>	<u>483,582</u>	<u>5,175</u>
Expenditures:				
Principal	388,850	388,850	388,850	-
Interest and Fees	<u>90,807</u>	<u>90,807</u>	<u>80,400</u>	<u>10,407</u>
Total Expenditures	<u>479,657</u>	<u>479,657</u>	<u>469,250</u>	<u>10,407</u>
Excess (Deficit) of Revenues over Expenditures	<u>(1,250)</u>	<u>(1,250)</u>	<u>14,332</u>	<u>15,582</u>
Other Financing Sources (Uses):				
Transfers from Other Funds	-	-	1,551,515	1,551,515
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>1,551,515</u>	<u>1,551,515</u>
Net Change in Fund Balance	(1,250)	(1,250)	1,565,847	1,567,097
Fund Balance – October 1 (Beginning)	<u>18,840</u>	<u>18,840</u>	<u>18,840</u>	<u>-</u>
Fund Balance – September 30 (Ending)	<u>\$ 17,590</u>	<u>\$ 17,590</u>	<u>\$ 1,584,687</u>	<u>\$ 1,567,097</u>

TOWN OF PONDER, TEXAS

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE
ECONOMIC DEVELOPMENT CORPORATION
FOR THE YEAR ENDED SEPTEMBER 30, 2024

Revenues:	
Taxes – Sales	\$338,442
Interest Income	2,917
Other	-
Total Revenues	<u>341,358</u>
Expenditures:	
Administration:	
Advertising	-
Repairs and Maintenance	-
Administration	4,280
Electricity	661
Debt Service:	
Principal	32,461
Interest	<u>10,082</u>
Total Expenditures	<u>47,484</u>
Excess of Revenues over Expenditures	<u>293,874</u>
Change in Fund Balance	293,874
Fund Balance – October 1 (beginning)	<u>594,994</u>
Fund Balance – September 30 (ending)	<u><u>\$888,868</u></u>

TOWN OF PONDER, TEXAS

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE
PUBLIC IMPROVEMENT DISTRICT NO. 1
FOR THE YEAR ENDED SEPTEMBER 30, 2024

Revenues:	
Special Assessment Fees	\$ 269,957
Interest Income	<u>26,692</u>
Total Revenues	<u>296,649</u>
Expenditures:	
Current:	
Administration Fees	31,300
Debt Service:	
Principal	40,000
Interest and fees	<u>167,750</u>
Total Expenditures	<u>239,050</u>
Excess of Revenues over Expenditures	<u>57,599</u>
Change in Fund Balance	57,599
Fund Balance – October 1 (beginning)	<u>435,730</u>
Fund Balance – September 30 (ending)	<u>\$ 493,329</u>

OTHER SUPPLEMENTARY INFORMATION

HankinsEastup

★
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, 2024, 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 April 28, 2025.

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

April 28, 2025

