

CITY OF BOOKER, TEXAS

FINANCIAL STATEMENTS
AND
AUDITORS' REPORT

SEPTEMBER 30, 2025

CITY OF BOOKER, TEXAS

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CITY OF BOOKER, TEXAS

**ROSTER OF ELECTED AND APPOINTED OFFICIALS
FOR THE YEAR ENDING SEPTEMBER 30, 2025**

ELECTED OFFICIALS

Stephen Skipper.....Mayor
Leslie Payne (elected Mayor in December 2025).....City Council Member
Jeff Monk..... City Council Member
Daisy Lira..... City Council Member
Jana Compean..... City Council Member
Susie Wynn..... City Council Member

APPOINTED OFFICIALS

Karen Haddon.....City Secretary
Matt Bartosiewicz.....City Attorney
Guillermo Estrada.....Public Works Manager
Lance Swan.....Police Chief
Craig Custer.....Municipal Court Judge
Andrew Skipper.....Fire Chief

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Deaton Tonn Seay & Scarborough | A Texas LLC

INDEPENDENT AUDITORS' REPORT

Honorable Mayor and City Council
City of Booker, Texas

Opinion

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the City as of September 30, 2025, and the respective changes in financial position, and where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis of a Matter – Compensated Absences

As discussed in the notes to the financial statements, the City has changed its accounting for compensated absences, which was required by Governmental Accounting Standards Board (GASB) Statement No. 101, which became effective for fiscal years beginning after December 15, 2023. Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for twelve months beyond the financial statement 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 GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

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

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

Required Supplementary Information

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

Other Supplementary Information

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



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Denton, Texas
March 20, 2026

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MANAGEMENT'S DISCUSSION & ANALYSIS

CITY OF BOOKER, TEXAS

MANAGEMENT'S DISCUSSION AND ANALYSIS SEPTEMBER 30, 2025

As City Secretary of the of the City of Booker, Texas, (the City), I offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended September 30, 2025. I encourage readers to consider the information presented here in conjunction with the financial statements of the City and additional information provided. The Independent Auditor's Report is on pages 2-4 and the basic financial statements begin on page 12.

Management's discussion and analysis (MD&A) has been designed to 1) assist readers and interested parties in focusing on significant financial issues, 2) provide an overview of the City's financial activity, 3) identify changes in the City's financial position, including its ability to address the next and subsequent years' challenges, 4) identify material deviations from the approved budgets adopted by the City Council (those charged with governance), and 5) identify individual fund issues or concerns.

Because the MD&A focuses on the current year's activity, resulting changes, and currently known facts, you are encouraged to read it in conjunction with the basic financial statements including notes thereto, required supplementary information, and other supplementary information.

Financial Highlights

- The City's assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources at September 30, 2025, by \$7,754,064 an increase of \$96,770 from the prior year.
- The assets and deferred outflows of resources of the Utility Fund (enterprise fund) exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$3,874,543 (*net position*), a decrease of \$35,964 from prior year. Of this amount \$964,467 (*unrestricted net position*) may be used to meet the ongoing obligations of the Utility Fund.
- The City's unrestricted cash and short-term investments at September 30, 2025 and 2024 amounted to \$3,059,838 and \$2,886,637, respectively.
- The City's capital assets, reported at cost less accumulated depreciation, totaled \$5,091,477 and \$5,185,513 at September 30, 2025 and 2024, while the City's long-term obligations totaled \$887,952 and \$957,033 at September 30, 2025 and 2024.

Overview of the Financial Statements

The information provided here is intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements consist of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) the notes to financial statements. In addition, the annual financial report includes required supplementary information and other supplementary information.

Government-wide Financial Statements. The government-wide financial statements are designed to provide readers with a broad overview of the City's financial position and results of operations in a manner similar to private-sector businesses.

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

CITY OF BOOKER, TEXAS

MANAGEMENT'S DISCUSSION AND ANALYSIS SEPTEMBER 30, 2025

The *statement of activities* presents information showing how the City's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs regardless of the timing of related cash flows. Revenues and expenses are reported for some items that do not result in cash flows until future fiscal periods (e.g., uncollected taxes).

Both government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (i.e., *governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (i.e., *business-type activities*). The governmental activities of the City include general government, police and fire departments, municipal court, parks and municipal maintenance, library, and economic development. The business-type activities of the City include water, sewer, and gas services.

The government-wide financial statements include not only the City of Booker (the primary government) but also the legally separate Booker Economic Development Corporation (BEDC, the component unit). Financial information for BEDC is reported as a blended component unit in the government-wide financial statements.

Fund Financial Statements. Fund financial statements present information about the City's most significant funds—not the City as a whole. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All funds of the City can be divided into three categories: *governmental funds*, *proprietary funds*, and *fiduciary funds*.

Governmental Funds. Governmental funds are used to account for the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on short-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information is useful in assessing a government's near-term financing requirements. The modified accrual basis of accounting is used for governmental funds, which recognize revenues when they are both measurable and available to fund current year expenditures. The City's governmental funds include BEDC financial information, which is reported as a blended special revenue fund in the City's governmental funds.

Both the governmental fund balance sheets and the governmental fund statements of revenues, expenditures, and changes in fund balances provide a *reconciliation* to facilitate comparisons between governmental fund financial statements and government-wide financial statements.

Proprietary Funds. The City maintains only one proprietary enterprise fund, a Utility Fund. Proprietary enterprise funds are used to account for the same functions reported as business-type activities in the government-wide financial statements. The accounting used for proprietary funds is the same as the accounting used for government-wide financial statements.

Fiduciary Funds. Fiduciary funds are used to account for resources held for the benefit of parties outside of the City government. Fiduciary funds are not reported in the government-wide financial statements because the resources of those funds are not available to support the City's own programs. The accounting used for fiduciary funds is the same as the accounting used for proprietary funds.

The City maintains one type of fiduciary fund. *Custodial funds* are resources held by the City as a custodian for individuals, private organizations and other governments. The City maintains only one fiduciary fund, which accounts for the fiduciary net position of the Texas Capital Fund, which benefits Preferred Beef Group in Booker, Texas.

Notes to the Financial Statements. The notes to the financial statements provide additional information that are necessary to have a full understanding of the data provided in the government-wide and fund financial statements.

CITY OF BOOKER, TEXAS

MANAGEMENT'S DISCUSSION AND ANALYSIS SEPTEMBER 30, 2025

Required Supplementary Information. The required supplementary information includes a budget to actual comparison for the City's general fund revenues and expenditures and Booker Economic Development Corporation; and schedules pertaining to the City's participation in the Texas Municipal Retirement System (TMRS) pension plan, which also provides other post-employment benefits (OPEB) to the City's eligible retirees.

Other Supplementary Information. Other supplementary information includes a schedule of the City cash and short-term investments as of September 30, 2025.

Government-wide Financial Analysis

Statements of Net Position

The primary purpose of the government-wide financial statements is to report whether the City's financial condition has improved or worsened as a result of the year's activities and to report the resources available for future needs. As noted earlier, net position may serve over time as a useful indicator of a government's financial position. Other factors such as changes in the City's property tax base, strength of the local economy, utility rates and the condition of facilities must also be considered. In the case of the City, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$7,754,064 at the close of the most recent fiscal year.

	Governmental Activities		Business-Type Activities		Total	
	2025	2024	2025	2024	2025	2024
Current and Other Assets	\$ 2,170,061	\$ 2,111,055	\$ 1,104,097	\$ 1,067,693	\$ 3,274,158	\$ 3,178,748
Restricted Assets	161,153	129,017	-	-	161,153	129,017
Other Long Term Assets	271,912	273,733	17,412	-	289,324	273,733
Capital and Noncurrent Assets	1,886,401	1,851,166	3,205,076	3,334,347	5,091,477	5,185,513
Total Assets	<u>4,489,527</u>	<u>4,364,971</u>	<u>4,326,585</u>	<u>4,402,040</u>	<u>8,816,112</u>	<u>8,767,011</u>
Deferred Outflows	41,059	24,517	10,116	63,044	51,175	87,561
Current Liabilities	64,231	129,875	141,939	138,106	206,170	267,981
Long-Term Liabilities	534,420	544,164	307,050	359,339	841,470	903,503
Total Liabilities	<u>598,651</u>	<u>674,039</u>	<u>448,989</u>	<u>497,445</u>	<u>1,047,640</u>	<u>1,171,484</u>
Deferred Inflows	<u>52,414</u>	<u>7,222</u>	<u>13,169</u>	<u>18,572</u>	<u>65,583</u>	<u>25,794</u>
Net Position						
Net Investment in Capital Assets	1,948,260	1,698,393	2,910,076	3,016,197	4,858,336	4,714,590
Restricted	1,522,815	1,458,653	-	-	1,522,815	1,458,653
Unrestricted	<u>408,446</u>	<u>551,181</u>	<u>964,467</u>	<u>932,870</u>	<u>1,372,913</u>	<u>1,484,051</u>
Total Net Position	<u>\$ 3,879,521</u>	<u>\$ 3,708,227</u>	<u>\$ 3,874,543</u>	<u>\$ 3,949,067</u>	<u>\$ 7,754,064</u>	<u>\$ 7,657,294</u>

The City's net position is split almost equally between the governmental activities and business-type activities, while 63% percent of net position represent the City's investment in capital assets (e.g., land, buildings, equipment, furnishings, and infrastructure); less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

CITY OF BOOKER, TEXAS

MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2025

An additional portion of the City's net position (19%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position \$1,372,913 may be used to meet the City's ongoing obligations to citizens and creditors.

Statement of Activities

The following table provides a summary of the City's changes in net position

	Governmental Activities		Business-Type Activities		Total	
	2025	2024	2025	2024	2025	2024
Revenues:						
Program revenues:						
Charges for services	\$ 262,716	\$ 267,095	\$ 1,033,537	\$ 1,099,108	1,296,253	1,366,203
Operating grants and contributions	81,894	130,167	22,101	41,753	103,995	171,920
Capital grants and contributions	-	-	-	-	-	-
General revenues:						
Property taxes	361,881	393,638	-	-	361,881	393,638
Sales taxes	270,708	289,721	-	-	270,708	289,721
Other revenues	159,387	159,112	50,979	62,595	210,366	221,707
	<u>1,136,586</u>	<u>1,239,733</u>	<u>1,106,617</u>	<u>1,203,456</u>	<u>2,243,203</u>	<u>2,443,189</u>
Expenses:						
General Government	276,531	312,789	-	-	276,531	312,789
Public Safety	207,609	152,884	-	-	207,609	152,884
Public works	103,852	99,157	-	-	103,852	99,157
Sanitation	309,353	346,047	-	-	309,353	346,047
Culture and Recreation	131,524	121,858	-	-	131,524	121,858
Economic Development	15,273	7,668	-	-	15,273	7,668
Interest	5,644	5,776	-	-	5,644	5,776
Water	-	-	497,767	463,455	497,767	463,455
Sewer	-	-	172,209	153,284	172,209	153,284
Gas	-	-	405,161	405,631	405,161	405,631
	<u>1,049,786</u>	<u>1,046,179</u>	<u>1,075,137</u>	<u>1,022,370</u>	<u>2,124,923</u>	<u>2,068,549</u>
Increase/(Decrease) in net position before transfers	86,800	193,554	31,480	181,086	118,280	374,640
Transfers In/(Out)	100,000	279,969	(100,000)	(279,969)	-	-
Change in net position	186,800	473,523	(68,520)	(98,883)	118,280	374,640
Net position – beginning of year as previously reported	3,708,228	3,234,704	3,949,067	4,047,950	7,657,295	7,282,654
Restatement as per GASB 101	(15,507)	-	(6,004)	-	(21,511)	-
Net position – beginning of year as restated	3,692,721	3,234,704	3,943,063	4,047,950	7,635,784	7,282,654
Net position – ending of year	<u>\$ 3,879,521</u>	<u>\$ 3,708,227</u>	<u>\$ 3,874,543</u>	<u>\$ 3,949,067</u>	<u>\$ 7,754,064</u>	<u>\$ 7,657,294</u>

The cost of all governmental activities was \$1,049,786 in 2025 as compared to \$1,046,179 in 2024. As shown in the statement of activities, the amount that our taxpayers ultimately financed for these activities through City property and sales taxes was only \$632,589 in 2025 and \$683,359 in 2024 because some of the costs were paid by those who directly benefited from the programs or by other governments and organizations that subsidized certain programs with grants and contributions. Governmental activities increased the City's net position by \$186,800.

CITY OF BOOKER, TEXAS

MANAGEMENT'S DISCUSSION AND ANALYSIS SEPTEMBER 30, 2025

Financial Analysis of the Governmental Funds

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

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

As of the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$2,529,992, an increase of \$58,634 in comparison with the prior year. Approximately 41% of this total amount, \$1,007,177 constitutes unassigned fund balance, which is available for spending at the government's discretion.

The General Fund is the chief operating fund of the City. At the end of the current fiscal year, the total fund balance of the General Fund was \$1,146,229, of which \$139,052 was restricted. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned and total fund balance represents 94% and 107% of total General Fund expenditures, respectively. A general rule of thumb is for governments to maintain unassigned fund balance in the range of 30 to 100 percent of annual General Fund expenditures.

The fund balance of the City's General Fund increased by \$26,608 during the current fiscal year.

General Fund Budgetary Highlights

Budgets reflect the same pattern as seen in the revenue and expenditures of the City. To enhance the process of developing a budget, the City utilizes goals and objectives defined by the mayor and City Council, community input, long-term plans, and input from various staff groups. City priorities are well defined through this process.

GASBs 34 and 37 do not require a statement presenting the overall result of the budget for each year; however, all major budgetary funds are required to be reported as a separate statement.

The General Fund and Special Revenue Fund are the only major budgetary funds. It should be noted that the General Fund, Enterprise Fund and Special Revenue Fund are considered major funds based on criteria defined in GASB Statements No. 34, Basic Financial Statements-and Management's Discussion and Analysis for State and Local Governments or as determined by management.

The major differences between the original budget and the final amended budget are briefly summarized as follows:

General Fund:

- \$7,504 increase in taxes, penalties and interest
- \$8,598 increase in grants and donations
- \$14,384 increase in investment earnings
- \$35,180 increase in in sanitation contractual services

CITY OF BOOKER, TEXAS

MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2025

Capital Assets and Debt Administration

Capital Assets

Changes to the City's capital assets for its governmental and business-type activities for the fiscal year ended September 30, 2025, are as follows:

	Governmental Activities		Business-Type Activities		Total	
	2025	2024	2025	2024	2025	2024
Land and Construction in Progress	\$ 275,283	\$ 198,831	\$ 95,379	\$ 95,379	\$ 370,662	\$ 294,210
Building and Improvements	980,268	947,770	21,570	21,570	1,001,838	969,340
Furniture and Fixtures	55,757	43,737	4,266	4,266	60,023	48,003
Machinery and Equipment	1,468,488	1,385,226	580,050	558,072	2,048,538	1,943,298
Transportation equipment	770,940	770,940	110,658	110,658	881,598	881,598
Other Improvements	67,063	67,063	-	-	67,063	67,063
Infrastructure	<u>1,145,908</u>	<u>1,092,821</u>	<u>5,590,088</u>	<u>5,593,236</u>	<u>6,735,996</u>	<u>6,686,057</u>
Total cost	4,763,707	4,506,388	6,402,011	6,383,181	11,165,718	10,889,569
Accumulated Depreciation	<u>(2,877,306)</u>	<u>(2,655,222)</u>	<u>(3,196,935)</u>	<u>(3,048,834)</u>	<u>(6,074,241)</u>	<u>(5,704,056)</u>
Long-Term Liabilities	<u>\$1,886,401</u>	<u>\$1,851,166</u>	<u>\$3,205,076</u>	<u>\$3,334,347</u>	<u>\$5,091,477</u>	<u>\$5,185,513</u>

Major capital assets additions during the current fiscal year were as follows:

Governmental activities:

- Sanitation
 - Landfill permits/ Engineering 76,452
- Parks and Recreation
 - Commercial Riding Mower 45,191
- Public Works
 - Streets and Sidewalks betterments 53,087
- Buildings and Improvements
 - Legion Hall remodeling 32,498

Business-type activities:

- Sewer equipment 12,090

CITY OF BOOKER, TEXAS

MANAGEMENT'S DISCUSSION AND ANALYSIS SEPTEMBER 30, 2025

Debt Administration

Changes to the City's long-term debt for its governmental and business-type activities for the fiscal year ended September 30, 2025, are as follows:

	Governmental Activities		Business-Type Activities		Total	
	2025	2024	2025	2024	2025	2024
Certificates of Obligation, 2017 Series	\$ -	\$ -	\$ 295,000	\$ 315,000	\$ 295,000	\$ 315,000
Government Capital Corp. Note Payable	-	61,586	-	-	-	61,586
Government Capital Corp. Note Payable	61,860	91,187	-	-	61,860	91,187
Landfill liability	404,033	393,028	-	-	404,033	393,028
Compensated absences	89,390	67,167	37,669	29,065	127,059	96,232
Total Long Term Debt	<u>\$ 555,283</u>	<u>\$ 612,968</u>	<u>\$ 332,669</u>	<u>\$ 344,065</u>	<u>\$ 887,952</u>	<u>\$ 957,033</u>

Economic Outlook and Next Year's Budgets and Tax Rates

The City's elected and appointed officials consider many factors when adopting budgets and setting tax rates. Chief among those factors is the local economy. The economy of the region has been stable due to a steady oil and gas industry and a steady farming industry. However, sales tax revenues have been affected. The City's approved 2026 property tax rate was 0.610516 per \$100 valuation as compared to 0.69502730 per \$100 per \$100 valuation in the previous year.

Factors such as the above are taken into account during the budgeting process. For the fiscal year ending September 30, 2026, the City has budgeted \$1,305,009 of revenues and transfers that will be available for appropriation, a decrease of 9.3% compared to the final 2024-2025 amended budget of \$1,244,241.

If these estimates are realized, the City's budgetary General fund balance is expected to remain the same at the close of 2024-2025 fiscal year. In the event of a national, state, economic, or natural catastrophe, management will adjust and maintain necessary services while cutting expenditures and capital projects.

Contacting the City's Financial Management

This financial report is designed to provide an overview of the City's finances for everyone who has 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 the City Secretary at the City of Booker, P.O. Drawer M, Booker, Texas 79005.

BASIC FINANCIAL STATEMENTS

CITY OF BOOKER, TEXAS

STATEMENT OF NET POSITION
SEPTEMBER 30, 2025

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
ASSETS			
Cash and Investments	\$ 603,433	\$ 152,867	\$ 756,300
Investments	1,483,344	820,194	2,303,538
Receivables, net	68,429	70,755	139,184
Accrued interest	6,150	3,179	9,329
Internal balances	8,705	(8,705)	-
Inventory	-	65,807	65,807
Restricted Assets			
Cash and Cash Equivalents	155,135	-	155,135
Short term Investments	6,018	-	6,018
Notes receivable	230,650	-	230,650
Capital Assets	1,886,401	3,205,076	5,091,477
Net pension asset	41,262	17,412	58,674
Total Assets	<u>4,489,527</u>	<u>4,326,585</u>	<u>8,816,112</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Outflow Related to Pensions	38,560	9,045	47,605
Deferred Outflow Related to OPEB	2,499	1,071	3,570
Total Deferred Outflows of Resources	<u>41,059</u>	<u>10,116</u>	<u>51,175</u>
LIABILITIES			
Accounts Payable	23,138	27,660	50,798
Accrued Expenses	-	-	-
Accrued interest payable	4,850	-	4,850
Customer Deposits	-	84,485	84,485
Noncurrent Liabilities:			
Due within One Year	53,624	29,794	83,418
Due in More Than One Year	501,658	302,875	804,533
Net Pension Liability	-	-	-
Net OPEB Liability	15,381	4,175	19,556
Total Liabilities	<u>598,651</u>	<u>448,989</u>	<u>1,047,640</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred Inflow Related to Pensions	47,750	11,201	58,951
Deferred Inflow Related to OPEB	4,664	1,968	6,632
Total Deferred Inflows of Resources	<u>52,414</u>	<u>13,169</u>	<u>65,583</u>
NET POSITION			
Net Investment in Capital Assets	1,948,260	2,910,076	4,858,336
Restricted for:			
Christmas Lights	6,018	-	6,018
Fire Department	133,034	-	133,034
Economic Development	1,383,763	-	1,383,763
Unrestricted Net Position	408,446	964,467	1,372,913
Total Net Position	<u>\$ 3,879,521</u>	<u>\$ 3,874,543</u>	<u>\$ 7,754,064</u>

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CITY OF BOOKER, TEXAS

STATEMENT OF ACTIVITIES
SEPTEMBER 30, 2025

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
GOVERNMENTAL ACTIVITIES:				
General Government	\$ 276,531	\$ 9,208	\$ -	\$ -
Public Safety	207,609	2,338	37,368	-
Public Works	103,852	-	-	-
Sanitation	309,353	251,170	-	-
Culture and Recreation	131,524	-	44,526	-
Economic Development	15,273	-	-	-
Interest and fiscal charges	5,644	-	-	-
Total Governmental Activities	<u>1,049,786</u>	<u>262,716</u>	<u>81,894</u>	<u>-</u>
BUSINESS-TYPE ACTIVITIES:				
Water	499,936	479,260	22,101	-
Sewer	173,760	122,729	-	-
Gas	407,917	431,548	-	-
Total Business-Type Activities	<u>1,081,613</u>	<u>1,033,537</u>	<u>22,101</u>	<u>-</u>
TOTAL PRIMARY GOVERNMENT	<u>\$ 2,131,399</u>	<u>\$ 1,296,253</u>	<u>\$ 103,995</u>	<u>\$ -</u>

GENERAL REVENUES:

Taxes:

Ad valorem taxes

Sales taxes

Other taxes

Investment earnings

Rent and royalties

Miscellaneous

Special item – transfers in (out)

Total General Revenues and Special Items

Change in Net Position

NET POSITION, beginning, as previously reported

Restatement as per GASB 101

NET POSITION, beginning of year as restated

NET POSITION, end of year

Net (Expense) Revenue and
Change in Net Position

Governmental Activities	Business-Type Activities	Total
\$ (267,323)	\$ -	\$ (267,323)
(167,903)	-	(167,903)
(103,852)	-	(103,852)
(58,183)	-	(58,183)
(86,998)	-	(86,998)
(15,273)	-	(15,273)
(5,644)	-	(5,644)
<u>(705,176)</u>	<u>-</u>	<u>(705,176)</u>
-	1,425	1,425
-	(51,031)	(51,031)
-	23,631	23,631
<u>-</u>	<u>(25,975)</u>	<u>(25,975)</u>
<u>(705,176)</u>	<u>(25,975)</u>	<u>(731,151)</u>
361,881	-	361,881
270,708	-	270,708
43,788	-	43,788
107,504	57,163	164,667
1,188	-	1,188
6,907	292	7,199
<u>100,000</u>	<u>(100,000)</u>	<u>-</u>
<u>891,976</u>	<u>(42,545)</u>	<u>849,431</u>
186,800	(68,520)	118,280
3,708,228	3,949,067	7,657,295
<u>(15,507)</u>	<u>(6,004)</u>	<u>(21,511)</u>
<u>3,692,721</u>	<u>3,943,063</u>	<u>7,635,784</u>
<u>3,879,521</u>	<u>3,874,543</u>	<u>7,754,064</u>

CITY OF BOOKER, TEXAS

BALANCE SHEET – GOVERNMENTAL FUNDS
SEPTEMBER 30, 2025

	General Fund	EDC	Total Governmental Funds
Assets			
Cash and cash equivalents	\$ 126,193	\$ 477,240	\$ 603,433
Short term investments	817,649	665,695	1,483,344
Receivables, net	60,756	7,673	68,429
Accrued interest	3,645	2,505	6,150
Due from Other Funds	8,705	-	8,705
Restricted assets			-
Cash	155,135	-	155,135
Short term investments	6,018	-	6,018
Notes receivable	-	230,650	230,650
Total Assets	<u>\$ 1,178,101</u>	<u>\$ 1,383,763</u>	<u>\$ 2,561,864</u>
Liabilities			
Accounts payable	22,852	-	22,852
Accrued wages	286	-	286
Due to other funds	-	-	-
Total Liabilities	<u>23,138</u>	<u>-</u>	<u>23,138</u>
Deferred Inflows of Resources			
Unavailable revenue - federal grants	-	-	-
Unavailable revenue - property taxes	8,734	-	8,734
Total Deferred Inflows of Resources	<u>8,734</u>	<u>-</u>	<u>8,734</u>
Fund Balances			
Restricted:			
EDC	-	1,383,763	1,383,763
Fire Department	133,034	-	133,034
Christmas Lights	6,018	-	6,018
Unassigned	1,007,177	-	1,007,177
Total Fund Balances	<u>1,146,229</u>	<u>1,383,763</u>	<u>2,529,992</u>
Total Liabilities, Deferred Inflows and Fund Balances	<u>\$ 1,178,101</u>	<u>\$ 1,383,763</u>	<u>\$ 2,561,864</u>

CITY OF BOOKER, TEXAS

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

Total Fund Balance - Governmental Funds	\$ 2,529,992
Capital assets used in governmental activities are not financial resources, and therefore, are not reported in the fund financial statements.	4,763,707
Accumulated depreciation is not reported in the fund financial statements.	(2,877,306)
Property tax revenue reported as unavailable revenue in the fund financial statements was recognized as revenue in the government-wide financial statements.	8,734
Compensated absences are not reported as liabilities in the fund financial statements.	(89,390)
Accrued interest payable is not reported in the fund financial statements.	(4,850)
Long-term debt obligations are not reported as liabilities in the fund financial statements. This amount represents total non-current liabilities related to governmental activities.	(465,892)
Included in the items related to debt is the recognition of the City's net TMRS pension asset required by GASB 68 in the amount of \$41,262, a Deferred Resource Outflow related to TMRS in the amount of \$38,560 and a Deferred Resource Inflow related to TMRS in the amount of \$47,750. This amounted to an increase in Net Position in the amount of \$32,072.	32,072
Included in the items related to debt is the recognition of the City's net TMRS OPEB liability required by GASB 75 in the amount of \$15,381, a Deferred Resource Outflow related to OPEB in the amount of \$2,499, and a Deferred Resource Inflow related to OPEB in the amount of \$4,664. This amounted to a decrease in Net Position in the amount of \$17,546.	(17,546)
Total net position of governmental activities	<u>\$ 3,879,521</u>

CITY OF BOOKER, TEXAS

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2025

	General Fund	EDC	Total Governmental Funds
Revenues			
Taxes, Penalties and Interest	544,506	88,053.00	632,559
Franchise Fees	43,788	-	43,788
Charges for Services	259,723	-	259,723
Fees and Permits	2,612	-	2,612
Grants and Donations	81,729	-	81,729
Investments Earnings	56,963	50,541	107,504
Royalties	1,188	-	1,188
Other revenues	6,953	131	7,084
Total Revenues	<u>997,462</u>	<u>138,725</u>	<u>1,136,187</u>
Expenditures			
Administration	223,434	-	223,434
Golf Course	48,473	-	48,473
Cemetery	25,849	-	25,849
Public Works	61,947	-	61,947
Police	92,482	-	92,482
Sanitation	241,747	-	241,747
Fire	54,577	-	54,577
Parks	35,821	-	35,821
Community Building	8,622	-	8,622
Shop	15,452	-	15,452
Economic Development		15,273	15,273
Debt Service	96,557	-	96,557
Capital Outlays	165,893	91,426	257,319
Total Expenditures	<u>1,070,854</u>	<u>106,699</u>	<u>1,177,553</u>
Excess of Revenues Over (Under) Expenditures	(73,392)	32,026	(41,366)
Other Financing Sources (Uses)			
Transfers in	100,000	-	100,000
Transfers out	-	-	-
Total Other Financing Resources (Uses)	<u>100,000</u>	<u>-</u>	<u>100,000</u>
Net Change in Fund Balance	26,608	32,026	58,634
Fund Balance - October 1 (beginning)	<u>1,119,621</u>	<u>1,351,737</u>	<u>2,471,358</u>
Fund Balance - September 30 (ending)	<u>1,146,229</u>	<u>1,383,763</u>	<u>2,529,992</u>

CITY OF BOOKER, TEXAS

RECONCILIATION OF THE REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
SEPTEMBER 30, 2025

Net Change in Fund Balance – Total Governmental Funds	\$ 58,634
Current year capital asset additions and retirements 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.	257,319
Depreciation expense is not reported in the fund financial statements.	(222,084)
Difference between prior year unavailable taxes and current year unavailable taxes reported as revenue in the government-wide financial statements	399
Compensated absences activity for the year is not reported in the fund financial statements.	(6,716)
Current year principal payments on long-term debt are expenditures in the fund financial statements, but are shown as reductions in long-term debt in the government-wide financial	90,913
Current year increase in landfill liability is not recorded in the fund financial statements, but is shown as a change in long-term debt in the government-wide financial statements.	(11,005)
Current year pension expenditures are reported on the fiscal year basis in the governmental statement of revenues, expenditures, and changes in fund balances, and as actuarially determined in the government-wide statement of activities. These differences are reflected in net pension liability and deferred outflows/inflows of resources.	20,351
Current year OPEB expenditures are reported on the fiscal year basis in the governmental statement of revenues, expenditures, and changes in fund balances, and as actuarially determined in the government-wide statement of activities. These differences are reflected in total OPEB liability and deferred outflows/inflows of resources.	(1,011)
Change in net position of governmental activities	<u>\$ 186,800</u>

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CITY OF BOOKER, TEXAS

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET VERSUS ACTUAL – GENERAL FUND
SEPTEMBER 30, 2025

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Taxes, Penalties and Interest	\$ 523,558	\$ 531,062	\$ 544,506	\$ (13,444)
Franchise Fees	45,000	45,000	43,788	1,212
Charges for Services	227,750	228,118	259,723	(31,605)
Fees and Permits	25,100	25,272	2,612	22,660
Grants and Donations	49,908	58,506	44,513	13,993
Investment Earnings	32,500	46,884	50,797	(3,913)
Royalties	2,500	2,500	1,187	1,313
Other Revenue	-	14,678	3,050	11,628
Total Revenues	<u>906,316</u>	<u>952,020</u>	<u>950,176</u>	<u>1,844</u>
EXPENDITURES				
Administration:				
Personnel Services	271,261	271,261	146,062	125,199
Supplies and Materials	13,950	13,816	9,158	4,658
Contractual Services	66,240	68,119	65,957	2,162
Repairs	1,750	2,910	2,259	651
Capital Outlays	9,500	23,890	23,890	-
Total Administration	<u>362,701</u>	<u>379,996</u>	<u>247,326</u>	<u>132,670</u>
Golf Course:				
Personnel Services	46,908	47,579	48,473	(894)
Cemetery:				
Supplies and Materials	-	-	1,033	(1,033)
Contractual Services	21,900	22,141	24,816	(2,675)
Total Cemetery	<u>21,900</u>	<u>22,141</u>	<u>25,849</u>	<u>(3,708)</u>
Public Works:				
Supplies and Materials	29,150	29,982	9,925	20,057
Contractual Services	43,300	43,660	42,401	1,259
Repairs	2,500	3,180	9,621	(6,441)
Capital Outlays	83,720	83,720	46,707	37,013
Total Public Works	<u>158,670</u>	<u>160,542</u>	<u>108,654</u>	<u>51,888</u>
Police:				
Personnel Services	103,821	103,821	66,302	37,519
Supplies and Materials	5,000	5,408	3,048	2,360
Contractual Services	23,925	24,645	20,030	4,615
Maintenance and Repairs	3,250	3,250	3,102	148
Total Police	<u>135,996</u>	<u>137,124</u>	<u>92,482</u>	<u>44,642</u>

CITY OF BOOKER, TEXAS

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
 BUDGET VERSUS ACTUAL – GENERAL FUND (continued)
 SEPTEMBER 30, 2025

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget Positive (Negative)
	Original	Final		
Sanitation:				
Personnel Services	154,405	154,531	151,099	3,432
Supplies and Materials	28,000	28,000	26,100	1,900
Contractual Services	106,788	141,968	36,085	105,883
Repairs	31,000	32,898	28,463	4,435
Capital Improvements Program	100,482	100,482	96,557	3,925
Capital Outlays	3,910	5,346	79,748	(74,402)
Total Sanitation	<u>424,585</u>	<u>463,225</u>	<u>418,052</u>	<u>45,173</u>
Fire:				
Personnel Services	4,683	4,683	3,619	1,064
Supplies and Materials	7,275	7,275	2,129	5,146
Contractual Services	18,025	18,865	17,001	1,864
Repairs	6,500	6,500	20,581	(14,081)
Capital Outlays	4,500	4,500	-	4,500
Total Fire	<u>40,983</u>	<u>41,823</u>	<u>43,330</u>	<u>(1,507)</u>
Parks:				
Personnel Services	10,833	10,833	10,050	783
Supplies and Materials	8,950	17,409	15,558	1,851
Contractual Services	5,350	5,710	6,212	(502)
Repairs	3,450	4,444	4,001	443
Capital Outlays	4,240	4,240	-	4,240
Total Parks	<u>32,823</u>	<u>42,636</u>	<u>35,821</u>	<u>6,815</u>
Community Building:				
Supplies and Materials	1,000	1,359	2,460	(1,101)
Contractual Services	2,900	5,393	5,117	276
Repairs	750	995	1,045	(50)
Capital Outlays	2,000	11,432	9,300	
Total Community Building	<u>6,650</u>	<u>19,179</u>	<u>17,922</u>	<u>(875)</u>
Shop:				
Supplies and Materials	4,250	6,065	6,102	(37)
Contractual Services	6,625	6,985	6,724	261
Repairs	2,150	3,630	2,624	1,006
Capital Outlays	-	6,247	6,248	(1)
Total Shop	<u>13,025</u>	<u>22,927</u>	<u>21,698</u>	<u>1,229</u>
Debt Service				
Capital Outlay				
Total Expenditures	<u>1,244,241</u>	<u>1,337,172</u>	<u>1,059,607</u>	<u>275,433</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(337,925)</u>	<u>(385,152)</u>	<u>(109,431)</u>	<u>(273,589)</u>

CITY OF BOOKER, TEXAS

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET VERSUS ACTUAL – GENERAL FUND (continued)
SEPTEMBER 30, 2025

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget Positive (Negative)
	Original	Final		
OTHER FINANCING SOURCES				
Transfers In	78,036	78,036	100,000	(21,964)
Transfers Out	-	(22,101)	-	(22,101)
Proceeds from Asset Disposal	-	3,903	3,903	-
Total Other Financing Sources	<u>78,036</u>	<u>59,838</u>	<u>103,903</u>	<u>(44,065)</u>
NET CHANGE IN FUND BALANCE	(259,889)	(325,314)	(5,528)	
Fund Balance - Beginning of Year	1,119,621	1,119,621	1,119,621	
FUND BALANCE - END OF YEAR	<u>\$ 859,732</u>	<u>\$ 794,307</u>	<u>\$ 1,114,093</u>	<u>\$ -</u>

CITY OF BOOKER, TEXAS

STATEMENT OF NET POSITION – PROPRIETARY FUND
SEPTEMBER 30, 2025

Assets

Current Assets

Cash and cash equivalents	\$ 152,867
Short term investments	820,194
Receivables (net of allowances)	69,632
Accrued interest	3,179
Inventory	65,807
Total Current Assets	<u>1,111,679</u>

Non-Current Assets

Property, plant, and equipment	3,205,076
Net pension asset	17,412
Total Noncurrent Assets	<u>3,222,488</u>
Total Assets	<u>4,334,167</u>

Deferred Outflows of Resources

Deferred Outflow Related to Pension	9,045
Deferred Outflow Related to OPEB	1,071
Total Deferred Outflows of Resources	<u>10,116</u>

Liabilities

Current Liabilities

Accounts payable	27,660
Accrued wages	7,582
Current portion - long-term debt	20,000
Total current liabilities	<u>55,242</u>

Non-Current Liabilities

Customer deposits	84,485
Compensated absences	37,669
Long Term Debt - Due in More Than One Year	275,000
Net OPEB liability	4,175
Total Non-Current Liabilities	<u>401,329</u>
Total Liabilities	<u>456,571</u>

Deferred Inflows of Resources

Deferred Inflow Related to Pension	11,201
Deferred Inflow Related to OPEB	1,968
Total Deferred Inflows of Resources	<u>13,169</u>

Net Position

Net investment in capital assets	2,910,076
Unrestricted	964,467
Total net position	<u>\$ 3,874,543</u>

CITY OF BOOKER, TEXAS

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
PROPRIETARY FUND
SEPTEMBER 30, 2025

Operating Revenues	
Charges for services	
Water	\$ 479,260
Sewer	122,729
Gas	431,548
Total Operating Revenues	<u>1,033,537</u>
Operating Expenses	
Water	497,767
Sewer	172,209
Gas	405,161
Total Operating Expenses	<u>1,075,137</u>
Operating Income (Loss)	<u>(41,600)</u>
Nonoperating Revenues (Expenses)	
Investment earnings	57,163
Interest expense	(6,476)
Miscellaneous	293
Total Non-Operating Revenues (Expenses)	<u>50,980</u>
Net Income Before Capital Contributions and Transfers	9,380
Capital contribution	22,101
Transfers In (Out)	<u>(100,000)</u> (77,899)
Change in Net Position	(68,519)
Net Position - October 1 (beginning)	<u>3,949,066</u>
Restatement as per GASB 101	(6,004)
Net Position - October 1 (beginning), as restated	3,943,062
Net Position - September 30 (ending)	<u>\$ 3,874,543</u>

CITY OF BOOKER, TEXAS

STATEMENT OF CASH FLOWS – PROPRIETARY FUND
YEAR ENDED SEPTEMBER 30, 2025

Cash Flows from Operating Activities	
Receipts from customers	\$ 1,067,532
Payments to employees	(350,625)
Payments to suppliers	(564,431)
Net cash provided by operating activities	<u>152,476</u>
Cash Flows from Noncapital Financing Activities	
Transfers to other funds	(100,000)
Net cash used in noncapital financing activities	<u>(100,000)</u>
Cash Flows from Capital and Related Financing Activities	
Acquisition and construction of capital assets	(21,978)
Debt Proceeds	22,101
Principal paid on debt	(20,000)
Interest paid on debt	(6,476)
Net cash used in capital and related financing activities	<u>(26,353)</u>
Cash Flows from Investing Activities	
Interest on investments	52,661
Net cash provided by investing activities	<u>52,661</u>
Net Increase in Cash and Cash Equivalents	78,784
Cash and Cash Equivalents, Beginning of Year	<u>894,277</u>
Cash and Cash Equivalents, End of Year	<u>\$ 973,061</u>
Reconciliation of Operating Income to Net Cash Provided by Operating Activities	
Operating income	<u>\$ (41,600)</u>
Adjustment to reconcile operating income to net cash provided by operating activities	
Depreciation	148,100
(Increases) decreases in assets:	
Receivables	14,442
Accrued interest payable	15,715
Prepaid expenses	11,012
Net pension asset	(17,412)
Deferred outflows - pension	53,999
Deferred outflows - OPEB	(1,071)
Increases (decreases) in liabilities:	
Accounts payable	(2,815)
Accrued wages	(3,541)
Customer deposits	3,545
Compensated absences	8,604
Net pension liability	(28,390)
Net OPEB liability	(2,709)
Deferred inflows - pension	(1,569)
Deferred inflows - OPEB	(3,834)
Total adjustments	<u>194,076</u>
Net Cash Provided by Operating Activities	<u>\$ 152,476</u>

CITY OF BOOKER, TEXAS

STATEMENT OF FIDUCIARY NET POSITION
YEAR ENDED SEPTEMBER 30, 2025

Assets

Current Assets

Cash and cash equivalents	\$ 34,688
Notes Receivable	<u>32,083</u>
Total Current Assets	<u>66,771</u>

Liabilities

Notes payable - Texas Capital Fund	<u>32,083</u>
Total current liabilities	<u>32,083</u>

Net Position

Restricted	<u>34,688</u>
Total net position	<u>\$ 34,688</u>

CITY OF BOOKER, TEXAS

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
YEAR ENDED SEPTEMBER 30, 2025

Additions

Loan Payments Received from Local Businesses	\$ 32,083
Total Additions	<u>32,083</u>

Deductions

Payments to Texas Capital Fund	5,833
Total Deductions	<u>5,833</u>

Net increase in fiduciary net position	26,250
Net Position, beginning of year	8,438
Net Position, end of year	<u>\$ 34,688</u>

NOTES TO THE BASIC FINANCIAL STATEMENTS

CITY OF BOOKER, TEXAS

NOTES TO THE BASIC FINANCIAL STATEMENTS SEPTEMBER 30, 2025

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Booker (the city) was incorporated in 1922 under Title 28 of the Statutes of the State of Texas. The City operates under a Council-City Manager form of government and provides the following services: public safety (Police, EMS and Fire), public works, sanitation, culture and recreation, planning and zoning, water, sewer, gas and general administration.

This summary of significant accounting policies of the City is presented to assist the understanding of the City's financial statements. The financial statements and notes are the representation of the City's management who is responsible for their integrity and objectivity.

The basic financial statements of City of Booker, Texas (the "City") have been prepared in conformity with generally accepted accounting principles (GAAP) applicable to state and local governments. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The following notes to the financial statements are an integral part of the City's basic financial statements.

A. Financial Reporting Entity

The City's basic financial statements include the accounts of all its operations, as well as organizations for which the City is financially accountable and other organizations for which the nature and significance of their relationship with the City are such that exclusion would cause the reporting entity's financial statements be misleading or incomplete. The City evaluated whether any other entity should be included in these financial statements. The criteria for including organizations as component units within the City's reporting entity, as set forth in GASB Statement No. 14, as amended, "The Financial Reporting Entity," include whether:

1. The organization is legally separate (can sue and be sued in its name).
2. The City holds the corporate powers of the organization.
3. The City appoints a voting majority of the organization's board.
4. The City is able to impose its will on the organization.
5. The organization has the potential to impose a financial benefit/burden on the City.
6. There is fiscal dependency by the organization on the City.
7. The exclusion of the organization would result in misleading or incomplete financial statements.

Based on these criteria, the City has the Booker Economic Development Corporation (BEDC) as a blended component unit. BEDC is a separate legal entity created when voters approved a ½ cent sales tax devoted to promoting economic development, decrease unemployment and enhance public welfare for the City. The BEDC is governed by a Board of Directors appointed by the City Council. The financial information of the BEDC is reported as a special revenue in the governmental fund financial statements. Additionally, the City is not a component unit of any other reporting entity as defined by the GASB Statement.

B. Financial Statement Presentation, Measurement Focus and Basis of Accounting

Government-wide Statements

Government-wide financial statements consist of the Statement of Net Position and the Statement of Activities. These statements report information on the non-fiduciary activities of the primary government and its component units. The effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenue, are reported separately from business-like activities, which rely to a significant extent on fees for services provided to customers.

CITY OF BOOKER, TEXAS

NOTES TO THE BASIC FINANCIAL STATEMENTS SEPTEMBER 30, 2025

The government-wide financial statements are reported using the *economic resources measurement focus and the accrual basis of accounting*. Under this measurement focus, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of the timing of cash flows. Property taxes are recognized as revenues in the year for which they are levied. Fines and forfeitures are recognized when they have been assessed, adjudicated, and earned. Grants and similar items recognize revenue when expenses are incurred in accordance with requirements imposed by the provider of funds.

The Statement of Activities demonstrates the degree to which direct expenses of the City's programs are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Certain indirect costs have been included as part of the program expenses reported for the various functional activities. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by the program and 2) grants and contributions that are restricted to meeting the operational and/or capital requirements of a particular program. Taxes and other items not included among program revenue are reported as *general revenue*. Included in miscellaneous general revenues are non-program specific contributions including capital assets contributions.

Fiduciary funds are not included in the government-wide presentation financial statements.

Fund-level Statements

Governmental funds use the *modified accrual basis of accounting*. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become both *measurable and available*). "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Expenditures are recorded when the related fund liability is incurred. Principal and interest on governmental long-term debt are recorded as fund liabilities when due or when amounts have been accumulated in the debt service fund for payments to be made early in the following year. Grant and entitlement revenues are also susceptible to accrual.

These funds are accounted for on a spending *financial flow measurement focus*. This means that only current assets and current liabilities are included on their balance sheets. Their reported fund balance (net current assets) is considered a measure of "available spendable resources." Governmental fund operating statements present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in current net assets. Accordingly, they present a summary of sources and uses of "available spendable resources" during a period.

All proprietary funds (including internal service funds) and fiduciary funds (including custodial funds) are accounted for using the accrual basis of accounting. Revenues are recognized when earned, and expenses are recognized when incurred.

The accounts of the City are organized and operated in accordance with fund accounting; each fund is accounted for as a separate accounting entity; the operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund balance, revenue and expenditures/expenses. Government resources are allocated to and accounted for in individual funds based on the purpose for which they are to be spent and the means by which spending activities are controlled.

Funds are classified into three categories: *Governmental, Proprietary and Fiduciary*.

CITY OF BOOKER, TEXAS

NOTES TO THE BASIC FINANCIAL STATEMENTS SEPTEMBER 30, 2025

Governmental Funds

The City reports the following major governmental funds:

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

The **Booker Economic Development Corporation (BEDC)** accounts for proceeds of specific revenue sources that are legally restricted to expenditure for specified purposes. The BEDC, a blended component unit, is accounted for in this fund.

Proprietary Funds

The **Utility Fund** accounts for operations financed and operated in a manner similar for a private business enterprise where the costs (expenses including depreciation) of providing water, sewer, and gas services to the general public on a continuing basis are financed through user charges.

Proprietary funds distinguish operating revenue and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenue of the City's proprietary funds is charges to customers for services. Operating expenses for proprietary funds include the costs of services, administrative expenses, and depreciation of capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Fiduciary Funds

The Custodial Fund is custodial in nature and is used to account for resources held for the benefit of parties outside of the City's government.

All the City's fiduciary funds are custodial funds and are reported in custodial fund financial statements. Because these assets are held in a trustee or agent capacity and are not available to support City programs, these funds are not included in the City's government-wide statements.

C. Deposits and Investments

The City's cash and cash equivalents include cash on hand, demand deposits, money market funds and certificates of deposits with an original maturity of three months or less.

The City's funds are invested in accordance with the State of Texas Government Code Chapter 2256, The Public Funds Investment Act ("Act"), The Act contains specific provisions in the areas of investment practices, management reports, and establishment of appropriate policies. The City is required to adopt and implement an investment policy addressing the following areas: (1) safety of principal and liquidity, (2) portfolio diversification, (3) allowable investments, (4) acceptable levels of risk, (5) expected rate of return, (6) maximum allowable stated maturity of portfolio investments, (7) maximum average dollar weighted maturity allowed based on the stated maturity date for the portfolio, (8) investment staff quality and capabilities, (9) and bid solicitation preferences for certificates of deposit.

Statutes authorize the City to invest in (1) obligations of the U.S. Treasury, U.S. agencies, and the State of Texas, (2) certificates of deposit, (3) certain municipal securities, (4) money market savings accounts, (5) repurchase agreements, (6) banker's acceptances, (7) mutual funds, (8) investment pools, (9) guaranteed investment contracts, and (10) common trust funds.

CITY OF BOOKER, TEXAS

NOTES TO THE BASIC FINANCIAL STATEMENTS SEPTEMBER 30, 2025

The City's excess funds are held in certificates of deposit at the depository bank. Therefore, all certificates of deposits have been classified as deposits rather than investments for the disclosure of credit and market risk. Certificates of deposits with original maturities in excess of 90 days are reported as short-term investments in the City's financial statements. The City is in compliance with the Public Funds Investments Act.

Investments of the City are reported at cost, which in most cases, approximates fair value.

All deposits and investments of the City are required by state law to be collateralized in an amount equal to 100% of uninsured deposits. The collateral may be held by the pledging financial institution's trust department or by a third-party financial institution through a safekeeping arrangement (see Note 4)

D. Receivables

All trade and property tax receivables are shown net of an allowance for uncollectible accounts. The City allows for trade accounts receivable in excess of 180 days. In the governmental fund financial statements, delinquent property taxes are not recorded as revenue until received.

Property taxes are levied by October 1st on the assessed value listed as of the prior January 1st for real and business personal property located in the City in conformity with Subtitle E, Texas Property Tax Code. Taxes are due on receipt of the tax bill and are delinquent if not paid before February 1st of the year following in which they were imposed. On January 31st of each year, a tax lien attaches to property to secure the payment of all taxes, penalties, and interest ultimately imposed. Property taxes considered available (1) when they become due or past due and receivable within the current period and (2) when they are expected to be collected during the 60-day period after the close of the fiscal year. The tax rate assessed for the year ended September 30, 2025, to finance General Fund operations was 0.69502730 per \$100 valuation.

E. Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements. The City uses the consumption method to record its prepaid items, which requires reporting these items as assets and deferring the recognition of expenses/expenditures until the period in which prepaid items are used or consumed. In the fund financial statements, they are offset by a designation of non-spendable fund balance which indicates they do not represent "available spendable resources."

F. Inventories

Inventories of the enterprise fund include plant maintenance and operating supplies and are stated at the lower of cost on a first-in, first-out basis or market.

G. Interfund Receivables and Payables

During the course of normal operations, the City has many transactions between funds. The accompanying fund level financial statements record transfers of funds for lending or borrowing agreements outstanding at the end of the fiscal year, which are referred to as due from or due to other funds (i.e., the current portion of interfund loans), or advances to or from other funds (i.e., the noncurrent portion of interfund loans). The effect of all other inter-fund activity has been eliminated in the government-wide financial statements with the exception of amounts owed between governmental funds and custodial funds.

CITY OF BOOKER, TEXAS

NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2024

H. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g. roads, bridges, sidewalks, curb and gutter and similar items) are reported in the applicable governmental or business-type activity column of the government-wide financial statements. The City defines capital assets as real or personal property with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs are charged to operations as incurred. Additions and improvements to infrastructure assets are capitalized and depreciated over the remaining useful lives of the related assets, as applicable. Major outlays for capital assets and improvements are classified as construction in progress and are not subject to depreciation until projects are completed.

Buildings, plant, equipment, infrastructure, are depreciated or amortized using the straight-line method over the following useful lives:

Buildings and Improvements	5 to 40 years
Furniture and fixtures	5 to 10 years
Machinery and equipment	3 to 10 years
Transportation equipment	5 to 10 years

The City evaluates prominent events or changes in circumstances affecting capital assets to determine whether impairment of a capital asset has occurred. A capital asset is generally considered impaired if both (a) the decline in service utility of the capital asset is large in magnitude, and (b) the event or change in circumstance is outside the normal life cycle of the capital asset. Impaired capital assets that will no longer be used by the City are reported at the lower carrying value or fair value. Impairment losses on capital assets that will continue to be used by the City are measured using the method that best reflects the diminished service utility of the capital asset. Any insurance recoveries received as a result of impairment events or changes in circumstances resulting in impairment of a capital asset are netted against impairment loss.

I. Pensions

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

J. Other Post-Employment Benefits

For purposes of measuring the total OPEB liability, deferred outflows/inflows of resources and OPEB expense, information about the fiduciary net position of the TMRS and additions to/deductions from the TMRS's fiduciary net position have been determined on the same basis as they are reported by the Plans. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms.

K. Deferred Outflows/Inflows of Resources

Deferred outflows of resources represent a consumption of net assets that applies to a future period(s) and so will not be recognized as an outflow of resources (an expense or expenditure) until then. The City reports deferred amounts related to its employee pension plan and other post-employment benefits as deferred outflows of resources in the government-wide statement of net position. These deferred amounts include pension and OPEB contributions subsequent to the pension liability measurement date, economic/demographic losses, assumption changes and deficient earnings.

CITY OF BOOKER, TEXAS

NOTES TO THE BASIC FINANCIAL STATEMENTS SEPTEMBER 30, 2025

Deferred inflows of resources represent an acquisition of net assets that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. On the government-wide statement of net position, deferred inflows of resources are reported for amounts related to the employee pension plan and the other post-employment benefits. These deferred amounts include economic/demographic gains, excess earnings, and assumption changes.

L. Compensated Absences

A liability for compensated absences that employees have earned and carry-forward to future fiscal years has been accrued in the government-wide financial statements in accordance with GASB Statement No. 101, “Compensated Absences,” which was effective for fiscal years beginning after December 15, 2023. The measurement of the liability includes salary-related payments that are directly and incrementally associated with the leave (e.g., employer Social Security and Medicare payroll taxes).

Vested or accumulated vacation that is expected to be liquidated with expendable available financial resources is calculated and reported in government-wide statements. Accumulated sick leave benefits accumulate to a maximum of 720 hours that will be paid 100% on death or retirement but only 33% on resignation with two weeks’ notice. The City also allows eligible employees to accumulate 720 hours of accrued vacation, that will be paid 100% on death or retirement and resignation with two weeks’ notice. Accrued vacation will not be paid if an employee is terminated. A long-term liability of \$127,059 of accrued vacation and sick leave has been recorded in the government-wide financial statements as noncurrent liabilities at September 30, 2025.

M. Long-Term Obligations

In the government-wide financial statements and the proprietary fund types in the fund financial statements, long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statements of net position.

N. Estimates

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

O. Government-wide Net Position

In the government-wide financial statements, net position is reported in three categories:

Net Investment in Capital Assets – This amount consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvements of those assets, and then adding back any unspent debt proceeds.

Restricted Net Position – This amount is restricted by external creditors, grantors, contributors, laws or regulations of other governments, enabling legislation, or constitutional provisions.

Unrestricted Net Position – This amount includes all net position that does not meet the definition of “net investment in capital assets” or “restricted net position.”

CITY OF BOOKER, TEXAS

NOTES TO THE BASIC FINANCIAL STATEMENTS SEPTEMBER 30, 2025

P. Governmental Fund Balances

As prescribed by GASB Statement No. 54, governmental funds report fund balances in classifications that are based primarily on the extent to which the City is constrained by spending limitations. Fund balances for governmental funds are classified as follows:

Non-spendable – This balance includes amounts that are not in spendable forms or legally or contractually required to be maintained intact. The “not in spendable form” criterion includes such items as inventories and prepaid amounts. Currently, the City has no non-spendable fund balance.

Restricted – This balance includes amounts that are restricted for specific purposes as stipulated by external resource providers, constitutionally, or through enabling legislation. Restrictions may effectively be changed or lifted only with the consent of the resource providers.

Committed – This balance includes amounts that can only be established, modified, or rescinded by a formal action of the City’s highest level of decision-making authority, the City Council. Commitments are typically made through the adoption and amendments to the City’s annual budget.

Assigned – This balance includes amounts intended to be used by the City for specific purposes that are neither restricted nor committed. The City Council may delegate authority to specific individuals or groups to make assignments of certain fund balances by a majority vote in a scheduled meeting. The City Council may modify or rescind its delegation of authority by the same action. The authority to make assignments shall be in effect until modified or rescinded by the City Council by majority vote in a publicly scheduled meeting. The City Council has not delegated the authority to make fund balance assignments to any individual or group but has retained that authority.

Unassigned – This balance within the General Fund is the amount that is spendable and not restricted, committed, or assigned to specific purposes.

When the City incurs expenditures for which both restricted and unrestricted fund balance are available, the City uses restricted funds first, then unrestricted funds as they are needed. When the City incurs expenditures for which committed, assigned, or unassigned fund balances are available, the City considers amounts to have been spent first from committed funds, then assigned funds, and finally unassigned funds.

NOTE 2 – RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

The governmental fund balance sheet includes a reconciliation between the total fund balance of governmental funds in the fund financial statements and the net position of governmental activities in the government-wide state of net position. Likewise, the governmental fund statement of revenues, expenditures and changes in fund balances includes a reconciliation between the net changes in governmental fund balances and the change in net position of governmental activities as reported in the government-wide statement of activities.

NOTE 3 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgetary Information

At least 30 days prior to the time when the City Council makes its tax levy for the fiscal year beginning October 1, the City Secretary, as a budget officer, files a proposed operating budget including proposed expenditures and the means of financing them. Such budget is available for the inspection of any taxpayer, and public hearings are conducted not less than 15 days subsequent to the time of filing. Prior to October 1st, the budget is legally enacted through passage of an ordinance. Revisions that alter the total expenditures of any of the budgeted funds are approved by the City Council sometime prior to year end. Line items within each budget may be over-expended; however, it is not legally permissible to over-expend any budget total.

CITY OF BOOKER, TEXAS

NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2025

Revenues and expenditures are budgeted on the non-GAAP cash basis of accounting. Budgeted expenditures do not include encumbrances and secure appropriations of funds for only one year. Carryover funds must be re-appropriated in the budget of the subsequent fiscal year. Formal budgetary integration is employed as a management control device during the year for the General Fund. The City is required to balance its budget each year. Accordingly, amounts that are excess or deficient are presented as changes in cash generated or used, not as an excess or deficiency of revenues over expenditures.

The Booker Economic Development Corporation adopts a budget prior to October 1st, after which it is approved by the City Council.

NOTE 4 – DEPOSITS AND INVESTMENTS

Deposits of funds may be made in interest or non-interest-bearing accounts in one or more Texas financial institutions. Deposits may be made to the extent that they are insured by an agency of the United States or by collateral deposited as security or by bond given by the financial institution.

At September 30, 2025, the carrying amount of the City’s deposits in checking accounts, interest bearing accounts, money market funds and certificates of deposits was \$3,221,179, with a related bank balance of \$3,289,142. Of this balance, \$500,000 was covered by federal depository insurance and \$2,753,755 was covered by collateral held in joint safekeeping by a third party in the name of the City.

The City has restricted cash and temporary investments in the General Fund of \$161,153. These funds are restricted for specific uses by third parties. The restricted uses include Christmas lightning, the Fire Department and Coronavirus relief federal funds. The City was awarded and received \$370,924 of Coronavirus Local Fiscal Recovery Funds (CLFRF). As of September 30, 2025, a total of \$22,101 was spent. The City intends to use these funds on water and sewer infrastructure improvements which are allowed under the program and is currently evaluating other potential uses of the grant’s funds.

Custodial credit risk is the risk that, in the event of a bank failure, the City’s deposits might not be recovered. Texas state statutes and City policy require collateral pledged for deposits in excess of federal deposit insurance be delivered, or a joint safekeeping receipt be issued to the City for the entire amount on deposit with the institution in excess of the insured amount.

According to the Federal Deposit Insurance Corporation (FDIC), public unit deposits are funds owned by public units. The City is a public unit as defined by the FDIC. Time deposits, savings deposits and interest bearing NOW accounts of a public unit in an institution in the same state will be insured up to \$250,000 in aggregate and separate from the unlimited coverage for public unit demand deposits bearing no interest at the same institution. In addition, deposits of funds that by law or under a bond indenture are required to be paid to the holders of bonds issued by the City are separately insured up to \$250,000.

The schedule below reports the insured portion of the deposits:

	<u>First Bank Southwest</u>
Demand accounts	\$ 134,872
Saving, Money Market, NOW, and CD's	<u>3,154,270</u>
Total deposits	3,289,142
FDIC Coverage	<u>(500,000)</u>
Total uninsured public funds	2,789,142
Pledged Collateral held by third parties in the City's name	<u>3,895,533</u>
(Over) collateralized	<u>\$ (1,106,391)</u>

CITY OF BOOKER, TEXAS

NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2025

NOTE 5 – RECEIVABLES

Receivables as of September 30, 2025, in the City’s general, other major and non-major governmental and internal service funds are as follows:

Governmental funds report deferred inflows of resources in connection with receivables for revenue that is not available to liquidate liabilities of the current period. Typically, this applies to delinquent property taxes at the end of the fiscal year.

	General Fund	Booker EDC	Utility Fund	Total
Receivables:				
Property taxes	\$ 11,645	\$ -	\$ -	\$ 11,645
Due from Other Governments	24,305	7,673		31,978
Accounts receivable	27,872	-	70,755	98,627
Total receivables	\$ 63,822	\$ 7,673	\$ 70,755	\$ 142,250
Allowance for doubtful accounts	(3,066)	-	-	(3,066)
Total net receivables	\$ 60,756	\$ 7,673	\$ 70,755	\$ 139,184

Notes Receivable

The BEDC makes loans to local businesses to promote and sustain economic growth in the City. At September 30, 2025, the BEDC maintains four loans made to local businesses with a cumulative outstanding balance of \$273,733 and varying terms as follows:

A loan to Leonardo Rosales in the original amount of \$24,000 during the fiscal year ended September 30, 2020. The loan agreement calls for no interest and states that the loan is to be repaid in five annual installments of \$3,429 beginning two years from the loan date of December 13, 2019, and with the final \$6,857 of the loan to be forgiven after the business has been in operation for five years. The borrower is required to carry insurance on the property and the City holds a lien on the property, equipment and supplies of the business. The loan balance is \$10,285 at September 30, 2025.

A loan to Booker Tire Center in the original amount of \$200,000 during the fiscal year ended September 30, 2021. The loan agreement calls for an annual interest rate of 1.0% and states that the loan is to be repaid in monthly installments of \$1,774 beginning one year from the loan date of May 6, 2021. The loan balance is \$109,770 at September 30, 2025.

A loan to Daisy and Miguel Lira on behalf of Booker Grocery in the amount of \$100,000 during the fiscal year ended September 30, 2023. The loan agreement calls for no interest and states that the loan is to be repaid in five annual installments of \$14,286 beginning three years from the loan date of November 4, 2021, and with the final \$28,570 of the loan to be forgiven upon all five timely payments. The loan balance is \$85,714 at September 30, 2025.

A loan to Oscar De Lara and Alma De Lara in the original amount of \$40,700 during the fiscal year ended September 30, 2023. The loan agreement bears interest at 3.25% and is paid in annual installments, five (5) of \$8,951 beginning on October 20, 2023. The loan balance is \$24,881 at September 30, 2025.

CITY OF BOOKER, TEXAS

NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2025

NOTE 6 – CAPITAL ASSETS

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

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Governmental Activities:				
Capital assets, not being depreciated:				
Land	\$ 129,710	\$ -	\$ -	\$ 129,710
Construction in Progress	69,121	76,452	-	145,573
Assets not being depreciated	<u>198,831</u>	<u>76,452</u>	<u>-</u>	<u>275,283</u>
Capital assets, being depreciated:				
Buildings and Improvements	947,770	32,498	-	980,268
Furniture and Fixtures	43,737	12,020	-	55,757
Machinery and Equipment	1,385,226	83,262	-	1,468,488
Transportation Equipment	770,940	-	-	770,940
Other Improvements	67,063	-	-	67,063
Infrastructure	1,092,821	53,087	-	1,145,908
Capital assets being depreciated	<u>4,307,557</u>	<u>180,867</u>	<u>-</u>	<u>4,488,424</u>
Less accumulated depreciation for:				
Buildings and improvements	510,461	37,268	-	547,729
Furniture and fixtures	36,365	4,827	-	41,192
Machinery and equipment	767,495	95,493	-	862,988
Transportation equipment	565,975	60,089	-	626,064
Other improvements	6,058	5,050	-	11,108
Infrastructure	768,868	19,357	-	788,225
Accumulated depreciation	<u>2,655,222</u>	<u>222,084</u>	<u>-</u>	<u>2,877,306</u>
Capital assets being depreciated, net	<u>1,652,335</u>	<u>(41,217)</u>	<u>-</u>	<u>1,611,118</u>
Governmental activities capital assets, net	<u>\$ 1,851,166</u>	<u>\$ 35,235</u>	<u>\$ -</u>	<u>\$ 1,886,401</u>

Depreciation expense was charged to the following functions:

Governmental Activities:	
General Government	\$ 31,779
Public Safety	62,430
Public Works	41,905
Sanitation	61,003
Culture and Recreation	24,967
Depreciation Expense - Governmental Activities	<u>\$ 222,084</u>

CITY OF BOOKER, TEXAS

NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2025

Capital assets activity for the City's business type activities is as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
Business-type Activities:				
Capital assets, not being depreciated:				
Land	\$ 95,379	\$ -	\$ -	\$ 95,379
Capital assets, being depreciated:				
Buildings and Improvements	21,570	-	-	21,570
Furniture and Fixtures	4,266	-	-	4,266
Machinery and Equipment	558,072	21,978	-	580,050
Transportation Equipment	110,658	-	-	110,658
Infrastructure	5,590,088	-	-	5,590,088
Capital assets being depreciated	<u>6,284,654</u>	<u>21,978</u>	<u>-</u>	<u>6,306,632</u>
Less accumulated depreciation for:				
Buildings and improvements	10,732	619	-	11,351
Furniture and fixtures	2,848	1,417	-	4,265
Machinery and equipment	419,125	39,195	-	458,320
Transportation equipment	110,658	-	-	110,658
Infrastructure	2,505,471	106,870	-	2,612,341
Accumulated depreciation	<u>3,048,834</u>	<u>148,101</u>	<u>-</u>	<u>3,196,935</u>
Capital assets being depreciated, net	<u>3,235,820</u>	<u>(126,123)</u>	<u>-</u>	<u>3,109,697</u>
Business-type activities capital assets, net	<u>\$ 3,331,199</u>	<u>\$ (126,123)</u>	<u>\$ -</u>	<u>\$ 3,205,076</u>

Depreciation expense was charged to the following functions:

Business-type activities:	
Water	\$ 115,598
Sewer	30,131
Gas	<u>2,372</u>
Total depreciation	<u>\$ 148,101</u>

NOTE 7 – LONG TERM DEBT

On November 6, 2017, the City issued Combination Tax and Revenue Certificates of Obligation in the amount of \$455,000 and awarded the sale of certificates in a private placement with the Texas Water Development Board (TWDB). The certificates were issued at par of \$455,000. Proceeds from the issuance of the certificates were used to pay for the construction of public works and improvements to the City's water system. The project was completed in 2019. The certificates constitute a direct obligation of the City, payable from a combination of (a) the levy and collection of a direct and continuing ad valorem tax, within the limits prescribed by law upon all taxable property within the City, and (b) a limited pledge of net revenues from the operation of the City's waterworks and sewer system. The certificates are due in annual principal installments ranging from \$20,000 to \$25,000 due August 15 of each year through 2037, bearing interest rates ranging from 0.17% to 2.26% due semi-annually on February 15 and August 15 until maturity.

CITY OF BOOKER, TEXAS

NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2025

The outstanding amount of certificates of obligation is \$315,000 as of September 30, 2025.

Year Ending September 30	Principal	Interest	Total
2025	\$ 20,000	\$ 5,802	\$ 25,802
2026	25,000	5,500	30,500
2027	25,000	5,090	30,090
2028	25,000	4,653	29,653
2029	25,000	4,195	29,195
2030-2034	125,000	13,545	138,545
2035-2037	50,000	1,685	51,685
	<u>\$ 295,000</u>	<u>\$ 40,470</u>	<u>\$ 335,470</u>

FINANCING AGREEMENTS

On May 14, 2020, the City entered into a financing agreement with the Government Capital Corporation (who then assigned the debt to First Bank Southwest) for the purchase of a new 2020 Model 963K Caterpillar Track Loader with a total cost of \$300,780, payable in annual installments of principal and interest of \$64,031, at an interest rate of 2.50%. The outstanding amount is \$61,586 as of September 30, 2025.

On June 13, 2022, the City entered into a financing agreement with the Government Capital Corporation (who then assigned the debt to First Bank Southwest) for the purchase of a new 2022 Freightliner Model 2106 Trash Truck with a total cost of \$149,050, payable in annual installments of principal and interest of \$32,610, at an interest rate of 3.60%. The outstanding amount is \$91,187 as of September 30, 2025.

The minimum annual debt service requirements for the abovementioned financing agreement are as follows:

Year Ending September 30	Trash Truck		
	Principal	Interest	Total
2026	30,383	2,227	32,610
2027	31,476	1,133	32,609
	<u>\$ 61,859</u>	<u>\$ 3,360</u>	<u>\$ 65,219</u>

CITY OF BOOKER, TEXAS

NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2025

Long term debt activity for the year ended September 30, 2025 was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Note payable - Track Loader	\$ 61,586		\$ 61,586	\$ -	\$ -
Note payable - Trash Truck	91,187		29,328	61,859	30,383
Landfill liability	393,028	11,005		404,033	-
Compensated absences	67,167	22,223		89,390	23,241
Total governmental activities					
Long-term Liabilities	<u>\$ 612,968</u>	<u>\$ 33,228</u>	<u>\$ 90,914</u>	<u>\$ 555,282</u>	<u>\$ 53,624</u>
	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Certificates of Obligation 2017 Series	\$ 315,000		\$ 20,000	\$ 295,000	\$ 20,000
Compensated absences	29,065	8,604		37,669	9,794
Total business-type activities					
Long-term Liabilities	<u>\$ 344,065</u>	<u>\$ 8,604</u>	<u>\$ 20,000</u>	<u>\$ 332,669</u>	<u>\$ 29,794</u>
Total long-term liabilities	<u><u>\$ 957,033</u></u>	<u><u>\$ 41,832</u></u>	<u><u>\$ 110,914</u></u>	<u><u>\$ 887,951</u></u>	<u><u>\$ 83,418</u></u>

NOTE 8 – TEXAS CAPITAL FUND

The City is a participant in a Texas Capital Fund project whereby the City was awarded \$750,000 for the construction of a building to be leased to an expanding local business. During the construction phase of the project, the City received funding from the Texas Capital Fund on a reimbursement basis to cover construction costs of \$700,000. To date, the City has received all of the \$50,000 allowed to cover administrative costs of the project, which is not required to be repaid. The construction was substantially complete as of September 30, 2006, and the entire loan amount had been advanced by that date. The City receives loan payments from the local business and remits those payments to the Texas Capital Fund. A custodial fund is being used to account for the collection and remittance of these loan payments. In the event of default by the local business, the City becomes liable for the debt to the Texas Capital Fund and takes possession of the building as collateral.

NOTE 9 – RISK MANAGEMENT

The City is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets, errors and omissions, injuries to employees and natural disasters. For the past several years the City has obtained coverage from commercial insurance carriers. There were no significant reductions in insurance coverage compared to prior year. Settlement amounts have not exceeded coverage for the current year or any of the past three years.

CITY OF BOOKER, TEXAS

NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2025

NOTE 10 – RETIREMENT PLAN

Plan Description

The City participates in the defined benefit cash-balance plan administered by the Texas Municipal Retirement System (TMRS). TMRS is a statewide public retirement plan created by the State of Texas and administered in accordance with the TMRS Act, Subtitle G, Title 8, Texas Government Code (the TMRS Act) as an agent multiple-employer retirement system for employees of Texas participating cities. The TMRS Act places the general administration and management of TMRS with a six-member, Governor-appointed Board of Trustees; however, TMRS is not fiscally dependent on the State of Texas. TMRS issues a publicly available Annual Comprehensive Financial Report (Annual Report) that can be obtained at www.tmr.com.

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

Benefits Provided

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

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

The Plan provisions are adopted by the governing body of the City within the options available in the state’s statutes governing TMRS. Plan provisions for the City were as follows: Members can retire at ages 60 and above with five (5) or more years of service, or with 25 years of service regardless of age. Members are vested after five (5) years of service. The contribution rate for employees is 5%, and the City’s matching percentage is currently 1.5 to 1 both as adopted by the governing body of the City. Updated service credit is 100% repeating, and the retiree cost of living adjustment is 70% of CPI repeating.

Employees Covered by Benefit Terms

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

Inactive employees or beneficiaries currently receiving benefits	2
Inactive employees enlisted but not yet receiving benefits	8
Active employees	<u>9</u>
Total	<u>19</u>

CITY OF BOOKER, TEXAS

NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2025

Contributions

Member contribution rates in TMRS are either 5 percent, 6 percent, or 7 percent of the Member’s total compensation, and the City’s matching ratios are either 1:1 (1 to 1), 1.5:1 (1½ to 1) or 2:1 (2 to 1), both as adopted by the governing body of the City. Under the state law governing TMRS, the contribution rate for each city is determined annually by the actuary, using the Entry Age Normal (EAN) actuarial cost method. The City’s contribution rate is based on the liabilities created from the benefit plan options selected by the city and any changes in benefits or actual experience over time. Employees for the City were required to contribute five percent (5%) of their annual compensation during the fiscal year. The contribution rates for the City was five percent (5%) for both calendar years 2024 and 2025, respectively. The City’s contributions to TMRS for the year ended September 30, 2025, were \$31,945 and were equal to the required contributions.

Net Pension Liability

The City’s net pension liability was measured as of December 31, 2024, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

Actuarial Assumptions

The total pension liability as of December 31, 2024, actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.50%
Salary increases	3.60% to 11.85% including inflation
Investment Rte of return	6.75%

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 are used with a 4-year set-forward for males and a 3-year set-forward for females. In addition, a 3.5 percent and 3.0 percent 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 as of December 31, 2022. They were adopted in 2023 and first used in December 31, 2023 actuarial valuation. The postretirement 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 weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

CITY OF BOOKER, TEXAS

NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2025

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 Rate of Return
Global Equity	35%	7.70%
Core Fixed Income	6%	4.90%
Non-Core Fixed Income	20%	8.70%
Other Public and Private Markets	12%	8.10%
Real Estate	12%	5.80%
Hedge Funds	5%	6.90%
Private Equity	10%	11.80%
Total	100%	

The valuation assumption for the long-term expected return is reassessed at a minimum every four years and is based on a long-term investment time horizon. It is reviewed annually for continued compliance with relevant actuarial standards of practice.

Discount Rate

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

Allocation of Pension Items

The City allocates pension items between governmental activities and business-type activities based on employee payroll funding. For governmental activities, the net pension liability is liquidated by the general fund. For the business type activities, the water and sewer fund liquidates the net pension liability.

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CITY OF BOOKER, TEXAS

NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2025

Change in Net Pension Liability

The City's change in net pension liability from the last measurement date to the current measurement date is due to the following:

	Total Pension Liability	Fiduciary Net Position	Net Pension Liability (Asset)
Beginning net pension liability (asset) - prior measurement date	\$ 1,515,610	\$ 1,479,391	\$ 36,219
Increases (decreases) during the year:			
Service cost	50,827	-	50,827
Interest on total pension liability	103,183	-	103,183
Change in benefit terms	-	-	-
Difference between expected and actual experience	(40,164)	-	(40,164)
Change in assumptions	-	-	-
Benefit payment, including refunds of employee contributions	(24,787)	-	(24,787)
Contributions – employer	-	31,945	(31,945)
Contributions – employee		24,649	(24,649)
Net investment income		153,154	(153,154)
Benefit payment, including refunds of employee contributions		(24,787)	24,787
Administrative expense		(986)	986
Other		(23)	23
Net change in total pension liability	89,059	183,952	(94,893)
Ending net pension liability (asset) - current measurement date	\$ 1,604,669	\$ 1,663,343	\$ (58,674)

Sensitivity Analysis of a Change in Discount Rate

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

	1% Decrease (5.75%)	Discount Rate (6.75)	1% Increase (-7.75%)
Net pension liability (asset)	\$ 163,940	\$ (58,674)	\$ (243,129)

Pension Plan Fiduciary Net Position

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

CITY OF BOOKER, TEXAS

NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2025

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

The City's pension expense for the year ending September 30, 2025 (based on a measurement date of December 31, 2024) is \$11,662.

Deferred Inflows / Outflows of Resources – Pension Plan

As of September 30, 2025, the City's deferred inflows and outflows of resources pertaining to the pension plan are as follows:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experiences	\$ -	\$ 26,686
Changes of assumptions	404	32,265
Net difference between projected and actual earnings	-	-
Contributions made subsequent to the measurement date	47,201	-
	<u>\$ 47,605</u>	<u>\$ 58,951</u>

Amounts currently reported as deferred outflows of resources and deferred inflows of resources related to the pension plan, excluding contributions made subsequent to the measurement date, will be recognized in pension expense as follows:

	<u>Net Deferred Outflows/(Inflows) of Resources</u>
2025	(22,756)
2026	(2,350)
2027	(23,186)
2028	(10,659)
2029	-
Thereafter	-
Total	<u>\$ (58,951)</u>

CITY OF BOOKER, TEXAS

NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2025

NOTE 11 – OTHER POST-EMPLOYMENT BENEFITS (OPEB) – RETIREE HEALTHCARE

Plan Description

Plan Description

TMRS administers 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 for their active members, including or not including retirees. As the SDBF covers both active and retiree participants with no segregation of assets, the SDBF is considered to be an unfunded OPEB plan (i.e. no assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75).

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 another other post-employment benefit and is a fixed amount of \$7,500. As the SDBF covers both active and retiree participants

Employees Covered by Benefit Terms

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

Inactive employees or beneficiaries currently receiving benefits	2
Active employees	<u>9</u>
Total	<u>11</u>

CONTRIBUTIONS

The City contributes to the SDBF at a contractually required rate as determined by an annual actuarial valuation. The rate is equal to the cost of providing one-year term life insurance. The funding policy for the SDBF program is to assure that adequate resources are available to meet all death benefit payments for the upcoming year. The intent is not to prefund retiree term life insurance during employees’ entire careers. The City’s contributions to the OPEB Plan for the year ended September 30, 2025 is \$3,569.

CITY OF BOOKER, TEXAS

NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2025

Total OPEB Liability

The City’s total OPEB liability was measured as of December 31, 2023, and was determined by an actuarial valuation as of that date.

Actuarial Assumptions

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

Inflation	2.50%
Salary increases	3.60% to 11.85% including inflation
Investment rate of return	4.08%

Mortality rates for retirees and beneficiaries are based on the gender-distinct 2019 Municipal Retirees of Texas mortality tables. The rates are projected on a fully generational basis by scale UMP to account for future mortality improvements. For disabled annuitants, the mortality tables for healthy retirees is used with a four-year set-forward for males and a three-year set-forward for females. In addition, a 3.5 percent and 3 percent 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 used in the December 31, 2024 valuation were based on the results of an actuarial experience study for the period ending December 31, 2022.

Discount Rate

The discount rate used to measure the Total OPEB Liability as of December 31, 2024, was 4.08 percent, compared to 3.77 percent as of December 31, 2023. Because the Supplemental Death Benefits Fund is considered an unfunded trust under GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, the relevant discount rate for calculating the Total OPEB Liability is based on the Bond Buyer “20-Bond GO Index” rate closest to, but no later than as of the measurement date of December 31, 2024.

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

The following schedule shows the impact on the total OPEB liability if the discount rate used was 1 percent less than and 1 percent greater than the discount rate that was used (1.84 percent) in measuring the total OPEB liability.

	1% Decrease	Current Discount Rate	1% Increase
	3.08%	4.08%	5.08%
Net pension liability (asset)	\$ 24,905	\$ 19,556	\$ 17,340

CITY OF BOOKER, TEXAS

NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2025

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

For the year ended September 30, 2025, the City recognized OPEB expense of \$25.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experiences	\$ -	\$ 3,533
Changes of assumptions	-	3,099
Net difference between projected and actual earnings	-	-
Contributions made subsequent to the measurement date	3,569	-
	<u>\$ 3,569</u>	<u>\$ 6,632</u>

Benefit Payments subsequent to the measurement date and before fiscal year-end will be recognized as a reduction of the total OPEB liability in the year ending September 30, 2025. Other amounts reported as deferred inflows and outflows of resources related to OPEB will be recognized in OPEB expense as follows:

	Net Deferred Outflows/(Inflows) of Resources
2025	\$ (1,651)
2026	(2,309)
2027	(1,586)
2028	(1,039)
2029	(47)
Thereafter	-
Total	<u>\$ (6,632)</u>

Allocation of OPEB Items

The City allocates OPEB items between governmental activities and business-type activities on the basis of employee payroll funding. For governmental activities, the total OPEB liability is liquidated by the general fund. For the business-type activities, the water and sewer fund liquidate the total OPEB liability.

CITY OF BOOKER, TEXAS

NOTES TO THE BASIC FINANCIAL STATEMENTS SEPTEMBER 30, 2025

NOTE 12 – COMMITMENTS, CONTINGENCIES AND SUBSEQUENT EVENTS

The City received funds in recent years from a federal grant program. Such funds are governed by various rules and regulations of the grantor agencies. Costs charged to the program are subject to audit and adjustment by the grantor agencies; therefore, to the extent that the City has not complied with the rules and regulations governing the grant, refunds of money received may be required. In the opinion of the City, there are no significant contingent liabilities relating to compliance with the rules and regulations governing the respective grants; therefore, no provision has been recorded in the accompanying combined financial statements for such contingencies at September 30, 2025.

NOTE 13 – MUNICIPAL SOLID WASTE LANDFILL CLOSURE AND POST CLOSURE CARE COSTS

State and federal laws and regulations require that most cities place a final cover on its landfill when closed and perform certain maintenance and monitoring functions at the landfill site for 30 years after closure.

In addition to operating expenses related to current activities of the landfill, an expense provision and related liability are being recognized based on estimated future closure and post closure care costs that will be incurred near or after the date that the landfill no longer accepts solid waste. The estimated total current cost of the landfill closure and post closure care of \$408,886 is based on the amount that would be paid if all equipment, facilities, and services required to close, monitor, and maintain the landfill were acquired as of September 30, 2025. The recognition of the estimated total cost is based on the amount of landfill used during the year. The estimated liability for closure and post closure care cost accrued on the City's books as of September 30, 2025 is \$404,033, which is based on 95.62% usage of the landfill area. It is estimated that an additional \$15,858 will be recognized as closure and post closure costs between the balance sheet date and the date the landfill is filled to capacity. However, the actual cost of closure and post closure is subject to change due to inflation, technology, or changes in landfill laws and regulations.

The City of Booker has demonstrated financial assurance for closure and post closure care costs associated with the landfill by satisfying the financial test specified in 30, Texas Administrative Code, Chapter 37 (relating to financial assurance).

NOTE 14: SUBSEQUENT EVENTS

The City has evaluated subsequent events through March 20, 2026, the date on which the financial statements were available to be issued. Management considers that no events have occurred subsequent to the date of these financial statements, that would require additional adjustment or disclosure.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF BOOKER, TEXAS

SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
SEPTEMBER 30, 2025

	FY 2025	FY 2024	FY 2023
	Plan Year 2024	Plan Year 2023	Plan Year 2022
PENSION LIABILITY			
Service cost	\$ 50,827	\$ 49,625	\$ 57,162
Interest on total pension liability	103,183	97,363	87,524
Difference between expected and actual experience	(40,164)	(39,773)	25,942
Change in assumptions	-	(61)	-
Benefit payments/refunds of contributions	(24,787)	(18,302)	(23,875)
Change in pension liability	89,059	88,852	146,753
Total pension liability (asset) - Beginning of year	873,479	784,627	637,874
Ending pension liability (asset) (a)	<u>\$ 962,538</u>	<u>\$ 873,479</u>	<u>\$ 784,627</u>
FIDUCIARY NET POSITION			
Contributions - Employer	\$ 31,945	\$ 29,067	\$ 32,314
Contributions - Employee	24,649	23,904	27,246
Net investment income	153,154	150,099	(98,789)
Benefit payments/refunds of contributions	(24,787)	(18,302)	(23,875)
Administrative expenses	(986)	(954)	(858)
Other	(23)	(6)	1,024
Change in fiduciary net position	183,952	183,808	(62,938)
Beginning fiduciary net position	812,185	628,377	691,315
Ending fiduciary net position (b)	<u>\$ 996,137</u>	<u>\$ 812,185</u>	<u>\$ 628,377</u>
NET PENSION LIABILITY			
Net pension liability (a) - (b)	<u>\$ (33,599)</u>	<u>\$ 61,294</u>	<u>\$ 156,250</u>
Fiduciary net position as a % of total pension liability	103.49%	92.98%	80.09%
Pensionable covered payroll - measurement year	\$ 492,983	\$ 478,086	\$ 544,920
Net pension liability as a % of covered payroll	-6.82%	12.82%	28.67%

	FY 2022	FY 2021	FY 2020	FY 2019	FY 2018	FY 2017	FY 2016
	Plan Year 2021	Plan Year 2020	Plan Year 2019	Plan Year 2018	Plan Year 2017	Plan Year 2016	Plan Year 2015
\$	58,541	\$ 57,106	\$ 55,913	\$ 49,160	\$ 47,984	\$ 48,326	\$ 50,380
	78,842	70,721	63,680	59,754	54,689	49,187	46,000
	12,787	13,263	6,611	(26,700)	(352)	10,943	(5,715)
	-	-	6,158	-	-	-	2,321
	(17,838)	(25,164)	(32,140)	(22,696)	(33,063)	(20,472)	(20,352)
	132,332	115,926	100,222	59,518	69,258	87,984	72,634
	505,542	389,616	289,394	229,876	160,618	72,634	-
\$	637,874	\$ 505,542	\$ 389,616	\$ 289,394	\$ 229,876	\$ 160,618	\$ 72,634

\$	32,028	\$ 30,558	\$ 30,742	\$ 28,172	\$ 25,661	\$ 23,777	\$ 25,141
	27,850	27,090	26,275	23,634	22,549	22,688	24,696
	151,408	79,632	137,198	(26,504)	106,688	47,126	985
	(17,838)	(25,164)	(32,140)	(22,696)	(33,063)	(20,472)	(20,352)
	(703)	(518)	(780)	(516)	(553)	(532)	(600)
	5	(20)	(24)	(26)	(28)	(29)	(30)
	192,750	111,578	161,271	2,064	121,254	72,558	29,840
	498,565	386,987	225,716	223,652	102,398	29,840	-
\$	691,315	\$ 498,565	\$ 386,987	\$ 225,716	\$ 223,652	\$ 102,398	\$ 29,840

\$	(53,441)	\$ 6,977	\$ 2,629	\$ 63,678	\$ 6,224	\$ 58,220	\$ 42,794
	108.38%	98.62%	99.33%	78.00%	97.29%	63.75%	41.08%
\$	557,007	\$ 541,801	\$ 525,496	\$ 472,688	\$ 450,979	\$ 453,766	\$ 493,923
	-9.59%	1.29%	0.50%	13.47%	1.38%	12.83%	8.66%

CITY OF BOOKER, TEXAS

SCHEDULE OF EMPLOYER CONTRIBUTIONS
SEPTEMBER 30, 2025

Year Ended September 30	Actuarially Determined Contribution	Actual Employer Contribution	Contribution Deficiency (Excess)	Pensionable Covered Payroll	Actual Contribution as a % of Payroll
2015	\$ 15,844	\$ 15,844	\$ -	\$ 424,763	3.73%
2016	25,269	25,269	-	493,923	5.12%
2017	26,442	26,442	-	453,766	5.83%
2018	28,156	28,156	-	450,979	6.24%
2019	31,799	31,799	-	472,688	6.73%
2020	32,635	32,635	-	525,496	6.21%
2021	33,776	33,776	-	541,801	6.23%
2022	34,296	34,296	-	557,007	6.16%
2023	29,605	29,605	-	490,124	6.04%
2024	29,067	29,067	-	478,086	6.08%
2025	31,945	31,945	-	492,983	6.48%

Methods and Assumptions Used to Determine Contribution Rates:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percentage of Payroll, Closed
Remaining Amortization Period	20 Years (longest amortization ladder)
Asset Valuation Method	10 year smoothed fair value; 12% soft corridor
Inflation	2.50%
Salary Increases	3.60% to 11.85% including inflation
Investment Rate of Return	6.75%
Retirement Age	Experience-based table of rates that vary by age. Last updated for the 2023 valuation pursuant to an experience study of the period ending 2022.
Mortality	Post-retirement: 2019 Municipal Retirees of Texas Mortality Tables. Male rates are multiplied by 103% and female rates are multiplied by 105%. The rates are projected on a fully generational basis by the most recent Scale MP-2021 (with immediate convergence). Pre-retirement: PUB(10) mortality tables, with the 110% of the Public Safety table used for males and the 100% of the General Employee table used for females. The rates are projected on a fully generational basis by the most recent Scale MP-2021 (with immediate convergence).
<i>Other Information:</i>	Notes There were no benefit changes during the year.

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CITY OF BOOKER, TEXAS

SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY AND RELATED RATIOS
SEPTEMBER 30, 2025

	<u>2024</u>	<u>2023</u>	<u>2022</u>
Total OPEB Liability			
Service Cost	\$1,923	\$1,291	\$2,616
Interest on total OPEB liability	822	822	493
Differences between expected and actual experience	(445)	(786)	(892)
Changes in assumptions of other inputs	(849)	452	(7,521)
Benefit payments	(641)	(526)	(490)
Net change in Total OPEB liability:	<u>810</u>	<u>125</u>	<u>(5,794)</u>
Total OPEB liability - Beginning	<u>21,163</u>	<u>19,912</u>	<u>25,706</u>
Total OPEB liability - Ending	<u><u>21,973</u></u>	<u><u>21,163</u></u>	<u><u>19,912</u></u>
Covered Payroll	492,983	478,081	544,920
Total OPEB Liability as a Percentage of Covered Payroll	4.46%	4.43%	3.65%

*Note: Only six years of data is presented in accordance with GASB 75, Paragraph 245. "The information for all fiscal years for the 10-year schedules that are required to be presented as required for supplementary information may not be available initially. In those cases, during the transition period, that information should be presented for as many years as available. The schedules should not include information that is not measured in accordance with the requirements of this statement."

<u>2021</u>	<u>2020</u>	<u>2019</u>
\$3,231	\$2,601	\$1,944
580	652	651
(5,849)	(954)	(315)
592	2,957	3,844
<u>(446)</u>	<u>(163)</u>	<u>(368)</u>
(1,892)	5,093	5,756
<u>27,598</u>	<u>22,505</u>	<u>16,749</u>
<u>25,706</u>	<u>27,598</u>	<u>22,505</u>
557,007	541,801	525,496
4.62%	5.09%	4.28%

CITY OF BOOKER, TEXAS

REQUIRED SUPPLEMENTARY INFORMATION -OPEB
SEPTEMBER 30, 2025

Summary of Actuarial Assumptions

Inflation	2.5% Per Year
Overall Payroll Growth	3.60% - 11.85% including inflation
Discount Rate*	4.08%
Retiree’s Share of Benefit Related Costs	\$0
Administrative Expenses	All administrative expenses are paid through the Pension Trust and accounted for under reporting requirements under GASB Statement No. 68.
Mortality Rates - Service Retirees	2019 Municipal Retirees of Texas Morality Tables. The rates are projected on a fully generational basis with Scale UMP.
Mortality Rates – Disabled Retirees	2019 Municipal Retirees of Texas Morality 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 morality 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 morality.

*The discount rate was based on the Fidelity Index’s “20-year Municipal Go AA Index” rate as of December 31, 2024.

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

OTHER SUPPLEMENTARY INFORMATION

CITY OF BOOKER, TEXAS

SCHEDULE OF DEPOSITS AND TEMPORARY INVESTMENTS
SEPTEMBER 30, 2025

<u>Bank Name/Account Name</u>	<u>Account Type</u>	<u>Rate of Interest</u>	<u>Bank Balance</u>	<u>Book Balance</u>
FirstBank Southwest:				
General Fund Operating	Demand	- %	\$ 84,456	\$ 74,578
General Fund Money Market	Money Market	5.57%	77,732	77,822
Fire Department Operating	NOW	5.57%	133,034	133,034
COB/Purchasing	NOW	0.00%	1,911	1,911
Christmas Lighting CD	CD	6.12%	6,018	6,018
GF CD	CD	4.31%	132,715	132,715
General Fund CD #2	CD	5.04%	149,947	149,947
General Fund CD #3	CD	5.31%	202,808	202,808
General Fund CD #4	CD	5.11%	143,995	143,995
General Fund CD #5	CD	4.70%	147,918	147,918
Landfill Closure CD	CD	5.10%	34,245	34,245
Utility Fund Operating	NOW	5.60%	65,705	57,258
Utility Fund Money Market	Money Market	5.57%	94,921	94,921
Utility Fund CD	CD	5.10%	128,117	128,117
Utility Fund CD #4	CD	4.97%	96,419	96,419
Utility Fund CD	CD	3.95%	97,149	97,149
Utility Fund CD #5	CD	4.31%	296,832	296,832
UF Wtr Rights/New Well CIP CD	CD	5.05%	201,869	201,869
BEDC Money Market	Money Market	5.57%	477,240	477,240
BEDC CD	CD	3.95%	162,786	162,786
BEDC #4	CD	3.95%	178,490	178,490
BEDC CD	CD	5.12%	164,177	164,177
BEDC CD	CD	5.10%	160,242	160,242
100th Celebration Checking	Demand	-	8,538	8,438
	Demand		26,249	26,249
Payroll	Demand	-	15,629	-
Total			3,289,142	3,255,178
Cash on Hand:				
Enterprise Fund				500
Total Cash and Short-Term Investments			<u>\$ 3,289,142</u>	<u>\$ 3,255,678</u>
Reported in the Financial Statements as:				
Cash and Cash Equivalents				\$ 756,300
Cash and Cash Equivalents - Fiduciary Fund				34,687
Short-Term Investments				2,303,538
Temporarily Restricted Cash and Cash Equivalents				155,135
Temporarily Restricted Short-Term Investments				6,018
Total Cash and Short-Term Investments				<u>\$ 3,255,678</u>