

CITY OF WILLOW PARK, TEXAS

**Annual Financial Report
For the Fiscal Year Ended September 30, 2025**

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FINANCIAL SECTION



SNOW GARRETT WILLIAMS
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor and City Council
City of Willow Park, Texas

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Willow Park, 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, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Willow Park, Texas, as of September 30, 2025, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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 Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, the schedule of changes in the net pension liability and related ratios, the schedule of employer pension contributions and related ratios, the schedule of changes in total OPEB liability and related ratios, and the schedule of OPEB contributions and related ratios on pages 5 – 13 and 54 – 58 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.

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 combining nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining nonmajor fund financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated February 27, 2026, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.



Snow Garrett Williams
February 27, 2026

City of Willow Park, Texas Management's Discussion and Analysis

The management's discussion and analysis (MD&A) of the City of Willow Park (the City) provides an overview of the City's financial activities for the fiscal year ended September 30, 2025. The MD&A should be read in conjunction with the accompanying financial statements and the notes to those financial statements.

FINANCIAL HIGHLIGHTS

- The assets and deferred outflows of resources of the City exceeded liabilities and deferred inflows of resources at the close of fiscal year 2025 by \$23,094,124 (*net position*). Of this amount, \$5,128,249 is restricted for specific purposes and \$9,918,430 represents unrestricted net position that may be used to meet the City's ongoing obligations to citizens and creditors. Net position also includes \$8,047,445 in net investment in capital assets.
- In contrast to the government-wide statements, the governmental fund statements report a fund balance at year-end of \$5,427,828, of which \$1,450,029 represents restricted fund balance and \$3,977,799 represents unassigned fund balance.
- The general fund unassigned fund balance of \$3,977,799 equals 67% of total general fund expenditures.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the City's financial statements. The City's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains required supplementary information and other supplemental information in addition to the basic financial statements.

Government-wide financial statements. The government-wide financial statements include the Statement of Net Position and the Statement of Activities. These statements are designed to provide readers with a broad overview of the City's finances in a manner similar to a private sector business. Both are prepared using the economic resource focus and the accrual basis of accounting, meaning that all the current year's revenues and expenses are included regardless of when cash is received or paid.

The Statement of Net Position presents information on all of the City's assets and deferred outflows of resources and liabilities and deferred inflows of resources, including capital assets and long-term obligations. The difference between the two is reported as net position. Over time, the increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

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

City of Willow Park, Texas Management's Discussion and Analysis

The Statement of Net Position and the Statement of Activities divide the primary government (the City) activities into two types:

Governmental activities – Most of the City's basic services are reported here, including administration, development services, fire marshal, legislative, municipal court, police, city services, parks, streets, and tourism. General property taxes, sales taxes, and franchise fees provide the majority of the financing for these activities.

Business-type activities – Activities for which the City charges a fee to customers to pay most or all of the costs of a service it provides are reported here. The City's business-type activities include its water, wastewater, and solid waste operations.

The government-wide financial statements can be found beginning on page 15 of this report.

Fund financial statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. These statements focus on the most significant funds and are used to report more detailed information about the City's most significant activities. All of the funds of the City can be divided into two categories: governmental funds and proprietary funds.

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

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

The City maintains fourteen individual governmental funds. Information is presented separately in the Governmental Fund Balance Sheet and in the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances for the General Fund, Debt Service Fund, and Roads Capital Projects Fund, which are considered to be major funds. Data for the other eleven governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements in the supplementary information section of this report.

The City adopts an annual appropriated budget for its General Fund. A budgetary comparison statement (original versus final) has been provided in this report for the General Fund to demonstrate compliance with this budget.

The governmental fund financial statements can be found beginning on page 17 of this report.

City of Willow Park, Texas Management's Discussion and Analysis

Proprietary funds. When the City charges customers for services it provides, the activities are generally reported in proprietary funds. The City maintains one type of proprietary fund: an enterprise fund. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses an enterprise fund to account for its water, wastewater, and solid waste operations. These services are primarily provided to outside or non-governmental customers.

Proprietary fund financial statements provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide information for the Water Fund and Wastewater Fund, which are considered to be the major proprietary funds of the City. Information is also presented for the Solid Waste Fund, which is a non-major proprietary fund.

The proprietary fund financial statements can be found beginning on page 20 of this report.

Notes to the basic financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found beginning on page 23 of this report.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information including budgetary comparison information and information concerning pension and OPEB benefits. The required supplementary information can be found beginning on page 54 of this report.

The combining statements referred to earlier in connection with nonmajor governmental funds are presented immediately following the required supplementary information. This other supplemental information can be found beginning on page 60 of this report.



City of Willow Park, Texas Management's Discussion and Analysis

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$23,094,124 as of September 30, 2025.

	Governmental Activities		Business-Type Activities		Total	
	2025	2024	2025	2024	2025	2024
Current and other assets	\$ 6,958,307	\$ 5,759,213	\$ 22,764,834	\$ 27,196,846	\$ 29,723,141	\$ 32,956,059
Capital assets and right-of-use assets, net	29,210,556	29,341,949	39,833,195	30,779,134	69,043,751	60,121,083
Total assets	36,168,863	35,101,162	62,598,029	57,975,980	98,766,892	93,077,142
Deferred outflows of resources	126,233	172,846	46,689	63,929	172,922	236,775
Long-term liabilities	26,750,741	26,735,128	41,866,994	38,325,613	68,617,735	65,060,741
Other liabilities	2,954,176	2,403,230	3,888,180	4,579,595	6,842,356	6,982,825
Total liabilities	29,704,917	29,138,358	45,755,174	42,905,208	75,460,091	72,043,566
Deferred inflows of resources	377,582	610,794	8,017	5,439	385,599	616,233
Net position:						
Net investment in capital assets	2,168,249	2,190,673	5,879,196	3,037,572	8,047,445	5,228,245
Restricted	1,618,248	1,086,430	3,510,001	3,197,232	5,128,249	4,283,662
Unrestricted	2,426,100	2,247,753	7,492,330	8,894,458	9,918,430	11,142,211
Total net position	\$ 6,212,597	\$ 5,524,856	\$ 16,881,527	\$ 15,129,262	\$ 23,094,124	\$ 20,654,118

The City's net investment in capital assets (e.g., land, construction in progress, buildings and improvements, furniture and equipment, vehicles, infrastructure, water and wastewater systems, and right-of-use assets) less any related debt used to acquire those assets that is still outstanding is \$8,047,445. The City uses those assets to provide services to the 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. An additional \$5,128,249 (or 22%) of the City's net position represents resources that are subject to external restrictions on how they may be used. All restricted net position of the City is being held for the purposes established by state and local laws, for future construction, and for debt service requirements on the City's outstanding debt. The remaining portion of the City's net position is \$9,918,430 and may be used to meet the City's ongoing obligations to citizens and creditors.

At the end of the current fiscal year, the City is able to report positive balances in all categories of net position, both for the City as a whole and for its separate governmental and business-type activities. This was true of the prior fiscal year as well.

City of Willow Park, Texas Management's Discussion and Analysis

The City's total net position increased by \$2,440,006 during the current fiscal year. The City's governmental activities increased net position by \$687,741. The total cost of all governmental activities this year was \$8,195,092. The amount that taxpayers paid for these activities through property taxes was \$4,372,199, or 53%. The City's business-type activities increased net position by \$1,752,265. The total cost of all business-type activities for fiscal year 2025 was \$5,816,992.

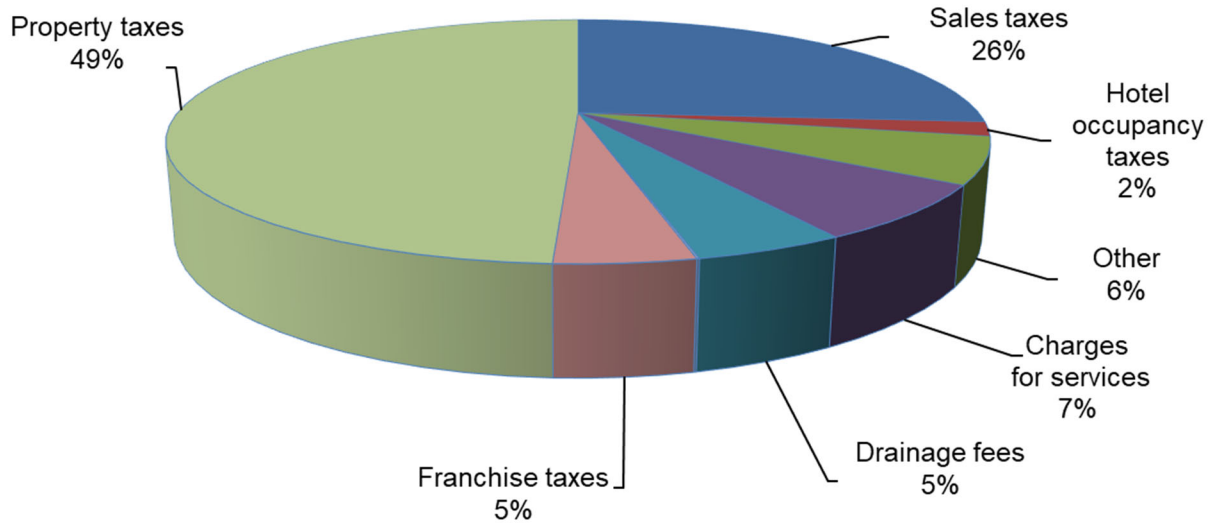
City of Willow Park's Changes in Net Position

	Governmental activities		Business-type activities		Total	
	2025	2024	2025	2024	2025	2024
Revenues:						
Program revenues:						
Charges for services	\$ 641,053	\$ 654,958	\$ 5,184,598	\$ 4,878,739	\$ 5,825,651	\$ 5,533,697
Operating grants and contributions	7,417	9,029	-	-	7,417	9,029
Capital grants and contributions	-	-	312,770	174,898	312,770	174,898
General revenues:						
Property taxes	4,372,199	3,835,588	-	-	4,372,199	3,835,588
Sales and use taxes	2,330,206	2,054,636	-	-	2,330,206	2,054,636
Franchise taxes	394,216	401,649	-	-	394,216	401,649
Hotel occupancy taxes	166,787	193,190	-	-	166,787	193,190
Drainage fees	427,242	414,229	-	-	427,242	414,229
Investment earnings	253,255	333,195	688,149	1,048,198	941,404	1,381,393
Other	290,458	231,250	-	-	290,458	231,250
Gain (loss) on sale of capital assets	-	(116,057)	-	61,209	-	(54,848)
Total revenues	<u>8,882,833</u>	<u>8,011,667</u>	<u>6,185,517</u>	<u>6,163,044</u>	<u>15,068,350</u>	<u>14,174,711</u>
Expenses:						
Administration	1,292,585	1,337,902	-	-	1,292,585	1,337,902
Development services	1,021,374	1,379,905	-	-	1,021,374	1,379,905
Fire marshal	368,205	701,763	-	-	368,205	701,763
Legislative	260,861	264,608	-	-	260,861	264,608
Municipal court	220,139	245,471	-	-	220,139	245,471
Police	2,517,081	2,725,158	-	-	2,517,081	2,725,158
City services	1,181,500	579,711	-	-	1,181,500	579,711
Parks	179,856	57,101	-	-	179,856	57,101
Streets	138,058	145,896	-	-	138,058	145,896
Tourism	97,244	58,200	-	-	97,244	58,200
Public works, parks, and roads	-	-	-	-	-	-
Interest and fiscal charges	918,189	1,085,309	-	-	918,189	1,085,309
Water	-	-	4,071,350	4,431,315	4,071,350	4,431,315
Wastewater	-	-	1,359,353	1,306,538	1,359,353	1,306,538
Solid waste	-	-	386,289	347,866	386,289	347,866
Total expenses	<u>8,195,092</u>	<u>8,581,024</u>	<u>5,816,992</u>	<u>6,085,719</u>	<u>14,012,084</u>	<u>14,666,743</u>
Increase in net position before special items	<u>687,741</u>	<u>(569,357)</u>	<u>368,525</u>	<u>77,325</u>	<u>1,056,266</u>	<u>(492,032)</u>
Special items						
Developer contribution	-	363,910	1,383,740	-	1,383,740	363,910
Change in net position	<u>687,741</u>	<u>(205,447)</u>	<u>1,752,265</u>	<u>77,325</u>	<u>2,440,006</u>	<u>(128,122)</u>
Net position, beginning of year	5,524,856	5,730,303	15,129,262	15,051,937	20,654,118	20,782,240
Net position, end of year	<u>\$ 6,212,597</u>	<u>\$ 5,524,856</u>	<u>\$ 16,881,527</u>	<u>\$ 15,129,262</u>	<u>\$ 23,094,124</u>	<u>\$ 20,654,118</u>

City of Willow Park, Texas Management's Discussion and Analysis

Governmental activities. Governmental activities increased the City's net position by \$687,741 primarily due to an increase in property tax revenues due to development within the City as well as increased property tax values, offset by increased overall expenses as costs continue to rise.

Revenues by Source - Governmental Activities



Business-type activities. Business-type activities increased the City's net position by \$1,752,265 .

Operating revenue increased by \$443,731 from the prior year primarily due to an increase in water, wastewater, and solid waste sales and an increase in impact fees. Operating expenses decreased by \$268,727 from the prior year primarily due to a decrease in personnel expenses as a result of staff vacancies and a decrease in pension expense.

FINANCIAL ANALYSIS OF 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 a combined ending fund balance of \$5,427,828 which is an increase of \$860,653 in comparison with the prior year. \$3,977,799 or 73% of the fund balance represents unassigned fund balance, which is available for spending at the City's discretion.

City of Willow Park, Texas Management's Discussion and Analysis

The remainder of fund balance is restricted to indicate that it is not available for new spending because it has already been set aside to pay debt service (\$122,111), to fund road capital projects (\$390,549), for court security and technology (\$142,939), for police seizure and holding funds (\$10,825), to fund tourism (\$564,282), for police and first responder contributions (\$109,613), for local truancy prevention (\$38,772), to fund other capital projects (\$13,442), and other City related expenditures (\$57,496).

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 \$3,983,020, of which \$3,977,799 represented unassigned fund balance. As a measure of the general fund's liquidity, we compare unassigned fund balance to total fund expenditures. Unassigned fund balance represents 67%, or approximately 243 days of total fund expenditures.

The fund balance of the City's general fund increased by \$340,974 during the current fiscal year. Key elements of the increase are as follows:

- Total revenues in the general fund increased by \$408,323, or 7%. The increase is primarily due to increased sales and use taxes of \$275,570 from increased consumer spending and increased property taxes of \$215,341 as the result of higher appraised values and an 8% increase in the maintenance and operation tax rate.
- Total expenditures in the general fund decreased by \$744,381, or 11%. The decrease is primarily due to capital outlay expenditures for drainage improvements decreasing in the current year.

GENERAL FUND BUDGETARY HIGHLIGHTS

Overall, the City's revenues exceeded the budgeted amount by approximately \$24,990. This was primarily due to increased sales tax and investment revenues offset by lower than anticipated building permits and court citation revenue.

The City's expenditures exceeded budgeted amounts by approximately \$179,090. This was due to debt service expenditures exceeding appropriations as well as negative variances in city services, parks, and police.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital assets. The City's investment in total capital assets for its governmental and business-type activities as of September 30, 2025, amounts to \$69,043,751 (net of accumulated depreciation/amortization). Investments in capital assets related to governmental activities (\$29,210,556) include land, construction in progress, buildings and improvements, furniture and equipment, vehicles, infrastructure, and right-of-use assets. The City's investments in capital assets related to business-type activities (\$39,833,195) include land, construction in progress, buildings and improvements, furniture and equipment, vehicles, water system, wastewater system, and right-of-use assets.

Major capital asset events during the current fiscal year include the following:

- Squaw Creek road improvements.
- Resurfacing multiple roads within the City.
- Ongoing Beall Development water line extension project.
- Purchase of a sewer vac truck.
- Ongoing wastewater treatment project.

City of Willow Park, Texas Management's Discussion and Analysis

City of Willow Park's Capital Assets (net of depreciation / amortization)

	Governmental Activities		Business-type Activities		Total	
	2025	2024	2025	2024	2025	2024
Land	\$ 1,546,137	\$ 1,472,903	\$ 680,138	\$ 680,138	\$ 2,226,275	\$ 2,153,041
Construction in progress	347,345	-	18,031,868	8,387,839	18,379,213	8,387,839
Buildings and improvements	12,123,901	12,461,750	37,689	39,665	12,161,590	12,501,415
Furniture and equipment	220,068	265,376	631,463	362,649	851,531	628,025
Vehicles	31,153	29,875	58,775	68,593	89,928	98,468
Infrastructure	14,684,820	14,877,720	-	-	14,684,820	14,877,720
Water system	-	-	15,944,561	16,504,608	15,944,561	16,504,608
Wastewater system	-	-	4,215,132	4,415,314	4,215,132	4,415,314
Right-of-use assets - vehicles	257,132	234,325	233,569	320,328	490,701	554,653
Total	\$29,210,556	\$29,341,949	\$39,833,195	\$30,779,134	\$69,043,751	\$60,121,083

Additional information on the City's capital assets can be found in Note G on pages 34 through 36 of this report.

Long-term obligations. At the end of the current fiscal year, the City had total long-term obligations outstanding of:

City of Willow Park's Outstanding Debt

	Governmental Activities	Business-type Activities	Total
General obligation bonds	\$ 5,665,000	\$ -	\$ 5,665,000
Certificates of obligation	17,135,056	42,279,944	59,415,000
Tax notes	2,370,000	-	2,370,000
Notes from direct borrowings	135,772	80,371	216,143
Unamortized debt premium	1,491,415	354,421	1,845,836
Lease liability	269,921	250,384	520,305
Net pension liability	1,188,001	439,397	1,627,398
Compensated absences	163,079	54,500	217,579
Total OPEB liability	63,483	23,480	86,963
Total	\$ 28,481,727	\$ 43,482,497	\$ 71,964,224

The City's total long-term obligations increased by a net amount of \$3,542,382 during the current fiscal year primarily as a result of the issuance of \$5.09 million in new certificates of obligation and \$1.56 million in tax notes, offset by principal payments made on outstanding debt. The City's general obligation bonds, notes from direct borrowings, unamortized debt premium, lease liability, net pension liability and OPEB liability decreased in the current fiscal year, while the City's certificates of obligation, tax notes, and compensated absences increased. Additional information on the City's long-term debt can be found in Note H on pages 36 through 42 of this report.

State statutes limit the total property tax rate to \$2.50 per \$100 assessed valuation. The City's total property tax rate for 2024-2025 was \$0.432546 per \$100 assessed valuation, of which \$0.203371 was for maintenance and operations and \$0.229175 was for debt service.

City of Willow Park, Texas

Management's Discussion and Analysis

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The annual budget is developed to provide efficient, effective, and economic uses of the City's resources, as well as a means to accomplish the highest priority objectives. Through the budget, the City Council sets the direction of the City, allocates its resources, and establishes its priorities. In considering the City budget for fiscal year 2026, the City Council and administration considered the following factors:

At the beginning of Fiscal Year 2024-2025, the City of Willow Park annexed approximately 320 acres of undeveloped land for future commercial and retail development. This project, located along IH-20 and FM 1187 north of Bankhead Highway, is known as the Beall-Dean development.

Throughout the fiscal year, the City initiated the extension of water and wastewater utilities to the site while simultaneously upgrading existing system components to accommodate anticipated growth. Upon completion, the Beall-Dean development is expected to significantly enhance the City's sales tax base and increase overall taxable value. These revenues will directly benefit the citizens of Willow Park by supporting capital improvement projects and providing additional funding for water and wastewater operations.

The General Fund budget for the upcoming fiscal year is relatively consistent with the current year's adopted budget. Modest expenditure increases are anticipated, primarily related to higher insurance costs, cost-of-living adjustments, and increased expenditures within the Police Department. Sales tax revenues are trending positively, with receipts currently approximately 10% higher than the prior year. The adopted budget reflects this continued growth trend in sales tax collections.

The Water Fund budget remains largely consistent with the current fiscal year. Historically, the Water Fund has provided transfers to the Wastewater Fund to help subsidize operations. Although a transfer is included in the upcoming fiscal year budget as a contingency measure, management does not anticipate that it will be necessary. The inclusion of the transfer provides financial flexibility should operating conditions change.

The Wastewater Fund has experienced significant improvement over the past 12 months. Through an agreement with the City of Hudson Oaks, the Fund has established a partnership that will help offset operating costs. This collaboration is expected to strengthen the Fund's financial position and support the City Council's objective for the Wastewater Fund to operate on a self-sustaining basis.

REQUEST FOR INFORMATION

This financial report is designed to provide our citizens, taxpayers, and investors with a general overview of the City of Willow Park's finances and to show the City's accountability for the money it receives. If you have questions about this report or need any additional financial information, contact the Finance Department at 120 El Chico, Suite A, Willow Park, Texas 76087.

BASIC FINANCIAL STATEMENTS

City of Willow Park, Texas
Statement of Net Position
September 30, 2025

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
Assets			
Cash and cash equivalents	\$ 4,692,516	\$ 1,197,595	\$ 5,890,111
Investments	1,017,205	1,108,106	2,125,311
Receivables (net of allowances of \$562,011)			
Property taxes	57,838	-	57,838
Accounts	48,103	633,221	681,324
Court fines and fees	43,394	-	43,394
Leases	367,512	-	367,512
Due from other governments	384,866	7,600,345	7,985,211
Interfund balances	(2,615)	2,615	-
Restricted assets			
Cash and cash equivalents	294,537	11,032,327	11,326,864
Certificates of deposit	-	113,410	113,410
Investments	54,951	1,077,215	1,132,166
Capital assets and right-to-use assets			
Nondepreciable	1,893,482	18,712,006	20,605,488
Depreciable/amortizable, net of accumulated depreciation and amortization	27,317,074	21,121,189	48,438,263
Total assets	36,168,863	62,598,029	98,766,892
Deferred outflows of resources			
Deferred outflows related to pensions	126,233	46,689	172,922
Total deferred outflows of resources	126,233	46,689	172,922
Liabilities			
Accounts payable	929,967	838,478	1,768,445
Payroll liabilities	79,467	21,847	101,314
Due to other governments	19,815	228,908	248,723
Retainage payable	-	808,859	808,859
Court bonds payable	9,130	-	9,130
Unearned revenue	52,783	-	52,783
Long-term obligations, due within one year	1,730,986	1,615,503	3,346,489
Current liabilities payable from restricted assets			
Interest payable	132,028	111,471	243,499
Customer deposits	-	263,114	263,114
Noncurrent liabilities			
Net pension liability	1,188,001	439,397	1,627,398
Total OPEB liability	63,483	23,480	86,963
Long-term obligations, due in more than one year	25,499,257	41,404,117	66,903,374
Total liabilities	29,704,917	45,755,174	75,460,091
Deferred inflows of resources			
Deferred inflows related to OPEB	21,673	8,017	29,690
Deferred inflows related to leases	355,909	-	355,909
Total deferred inflows of resources	377,582	8,017	385,599
Net position			
Net investment in capital assets	2,168,249	5,879,196	8,047,445
Restricted for:			
Debt service	153,232	-	153,232
Police	10,825	-	10,825
First responder	109,613	-	109,613
Tourism	564,282	-	564,282
Capital projects	390,549	3,510,001	3,900,550
Court security and technology	141,684	-	141,684
Public access channel capital projects	138,353	-	138,353
TIRZ	2,545	-	2,545
Construction projects	13,442	-	13,442
Local truancy prevention	38,772	-	38,772
TexSTAR parks and recreation	54,951	-	54,951
Unrestricted net position	2,426,100	7,492,330	9,918,430
Total net position	\$ 6,212,597	\$ 16,881,527	\$ 23,094,124

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

City of Willow Park, Texas
Statement of Activities
For the Fiscal Year Ended September 30, 2025

Functions/Programs	Net Revenue (Expense) and Changes in Net Position						
	Program Revenues			Primary Government			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Primary Government							
Governmental activities							
Administration	\$ 1,292,585	\$ -	\$ -	\$ -	\$ (1,292,585)	\$ -	\$ (1,292,585)
Development services	1,021,374	373,498	-	-	(647,876)	-	(647,876)
Fire marshal	368,205	-	-	-	(368,205)	-	(368,205)
Legislative	260,861	-	-	-	(260,861)	-	(260,861)
Municipal court	220,139	195,049	-	-	(25,090)	-	(25,090)
Police	2,517,081	72,506	7,417	-	(2,437,158)	-	(2,437,158)
City services	1,181,500	-	-	-	(1,181,500)	-	(1,181,500)
Parks	179,856	-	-	-	(179,856)	-	(179,856)
Streets	138,058	-	-	-	(138,058)	-	(138,058)
Tourism	97,244	-	-	-	(97,244)	-	(97,244)
Interest and fiscal charges	918,189	-	-	-	(918,189)	-	(918,189)
Total governmental activities	<u>8,195,092</u>	<u>641,053</u>	<u>7,417</u>	<u>-</u>	<u>(7,546,622)</u>	<u>-</u>	<u>(7,546,622)</u>
Business-type activities							
Water	4,071,350	3,182,266	-	194,765	-	(694,319)	(694,319)
Wastewater	1,359,353	1,596,758	-	118,005	-	355,410	355,410
Solid waste	386,289	405,574	-	-	-	19,285	19,285
Total business-type activities	<u>5,816,992</u>	<u>5,184,598</u>	<u>-</u>	<u>312,770</u>	<u>-</u>	<u>(319,624)</u>	<u>(319,624)</u>
Total primary government	<u>\$ 14,012,084</u>	<u>\$ 5,825,651</u>	<u>\$ 7,417</u>	<u>\$ 312,770</u>	<u>(7,546,622)</u>	<u>(319,624)</u>	<u>(7,866,246)</u>
General revenues							
Taxes:							
Property taxes, levied for general purposes					1,868,773	-	1,868,773
Property taxes, levied for debt service					2,102,614	-	2,102,614
Property taxes, levied for TIRZ					400,812	-	400,812
Sales and use					2,330,206	-	2,330,206
Franchise					394,216	-	394,216
Hotel					166,787	-	166,787
Drainage fees					427,242	-	427,242
Investment earnings					253,255	688,149	941,404
Rental income					251,141	-	251,141
Other revenue					39,317	-	39,317
Special Item:							
Developer Contribution					-	1,383,740	1,383,740
Total general revenues					<u>8,234,363</u>	<u>2,071,889</u>	<u>10,306,252</u>
Change in net position					687,741	1,752,265	2,440,006
Net position, beginning of year					<u>5,524,856</u>	<u>15,129,262</u>	<u>20,654,118</u>
Net position, end of year					<u>\$ 6,212,597</u>	<u>\$ 16,881,527</u>	<u>\$ 23,094,124</u>

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

City of Willow Park, Texas
Balance Sheet
Governmental Funds
September 30, 2025

	General Fund	Debt Service Fund	Roads Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
Assets					
Cash and cash equivalents	\$ 2,747,235	\$ 125,026	\$ 1,216,469	\$ 898,323	\$ 4,987,053
Investments	1,017,205	-	-	54,951	1,072,156
Receivables (net of allowances for uncollectibles of \$230,863)					
Property taxes	29,332	28,506	-	-	57,838
Accounts	48,103	-	-	-	48,103
Court fines and fees	43,394	-	-	-	43,394
Lease	367,512	-	-	-	367,512
Due from other funds	284,750	-	-	-	284,750
Due from other governments	384,866	-	-	-	384,866
Total assets	\$ 4,922,397	\$ 153,532	\$ 1,216,469	\$ 953,274	\$ 7,245,672
Liabilities					
Accounts payable	\$ 367,371	\$ 300	\$ 541,170	\$ 21,126	\$ 929,967
Payroll liabilities	79,467	-	-	-	79,467
Due to other funds	-	2,615	284,750	-	287,365
Due to other governments	19,815	-	-	-	19,815
Court bonds escrow	9,130	-	-	-	9,130
Unearned revenue - franchise taxes	52,783	-	-	-	52,783
Total liabilities	528,566	2,915	825,920	21,126	1,378,527
Deferred inflows of resources					
Unavailable revenue - court fines	25,570	-	-	-	25,570
Unavailable revenue - property taxes	29,332	28,506	-	-	57,838
Unavailable revenue - leases	355,909	-	-	-	355,909
Total deferred inflows of resources	410,811	28,506	-	-	439,317
Fund balances					
Restricted	5,221	122,111	390,549	932,148	1,450,029
Unassigned	3,977,799	-	-	-	3,977,799
Total fund balances	3,983,020	122,111	390,549	932,148	5,427,828
Total liabilities, deferred inflows of resources, and fund balances	\$ 4,922,397	\$ 153,532	\$ 1,216,469	\$ 953,274	
Amounts reported for governmental activities in the statement of net position are different because:					
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.					29,210,556
Deferred outflows of resources are not financial resources and, therefore, are not reported in the funds.					126,233
Some liabilities, including general obligation bonds, certificates of obligation, tax notes, notes from direct borrowings, premiums on debt, lease liabilities, net pension liability, compensated absences, and total OPEB liability are not due and payable in the current period and, therefore, are not reported in the funds.					(28,613,755)
Revenues earned but not available within 60 days of year-end are not recognized as revenue on the fund financial statements.					439,317
Deferred inflows of resources are not financial resources and, therefore, are not reported in the funds.					(377,582)
Net position of governmental activities - statement of net position					\$ 6,212,597

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

City of Willow Park, Texas
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Fiscal Year Ended September 30, 2025

	General Fund	Debt Service Fund	Roads Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
Revenues					
Taxes:					
Property	\$ 1,858,788	\$ 2,092,027	\$ -	\$ -	\$ 3,950,815
Sales and use	2,330,206	-	-	-	2,330,206
Franchise	394,216	-	-	-	394,216
Hotel occupancy	-	-	-	166,787	166,787
TIRZ	-	-	-	400,812	400,812
Licenses and permits	372,548	-	-	-	372,548
Drainage fees	427,242	-	-	-	427,242
Court fines and fees	186,349	-	-	17,658	204,007
Grants	7,344	-	-	-	7,344
Investment earnings	185,494	16,750	20,002	31,009	253,255
Intergovernmental	66,041	-	-	-	66,041
Rental income	251,141	-	-	-	251,141
Other revenue	47,031	-	-	1,602	48,633
Total revenues	6,126,400	2,108,777	20,002	617,868	8,873,047
Expenditures					
Current:					
Administration	574,675	-	-	-	574,675
Development services	614,980	-	-	408,573	1,023,553
Fire marshal	319,626	-	-	21,126	340,752
Legislative	270,028	-	-	-	270,028
Municipal court	222,094	-	-	-	222,094
Police	2,292,561	-	-	1,312	2,293,873
City services	506,981	-	-	-	506,981
Parks	179,709	-	-	-	179,709
Streets	138,058	-	-	-	138,058
Tourism	-	-	-	97,244	97,244
Capital outlay	370,443	-	1,146,939	2,181	1,519,563
Debt service:					
Principal	314,932	1,187,375	-	-	1,502,307
Interest and fiscal charges	168,014	876,468	-	-	1,044,482
Debt issuance costs	-	-	45,750	-	45,750
Total expenditures	5,972,101	2,063,843	1,192,689	530,436	9,759,069
Excess (deficiency) of revenues over (under) expenditures	154,299	44,934	(1,172,687)	87,432	(886,022)
Other financing sources					
Proceeds from sale of capital assets	15,000	-	-	-	15,000
Proceeds from issuance of debt	-	-	1,560,000	-	1,560,000
Proceeds from issuance of lease liabilities	171,675	-	-	-	171,675
Total other financing sources	186,675	-	1,560,000	-	1,746,675
Net change in fund balances	340,974	44,934	387,313	87,432	860,653
Fund balances, beginning of year	3,642,046	77,177	3,236	844,716	4,567,175
Fund balances, end of year	<u>\$ 3,983,020</u>	<u>\$ 122,111</u>	<u>\$ 390,549</u>	<u>\$ 932,148</u>	<u>\$ 5,427,828</u>

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

City of Willow Park, Texas
Reconciliation of the Statement of Revenues, Expenditures, and
Changes in Fund Balances of the Governmental Funds to the
Statement of Activities
For the Fiscal Year Ended September 30, 2025

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

Net change in fund balances - total governmental funds		\$ 860,653
<p>Governmental funds report capital outlays as expenditures. However in the statement of activities, assets are capitalized and the costs are allocated over their estimated useful lives and reported as depreciation/ amortization expense. This is the amount by which depreciation/ amortization expense exceeded capital outlay in the current period.</p>		
Capital outlay	\$ 1,519,563	
Depreciation/ amortization expense	<u>(1,630,896)</u>	(111,333)
<p>All proceeds from the sale of capital assets are reported as revenue in the funds. However, in the statement of activities, only the gain or loss on disposal is reported.</p>		
		(20,060)
<p>Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the funds.</p>		
Amortization of premium on debt	\$ 127,193	
Net pension liability	103,131	
Compensated absences	(11,533)	
Total OPEB liability	<u>2,891</u>	221,682
<p>The change in taxes receivable, net of allowance, is reported as revenue in the statement of activities; however, this change does not provide current financial resources and is, therefore, not reported as revenue in the funds.</p>		
		20,572
<p>Certain revenues in the government-wide statement of activities that do not provide current financial resources are not reported as revenue in the governmental funds.</p>		
		75
<p>Pension expense in the funds is recorded as contributions when made to the TMRS plan. Pension expense in governmental activities is recorded as the TMRS plan's pension expense for the measurement period. This is the effect of the difference between the two statements.</p>		
		(46,613)
<p>OPEB expense in the funds is recorded as contributions when made to the TMRS plan. OPEB expense in governmental activities is recorded as the TMRS plan's OPEB expense for the measurement period. This is the effect of the difference between the two statements.</p>		
		(6,967)
<p>The issuance of long-term debt (e.g. bonds payable, notes payable, and leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. This amount is the net effect of these differences in the treatment of long-term debt and related items.</p>		
Long-term obligation principal repayments	\$ 1,386,475	
Payments on lease liabilities	114,932	
Proceeds from certificates of obligations issuance	(1,560,000)	
Proceeds from the issuance of lease liabilities	<u>(171,675)</u>	<u>(230,268)</u>
Change in net position of governmental activities		<u>\$ 687,741</u>

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

City of Willow Park, Texas
Statement of Net Position
Proprietary Funds
September 30, 2025

	Water	Wastewater	Solid Waste	Totals
Assets				
Current assets				
Cash and cash equivalents	\$ 653,284	\$ 123,754	\$ 420,557	\$ 1,197,595
Investments	1,046,608	61,498	-	1,108,106
Receivables (net of allowances of \$326,639)				
Accounts	410,948	169,660	52,613	633,221
Due from other governments	7,600,345	-	-	7,600,345
Due from other funds	785	1,830	-	2,615
Restricted assets				
Cash and cash equivalents	1,519,424	9,512,903	-	11,032,327
Certificates of deposit	113,410	-	-	113,410
Investments	677,069	400,146	-	1,077,215
Total current assets	12,021,873	10,269,791	473,170	22,764,834
Noncurrent assets				
Capital assets and right-of-use assets				
Nondepreciable	1,682,034	17,029,972	-	18,712,006
Depreciable / amortizable	24,685,489	6,431,309	-	31,116,798
Less: accumulated depreciation / amortization	(6,915,154)	(3,080,455)	-	(9,995,609)
Capital assets, net	19,452,369	20,380,826	-	39,833,195
Total noncurrent assets	19,452,369	20,380,826	-	39,833,195
Total assets	31,474,242	30,650,617	473,170	62,598,029
Deferred outflows of resources				
Deferred outflows related to pensions	43,230	3,459	-	46,689
Total deferred outflows of resources	43,230	3,459	-	46,689
Liabilities				
Current liabilities				
Accounts payable	344,659	460,675	33,144	838,478
Payroll liabilities	18,557	3,290	-	21,847
Due to other governments	226,099	-	2,809	228,908
Retainage payable	103,414	705,445	-	808,859
Current portion of long-term obligations	886,236	729,267	-	1,615,503
Current liabilities payable from restricted assets:				
Interest payable	43,556	67,915	-	111,471
Customer deposits	263,114	-	-	263,114
Total current liabilities	1,885,635	1,966,592	35,953	3,888,180
Noncurrent liabilities				
Net pension liability	406,849	32,548	-	439,397
Total OPEB liability	21,741	1,739	-	23,480
Long-term obligations	19,888,850	21,515,267	-	41,404,117
Total noncurrent liabilities	20,317,440	21,549,554	-	41,866,994
Total liabilities	22,203,075	23,516,146	35,953	45,755,174
Deferred inflows of resources				
Deferred inflows related to OPEB	7,423	594	-	8,017
Total deferred inflows of resources	7,423	594	-	8,017
Net Position				
Net investment in capital assets	(361,105)	6,240,301	-	5,879,196
Restricted for capital projects	2,344,615	1,165,386	-	3,510,001
Unrestricted	7,323,464	(268,351)	437,217	7,492,330
Total net position	\$ 9,306,974	\$ 7,137,336	\$ 437,217	\$ 16,881,527

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

City of Willow Park, Texas
Statement of Revenues, Expenses, and Changes in Net Position
Proprietary Funds
For the Fiscal Year Ended September 30, 2025

	<u>Water</u>	<u>Wastewater</u>	<u>Solid Waste</u>	<u>Totals</u>
Operating revenues				
Charges for services	\$ 3,068,127	\$ 1,576,478	\$ 405,574	\$ 5,050,179
Meter and tap fees	37,102	-	-	37,102
Penalties and reconnect fees	44,780	-	-	44,780
Inspection fees	21,840	20,280	-	42,120
Other fees	10,417	-	-	10,417
Total operating revenues	<u>3,182,266</u>	<u>1,596,758</u>	<u>405,574</u>	<u>5,184,598</u>
Operating expenses				
Personnel	1,095,998	173,420	-	1,269,418
Contractual services	1,319,094	144,516	386,289	1,849,899
Supplies and maintenance	267,916	54,694	-	322,610
Franchise fees	129,978	37,220	-	167,198
Utilities	119,508	137,031	-	256,539
Depreciation / amortization	746,130	201,889	-	948,019
Total operating expenses	<u>3,678,624</u>	<u>748,770</u>	<u>386,289</u>	<u>4,813,683</u>
Operating income (loss)	<u>(496,358)</u>	<u>847,988</u>	<u>19,285</u>	<u>370,915</u>
Nonoperating revenues (expenses)				
Investment earnings	175,129	496,107	16,913	688,149
Interest and fiscal charges	(392,726)	(610,583)	-	(1,003,309)
Total nonoperating revenues (expenses)	<u>(217,597)</u>	<u>(114,476)</u>	<u>16,913</u>	<u>(315,160)</u>
Income (loss) before contributions	<u>(713,955)</u>	<u>733,512</u>	<u>36,198</u>	<u>55,755</u>
Contributions				
Capital contribution	-	1,383,740	-	1,383,740
Capital contribution - impact fees	194,765	118,005	-	312,770
Total contributions	<u>194,765</u>	<u>1,501,745</u>	<u>-</u>	<u>1,696,510</u>
Change in net position	<u>(519,190)</u>	<u>2,235,257</u>	<u>36,198</u>	<u>1,752,265</u>
Net position, beginning of year	<u>9,826,164</u>	<u>4,902,079</u>	<u>401,019</u>	<u>15,129,262</u>
Net position, end of year	<u>\$ 9,306,974</u>	<u>\$ 7,137,336</u>	<u>\$ 437,217</u>	<u>\$ 16,881,527</u>

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

City of Willow Park, Texas
Statement of Cash Flows
Proprietary Funds
For the Fiscal Year Ended September 30, 2025

	Water	Wastewater	Solid Waste	Totals
Cash flows from operating activities:				
Cash received from customers	\$ 3,200,753	\$ 1,578,224	\$ 406,220	\$ 5,185,197
Cash paid to suppliers	(2,111,436)	(1,046,355)	(422,089)	(3,579,880)
Cash paid to employees	(1,107,246)	(173,185)	-	(1,280,431)
Net cash provided by (used in) operating activities	(17,929)	358,684	(15,869)	324,886
Cash flows from capital and related financing activities:				
Proceeds from issuance of bonds	1,541,439	3,601,941	-	5,143,380
Principal payments on long-term debt	(784,887)	(705,000)	-	(1,489,887)
Principal payments on lease liability	(72,817)	-	-	(72,817)
Payments from other governments	420,193	-	-	420,193
Impact fees received	194,765	118,005	-	312,770
Capital asset purchases	(1,249,320)	(7,126,282)	-	(8,375,602)
Transfers from (to) other funds	(785)	(1,830)	-	(2,615)
Interest paid on long-term debt	(392,924)	(599,437)	-	(992,361)
Net cash used for capital and related financing activities	(344,336)	(4,712,603)	-	(5,056,939)
Cash flows from investing activities:				
Purchases of investments	(677,069)	(400,146)	-	(1,077,215)
Interest income	802,753	493,457	16,913	1,313,123
Net cash provided by investing activities	125,684	93,311	16,913	235,908
Net increase (decrease) in cash and cash equivalents	(236,581)	(4,260,608)	1,044	(4,496,145)
Cash and cash equivalents at beginning of year	2,409,289	13,897,265	419,513	16,726,067
Cash and cash equivalents at end of year	<u>\$ 2,172,708</u>	<u>\$ 9,636,657</u>	<u>\$ 420,557</u>	<u>\$ 12,229,922</u>
Cash and cash equivalents	\$ 653,284	\$ 123,754	\$ 420,557	\$ 1,197,595
Restricted cash and cash equivalents	1,519,424	9,512,903	-	11,032,327
Total cash and cash equivalents - end of year	<u>\$ 2,172,708</u>	<u>\$ 9,636,657</u>	<u>\$ 420,557</u>	<u>\$ 12,229,922</u>
Reconciliation of operating income (loss) to net cash provided by operating activities				
Operating income (loss)	\$ (496,358)	\$ 847,988	\$ 19,285	\$ 370,915
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:				
Depreciation / amortization expense	746,130	201,889	-	948,019
(Increase) decrease in assets and deferred outflows:				
Accounts receivable	383	(18,534)	(2,163)	(20,314)
Deferred outflows	15,964	1,276	-	17,240
Increase (decrease) in liabilities and deferred inflows:				
Accounts payable	(274,940)	(672,894)	(35,800)	(983,634)
Payroll liabilities	2,331	273	-	2,604
Due to other governments	-	-	2,809	2,809
Customer deposits	18,104	-	-	18,104
Net pension liability	(35,320)	(2,825)	-	(38,145)
OPEB liability	(990)	(79)	-	(1,069)
Compensated absences payable	4,380	1,399	-	5,779
Deferred inflows	2,387	191	-	2,578
Net cash provided by (used in) operating activities:	<u>\$ (17,929)</u>	<u>\$ 358,684</u>	<u>\$ (15,869)</u>	<u>\$ 324,886</u>

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

City of Willow Park, Texas
Notes to Financial Statements
September 30, 2025

Note A. Summary of Significant Accounting Policies

The accounting policies of the City of Willow Park, Texas (the City) conform to accounting principles generally accepted in the United States of America as applicable to governments. The following are the most significant accounting policies.

Financial Reporting Entity

The City was formed as an incorporated city in the state of Texas in 1963. The City is governed by an elected mayor and five-member City Council and provides the following services to the citizens of the City: administration, development services, fire marshal, legislative, municipal court, police, city services, parks, streets, tourism, water, wastewater, and solid waste.

The financial statements of the City are prepared in accordance with accounting principles generally accepted in the United States of America (GAAP). The City's reporting entity applies all relevant Governmental Accounting Standards Board (GASB) pronouncements.

Government-wide Financial Statements

The two government-wide financial statements, the Statement of Net Position and the Statement of Activities, report information on all of the non-fiduciary activities of the City. Governmental activities, which include those activities primarily supported by taxes or intergovernmental revenue, are reported separately from business-type activities, which generally rely on fees and charges for service. As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

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

Fund Financial Statements

The City segregates transactions related to certain functions or activities into separate funds to aid financial management activities and to demonstrate legal compliance. Separate financial statements are provided for governmental funds and proprietary funds. These statements present each major fund as a separate column on the fund financial statements, while all nonmajor funds are aggregated and presented in a single column. Detailed statements for nonmajor funds are presented within the Supplementary Information section.

City of Willow Park, Texas
Notes to Financial Statements
September 30, 2025

Note A. Summary of Significant Accounting Policies (Continued)

Governmental Funds

Governmental funds are those through which most governmental functions typically are financed. The measurement focus of governmental funds is on the sources, uses, and balances of current financial resources, while the modified accrual basis of accounting is used. The City reports the following major governmental funds:

General Fund is the main operating fund of the City. This fund is used to account for all the financial resources that are not accounted for in other funds. All general tax revenues and other receipts that are not restricted by law or contractual agreement to another fund are accounted for in this fund. General operating expenditures, fixed charges, and capital improvement costs that are not paid through other funds are paid from the General Fund.

Debt Service Fund accounts for the accumulation of financial resources for the payment of principal, interest, and related costs on long-term obligations paid primarily from taxes levied by the City. The fund balance of the Debt Service Fund is reserved to signify the amounts that are restricted exclusively for debt service expenditures.

Road Capital Projects Fund accounts for the proceeds of debt used for the acquisition or construction of major capital improvements as established in bond documents.

Proprietary Funds

Proprietary funds are accounted for using the economic resources measurement focus and the accrual basis of accounting. The accounting objectives are determinations of net income, financial position, and cash flows. All assets, deferred outflows of resources, liabilities, and deferred inflows of resources are included in the Statement of Net Position.

Proprietary funds distinguish operating revenues 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 revenues of the City's proprietary funds are charges to customers for sales and services. Operating expenses for the proprietary funds include the cost of sales and services, personnel and contractual services, supplies, franchise fees, utilities, and depreciation/amortization on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

The City reports the following major proprietary funds:

Water Fund accounts for the provision of regional water services to residential, commercial, industrial, and irrigation customers. All costs are financed through charges and rates based on the amount of service used, which is billed to customers and collected on a monthly basis. Rates are reviewed regularly and adjusted as necessary to ensure the integrity of the system.

City of Willow Park, Texas
Notes to Financial Statements
September 30, 2025

Note A. Summary of Significant Accounting Policies (Continued)

Wastewater Fund accounts for the provision of regional wastewater services to residential, commercial, industrial, and irrigation customers. All costs are financed through charges and rates based on the amount of service used, which is billed to customers and collected on a monthly basis. Rates are reviewed regularly and adjusted as necessary to ensure the integrity of the system.

Measurement Focus and Basis of Accounting

The government-wide financial statements and the proprietary funds are reported and accounted for using the economic resources measurement focus and the accrual basis of accounting. With this measurement focus, all assets, deferred outflows of resources, liabilities, and deferred inflows of resources associated with the operation of these activities are included in the Statement of Net Position. Revenues are recorded when earned and expenses are recorded when liabilities are incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Revenue from grants is recognized in the fiscal year in which all eligibility requirements have been met.

The governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. This focus is on the determination of and changes in financial position. Revenues are recognized in the accounting period in which they become both measurable and available to finance expenditures of the current fiscal period. Revenues from taxes are considered available if received within 60 days after the fiscal year-end. Revenue from contributions and other grants are recognized when applicable eligibility requirements, including time requirements, are met and are considered available if received within 60 days after the fiscal year-end. Program revenues such as fines, licenses and permits, and other charges for services are considered to be measurable and available when cash is received. Expenditures are recorded when the related liability is incurred and payment is due, except for principal and interest on long-term debt and certain estimated liabilities which are recorded only when the obligation has matured and are due and payable shortly after year-end as required by GAAP.

Budgets and Budgetary Accounting

The City follows these procedures in establishing the budgetary data reflected in the financial statements:

1. Prior to the beginning of the fiscal year, the City Manager submits to the City Council proposed operating budgets, which include proposed expenditures and the means of financing them.
2. The City Council adopts the proposed budget, with or without amendment, after public hearings and before the first day of the ensuing fiscal year.
3. Annual budgets are adopted on a basis consistent with GAAP.
4. Unused appropriations of the above annually budgeted funds lapse at the end of each fiscal year.
5. The City Council may authorize additional appropriations during the year.

City of Willow Park, Texas
Notes to Financial Statements
September 30, 2025

Note A. Summary of Significant Accounting Policies (Continued)

The City adopts a budget annually for the General Fund and the budgetary comparison schedule is presented with required supplementary information.

Cash Equivalents

For purposes of the accompanying Statement of Cash Flows, the City considers all highly liquid investments with maturities of three months or less when purchased to be cash equivalents.

Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g. streets, bridges, sidewalks, curbs, and drainage systems), are reported in the applicable governmental activities or business-type activities columns in the government-wide financial statements and in the proprietary funds' financial statements. The City defines capital assets as assets with an initial individual cost of more than \$10,000 and an estimated useful life in excess of one year. Donated capital assets are recorded at their acquisition value at the date of donation. Right-of-use assets are reported at present value of the future lease payments (lease liability), plus any ancillary cost to place the asset in service, plus any additional payments made at the beginning of the lease term, less any lease incentives received from the lessor prior to the commencement of the lease term.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not capitalized. Capital assets are depreciated/amortized using the straight-line method over the following estimated useful lives:

Buildings and improvements	5-40 years
Furniture and equipment	5-20 years
Vehicles	5-10 years
Infrastructure	20 years
Water and wastewater systems	25-40 years
Right-of-use assets - vehicles	5 years

Right-of-use assets from arrangements that qualify as leases are amortized over the shorter of the lease term or the useful life of the underlying asset.

Long-term Obligations

In the government-wide and proprietary fund financial statements, long-term debt and other long-term obligations are reported as liabilities. On certificates of obligation and bonds payable, premiums and discounts are deferred and amortized over the life of the debt. Certificates of obligation and bonds payable are reported net of the applicable premium or discount. Issuance costs are recognized in the current period.

In the fund financial statements, governmental fund types recognize debt premiums and discounts, as well as issuance costs, during the current period. The face amount of the debt issued and any applicable premium or discount are reported as other financing sources. Issuance costs, whether or not withheld from the actual debt proceeds received, and the debt repayment are reported as expenditures.

City of Willow Park, Texas
Notes to Financial Statements
September 30, 2025

Note A. Summary of Significant Accounting Policies (Continued)

Compensated Absences

It is the City's policy to permit employees to accumulate earned but unused compensatory time, vacation leave, sick leave, and holiday time benefits. Nonexempt employees may earn compensatory time in lieu of being paid overtime. Employees may carry over 120 hours of compensatory time and upon separation from employment will be paid for the time at their hourly rate at the time of termination. Employees may carry over a maximum of 240 hours of vacation leave and upon termination will be paid for vacation time up to 240 hours at their hourly rate at the time of termination. Employees may carry over a maximum of 360 hours of sick leave, however, upon termination, resignation or other separation from employment, no payment will be made for unused sick leave. Upon termination, resignation or other separation from employment, no payment will be made for unused holiday time. A liability for these amounts is reported in the governmental funds only when it has matured, for example, as a result of employee resignation and retirements. All leave pay is accrued when incurred in the government-wide and proprietary fund financial statements.

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position and balance sheet will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position and/or fund balance that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City currently has deferred outflows of resources related to the pension plan reported in the Statements of Net Position. See additional information in Note J.

In addition to liabilities, the statement of net position and balance sheet include a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position and/or fund balance that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City currently has deferred inflows of resources related to unavailable revenue from property taxes, court fines, and leases reported in the Governmental Funds Balance Sheet and deferred inflows of resources related to leases and the other post-employment benefits (OPEB) plan reported in the Statements of Net Position. See additional information in Note K for OPEB and Note I for leases.

Fund Balance

The City adopted a fund balance policy in accordance with GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*.

City of Willow Park, Texas
Notes to Financial Statements
September 30, 2025

Note A. Summary of Significant Accounting Policies (Continued)

Governmental fund balances classified as restricted are balances with constraints placed on the use of resources by creditors, grantors, contributors, or laws and regulations of other governments. Non-spendable fund balance includes amounts that are not in spendable form, or legally or contractually required to be maintained intact. Fund balances classified as committed can only be used for specific purposes pursuant to constraints imposed by the City Council through an ordinance. Assigned fund balances are constrained by an intent to be used for specific purposes but are neither restricted nor committed. Assignments are made by the City CFO or the City Manager. Unassigned fund balance is the amount in the General Fund in excess of what can be classified in one of the other four categories of fund balance. Unassigned amounts are technically available for any purpose.

Except when expenditures are specifically budgeted and when multiple categories of fund balance are available for expenditure, the City will first spend the most restricted funds before moving down to the next most restrictive category with available funds.

Net Position

In the government-wide and proprietary fund financial statements, net position is classified in the following categories:

Net investment in capital assets – This category consists of all capital assets net of accumulated depreciation/amortization and reduced by outstanding balances of debt that are attributable to the acquisition, construction, or improvement of these assets.

Restricted net position – This category consists of external restrictions imposed by creditors, grantors, contributors, or laws or regulations of other governments, enabling legislation, and constitutional provisions. The City reported restricted net position of \$5,128,249, of which, \$883,091 is restricted by enabling legislation.

Unrestricted net position – This category represents net position, not restricted for any project or other purpose.

When both restricted and unrestricted net positions are available for use, it is the City's policy to use restricted resources first, then unrestricted resources as needed.

Pensions

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

City of Willow Park, Texas
Notes to Financial Statements
September 30, 2025

Note A. Summary of Significant Accounting Policies (Continued)

Other Post-Employment Benefits

The total OPEB liability has been determined using the economic resources measurement focus and full accrual basis of accounting. This includes, for purposes of measuring the total OPEB liability, deferred outflows of resources and deferred inflows of resources related to other post-employment benefits; OPEB expense; and information about assets, liabilities, and additions to/deductions from these amounts.

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. These risks are covered by the City's participation in the Texas Municipal League Intergovernmental Risk Pool (TMLIRP) for liability, property, and workers' compensation insurance. These are self-sustaining risk pools operated on a statewide basis for the benefit of several hundred Texas cities and other public entities. The City pays annual premiums to the TMLIRP, which retains the risk of loss for property, liability insurance, and workers' compensation.

There have been no significant reductions in coverage in the current fiscal year and there have been no settlements exceeding insurance coverage in the current year or the past three fiscal years.

Use of Estimates

The preparation of the 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.

Implementation of New Standard

In the current fiscal year, the City implemented the following new accounting standards:

Governmental Accounting Standards Board Statement No. 101, *Compensated Absences*. This Statement requires that liabilities for compensated absences be recognized for (1) leave that has not been used and (2) leave that has been used but not yet paid in cash or settled through noncash means. There was no effect on beginning net position or fund balances due to the implementation of this standard.

Governmental Accounting Standards Board Statement No. 102, *Certain Risk Disclosures*. This statement requires governments to disclose information about certain risks that could significantly affect their ability to continue to provide services or meet obligations as they come due. The City evaluated its potential exposures in accordance with the requirements of this statement and determined that no additional disclosures were necessary.

City of Willow Park, Texas
Notes to Financial Statements
September 30, 2025

Note B. Deposits and Investments

Chapter 2256 of the Texas Government Code (the Public Funds Investment Act) authorizes the City to invest its funds under a written investment policy (the Investment Policy) that primarily emphasizes safety of principal, availability of liquidity to meet the City's obligations, and market rate of return. The Investment Policy defines what constitutes the legal list of investments allowed under the policy, which excludes certain investment instruments allowed under Chapter 2256 of the Texas Government Code.

The City's deposits and investments are invested pursuant to the Investment Policy. The Investment Policy includes a list of authorized investment instruments and a maximum allowable stated maturity of any individual investment. In addition, it includes an "Investment Strategy" that specifically addresses each fund's investment options and describes the priorities of safety, liquidity, yield, and public trust.

The City is authorized to invest in the following investment instruments provided that they meet the guidelines of the Investment Policy:

1. Obligations of the United States of America, its agencies and instrumentalities, which have a liquid market with readily determinable market value.
2. Direct obligations of the State of Texas and agencies thereof.
3. Obligations of the States, agencies thereof, Counties, Cities, and other political subdivisions of any state having been rated as investment quality by a nationally recognized investment rating firm and having received a rating of not less than "A" or it's equivalent.
4. Certificates of Deposit of state and national banks domiciled in Texas, guaranteed or insured by the Federal Deposit Insurance or it's successor, or secured by obligations described in 1 through 4 above, or as further described in the Investment Policy.
5. Fully collateralized direct repurchase agreements with a defined termination date secured by obligations of the United States or it's agencies and instrumentalities pledged with a third party, selected by the City, other than an agency for the pledgor.
6. Joint pools of political subdivisions in the State of Texas which invest in instruments and follow practices allowed by current law.

City of Willow Park, Texas
Notes to Financial Statements
September 30, 2025

Note B. Deposits and Investments (Continued)

External Investment Pools

As of September 30, 2025, the City's investments consisted of external investment pools, in compliance with the City's Investment Policy. The following investment is organized in conformity with the Interlocal Cooperation Act, Chapter 791 of the Texas Government Code, and the Public Funds Investment Act, Chapter 2256 of the Texas Government Code:

Texas Short Term Asset Reserve Program (TexSTAR) is a public funds investment pool governed by a board of directors. The Pool maintains an advisory board composed of participants in the Pool and other persons who do not have a business relationship with the Pool. Members are appointed and serve at the will of the Board. TexSTAR is rated AAAM by Standard and Poor's.

The external investment pool uses amortized cost to value portfolio assets and follows the criteria established by GASB Statement No. 79, *Certain External Investment Pools and Pool Participants*. The stated objective of the pool is to maintain a stable average of \$1.00 per unit net asset value. There are no limitations or restrictions on withdrawals.

Custodial Credit Risk

Deposits are exposed to custodial credit risk if they are not covered by depository insurance and the deposits are uncollateralized, collateralized with securities held by the pledging financial institutions, or collateralized with securities held by the pledging financial institution's trust department or agent but not in the City's name. Investment securities are exposed to custodial credit risk if the securities are uninsured, are not registered in the name of the government, and are held by either the counterparty or the counterparty's trust department or agent but not in the City's name. At September 30, 2025, the City's deposits and investments were insured or collateralized with securities held by the City or by an agent in the City's name.

Credit Risk

Credit risk is the risk that an issuer or other counterparty of an investment will not fulfill its obligations. The ratings of securities by nationally recognized rating agencies are designed to give an indication of credit risk. At September 30, 2025, the City's investment in TexSTAR was rated as to credit quality as AAAM.

Concentration of Credit Risk

This risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. The City places no limit on the amount that may be invested in any one issuer. At September 30, 2025, 100% of the City's portfolio was invested in Local Government Investment Pools.

Interest Rate Risk

In accordance with its Investment Policy, the City manages its risk of market price changes by avoiding over-concentration of assets in specific maturity sectors, limitation of average maturity of operating funds investments to one year, and avoidance of over-concentration of assets in specific instruments other than U.S. Treasury Securities and insured or collateralized certificates of deposit.

City of Willow Park, Texas
Notes to Financial Statements
September 30, 2025

Note B. Deposits and Investments (Continued)

At September 30, 2025, the City was not invested in any securities which are highly sensitive to interest rate fluctuation.

The City's investments at September 30, 2025 included the following:

	September 30, 2025	Weighted Average Maturity (in days)
Investments measured at amortized cost:		
TexSTAR	\$ 3,257,477	50

Note C. Restricted Assets

Some of the City's assets have certain constraints that have been placed on how they can be used. By definition, restricted assets are non-current cash or other assets whose use, in whole or in part, is restricted for specific purposes bound by virtue of contractual agreement, legal requirements, or enabling legislation. The following cash and cash equivalents, certificates of deposit, and investments in the governmental and enterprise funds are restricted for the following purposes:

Texas Water Development Board Escrow	\$ 504,346
Texas Water Development Board Interest & Sinking	677,174
Unspent bond proceeds	5,714,829
Debt service	125,026
Water impact fees	1,326,676
Wastewater impact fees	3,886,517
Customer deposits	113,410
First responder donations	130,195
Truancy prevention	38,772
Police donations	544
Parks and recreation	54,951
 Total restricted cash and cash equivalents and certificates of deposit	 \$ 12,572,440

City of Willow Park, Texas
Notes to Financial Statements
September 30, 2025

Note D. Restricted Fund Balance

Details of the City's restricted fund balance in the governmental funds financial statements are as follows:

Police holding fund	\$	5,221
Roads capital projects		390,549
Debt service		122,111
Court security		69,570
Court technology		72,114
Consolidated security and technology		1,255
Police seizure funds		5,604
Tourism		564,282
Police and first responder contributions		109,613
Local truancy prevention		38,772
Other capital projects		70,938
 Total Restricted Fund Balance	 \$	 <u>1,450,029</u>

Note E. Property Tax

Ad valorem taxes are levied each October 1 from valuations assessed as of the prior January 1 and are recognized as revenue when they become available beginning on the date of levy, October 1. Taxes are due on receipt of the tax bill and are delinquent if not paid before February 1 of the year following the year in which imposed. On January 1 of each year, a tax lien attaches to property to secure the payment of all taxes, penalties, and interest ultimately imposed. Available means collected within the current period or expected to be collected soon enough thereafter to be used to pay current liabilities. In the governmental fund financial statements, taxes not expected to be collected within sixty days of the fiscal year end are recorded as unearned revenues and are recognized when they become available. Taxes collected prior to the levy date to which they apply are recorded as deferred inflows of resources and recognized as revenue of the period to which they apply.

Note F. Interfund Balances and Activity

Balances due to and due from other funds as September 30, 2025 consisted of the following:

Receivable Fund	Payable Fund	Amount
General Fund	Road Capital Projects Fund	\$ 284,750
Water Fund	Debt Service Fund	785
Wastewater Fund	Debt Service Fund	1,830

These balances represent timing differences in the payment and reimbursement of expenditures. Balances are expected to be repaid within one year and do not represent long-term obligations. There were no interfund transfers during the year ended September 30, 2025.

City of Willow Park, Texas
Notes to Financial Statements
September 30, 2025

Note G. Capital Assets

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

	Balance 10/1/2024	Transfers/ Additions	Transfers/ Deletions	Balance 9/30/2025
Governmental activities				
Capital assets not being depreciated / amortized				
Land	\$ 1,472,903	\$ 73,234	\$ -	\$ 1,546,137
Construction in progress	-	347,345	-	347,345
Total capital assets not being depreciated / amortized	1,472,903	420,579	-	1,893,482
Other capital assets				
Buildings and improvements	13,938,302	97,301	-	14,035,603
Furniture and equipment	611,437	-	-	611,437
Vehicles	105,229	30,415	26,165	109,479
Infrastructure	20,103,308	799,593	-	20,902,901
Right-of-use assets - vehicles	551,607	171,675	149,200	574,082
Total other capital assets	35,309,883	1,098,984	175,365	36,233,502
Less accumulated depreciation / amortization for:				
Buildings and improvements	1,476,552	435,150	-	1,911,702
Furniture and equipment	346,061	45,308	-	391,369
Vehicles	75,354	9,077	6,105	78,326
Infrastructure	5,225,588	992,493	-	6,218,081
Right-of-use assets - vehicles	317,282	148,868	149,200	316,950
Total accumulated depreciation / amortization	7,440,837	1,630,896	155,305	8,916,428
Other capital assets, net	27,869,046	(531,912)	20,060	27,317,074
Governmental activities capital assets, net	<u>\$ 29,341,949</u>	<u>\$ (111,333)</u>	<u>\$ 20,060</u>	<u>\$ 29,210,556</u>

City of Willow Park, Texas
Notes to Financial Statements
September 30, 2025

Note G. Capital Assets (Continued)

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

	Balance 10/1/2024	Transfers/ Additions	Transfers/ Deletions	Balance 9/30/2025
Business-type activities				
Capital assets not being depreciated / amortized				
Land	\$ 680,138	\$ -	\$ -	\$ 680,138
Construction in progress	8,387,839	9,644,029	-	18,031,868
Total capital assets not being depreciated / amortized	9,067,977	9,644,029	-	18,712,006
Other capital assets				
Buildings and improvements	79,050	-	-	79,050
Furniture and equipment	1,038,751	358,051	-	1,396,802
Vehicles	286,524	-	-	286,524
Water system	22,559,187	-	-	22,559,187
Wastewater system	6,401,661	-	-	6,401,661
Right-of-use assets - vehicles	393,574	-	-	393,574
Total other capital assets	30,758,747	358,051	-	31,116,798
Less accumulated depreciation / amortization for:				
Buildings and improvements	39,385	1,976	-	41,361
Furniture and equipment	676,102	89,237	-	765,339
Vehicles	217,931	9,818	-	227,749
Water system	6,054,579	560,047	-	6,614,626
Wastewater system	1,986,347	200,182	-	2,186,529
Right-of-use assets - vehicles	73,246	86,759	-	160,005
Total accumulated depreciation / amortization	9,047,590	948,019	-	9,995,609
Other capital assets, net	21,711,157	(589,968)	-	21,121,189
Business-type activities capital assets, net	<u>\$ 30,779,134</u>	<u>\$ 9,054,061</u>	<u>\$ -</u>	<u>\$ 39,833,195</u>

City of Willow Park, Texas
Notes to Financial Statements
September 30, 2025

Note G. Capital Assets (Continued)

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

Governmental activities:	
Administration	\$ 705,448
Development services	760
Fire and rescue	35,761
Police	260,158
Public works, parks, and roads	628,769
Total governmental activities	\$ 1,630,896
 Business-type activities:	
Water	\$ 746,130
Wastewater	201,889
Total business-type activities	\$ 948,019

Note H. Long-Term Liabilities

Long-term liabilities at September 30, 2025 consists of the following:

Governmental Activities

General Obligation Bonds

General Obligation Bonds, Series 2016

- For the construction of public safety facilities for police and fire, and to finance various infrastructure improvement projects.
- Original balance of \$6,330,000.
- Payable in annual installments of \$165,000 to \$445,000, maturing February 15, 2046.
- Interest payable February 15 and August 15 at 4.0%.
- Outstanding balance of \$5,665,000 at September 30, 2025.

Certificates of Obligation

Tax and Waterworks and Sewer System (Limited Pledge) Revenue Certificates of Obligation, Series 2015

- To finance the purchase of equipment, machinery, vehicles, materials, and supplies for the public safety and public works departments.
- Original balance of \$866,438.
- Payable in annual installments of \$29,614 to \$86,417, maturing February 15, 2031.
- Interest payable February 15 and August 15 at 2.14%.
- Outstanding balance of \$200,056 at September 30, 2025.

City of Willow Park, Texas
Notes to Financial Statements
September 30, 2025

Note H. Long-Term Liabilities (Continued)

Combination Tax and Revenue Certificates of Obligation, Series 2022

- To finance various infrastructure projects and to finance the improvements to the City's parks facilities.
- Original balance of \$5,045,000.
- Payable in annual installments of \$45,000 to \$535,000, maturing February 15, 2042.
- Interest payable February 15 and August 15 at 3.0% to 4.0%.
- Outstanding balance of \$5,045,000 at September 30, 2025.

Combination Tax and Revenue Certificates of Obligation, Series 2022A

- To finance the improvement of the municipal drainage utility system.
- Original balance of \$3,980,000.
- Payable in annual installments of \$190,000 to \$360,000, maturing February 15, 2037.
- Interest payable February 15 and August 15 at 4.0% to 5.0%.
- Outstanding balance of \$3,390,000 at September 30, 2025.

Combination Tax and Revenue Certificates of Obligation, Series 2023

- To finance the purchase of new city hall facilities.
- Original balance of \$4,310,000.
- Payable in annual installments of \$70,000 to \$275,000, maturing February 15, 2053.
- Interest payable February 15 and August 15 at 4.0% to 6.5%.
- Outstanding balance of \$4,310,000 at September 30, 2025.

Combination Tax and Revenue Certificates of Obligation, Series 2023A

- To finance the purchase of new city hall facilities.
- Original balance of \$4,190,000.
- Payable in annual installments of \$70,000 to \$300,000, maturing February 15, 2053.
- Interest payable February 15 and August 15 at 4.85% to 5.9%.
- Outstanding balance of \$4,190,000 at September 30, 2025.

Tax Notes

Tax Notes, Series 2018

- To finance the acquisition, construction, improvement and maintenance of the City's streets, thoroughfares, bridges, alleyways, and sidewalks.
- Original balance of \$875,000.
- Payable in annual installments of \$105,000 to \$150,000, maturing February 15, 2025.
- Interest payable February 15 and August 15 at 2.81%.
- Fully repaid at September 30, 2025.

Tax Notes, Series 2018A

- To finance the construction and improvements to the City's public safety facilities.
- Original balance of \$640,000.
- Payable in annual installments of \$15,000 to \$150,000, maturing February 15, 2025.
- Interest payable February 15 and August 15 at 2.76%.
- Fully repaid at September 30, 2025.

City of Willow Park, Texas
Notes to Financial Statements
September 30, 2025

Note H. Long-Term Liabilities (Continued)

Tax Notes, Series 2019

- To finance various infrastructure projects, including constructing drainage improvements, and to finance the purchase of playground equipment for the City's parks.
- Original balance of \$2,365,000.
- Payable in annual installments of \$105,000 to \$810,000, maturing February 15, 2026.
- Interest payable February 15 and August 15 at 2.15%.
- Outstanding balance of \$810,000 at September 30, 2025.

Tax Notes, Series 2025

- To finance various infrastructure projects, including constructing draining improvements and improvements to the City's parks.
- Original balance of \$1,560,000.
- Payable in annual installments of \$235,000 to \$285,000, maturing February 15, 2032.
- Interest payable February 15 and August 15 at 3.8%.
- Outstanding balance of \$1,560,000 at September 30, 2025.

Notes from Direct Borrowings

Radios & Equipment

- To fund the purchase of radios and equipment for the fire and police departments.
- Original balance of \$373,072.
- Payable in annual installments of \$47,013 including principal and interest, maturing October 30, 2028.
- Interest payable annually on October 30 at 4.38%
- Outstanding balance of \$135,772 at September 30, 2025.

The annual requirements to amortize long-term debt as of September 30, 2025 are as follows:

Year Ending	General Obligation Bonds		Certificates of Obligation	
	Principal	Interest	Principal	Interest
2026	\$ 355,000	\$ 198,100	\$ 248,525	\$ 785,112
2027	380,000	183,400	394,614	769,361
2028	395,000	167,900	417,306	749,314
2029	410,000	151,800	432,306	728,079
2030	430,000	135,000	457,306	705,543
2031-2035	1,155,000	496,700	4,184,999	3,013,723
2036-2040	1,050,000	308,400	4,385,000	1,985,238
2041-2045	1,220,000	134,250	2,760,000	1,264,445
2046-2050	270,000	4,050	2,220,000	727,854
2051-2055	-	-	1,635,000	131,299
Total	\$ 5,665,000	\$ 1,779,600	\$ 17,135,056	\$ 10,859,968

City of Willow Park, Texas
Notes to Financial Statements
September 30, 2025

Note H. Long-Term Liabilities (Continued)

Year Ending	Tax Notes		Notes from Direct Borrowings	
	Principal	Interest	Principal	Interest
2026	\$ 810,000	\$ 81,655	\$ 39,605	\$ 7,408
2027	235,000	54,815	41,340	5,673
2028	245,000	45,695	43,150	3,863
2029	255,000	36,195	11,677	1,973
2030	265,000	26,315	-	-
2031-2035	560,000	21,470	-	-
Total	<u>\$ 2,370,000</u>	<u>\$ 266,145</u>	<u>\$ 135,772</u>	<u>\$ 18,917</u>

Business-type activities

Certificates of Obligation

Combination Tax and Water and Sewer System Surplus Revenue Certificates of Obligation, Series 2014 (Texas Water Development Board Drinking Water State Revolving Fund (TWDB DWSRF))

- To finance the improvement of the municipal water system.
- Original balance of \$685,000.
- Payable in annual installments of \$30,000 to \$40,000, maturing February 15, 2035.
- Interest payable February 15 and August 15 at 0.43% to 2.59%.
- Outstanding balance of \$375,000 at September 30, 2025.

Tax and Waterworks and Sewer System (Limited Pledge) Revenue Certificates of Obligation, Series 2015

- To finance the purchase of equipment, machinery, vehicles, materials, and supplies for the public safety and public works departments.
- Original balance of \$513,562.
- Payable in annual installments of \$18,084 to \$43,583, maturing February 15, 2031.
- Interest payable February 15 and August 15 at 2.14%.
- Outstanding balance of \$164,944 at September 30, 2025.

Combination Tax and Water and Sewer System Surplus Revenue Certificates of Obligation, Series 2016 (TWDB DWSRF)

- To finance the improvement of the water system properties or facilities.
- Original balance of \$995,000.
- Payable in annual installments of \$45,000 to \$55,000, maturing February 15, 2037.
- Interest payable February 15 and August 15 at 0.04% to 1.62%.
- Outstanding balance of \$620,000 at September 30, 2025.

City of Willow Park, Texas
Notes to Financial Statements
September 30, 2025

Note H. Long-Term Liabilities (Continued)

Tax and Waterworks and Sewer System Surplus Revenue Certificates of Obligation, Series 2017

- To finance the improvement of the sewer properties or facilities, including Force Mains and a Wastewater Treatment Plant.
- Original balance of \$2,725,000.
- Payable in annual installments of \$195,000 to \$265,000, maturing February 15, 2032.
- Interest payable February 15 and August 15 at 2.74%.
- Outstanding balance of \$1,700,000 at September 30, 2025.

Combination Tax and Waterworks and Sewer System Surplus Revenue Certificates of Obligation, Series 2019 (TWDB DWSRF)

- To finance the improvement of the water system properties or facilities.
- Original balance of \$13,770,000.
- Payable in annual installments of \$435,000 to \$510,000, maturing February 15, 2050.
- Interest payable February 15 and August 15 at 0.04% to 0.91%.
- Outstanding balance of \$11,595,000 at September 30, 2025.

Combination Tax and Waterworks and Sewer System Surplus Revenue Certificates of Obligation, Series 2021

- To finance the improvement of the water system properties or facilities.
- Original balance of \$6,270,000.
- Payable in annual installments of \$155,000 to \$335,000, maturing February 15, 2050.
- Interest payable February 15 and August 15 at 3.00%.
- Outstanding balance of \$5,955,000 at September 30, 2025.

Combination Tax and Waterworks and Sewer System Surplus Revenue Certificates of Obligation, Series 2021 (TWDB DWSRF)

- To finance the improvement of the water system properties or facilities.
- Original balance of \$14,130,000.
- Payable in annual installments of \$410,000 to \$590,000, maturing February 15, 2052.
- Interest payable February 15 and August 15 at 0.60% to 2.11%.
- Outstanding balance of \$12,895,000 at September 30, 2025.

Combination Tax and Revenue Certificates of Obligation, Series 2024

- To finance the improvement of the wastewater system properties or facilities.
- Original balance of \$3,960,000.
- Payable in annual installments of \$75,000 to \$235,000, maturing February 15, 2052.
- Interest payable February 15 and August 15 at 3.00% to 5.00%.
- Outstanding balance of \$3,885,000 at September 30, 2025.

Combination Tax and Revenue Certificates of Obligation, Series 2024A

- To finance the improvement of the water and wastewater system.
- Original balance of \$5,090,000.
- Payable in annual installments of \$100,000 to \$315,000, maturing February 15, 2054.
- Interest payable February 15 and August 15 at 4.00% to 5.00%.
- Outstanding balance of \$5,090,000 at September 30, 2025.

City of Willow Park, Texas
Notes to Financial Statements
September 30, 2025

Note H. Long-Term Liabilities (Continued)

Notes from Direct Borrowings

Water Meters

- To fund the purchase of water meters.
- Original balance of \$382,799.
- Payable in annual installments of \$82,373 including principal and interest, maturing March 4, 2026.
- Interest payable annually on March 4 at 2.49%.
- Outstanding balance of \$80,731 at September 30, 2025.

The annual requirements to amortize long-term debt as of September 30, 2025 are as follows:

Year Ending	Certificates of Obligation		Notes from Direct Borrowings	
	Principal	Interest	Principal	Interest
2026	\$ 1,426,475	\$ 873,748	\$ 80,371	\$ 2,001
2027	1,440,385	856,101	-	-
2028	1,557,694	834,763	-	-
2029	1,582,694	810,008	-	-
2030	1,607,694	784,172	-	-
2031-2035	7,565,002	3,503,241	-	-
2036-2040	7,305,000	2,803,976	-	-
2041-2045	8,005,000	1,992,104	-	-
2046-2050	8,995,000	1,016,497	-	-
2051-2055	2,795,000	145,980	-	-
Total	\$ 42,279,944	\$ 13,620,590	\$ 80,371	\$ 2,001

City of Willow Park, Texas
Notes to Financial Statements
September 30, 2025

Note H. Long-Term Liabilities (Continued)

The following is a summary of the changes by type of long-term liabilities for the year ended September 30, 2025:

	Balance 10/1/2024	Additions	Retirements	Balance 9/30/2025	Due Within One Year
<u>Governmental activities</u>					
General obligation bonds	\$ 6,005,000	\$ -	\$ 340,000	\$ 5,665,000	\$ 355,000
Certificates of obligation	17,373,588	-	238,532	17,135,056	248,525
Tax notes	1,580,000	1,560,000	770,000	2,370,000	810,000
Notes from direct borrowings	173,715	-	37,943	135,772	39,605
Unamortized debt premium	1,618,608	-	127,193	1,491,415	124,531
Lease liability	213,178	171,675	114,932	269,921	76,781
Net pension liability	1,291,132	369,834	472,965	1,188,001	-
Compensated absences*	151,546	11,533	-	163,079	76,544
Total OPEB liability	66,374	7,967	10,858	63,483	-
Total governmental activities	28,473,141	2,121,009	2,112,423	28,481,727	1,730,986
<u>Business-type activities</u>					
Certificates of obligation	38,601,412	5,090,000	1,411,468	42,279,944	1,426,475
Notes from direct borrowings	158,790	-	78,419	80,371	80,371
Unamortized debt premium	314,486	53,380	13,445	354,421	13,445
Lease liability	323,201	-	72,817	250,384	75,289
Net pension liability	477,542	136,788	174,933	439,397	-
Compensated absences*	48,721	5,779	-	54,500	19,923
Total OPEB liability	24,549	2,947	4,016	23,480	-
Total business-type activities	39,948,701	5,288,894	1,755,098	43,482,497	1,615,503
Total	\$ 68,421,842	\$ 7,409,903	\$ 3,867,521	\$ 71,964,224	\$ 3,346,489

*The change in compensated absences is presented as a net change.

City of Willow Park, Texas
Notes to Financial Statements
September 30, 2025

Note I. Leases

Lessee

The City leases thirteen vehicles for use by the police, fire marshal, and city services departments. Each vehicle's original lease term is 60 months with monthly payments ranging from \$651 to \$1,344. Interest rates range from 3.69% to 7.97%.

The City leases nine vehicles for use by the water department. Each vehicle's original lease term is 60 months with monthly payments ranging from \$541 to \$1,337. Interest rates range from 3.80% to 8.28%.

There were no variable payments or residual value guarantees or penalties not included in the measurement of the leases. The City did not have any commitments under leases not yet commenced at year-end, components of losses associated with asset impairments, or sublease transactions for fiscal year 2025.

The annual requirements to amortize lease activity as of September 30, 2025 are as follows:

Fiscal Year Ending	Governmental Activities		Business-type Activities	
	Principal	Interest	Principal	Interest
2026	\$ 76,781	\$ 17,322	\$ 75,289	\$ 17,139
2027	75,805	11,792	78,040	11,141
2028	55,221	6,670	76,161	4,958
2029	49,320	2,875	20,894	313
2030	12,794	377	-	-
	<u>\$ 269,921</u>	<u>\$ 39,036</u>	<u>\$ 250,384</u>	<u>\$ 33,551</u>

Lessor

Upon purchasing the city hall building in May 2023, the City assumed two leases, as the lessor, for tenants in the building. Additionally, in fiscal year 2024, the City began leasing the fire station to Parker County Emergency Services District No. 1. The terms of the agreements are as follows:

Original Term	Ending Date	Monthly Rent
42 months	December 31, 2026	\$9,570
36 months	June 30, 2026	\$3,525 - \$3,620
24 months	December 31, 2027	\$7,500

The City has \$367,512 in lease receivables and \$355,909 in deferred inflows related to leases as of September 30, 2025. Lease revenue of \$251,141, included with rental income on the Statement of Activities, and interest income of \$17,561 were recognized for the year ended September 30, 2025.

City of Willow Park, Texas
Notes to Financial Statements
September 30, 2025

Note I. Leases (Continued)

Future payments due to the City under the leases are as follows:

Fiscal Year Ending	Governmental Activities	
	Principal	Interest
2026	\$ 230,909	\$ 15,280
2027	114,322	4,387
2028	22,281	221
	\$ 367,512	\$ 19,888

Note J. Defined Benefit Pension Plan

Plan Description

The City participates as one of 938 plans in the defined benefit cash-balance plan administered by the Texas Municipal Retirement System (TMRS). TMRS is a statewide public retirement plan created by the State of Texas and administered in accordance with the Texas Government Code, Title 8, Subtitle G (TMRS Act) as an agent multiple-employer retirement system for employees of Texas participating cities. The TMRS Act places the general administration and management of TMRS with a six-member, Governor-appointed Board of Trustees; however, TMRS 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 *tms.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% of the total member contributions and interest.

Employee deposit rate	7.0%
Matching ratio (city to employee)	2 to 1
Years required for vesting	5
Retirement eligibility (expressed as age/years of service)	60/5, 0/20
Updated service credit	100% repeating transfers
Retiree cost of living adjustment (COLA)	70% of CPI non-retroactive repeating

City of Willow Park, Texas
Notes to Financial Statements
September 30, 2025

Note J. Defined Benefit Pension Plan (Continued)

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	24
Inactive employees entitled to but not yet receiving benefits	36
Active employees	39
Total	99

Contributions

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

Employees for the City were required to contribute 7% of their annual compensation during the fiscal year. The contribution rates for the City were 16.97% and 15.67% in calendar years 2025 and 2024, respectively. The City’s contributions to TMRS for the year ended September 30, 2025 were \$546,438 and were equal to the required contributions.

Net Pension Liability

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

Actuarial assumptions:

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

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

City of Willow Park, Texas
Notes to Financial Statements
September 30, 2025

Note J. Defined Benefit Pension Plan (Continued)

Salary increases are based on a service-related table. Mortality rates for active members are based on the PUB(10) mortality tables with 110% of the Public Safety table used for males and 100% of the General Employee table used for females. Mortality rates for healthy retirees and beneficiaries are based on the Gender-distinct 2019 Municipal Retirees of Texas mortality tables. Male rates are multiplied by 103% and female rates are multiplied by 105%. The rates for actives, healthy retirees and beneficiaries are projected on a fully generational basis by the most recent Scale MP-2021 to account for future mortality improvements. For disabled annuitants, the same mortality tables for healthy retirees are used with a 4-year set-forward for males and a 3-year set-forward for females. In addition, a 3.5% and 3.0% minimum mortality rate is applied, for males and females respectively, to reflect the impairment for younger members who become disabled. The rates are projected on a fully generational basis by the most recent Scale MP-2021 to account for future mortality improvements subject to the 3% floor.

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

The long-term expected rate of return on pension plan investments was determined by best estimate ranges of expected returns for each major asset class. The long-term expected rate of return is determined by weighting the expected return for each major asset class by the respective target asset allocation percentage.

The target allocation and best estimates of the expected rates of return for each major asset class in fiscal year 2025 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return (Arithmetic)
Global Equities	35.00%	7.10%
Core Fixed Income	6.00%	5.00%
Non-Core Fixed Income	6.00%	6.80%
Hedge Funds	5.00%	6.40%
Private Equity	13.00%	8.50%
Private Debt	13.00%	8.20%
Real Estate	12.00%	6.70%
Infrastructure	6.00%	6.00%
Other Private Markets	4.00%	7.30%
Total	<u>100.00%</u>	

City of Willow Park, Texas
Notes to Financial Statements
September 30, 2025

Note J. Defined Benefit Pension Plan (Continued)

Discount Rate

The discount rate used to measure the Total Pension Liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that 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.

Changes in the Net Pension Liability

Changes in the NPL	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balance at 12/31/2023	\$ 5,965,849	\$ 4,197,175	\$ 1,768,674
Changes for the year:			
Service cost	630,730	-	630,730
Interest	418,533	-	418,533
Changes in benefits/terms	-	-	-
Difference between expected and actual experience	(28,681)	-	(28,681)
Changes in assumptions	-	-	-
Contributions - employer	-	502,212	(502,212)
Contributions - employee	-	224,345	(224,345)
Net investment income	-	438,163	(438,163)
Benefit payments, including refunds of employee contributions	(161,456)	(161,456)	-
Administrative expense	-	(2,797)	2,797
Other changes	-	(65)	65
Net changes	<u>859,126</u>	<u>1,000,402</u>	<u>(141,276)</u>
Balance at 12/31/2024	<u>\$ 6,824,975</u>	<u>\$ 5,197,577</u>	<u>\$ 1,627,398</u>

Sensitivity of the Net Pension Liability to changes in the discount rate:

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

	1% Decrease in Discount Rate (5.75%)	Current Discount Rate (6.75%)	1% Increase in Discount Rate (7.75%)
Net pension liability	\$ 2,932,819	\$ 1,627,398	\$ 605,594

City of Willow Park, Texas
Notes to Financial Statements
September 30, 2025

Note J. Defined Benefit Pension Plan (Continued)

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 *tmrs.com*.

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

For the year ended September 30, 2025, the City recognized pension expense of \$469,016.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 174,537
Changes of assumptions	-	5,518
Net difference between projected and actual earnings	-	69,155
Contributions made subsequent to measurement date	422,132	-
Total	\$ 422,132	\$ 249,210

\$422,132 is reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date which will be recognized as a reduction of the Net Pension Liability for the fiscal year ending September 30, 2026. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Measurement year ending December 31:	
2025	\$ (68,621)
2026	(26,988)
2027	(110,487)
2028	(43,114)
Total	\$ (249,210)

City of Willow Park, Texas
Notes to Financial Statements
September 30, 2025

Note K. Other Postemployment Benefits

Plan Description

The City participates in a defined benefit group-term life insurance plan known as the Supplemental Death Benefits Fund (SDBF) administered by the Texas Municipal Retirement System (TMRS). The City has elected, by ordinance, to participate in this program and provide group-term life insurance coverage for both active and retired employees. As the SDBF covers both active and retiree participants, with no segregation of assets, the SDBF is considered to be a single-employer unfunded other postemployment benefit (OPEB) plan. Since only the retiree participants qualifies as an OPEB, the SDBF is administered through a non-qualifying trust per paragraph 4, item (b), of the Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*.

Benefits Provided

The death benefit for active Members provides a lump-sum payment approximately equal to the employee’s annual salary (calculated based on the employee’s actual earnings, for the 12-month period preceding the month of death). The death benefit for retirees is considered an OPEB and is a fixed amount of \$7,500.

Employees covered by benefit terms.

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

Inactive employees currently receiving benefits	17
Inactive employees entitled to but not yet receiving benefits	13
Active employees	39
Total	69

Contributions

The City contributes to the SDBF at a contractually required rate as determined by an annual actuarial valuation. The rate is based on the mortality and service experience of all employees covered by the SDBF and the demographics specific to the workforce of the City. The funding policy for the SDBF program is to assure that adequate resources are available to meet all death benefit payments for the upcoming year. As such, contributions fund the covered active member and retiree deaths on a pay-as-you-go basis. The retiree portion of the contribution rate for the City was 0.05% and 0.04% in calendar years 2025 and 2024, respectively.

The City’s contributions to the TMRS SDBF for the year ended September 30, 2025 were \$1,561, which equaled the required contributions.

Total OPEB Liability

The City’s Total OPEB Liability (TOL) was measured as of December 31, 2024 and was determined by an actuarial valuation as of that date.

City of Willow Park, Texas
Notes to Financial Statements
September 30, 2025

Note K. Other Postemployment Benefits (Continued)

Actuarial assumptions:

The TOL in the December 31, 2024 actuarial valuation was determined using the following actuarial assumptions:

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

The discount rate was based on the Bond Buyer "20-Bond GO Index" rate closest to, but not later than December 31, 2024. All administrative expenses are paid through the Pension Trust and accounted for under reporting requirements of GASB Statement No. 68. Mortality rates for service retirees are based on 2019 Municipal Retirees of Texas Mortality Tables. Male rates are multiplied by 103% and female rates are multiplied by 105%. The rates are projected on a fully generational basis by the most recent Scale MP-2021 (with immediate convergence). Mortality rates for disabled retirees are based on 2019 Municipal Retirees of Texas Mortality Tables with a 4 year set-forward for males and a 3 year set-forward for females. In addition, a 3.5% and 3% minimum mortality rate will be applied to reflect the impairment for younger members who become disabled for males and females, respectively. The rates are projected on a fully generational basis by the most recent Scale MP-2021 (with immediate convergence) to account for future mortality improvements subject to the floor.

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

Changes in Total OPEB Liability

	<u>Total OPEB Liability</u>
Balance at 12/31/2023	\$ 90,923
Changes for the year:	
Service cost	7,371
Interest	3,543
Difference between expected and actual experience	(7,340)
Changes of assumptions	(6,252)
Benefit payments	(1,282)
Net changes	<u>(3,960)</u>
Balance at 12/31/2024	<u>\$ 86,963</u>

City of Willow Park, Texas
Notes to Financial Statements
September 30, 2025

Note K. Other Postemployment Benefits (Continued)

Sensitivity of the Total OPEB Liability to changes in the discount rate:

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

	1% Decrease in Discount Rate (3.08%)	Current Discount Rate (4.08%)	1% Increase in Discount Rate (5.08%)
Total OPEB liability	\$ 109,227	\$ 86,963	\$ 70,528

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

For the fiscal year ended September 30, 2025, the City recognized OPEB expense of \$7,145.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 8,792
Changes of assumptions	-	22,142
Contributions made subsequent to measurement date	1,244	-
Total	\$ 1,244	\$ 30,934

The City reported \$1,244 as deferred outflows of resources related to OPEB resulting from contributions subsequent to the measurement date that will be recognized as a reduction of the total OPEB liability for the year fiscal ending September 30, 2026. Other amounts reported as deferred outflows and inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Measurement year ending December 31:	
2025	\$ (4,385)
2026	(4,543)
2027	(7,960)
2028	(8,871)
2029	(5,394)
Thereafter	219
Total	\$ (30,934)

City of Willow Park, Texas
Notes to Financial Statements
September 30, 2025

Note L. Interlocal Agreement

In 2019, the City entered into an interlocal agreement with the City of Hudson Oaks to design, construct, and maintain a water transmission line to bring water service from Fort Worth's existing water supply line to the cities, including necessary storage facilities, pumping stations, and other appurtenances. The agreement established that the City would issue the debt for the entire cost of the project: the Combination Tax and Waterworks and Sewer System Surplus Revenue Certificates of Obligations, Series 2019, and the Combination Tax and Waterworks and Sewer System Surplus Revenue Certificates of Obligation, Series 2021, as further detailed in Note H. Per the agreement, the cities agreed to take on a pro-rata share of the capital assets and debt liabilities associated with the project. The City's share of the project is 52% and the City of Hudson Oaks' share is 48%.

The outstanding amounts associated with the City of Hudson Oaks' share are reported in the Proprietary Funds Statement of Net Position. Due from other governments represents the City of Hudson Oaks' 48% share of the outstanding debt balance and due to other governments represents the City of Hudson Oaks' 48% share of the debt proceeds, less the amount that has been spent on project costs, plus interest earned. Balances at September 30, 2025 are:

Due from other governments	\$ 7,600,345
Due to other governments	\$ 226,099

Note M. Commitments

The City has a construction contract for a waterline extension in the amount of \$655,420 outstanding at September 30, 2025, in the Water Fund. The City also has a construction contract for the new wastewater treatment plant in the amount of \$3,297,299 outstanding at September 30, 2025, in the Wastewater Fund.

Note N. Contingencies

The City has been named as a defendant in a pending lawsuit. While the ultimate liability with respect to litigation and other claims asserted against the City cannot be reasonably estimated at this time, this liability, to the extent not provided for by insurance or otherwise, is not likely to have a material effect on the City.

Note O. Subsequent Events

The City evaluated subsequent events through February 27, 2026, the date the financial statements were available to be issued and nothing requiring disclosure was noted.

**REQUIRED SUPPLEMENTARY
INFORMATION**

City of Willow Park, Texas
Statement of Revenues, Expenditures, and Changes in Fund Balance
- Budget and Actual -
General Fund
For the Fiscal Year Ended September 30, 2025

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Revenues				
Taxes				
Property	\$ 1,865,362	\$ 1,865,362	\$ 1,858,788	\$ (6,574)
Sales and use	2,095,325	2,095,325	2,330,206	234,881
Franchise	417,722	417,722	394,216	(23,506)
Licenses and permits	683,600	683,600	372,548	(311,052)
Drainage fees	400,000	400,000	427,242	27,242
Court fines and fees	255,200	255,200	186,349	(68,851)
Grants	-	-	7,344	7,344
Investment earnings	76,500	76,500	185,494	108,994
Intergovernmental	56,151	56,151	66,041	9,890
Rental income	250,000	250,000	251,141	1,141
Other revenues	1,550	1,550	47,031	45,481
Total revenues	<u>6,101,410</u>	<u>6,101,410</u>	<u>6,126,400</u>	<u>24,990</u>
Expenditures				
Current:				
Administration	720,847	720,847	574,675	146,172
Development services	650,839	650,839	614,980	35,859
Fire and rescue	389,264	389,264	319,626	69,638
Legislative	280,487	280,487	270,028	10,459
Municipal court	225,778	225,778	222,094	3,684
Police	2,280,733	2,280,733	2,292,561	(11,828)
City services	358,163	358,163	506,981	(148,818)
Parks	151,168	151,168	179,709	(28,541)
Streets	154,500	154,500	138,058	16,442
Capital outlay	581,232	581,232	370,443	210,789
Debt service				
Principal	-	-	314,932	(314,932)
Interest	-	-	168,014	(168,014)
Total expenditures	<u>5,793,011</u>	<u>5,793,011</u>	<u>5,972,101</u>	<u>(179,090)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>308,399</u>	<u>308,399</u>	<u>154,299</u>	<u>(154,100)</u>
Other financing sources (uses)				
Proceeds from sale of capital assets	-	-	15,000	15,000
Proceeds from issuance of lease liability	-	-	171,675	171,675
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>186,675</u>	<u>186,675</u>
Change in fund balance	<u>\$ 308,399</u>	<u>\$ 308,399</u>	<u>340,974</u>	<u>\$ 32,575</u>
Fund balance, beginning of year			3,642,046	
Fund balance, end of year			<u>\$ 3,983,020</u>	

CITY OF WILLOW PARK
Schedule of Changes in the Net Pension Liability / (Asset) and Related Ratios
Last Ten Years

Texas Municipal Retirement System (TMRS)

Measurement Date - December 31st:*	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Total Pension Liability										
Service cost	\$ 630,730	\$ 590,132	\$ 428,417	\$ 371,939	\$ 331,554	\$ 314,289	\$ 285,527	\$ 258,362	\$ 272,355	\$ 240,748
Interest	418,533	373,442	238,161	207,637	178,464	150,778	127,139	107,654	86,596	68,080
Change in benefit terms including substantively automatic status	-	1,514,285	-	-	-	-	-	-	-	-
Difference between expected and actual experience	(28,681)	(139,457)	(118,575)	(45,798)	(14,917)	7,612	15,830	(32,349)	9,269	(4,518)
Change in assumptions	-	(8,764)	-	-	-	6,156	-	-	-	43,222
Benefit payments, including refunds of employee contributions	(161,456)	(173,816)	(104,151)	(115,472)	(50,737)	(103,874)	(81,467)	(35,695)	(62,812)	(43,186)
Net change in total pension liability	859,126	2,155,822	443,852	418,306	444,364	374,961	347,029	297,972	305,408	304,346
Total pension liability, beginning	5,965,849	3,810,027	3,366,175	2,947,869	2,503,505	2,128,544	1,781,515	1,483,543	1,178,135	873,789
Total pension liability, ending (a)	<u>\$ 6,824,975</u>	<u>\$ 5,965,849</u>	<u>\$ 3,810,027</u>	<u>\$ 3,366,175</u>	<u>\$ 2,947,869</u>	<u>\$ 2,503,505</u>	<u>\$ 2,128,544</u>	<u>\$ 1,781,515</u>	<u>\$ 1,483,543</u>	<u>\$ 1,178,135</u>
Plan Fiduciary Net Position										
Employer contributions	\$ 502,212	\$ 215,757	\$ 224,571	\$ 198,600	\$ 184,986	\$ 166,714	\$ 155,766	\$ 136,098	\$ 134,415	\$ 136,696
Employee contributions	224,345	218,567	224,892	196,052	174,765	161,411	150,395	134,065	141,641	139,169
Net investment income	438,163	410,282	(251,317)	364,911	175,567	279,601	(48,854)	170,238	64,397	1,060
Benefit payments, including refunds of employee contributions	(161,456)	(173,816)	(104,151)	(115,472)	(50,737)	(103,874)	(81,467)	(35,695)	(62,812)	(43,186)
Administrative expenses	(2,797)	(2,598)	(2,170)	(1,684)	(1,134)	(1,578)	(945)	(882)	(726)	(645)
Other	(65)	(19)	2,590	12	(44)	(49)	(49)	(45)	(41)	(32)
Net change in plan fiduciary net position	1,000,402	668,173	94,415	642,419	483,403	502,225	174,846	403,779	276,874	233,062
Plan fiduciary net position, beginning	4,197,175	3,529,002	3,434,587	2,792,168	2,308,765	1,806,540	1,631,694	1,227,915	951,041	717,979
Plan fiduciary net position, ending (b)	<u>\$ 5,197,577</u>	<u>\$ 4,197,175</u>	<u>\$ 3,529,002</u>	<u>\$ 3,434,587</u>	<u>\$ 2,792,168</u>	<u>\$ 2,308,765</u>	<u>\$ 1,806,540</u>	<u>\$ 1,631,694</u>	<u>\$ 1,227,915</u>	<u>\$ 951,041</u>
Net pension liability/(asset), ending (a) - (b)	<u>\$ 1,627,398</u>	<u>\$ 1,768,674</u>	<u>\$ 281,025</u>	<u>\$ (68,412)</u>	<u>\$ 155,701</u>	<u>\$ 194,740</u>	<u>\$ 322,004</u>	<u>\$ 149,821</u>	<u>\$ 255,628</u>	<u>\$ 227,094</u>
Plan's fiduciary net position as a percentage of total pension liability	76.16%	70.35%	92.62%	102.03%	94.72%	92.22%	84.87%	91.59%	82.77%	80.72%
Covered payroll	\$ 3,204,928	\$ 3,122,390	\$ 3,204,314	\$ 2,800,744	\$ 2,496,645	\$ 2,305,864	\$ 2,127,623	\$ 1,915,208	\$ 2,023,438	\$ 1,876,446
Net pension liability/(asset) as a % of covered payroll	50.78%	56.64%	8.77%	-2.44%	6.24%	8.45%	15.13%	7.82%	12.63%	12.10%

* The amounts presented above are as of the measurement date of the collective net pension liability/(asset).

CITY OF WILLOW PARK
Schedule of Employer Pension Contributions and Related Ratios
Last Ten Fiscal Years

Fiscal Year Ended September 30th: *	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
The City's actuarially determined contribution	\$ 546,438	\$ 428,518	\$ 227,424	\$ 214,303	\$ 184,986	\$ 166,714	\$ 155,766	\$ 158,377	\$ 136,067	\$ 134,745
Contributions in relation to the actuarially determined contribution	546,438	428,518	227,424	214,303	219,176	190,527	176,287	141,009	136,067	134,745
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ (34,190)	\$ (23,813)	\$ (20,521)	\$ 17,368	\$ -	\$ -
Covered payroll	\$ 3,280,792	\$ 3,144,088	\$ 3,280,913	\$ 3,055,374	\$ 2,532,785	\$ 2,298,296	\$ 2,019,522	\$ 1,913,221	\$ 1,954,990	\$ 1,988,189
Contributions as a percentage of covered payroll	16.66%	13.63%	6.93%	7.01%	8.65%	8.29%	8.73%	7.37%	6.96%	6.78%

Notes to Schedule of Contributions

Valuation Date:

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

Methods and assumptions used to determine contribution rates:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level percentage of payroll, closed
Remaining Amortization Period	20 Years (longest amortization ladder)
Asset Valuation Method	10 year smoothed market; 12% soft corridor
Inflation	2.50%
Salary Increases	3.60% to 11.85% including inflation
Investment Rate of Return	6.75%
Retirement Age	Experience-based table of rates that 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).

Other information:

There were no benefit changes during the year.

* The amounts presented above are as of the City's applicable fiscal year-end.

CITY OF WILLOW PARK
Schedule of Changes in the Total OPEB Liability and Related Ratios
Last Eight Years **

Texas Municipal Retirement System (TMRS)

Measurement Date - December 31st:*	2024	2023	2022	2021	2020	2019	2018	2017
Total OPEB Liability - beginning of year	\$ 90,923	\$ 77,736	\$ 121,084	\$ 109,216	\$ 82,625	\$ 59,719	\$ 57,763	\$ 46,676
Service cost	7,371	6,557	10,574	7,842	5,742	4,381	4,468	3,447
Interest	3,543	3,256	2,316	2,254	2,348	2,293	1,982	1,830
Change in benefit terms	-	-	-	-	-	-	-	-
Difference between expected and actual experience	(7,340)	(756)	(2,380)	(2,040)	544	(606)	1,280	-
Changes of assumptions or other inputs	(6,252)	5,379	(52,897)	4,652	18,207	17,069	(5,561)	5,810
Benefit payments	(1,282)	(1,249)	(961)	(840)	(250)	(231)	(213)	-
Net changes	<u>(3,960)</u>	<u>13,187</u>	<u>(43,348)</u>	<u>11,868</u>	<u>26,591</u>	<u>22,906</u>	<u>1,956</u>	<u>11,087</u>
Total OPEB Liability - end of year	<u>\$ 86,963</u>	<u>\$ 90,923</u>	<u>\$ 77,736</u>	<u>\$ 121,084</u>	<u>\$ 109,216</u>	<u>\$ 82,625</u>	<u>\$ 59,719</u>	<u>\$ 57,763</u>
Covered-employee payroll	\$ 3,204,928	\$ 3,122,390	\$ 3,204,314	\$ 2,800,744	\$ 2,496,645	\$ 2,305,846	\$ 2,127,623	\$ 1,915,208
Total OPEB liability as a percentage of covered-employee payroll	2.71%	2.91%	2.43%	4.32%	4.37%	3.58%	2.81%	3.02%

* The amounts presented above are as of the measurement date of the collective total OPEB liability.

** Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

CITY OF WILLOW PARK
Schedule of OPEB Contributions and Related Ratios
Last Eight Fiscal Years**

Texas Municipal Retirement System (TMRS)

Fiscal Year Ended September 30th: *	2025	2024	2023	2022	2021	2020	2019	2018
The City's actuarially determined contribution	\$ 1,561	\$ 1,258	\$ 1,223	\$ 917	\$ 760	\$ 230	\$ 202	\$ 191
Contributions in relation to the actuarially determined contribution	1,561	1,258	1,223	917	760	230	202	191
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered-employee payroll	\$ 3,280,792	\$ 3,144,088	\$ 3,280,913	\$ 3,055,374	\$ 2,532,785	\$ 2,298,296	\$ 2,019,522	\$ 1,913,221
Contributions as a percentage of covered-employee payroll	0.05%	0.04%	0.04%	0.03%	0.03%	0.01%	0.01%	0.01%

Notes to Schedule of Contributions

Valuation Date:

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

Methods and assumptions used to determine contribution rates:

Asset Valuation Method	For purposes of calculating the Total OPEB Liability, the plan is considered to be unfunded and therefore no assets are accumulated for OPEB.
Inflation	2.50%
Salary Increases	3.60% to 11.85% including inflation
Discount Rate***	4.08%
Retirees' 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 Mortality Tables. Male rates are multiplied by 103% and female rates are multiplied by 105%. The rates are projected on a fully generational basis by the most recent Scale MP-2021 (with immediate convergence).
Mortality rates - disabled retirees	2019 Municipal Retirees of Texas Mortality Tables with a 4 year set-forward for males and a 3 year set-forward for females. In addition, a 3.5% and 3% minimum mortality rate will be applied to reflect the impairment for younger members who become disabled for males and females, respectively. The rates are projected on a fully generational basis by the most recent Scale MP-2021 (with immediate convergence) to account for future mortality improvements subject to the floor.

* The amounts presented above are as of the City's fiscal year-end.

** Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

*** The discount rate was based on the Bond Buyer "20-Bond GO Index" rate closest to, but not later than December 31, 2024.

SUPPLEMENTARY INFORMATION

City of Willow Park, Texas
Combining Balance Sheet
Nonmajor Governmental Funds
September 30, 2025

	Nonmajor Special Revenue Funds								
	Court Security	Court Technology	Consolidated Security and Technology	Seizure Fund	Tourism Fund	Police Contributions	First Responder Donations	Truancy Funds	Total Nonmajor Special Revenue Funds
Assets									
Cash and cash equivalents	\$ 69,570	\$ 72,114	\$ 1,255	\$ 5,604	\$ 564,282	\$ 544	\$ 130,195	\$ 38,772	\$ 882,336
Investments	-	-	-	-	-	-	-	-	-
Total assets	\$ 69,570	\$ 72,114	\$ 1,255	\$ 5,604	\$ 564,282	\$ 544	\$ 130,195	\$ 38,772	\$ 882,336
Liabilities and fund balances									
Liabilities:									
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 21,126	\$ -	\$ 21,126
Total liabilities	-	-	-	-	-	-	21,126	-	21,126
Fund balances:									
Restricted	69,570	72,114	1,255	5,604	564,282	544	109,069	38,772	861,210
Total fund balances	69,570	72,114	1,255	5,604	564,282	544	109,069	38,772	861,210
Total liabilities and fund balances	\$ 69,570	\$ 72,114	\$ 1,255	\$ 5,604	\$ 564,282	\$ 544	\$ 130,195	\$ 38,772	\$ 882,336

City of Willow Park, Texas
Combining Balance Sheet
Nonmajor Governmental Funds
September 30, 2025

	Nonmajor Capital Projects Funds			Total Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
	Building Capital Projects	TexStar Parks & Recreation	TIRZ Reimbursement Fund		
Assets					
Cash and cash equivalents	\$ 13,442	\$ -	\$ 2,545	\$ 15,987	\$ 898,323
Investments	-	54,951	-	54,951	54,951
Total assets	<u>\$ 13,442</u>	<u>\$ 54,951</u>	<u>\$ 2,545</u>	<u>\$ 70,938</u>	<u>\$ 953,274</u>
Liabilities and fund balances					
Liabilities:					
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ 21,126
Total liabilities	-	-	-	-	21,126
Fund balances:					
Restricted	13,442	54,951	2,545	70,938	932,148
Total fund balances	<u>13,442</u>	<u>54,951</u>	<u>2,545</u>	<u>70,938</u>	<u>932,148</u>
Total liabilities and fund balances	<u>\$ 13,442</u>	<u>\$ 54,951</u>	<u>\$ 2,545</u>	<u>\$ 70,938</u>	<u>\$ 953,274</u>

City of Willow Park, Texas
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
For the Fiscal Year Ended September 30, 2025

Nonmajor Special Revenue Funds									
	Court Security	Court Technology	Consolidated Security and Technology	Seizure Fund	Tourism Fund	Police Contributions	First Responder Donations	Truancy Funds	Total Nonmajor Special Revenue Funds
Revenues									
Hotel occupancy tax	\$ -	\$ -	\$ -	\$ -	\$ 166,787	\$ -	\$ -	\$ -	\$ 166,787
TIRZ	-	-	-	-	-	-	-	-	-
Court fines and fees	5,549	4,546	1,255	-	-	-	-	6,308	17,658
Investment earnings	-	-	-	242	20,291	-	4,801	-	25,334
Contributions	-	-	-	-	-	-	-	-	-
Other	-	-	-	1,602	-	-	-	-	1,602
Total revenues	5,549	4,546	1,255	1,844	187,078	-	4,801	6,308	211,381
Expenditures									
Current:									
Tourism	-	-	-	-	97,244	-	-	-	97,244
Development services	-	-	-	-	-	-	-	-	-
Fire and rescue	-	-	-	-	-	-	21,126	-	21,126
Legislative	-	-	-	-	-	-	-	-	-
Police	-	-	-	1,312	-	-	-	-	1,312
Capital outlay	-	-	-	-	2,181	-	-	-	2,181
Total expenditures	-	-	-	1,312	99,425	-	21,126	-	121,863
Changes in fund balances	5,549	4,546	1,255	532	87,653	-	(16,325)	6,308	89,518
Fund balances, beginning of year	64,021	67,568	-	5,072	476,629	544	125,394	32,464	771,692
Fund balances, end of year	\$ 69,570	\$ 72,114	\$ 1,255	\$ 5,604	\$ 564,282	\$ 544	\$ 109,069	\$ 38,772	\$ 861,210

City of Willow Park, Texas
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
For the Fiscal Year Ended September 30, 2025

	Nonmajor Capital Projects Funds			Total Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
	Building Capital Projects	TexStar Parks & Recreation	TIRZ Reimbursement Fund		
Revenues					
Hotel occupancy tax	\$ -	\$ -	\$ -	\$ -	\$ 166,787
TIRZ	-	-	400,812	400,812	400,812
Court fines and fees	-	-	-	-	17,658
Investment earnings	499	2,368	2,808	5,675	31,009
Contributions	-	-	-	-	-
Other	-	-	-	-	1,602
Total revenues	499	2,368	403,620	406,487	617,868
Expenditures					
Current:					
Tourism	-	-	-	-	97,244
Development services	-	-	408,573	408,573	408,573
Fire and rescue	-	-	-	-	21,126
Legislative	-	-	-	-	-
Police	-	-	-	-	1,312
Capital outlay	-	-	-	-	2,181
Total expenditures	-	-	408,573	408,573	530,436
Changes in fund balances	499	2,368	(4,953)	(2,086)	87,432
Fund balances, beginning of year	12,943	52,583	7,498	73,024	844,716
Fund balances, end of year	<u>\$ 13,442</u>	<u>\$ 54,951</u>	<u>\$ 2,545</u>	<u>\$ 70,938</u>	<u>\$ 932,148</u>

**OVERALL COMPLIANCE AND
INTERNAL CONTROLS SECTION**



SNOW GARRETT WILLIAMS
CERTIFIED PUBLIC ACCOUNTANTS

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

To the Honorable Mayor and City Council
City of Willow Park, Texas

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Willow Park, Texas (the City), as of and for the year ended September 30, 2025, which collectively comprise the City's basic financial statements, and have issued our report thereon dated February 27, 2026.

Report on Internal Control over Financial Reporting

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

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

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

Report on Compliance and Other Matters

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

Purpose of This Report

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

Snow Garrett Williams

Snow Garrett Williams
February 27, 2026