



**CITY OF
WOODWAY, TX**

**2025
ANNUAL
FINANCIAL
REPORT**

FOR FISCAL YEAR ENDED
SEPTEMBER 30, 2025



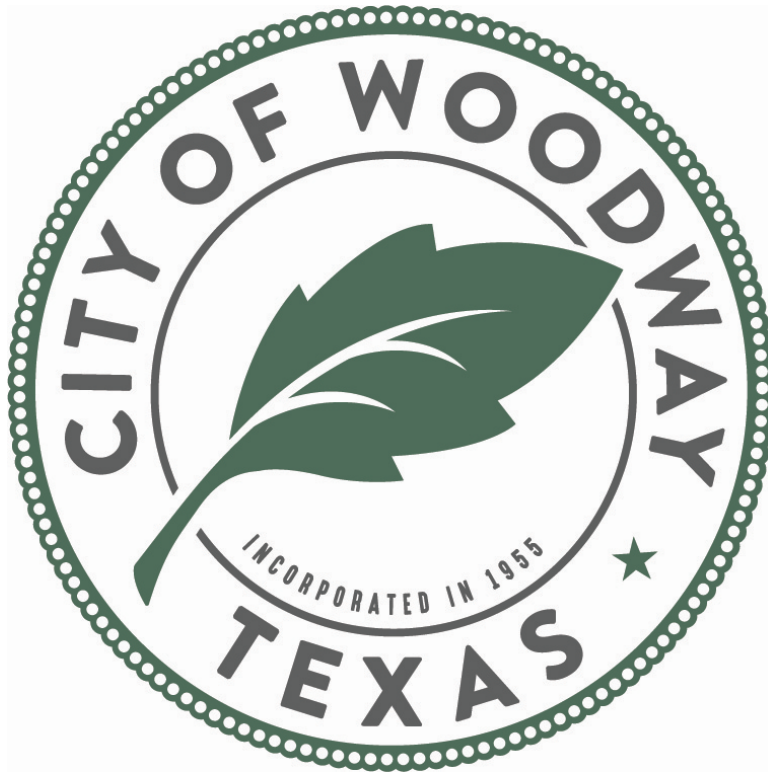
ANNUAL FINANCIAL REPORT

of the

City of Woodway, Texas

**For the Year Ended
September 30, 2025**

Prepared by:
Finance Department



City of Woodway, Texas

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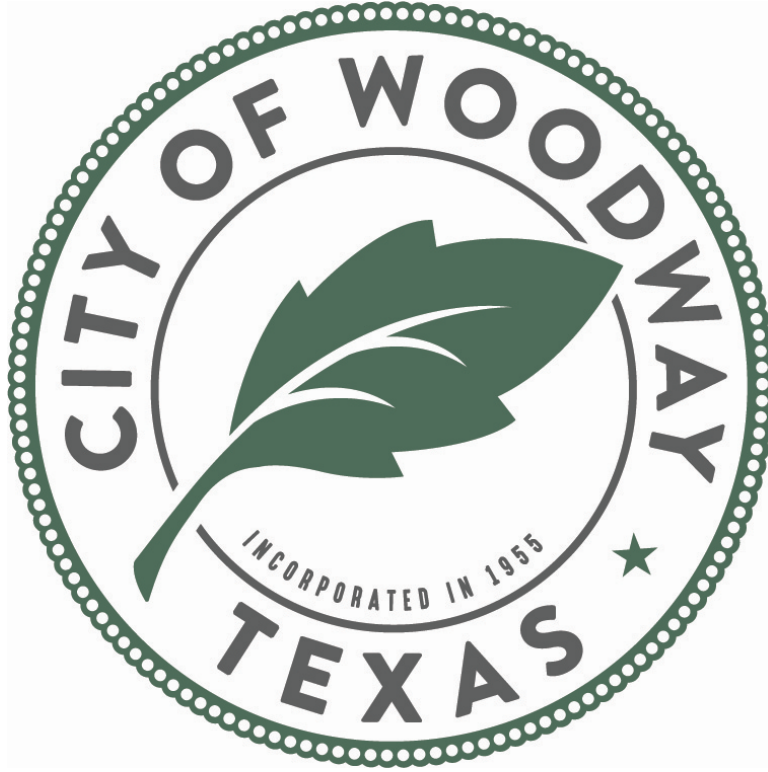
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INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor and
Members of the City Council
City of Woodway, Texas:

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the City of Woodway, 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 accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Woodway, 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. 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 City of Woodway, Texas 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

The City's 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 one year after the date that the financial statements are issued.

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS, we:

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

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

Emphasis of Matter

As discussed in Note V.E. to the financial statements, due to corrections to net position balances, assets and liabilities in the prior year, and implementation of GASB 101, *Compensated Absences*. The City restated its beginning net position balance within governmental activities, business-type activities, and the water and sewer fund. Our opinion is not modified with respect to these matters.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, schedule of changes in net pension liability and related ratios, schedule of employer contributions to pension plan, and schedule of changes in the other postemployment benefits liability and related ratios, and budgetary comparison information be presented to supplement the basic financial statements. Such information, 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.

Other 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 individual nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements.

This accompanying supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the accompanying supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

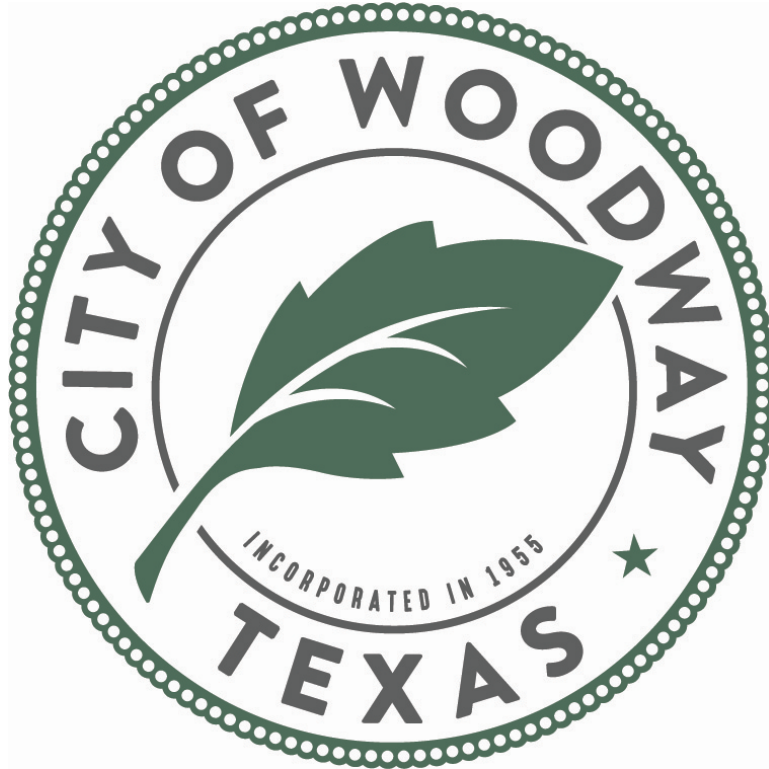
We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Brooks Watson & Co.

Brooks Watson & Co.
Certified Public Accountants
Houston, Texas
February 23, 2026



*MANAGEMENT'S DISCUSSION
AND ANALYSIS*



City of Woodway, Texas

MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)

September 30, 2025

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

Financial Highlights

- The City's total combined net position was \$61,952,034 at September 30, 2025. Of this, \$6,862,684 (unrestricted net position) may be used to meet the City's ongoing obligations to its citizens and creditors.
- At the close of the current fiscal year, the City's governmental funds reported combined fund balances of \$14,929,625, a decrease of \$610,986.
- As of the end of the year, the unassigned fund balance of the general fund was \$3,859,894, or 31% of total general fund expenditures.
- The City had an overall increase in net position of \$1,611,539, which is primarily due to new capital investments and the reduction of long-term debt and pension liability in the current year

Overview of the Financial Statements

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

Government-Wide Statements

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

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

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

City of Woodway, Texas

MANAGEMENT'S DISCUSSION AND ANALYSIS, *Continued*

September 30, 2025

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

Fund Financial Statements. A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All 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 essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as *on balances of spendable resources* available at the end of the year. 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 this comparison between *governmental funds* and *governmental activities*.

The City of Woodway, Texas maintains twenty 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, future capital street improvements, Family Center improvements, and general capital projects funds, which are considered to be major funds. Fund data for the remaining nonmajor governmental funds is provided in the form of combining statements in the combining and individual fund statements and schedules section of this report.

The City of Woodway, Texas adopts an annual appropriated budget for all its funds. A budgetary comparison schedule has been provided to demonstrate compliance with the general fund budget.

Proprietary Funds. The City maintains one type of proprietary fund. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for its water distribution, wastewater collection/treatment

City of Woodway, Texas
MANAGEMENT'S DISCUSSION AND ANALYSIS, *Continued*
September 30, 2025

water construction operations, and sanitation services. The proprietary fund financial statements provide separate information for the water and sewer fund and sanitation fund. The basic proprietary fund financial statements can be found in the basic financial statements of this report.

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

Other Information. In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information* (RSI) concerning the City's progress in funding its obligation to provide pension and other post-employment benefits to its employees.

The combining statements referred to earlier in connection with nonmajor governmental funds are presented immediately following the required supplementary information on pension.

Government-Wide Financial Analysis

As noted previously, net position over time, may serve as a useful indicator of the City's financial position. For the City of Woodway, Texas, assets and deferred outflows exceeded liabilities and deferred inflows by \$61,952,034 as of September 30, 2025.

The largest portion of the City's net position, \$47,423,733, reflects its investments in capital assets (e.g., land, city hall, police station, streets, and drainage systems, as well as the public works facilities), less any debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the assets themselves cannot be used to liquidate these liabilities.

Total current and other assets of the primary government decreased by \$3,308,605, or 12%, primarily due to less cash on hand resulting from capital improvement expenditures during the year and prior year payables paid in the current year.

Total other liabilities of the primary government decreased by \$1,419,734, or 23%, primarily as a result of prior year capital improvement payables paid in the current year.

Total long-term liabilities of the primary government decreased by \$2,427,645, or 7%, due to a pay down of debt and a decrease in the City's net pension liability over the course of the year.

Total deferred outflows of the primary government decreased and total deferred inflows of the primary government increased by \$788,685 and \$353,015, respectively. These changes are strictly due to actuarial changes in the City's pension inputs over the course of the year.

City of Woodway, Texas
MANAGEMENT'S DISCUSSION AND ANALYSIS, Continued
September 30, 2025

Statement of Net Position:

The following table reflects the condensed Statement of Net Position:

	2025			2024		
	Governmental	Business-Type	Total	Governmental	Business-Type	Total
	Activities	Activities		Activities	Activities	
Current and						
other assets	\$ 16,200,257	\$ 8,404,368	\$ 24,604,625	\$ 17,490,371	\$ 10,422,859	\$ 27,913,230
Capital assets, net	35,544,378	36,454,826	71,999,204	34,199,077	35,760,126	69,959,203
Total Assets	51,744,635	44,859,194	96,603,829	51,689,448	46,182,985	97,872,433
Deferred Outflows	1,414,986	209,841	1,624,827	2,118,489	295,023	2,413,512
Other liabilities	1,872,451	2,774,581	4,647,032	2,530,043	3,536,723	6,066,766
Long-term liabilities	10,390,307	20,611,714	31,002,021	11,341,222	22,088,444	33,429,666
Total Liabilities	12,262,758	23,386,295	35,649,053	13,871,265	25,625,167	39,496,432
Deferred Inflows	559,032	68,537	627,569	250,472	24,082	274,554
Net Position:						
Net investment						
in capital assets	28,798,950	18,624,783	47,423,733	27,179,189	17,086,135	44,265,324
Restricted - expendable	6,549,419	-	6,549,419	5,562,102	798,786	6,360,888
Restricted - nonexpendable	1,116,198	-	1,116,198	1,034,745	-	1,034,745
Unrestricted	3,873,264	2,989,420	6,862,684	5,910,164	2,943,838	8,854,002
Total Net Position	\$ 40,337,831	\$ 21,614,203	\$ 61,952,034	\$ 39,686,200	\$ 20,828,759	\$ 60,514,959

City of Woodway, Texas
MANAGEMENT'S DISCUSSION AND ANALYSIS, Continued
September 30, 2025

Statement of Activities:

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

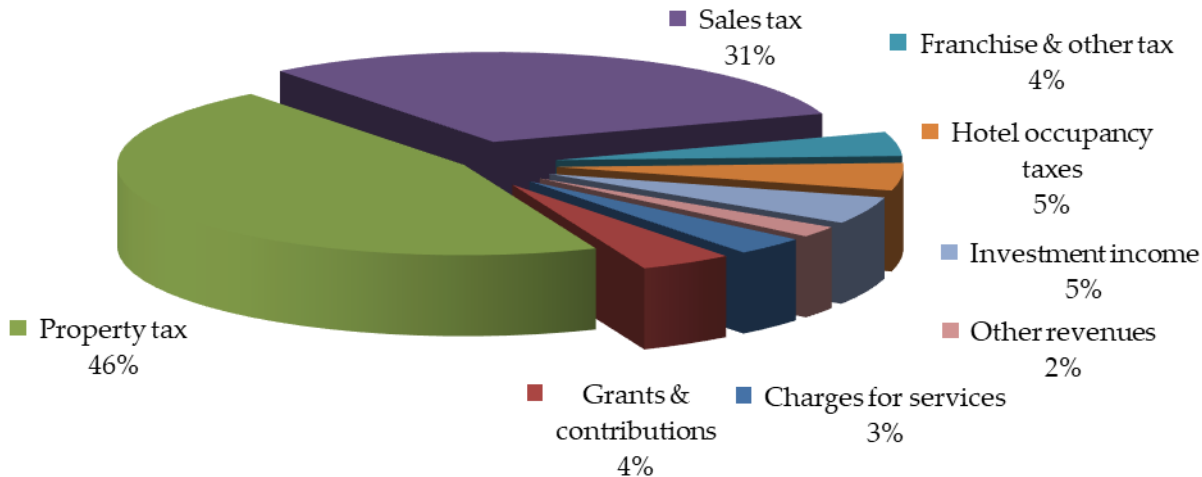
	For the Year Ended September 30, 2025			For the Year Ended September 30, 2024		
	Governmental Activities	Business-Type Activities	Total	Governmental Activities	Business-Type Activities	Total
			Primary Government			Primary Government
Revenues						
Program revenues:						
Charges for services	\$ 505,037	\$ 9,552,595	\$ 10,057,632	\$ 743,036	\$ 8,835,947	\$ 9,578,983
Grants & contributions	655,750	760,432	1,416,182	865,733	2,650,483	3,516,216
General revenues:						
Property tax	6,887,820	-	6,887,820	6,838,810	-	6,838,810
Sales tax	4,599,765	-	4,599,765	4,279,996	-	4,279,996
Franchise & other tax	655,852	-	655,852	752,793	-	752,793
Hotel occupancy taxes	745,677	-	745,677	884,194	-	884,194
Investment income	738,961	387,418	1,126,379	1,065,528	595,209	1,660,737
Other revenues	302,887	119,196	422,083	140,355	253,558	393,913
Total Revenues	15,091,749	10,819,641	25,911,390	15,570,445	12,335,197	27,905,642
Expenses						
General government	2,438,494	-	2,438,494	2,297,853	-	2,297,853
Public safety	7,360,576	-	7,360,576	6,838,606	-	6,838,606
Highways & streets	1,386,589	-	1,386,589	1,188,257	-	1,188,257
Sanitation	-	1,701,938	1,701,938	-	1,578,436	1,578,436
Economic development	279,482	-	279,482	251,357	-	251,357
Culture & recreation	3,182,360	-	3,182,360	2,760,970	-	2,760,970
Interest & fiscal charges	159,278	551,013	710,291	159,635	585,332	744,967
Water & sewer	-	7,240,121	7,240,121	-	8,019,073	8,019,073
Total Expenses	14,806,779	9,493,072	24,299,851	13,496,678	10,182,841	23,679,519
Change in Net Position						
Before Transfers	284,970	1,326,569	1,611,539	2,073,767	2,152,356	4,226,123
Transfers in (out)	531,506	(531,506)	-	(1,576,557)	1,576,557	-
Total	531,506	(531,506)	-	(1,576,557)	1,576,557	-
Change in Net Position	816,476	795,063	1,611,539	497,210	3,728,913	4,226,123
Beginning Net Position	* 39,521,355	* 20,819,140	* 60,340,495	39,188,990	17,099,846	56,288,836
Ending Net Position	\$ 40,337,831	\$ 21,614,203	\$ 61,952,034	\$ 39,686,200	\$ 20,828,759	\$ 60,514,959

*Includes restatement for new accounting standard GASB 101. See Note V.E to the financial statements.

City of Woodway, Texas
MANAGEMENT'S DISCUSSION AND ANALYSIS, Continued
September 30, 2025

Graphic presentations of selected data from the summary tables are displayed below to assist in the analysis of the City's activities.

Governmental Activities - Revenues

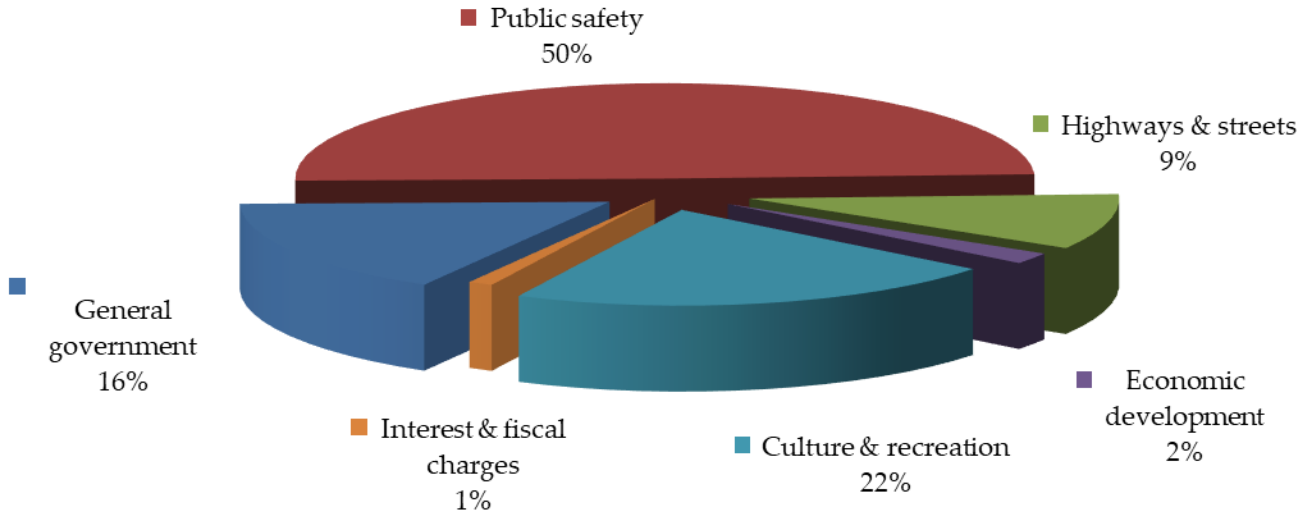


For the year ended September 30, 2025, revenues from governmental activities totaled \$15,091,749, reflecting an overall decrease of \$478,696, or 3%, compared to the prior year. Sales tax and property tax are the City's largest revenue sources. Grants and contributions decreased by \$209,983, or 24%, primarily as a result of fewer developer capital grants received in the current year compared to the previous year. Property taxes increased \$49,010, or 1%, due to an increase in taxable properties resulting from growth, offset by a 4% reduction in property tax rates in the current year. Sales tax increased by \$319,769, or 7%, due to new residential and business development fueling growth in local purchases. Franchise taxes decreased by \$96,941, or 13%, largely due to a decrease in cable taxes resulting from customers moving to streaming services. Hotel occupancy taxes decreased by \$138,517, or 16%, as a result of greater non-taxable long-term rentals and hotel competition in the surrounding Waco area. Charges for services declined by \$237,999, or 32%, primarily due to a reduction in school resource officer (SRO) collections in the current year. Investment income decreased by \$326,567, or 31%, due to a reduction in balances held in interest-bearing accounts throughout the year and the decrease in the interest rate of return. Other revenues increased by \$162,532, or over 100%, primarily due to greater asset forfeiture collections and nonrecurring proceeds received from the sale of capital assets in the current year.

City of Woodway, Texas
MANAGEMENT'S DISCUSSION AND ANALYSIS, Continued
September 30, 2025

This graph shows the governmental function expenses of the City:

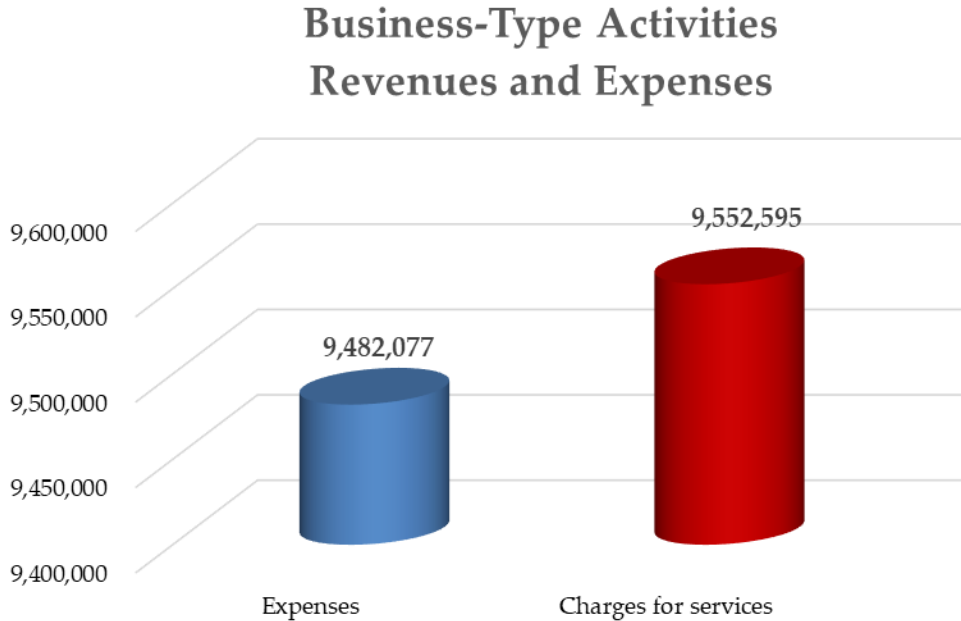
Governmental Activities - Expenses



For the year ended September 30, 2025, expenses for governmental activities totaled \$14,806,779, reflecting an increase of \$1,310,101, or 10%, compared to the prior year. Public safety remains the City's largest functional expense, totaling \$7,360,576. Public safety expenses increased \$521,970, or 8%, primarily due to greater personnel costs resulting from the hiring of two new dispatch employees and three patrol officers, in addition to a vacation payout to a long-time employee that retired in the current year. In addition, expense increased due to greater depreciation and nonrecurring vehicle/equipment maintenance in the current year. Highways and street expenses increased by \$198,332, or 17%, primarily due to greater depreciation and nonrecurring cost associated with non-capital street repair projects in the current year. Culture and recreation expenses increased by \$421,390, or 15%, primarily due to greater personnel costs resulting from the hiring of an additional Program Coordinator in October 2024 and greater depreciation in the current year. All other expenses remained relatively stable compared to the prior year.

City of Woodway, Texas
MANAGEMENT'S DISCUSSION AND ANALYSIS, Continued
September 30, 2025

Business-type activities are shown comparing operating costs to revenues generated by related services.



For the year ended September 30, 2025, charges for services by business-type activities totaled \$9,552,595, reflecting an increase of \$716,648, or 8%. This increase is primarily a result of greater water consumption by local citizens in the current year. Simultaneously, total water & sewer expenses decreased by \$778,952, or 10%, primarily due to operational challenges faced in the prior year caused by multiple wells being shut down and the need to purchase more water from the City of Waco. These nonrecurring costs placed upward pressure on water/sewer operating expenses during fiscal year 2024. In addition, there were greater arbitrage fees recorded in the prior year. Sanitation expenses increased \$123,502, or 8%, primarily due to greater collection costs resulting from rate increases in the current year. Interest and fiscal charges decreased by \$34,319, or 6%, due to long-term debt approaching maturity and no new issuances in the current year.

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

As noted earlier, fund accounting is used to demonstrate and ensure compliance with finance-related legal requirements.

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

At September 30, 2025, the City's governmental funds reported combined fund balances of \$14,929,625, a decrease of \$610,986 in comparison with the prior year. Approximately 23% of this amount,

City of Woodway, Texas
MANAGEMENT'S DISCUSSION AND ANALYSIS, *Continued*
September 30, 2025

\$3,469,320, constitutes unassigned fund balance, which is available for spending at the government's discretion. The remainder of the fund balance is either nonspendable, restricted, committed, or assigned to indicate that it is either 1) not in spendable form, \$1,165,439, 2) restricted for particular purposes, \$6,603,747, 3) committed for specific purposes, \$3,139,744, or 4) assigned for particular purposes, \$551,375.

As of the end of the year the general fund reflected a total fund balance of \$5,564,494. The general fund increased by \$2,502. This is primarily due to revenue and other financing sources exceeding expenditures and other financing uses during the year.

The Future Capital Street Improvements fund reflected a fund balance of \$4,267,879, an increase of \$994,166 compared to the prior year, which is a direct result of having no current year capital outlay expenditures and having property tax revenues and investment income.

Proprietary Funds - The City's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

GENERAL FUND BUDGETARY HIGHLIGHTS

There was a positive budget variance of \$94,013 before other financing sources and uses in the general fund, and a total positive budget variance of \$345,816 after other financing sources and uses. Budgeted revenues were more than actual revenue by \$304,624. Total actual expenditures were \$210,611 over budget. Departmental expenditures exceeding appropriations at the legal level of control were highways and streets and culture and recreation by \$214,914, and \$140,461, respectively.

CAPITAL ASSETS

As of the end of the year, the City's governmental activities funds had invested \$35,544,378 in a variety of capital assets and infrastructure, net of accumulated depreciation. Depreciation is included with the governmental capital assets as required by GASB Statement No. 34. The City's business-type activities funds had invested \$36,454,826 in a variety of capital assets and infrastructure, net of accumulated depreciation.

City of Woodway, Texas

MANAGEMENT'S DISCUSSION AND ANALYSIS, *Continued*

September 30, 2025

During the current year, the City's major capital asset activity was highlighted by significant infrastructure investments and equipment acquisitions. Street infrastructure improvements totaled \$1,975,550 (which included \$451,354 in developer capital contributions), while water and sewer infrastructure additions reached \$1,633,781. The City also allocated \$492,112 toward construction in progress for projects such as the Brookwood Dr. drainage, a TXDOT-funded sidewalk, and the initial installment for a replacement pumper firetruck. Public safety remained a priority with \$343,905 spent on new vehicles, \$171,906 for equipment, and \$275,041 in right-to-use vehicle leases. Significant heavy equipment purchases included a Vactor Excavation truck for \$583,323 and a 2024 John Deere backhoe for \$144,871.

Furthermore, the City invested \$59,567 in building improvements, notably for the Range House, City Shop flooring, and a new concert stage, alongside various operational upgrades including a fuel system replacement (\$17,325), city hall equipment and HVAC (\$16,361), a street mower (\$12,448), and utility equipment (\$5,000). Quality-of-life and park enhancements were also completed, featuring new Arboretum benches and tables (\$17,583), a City Christmas tree (\$15,593), disc golf baskets (\$18,408), and a vinyl sports floor cover for the WFC Gym (\$16,302).

More detailed information about the City's capital assets is presented in note IV. D to the financial statements.

LONG-TERM DEBT

At the end of the current year, the City had total bonds outstanding of \$25,740,000. The outstanding bonds consist of \$740,000 of General Obligation Refunding Bonds and \$25,000,000 of Certificates of Obligations. The City made \$1,495,000 in principal payments on outstanding bonds. More detailed information about the City's long-term liabilities is presented in note IV.G to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

The Mayor and City Council are committed to maintaining and improving the overall wellbeing of the City of Woodway, Texas and improving services provided to their public citizens. The City is budgeting conservatively for the upcoming year and planning to maintain similar services.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

This financial report is designed to provide a general overview of the City of Woodway, Texas's finances for all those with an interest in the City's finances. Questions concerning this report or requests for additional financial information should be directed to the Finance Director, 922 Estates Drive Woodway, Texas 76712.

FINANCIAL STATEMENTS

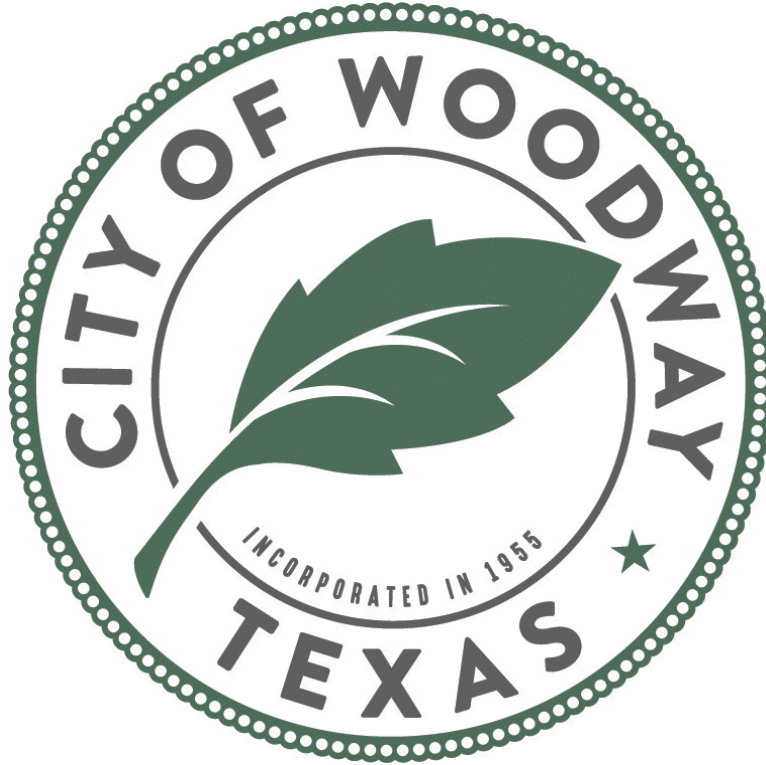
City of Woodway, Texas
STATEMENT OF NET POSITION (Page 1 of 2)
September 30, 2025

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
<u>Assets</u>			
Current assets:			
Cash and cash equivalents	\$ 11,203,942	\$ 6,479,160	\$ 17,683,102
Investments	4,077,599	250,000	4,327,599
Receivables, net	1,151,897	1,338,291	2,490,188
Prepays	49,241	16,776	66,017
Internal balances	(320,141)	320,141	-
Lease receivable, current	17,714	-	17,714
Total Current Assets	16,180,252	8,404,368	24,584,620
Lease receivable , noncurrent	20,005	-	20,005
Capital assets:			
Non-depreciable	1,450,538	8,052,922	9,503,460
Net depreciable capital assets	34,093,840	28,401,904	62,495,744
Total Noncurrent Assets	35,564,383	36,454,826	72,019,209
Total Assets	51,744,635	44,859,194	96,603,829
<u>Deferred Outflows of Resources</u>			
Pension outflows	1,409,768	184,647	1,594,415
OPEB outflows	5,218	683	5,901
Deferred charge on refunding	-	24,511	24,511
Total Deferred Outflows of Resources	1,414,986	209,841	1,624,827

City of Woodway, Texas
STATEMENT OF NET POSITION (Page 2 of 2)
September 30, 2025

	Primary Government		
	Governmental	Business-Type	Total
	Activities	Activities	
<u>Liabilities</u>			
Current liabilities:			
Accounts payable	1,015,402	472,692	1,488,094
Accrued liabilities	-	626,357	626,357
Accrued interest payable	40,056	153,145	193,201
Unearned revenue	68,958	71,259	140,217
Customer deposits	-	111,066	111,066
Compensated absences, current	475,333	30,443	505,776
Long-term debt, current	272,702	1,309,619	1,582,321
Total Current Liabilities	1,872,451	2,774,581	4,647,032
Noncurrent liabilities:			
Long-term debt, noncurrent	6,138,697	20,066,716	26,205,413
Compensated absences, noncurrent	221,334	17,126	238,460
Net pension liability	3,833,613	502,114	4,335,727
OPEB liability	196,663	25,758	222,421
Total Noncurrent Liabilities	10,390,307	20,611,714	31,002,021
Total Liabilities	12,262,758	23,386,295	35,649,053
<u>Deferred Inflows of Resources</u>			
Lease related	35,756	-	35,756
Pension inflows	475,449	62,273	537,722
OPEB inflows	47,827	6,264	54,091
Total Deferred Inflows of Resources	559,032	68,537	627,569
<u>Net Position</u>			
Net investment in capital assets	28,798,950	18,624,783	47,423,733
Restricted for:			
Arboretum	29,107	-	29,107
Public safety	311,851	-	311,851
Debt service	55,642	-	55,642
Capital projects	5,308,224	-	5,308,224
Equipment	844,595	-	844,595
Endowment - nonspendable	1,116,198	-	1,116,198
Unrestricted	3,873,264	2,989,420	6,862,684
Total Net Position	\$ 40,337,831	\$ 21,614,203	\$ 61,952,034

See Notes to Financial Statements.



City of Woodway, Texas

STATEMENT OF ACTIVITIES

For the Year Ended September 30, 2025

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		
					Governmental Activities	Business-Type Activities	Total
Primary Government							
Governmental Activities							
General government	\$ 2,438,494	\$ -	\$ 52,015	\$ 541,737	\$ (1,844,742)	\$ -	\$ (1,844,742)
Public safety	7,360,576	115,163	-	61,998	(7,183,415)	-	(7,183,415)
Highways and streets	1,386,589	-	-	-	(1,386,589)	-	(1,386,589)
Economic development	279,482	140,095	-	-	(139,387)	-	(139,387)
Cultural and recreation	3,182,360	249,779	-	-	(2,932,581)	-	(2,932,581)
Interest and fiscal charges	159,278	-	-	-	(159,278)	-	(159,278)
Total Governmental Activities	14,806,779	505,037	52,015	603,735	(13,645,992)	-	(13,645,992)
Business-Type Activities							
Water & Sewer	7,240,121	7,756,956	-	760,432	-	1,277,267	1,277,267
Sanitation	1,701,938	1,795,639	-	-	-	93,701	93,701
Interest and fiscal charges	551,013	-	-	-	-	(551,013)	(551,013)
Total Business-Type Activities	9,493,072	9,552,595	-	760,432	-	819,955	819,955
Total Primary Government	\$ 24,299,851	\$ 10,057,632	\$ 52,015	\$ 1,364,167	(13,645,992)	819,955	(12,826,037)
General Revenues:							
Taxes							
					6,887,820	-	6,887,820
					4,599,765	-	4,599,765
					655,852	-	655,852
					745,677	-	745,677
					738,961	387,418	1,126,379
					302,887	119,196	422,083
					531,506	(531,506)	-
					14,462,468	(24,892)	14,437,576
Total General Revenues and Transfers							
Change in Net Position							
					816,476	795,063	1,611,539
					39,686,200	20,828,759	60,514,959
					(3,220)	-	(3,220)
					(161,625)	(9,619)	(171,244)
					39,521,355	20,819,140	60,340,495
					\$ 40,337,831	\$ 21,614,203	\$ 61,952,034

See Notes to Financial Statements.

City of Woodway, Texas

BALANCE SHEET

GOVERNMENTAL FUNDS

September 30, 2025

	General Fund	Future Capital Street Improvements	Nonmajor Governmental Funds	Total Governmental Funds
<u>Assets</u>				
Cash and cash equivalents	\$ 2,038,388	\$ 4,267,879	\$ 4,897,675	\$ 11,203,942
Investments	3,000,000	-	1,077,599	4,077,599
Receivables, net	973,166	14,344	164,387	1,151,897
Prepays	49,241	-	-	49,241
Due from other funds	83,154	-	-	83,154
Lease receivables	37,719	-	-	37,719
Total Assets	\$ 6,181,668	\$ 4,282,223	\$ 6,139,661	\$ 16,603,552
<u>Liabilities</u>				
Accounts payable	\$ 452,144	\$ -	\$ 563,258	\$ 1,015,402
Due to other funds	-	-	403,295	403,295
Unearned revenue - rental revenue	19,350	-	49,608	68,958
Total Liabilities	471,494	-	1,016,161	1,487,655
<u>Deferred Inflows of Resources</u>				
Unavailable revenue				
Leases	35,756	-	-	35,756
Property taxes	109,924	14,344	9,695	133,963
Grants	-	-	16,553	16,553
Total Deferred Inflows of Resources	145,680	14,344	26,248	186,272
<u>Fund Balances</u>				
Nonspendable:				
Prepays	49,241	-	-	49,241
Endowment	-	-	1,116,198	1,116,198
Restricted for:				
Arboretum	-	-	29,107	29,107
Public safety	9,389	-	302,462	311,851
Debt service	-	-	55,642	55,642
Capital projects	-	4,267,879	1,094,673	5,362,552
Equipment	844,595	-	-	844,595
Committed for:				
Revenue stabilization reserve	250,000	-	-	250,000
Capital projects	-	-	2,889,744	2,889,744
Assigned for:				
Purchases on order	551,375	-	-	551,375
Unassigned (deficits)	3,859,894	-	(390,574)	3,469,320
Total Fund Balances	5,564,494	4,267,879	5,097,252	14,929,625
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 6,181,668	\$ 4,282,223	\$ 6,139,661	\$ 16,603,552

See Notes to Financial Statements.

City of Woodway, Texas
RECONCILIATION OF THE BALANCE SHEET
TO THE STATEMENT OF NET POSITION
GOVERNMENTAL FUNDS
September 30, 2025

Fund Balances - Total Governmental Funds	\$	14,929,625
 Adjustments for the Statement of Net Position:		
Capital assets used in governmental activities are not current financial resources and, therefore, not reported in the governmental funds.		
Capital assets - non-depreciable		1,450,538
Capital assets - net depreciable		34,093,840
 Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the governmental funds.		
Grants receivable		16,553
Property tax receivable		133,963
 Deferred outflows (inflows) of resources represent a consumption (acquisition) of net position that applies to a future period(s) and is not recognized as an outflow (inflow) of resources (expense/expenditure) (revenues) until then.		
Pension outflows		1,409,768
Pension inflows		(475,449)
OPEB outflows		5,218
OPEB inflows		(47,827)
 Some liabilities, including bonds payable and deferred charges are not reported as liabilities in the governmental funds.		
Accrued interest		(40,056)
Premiums on bonds payable		(426,953)
Compensated absences		(696,667)
Non-current liabilities due in one year		(272,702)
Non-current liabilities due in more than one year		(5,711,744)
Net pension liability		(3,833,613)
OPEB liability		(196,663)
Net Position of Governmental Activities	\$	40,337,831

See Notes to Financial Statements.

City of Woodway, Texas

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE GOVERNMENTAL FUNDS For the Year Ended September 30, 2025

		(Formerly Major)	(Formerly Major)			
	General Fund	Future Capital Street Improvements	Family Center Improvements	General Capital Projects	Nonmajor Governmental Funds	Total Governmental Funds
Revenues						
Property tax	\$ 5,686,847	\$ 865,959	\$ -	\$ -	\$ 333,098	\$ 6,885,904
Sales tax	4,599,765	-	-	-	-	4,599,765
Franchise and local taxes	655,852	-	-	-	-	655,852
Hotel occupancy taxes	-	-	-	-	745,677	745,677
Intergovernmental revenue	17,578	-	-	-	27,867	45,445
License and permits	140,095	-	-	-	-	140,095
Charges for services	84,879	-	-	-	164,900	249,779
Fines and forfeitures	89,953	-	-	-	25,210	115,163
Investment income	244,709	128,207	-	-	366,045	738,961
Contributions and donations	-	-	-	-	52,015	52,015
Lease income	18,900	-	-	-	-	18,900
Other revenues	101,623	-	-	-	76,257	177,880
Total Revenues	11,640,201	994,166	-	-	1,791,069	14,425,436
Expenditures						
Current:						
General government	2,430,016	-	-	-	10,296	2,440,312
Public safety	7,563,168	-	-	-	40,342	7,603,510
Highways and streets	762,366	-	-	-	-	762,366
Economic development	26,690	-	-	-	-	26,690
Cultural and recreation	1,467,952	-	-	-	1,289,552	2,757,504
Debt service:						
Principal	52,662	-	-	-	304,243	356,905
Interest and fiscal charges	12,091	-	-	-	173,500	185,591
Capital outlay	275,041	-	-	-	1,588,370	1,863,411
Total Expenditures	12,589,986	-	-	-	3,406,303	15,996,289
Revenues Over (Under) Expenditures	(949,785)	994,166	-	-	(1,615,234)	(1,570,853)
Other Financing Sources (Uses)						
Transfers in	531,035	-	-	-	790,698	1,321,733
Transfers (out)	(7,109)	-	-	-	(783,118)	(790,227)
Leases issued	275,041	-	-	-	-	275,041
Sales of assets	129,920	-	-	-	-	129,920
Insurance recoveries	23,400	-	-	-	-	23,400
Total Other Financing Sources (Uses)	952,287	-	-	-	7,580	959,867
Net Change in Fund Balances	2,502	994,166	-	-	(1,607,654)	(610,986)
Beginning fund balances, as previously presented	5,561,992	3,273,713	1,080,161	1,663,767	3,960,978	15,540,611
Change within financial reporting entity (major to nonmajor fund)			(1,080,161)	(1,663,767)	2,743,928	-
Beginning fund balances	5,561,992	3,273,713	-	-	6,704,906	15,540,611
Ending Fund Balances	\$ 5,564,494	\$ 4,267,879	\$ -	\$ -	\$ 5,097,252	\$ 14,929,625

See Notes to Financial Statements.

City of Woodway, Texas

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

For the Year Ended September 30, 2025

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

Net changes in fund balances - total governmental funds	\$	(610,986)
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Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.

Capital outlay		3,035,235
Capital contributions		541,737
Depreciation expense		(2,267,155)
Net book value of capital assets sold		(47,213)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.

Grants		16,553
Property taxes		1,916

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 governmental funds.

Compensated absences		(53,035)
Accrued interest		3,250
Pension expense		91,301
OPEB liability		(54)
Amortization of debt premium		23,063

The issuance of long-term debt (e.g., bonds, leases, certificates of obligation) 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. Also, governmental funds report the effect of premiums, discounts, and similar items when they are first issued; whereas, these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.

Lease issuance		(275,041)
Principal payments		356,905

Change in Net Position of Governmental Activities	\$	816,476
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See Notes to Financial Statements.

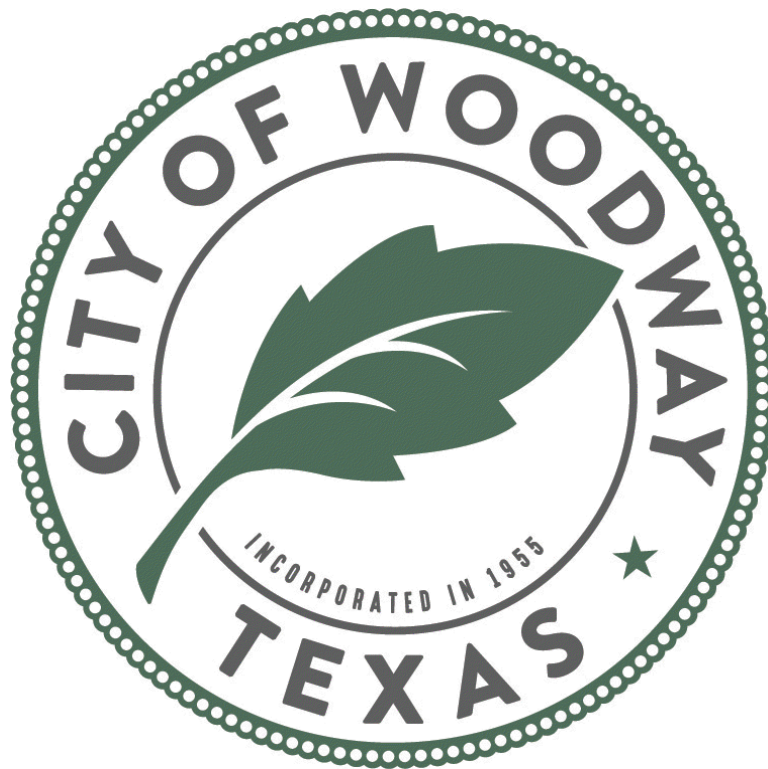
City of Woodway, Texas
STATEMENT OF NET POSITION (Page 1 of 2)
PROPRIETARY FUND
September 30, 2025

	<u>Water & Sewer</u>	<u>Sanitation</u>	<u>Total</u>
<u>Assets</u>			
<u>Current Assets</u>			
Cash and cash equivalents	\$ 6,476,220	\$ 2,940	\$ 6,479,160
Investments	250,000	-	250,000
Accounts receivables, net	1,108,858	229,433	1,338,291
Prepaid	16,776	-	16,776
Due from other funds	702,445	-	702,445
Total Current Assets	8,554,299	232,373	8,786,672
<u>Noncurrent Assets</u>			
Capital assets:			
Non-depreciable	8,052,922	-	8,052,922
Net depreciable capital assets	28,401,904	-	28,401,904
Total Noncurrent Assets	36,454,826	-	36,454,826
Total Assets	45,009,125	232,373	45,241,498
<u>Deferred Outflows of Resources</u>			
Deferred charge on refunding	24,511	-	24,511
OPEB contributions	683	-	683
Pension contributions	129,841	-	129,841
Pension investment experience	54,806	-	54,806
Total Deferred Outflows of Resources	209,841	-	209,841

City of Woodway, Texas
STATEMENT OF NET POSITION (Page 2 of 2)
PROPRIETARY FUND
September 30, 2025

	<u>Water & Sewer</u>	<u>Sanitation</u>	<u>Total</u>
<u>Liabilities</u>			
<u>Current Liabilities</u>			
Accounts payable	\$ 327,319	\$ 145,373	\$ 472,692
Accrued liabilities	626,357	-	626,357
Customer deposits	111,066	-	111,066
Unearned revenue	71,259	-	71,259
Accrued interest	153,145	-	153,145
Long-term debt, current	1,309,619	-	1,309,619
Due to other funds	-	382,304	382,304
Compensated absences, current	30,443	-	30,443
Total Current Liabilities	<u>2,629,208</u>	<u>527,677</u>	<u>3,156,885</u>
<u>Noncurrent Liabilities</u>			
Long-term debt, noncurrent	20,066,716	-	20,066,716
Compensated absences, noncurrent	17,126	-	17,126
Net pension liability	502,114	-	502,114
OPEB liability	25,758	-	25,758
Total Liabilities	<u>23,240,922</u>	<u>527,677</u>	<u>23,768,599</u>
<u>Deferred Inflows of Resources</u>			
Pension experience	14,485	-	14,485
Pension investment earnings	47,788	-	47,788
OPEB investment assumptions	5,057	-	5,057
OPEB investment experience	1,207	-	1,207
Total Deferred Inflows of Resources	<u>68,537</u>	<u>-</u>	<u>68,537</u>
<u>Net Position</u>			
Net investment in capital assets	18,624,783	-	18,624,783
Unrestricted	3,284,724	(295,304)	2,989,420
Total Net Position	<u>\$ 21,909,507</u>	<u>\$ (295,304)</u>	<u>\$ 21,614,203</u>

See Notes to Financial Statements.



City of Woodway, Texas

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

For the Year Ended September 30, 2025

	Water & Sewer	Sanitation	Total
<u>Operating Revenues</u>			
Charges for service	\$ 7,756,956	\$ 1,795,639	\$ 9,552,595
Other revenue	145,889	90	145,979
Total Operating Revenues	7,902,845	1,795,729	9,698,574
<u>Operating Expenses</u>			
Water services	3,793,225	-	3,793,225
Sewer services	1,308,334	-	1,308,334
Sanitation services	-	1,701,938	1,701,938
Customer service	556,085	-	556,085
Maintenance and repairs	131,856	-	131,856
Depreciation	1,450,621	-	1,450,621
Total Operating Expenses	7,240,121	1,701,938	8,942,059
Operating Income (Loss)	662,724	93,791	756,515
<u>Nonoperating Revenues (Expenses)</u>			
(Loss) on disposal of assets	(26,783)	-	(26,783)
Interest expense	(551,013)	-	(551,013)
Investment income	387,418	-	387,418
Total Nonoperating Revenues (Expenses)	(190,378)	-	(190,378)
Income (Loss) Before Transfers	472,346	93,791	566,137
<u>Transfers and capital contributions</u>			
Developer contributions	541,737	-	541,737
Capital grants	218,695	-	218,695
Transfers (out)	(232,640)	(298,866)	(531,506)
Total Transfers and capital contributions	527,792	(298,866)	228,926
Change in Net Position	1,000,138	(205,075)	795,063
Beginning net position (as previously presented)	20,918,988	(90,229)	20,828,759
Change in accounting principal	(9,619)	-	(9,619)
Beginning net position	20,909,369	(90,229)	20,819,140
Ending Net Position	\$ 21,909,507	\$ (295,304)	\$ 21,614,203

See Notes to Financial Statements.

City of Woodway, Texas

STATEMENT OF CASH FLOWS PROPRIETARY FUND (Page 1 of 2) For the Year Ended September 30, 2025

	Water & Sewer	Sanitation	Total
<u>Cash Flows from Operating Activities</u>			
Receipts from customers	\$ 7,733,785	\$ 1,816,018	\$ 9,549,803
Receipts from other funds, net	(702,445)	168,925	(533,520)
Payments to employees	(1,252,854)	-	(1,252,854)
Payments to suppliers and contractors	(5,114,438)	(1,686,169)	(6,800,607)
Net Cash Provided (Used) by Operating Activities	664,048	298,774	962,822
<u>Cash Flows from Noncapital Financing Activities</u>			
Transfers to other funds	(232,640)	(298,866)	(531,506)
Net Cash Provided (Used) by Noncapital Financing Activities	(232,640)	(298,866)	(531,506)
<u>Cash Flows from Capital and Related Financing Activities</u>			
Capital grants	218,695	-	218,695
Purchase of capital assets	(1,680,367)	-	(1,680,367)
Proceeds from sale of capital assets	50,000	-	50,000
Principal on long-term debt	(1,267,481)	-	(1,267,481)
Interest paid on long-term debt	(624,294)	-	(624,294)
Net Cash (Used) by Capital and Related Financing Activities	(3,303,447)	-	(3,303,447)
<u>Cash Flows from Investing Activities</u>			
Interest on investments	387,418	-	387,418
Net Cash Provided by Investing Activities	387,418	-	387,418
Net Increase (Decrease) in Cash and Cash Equivalents	(2,484,621)	(92)	(2,484,713)
Beginning cash and cash equivalents	8,960,841	3,032	8,963,873
Ending Cash and Cash Equivalents	\$ 6,476,220	\$ 2,940	\$ 6,479,160

See Notes to Financial Statements.

City of Woodway, Texas

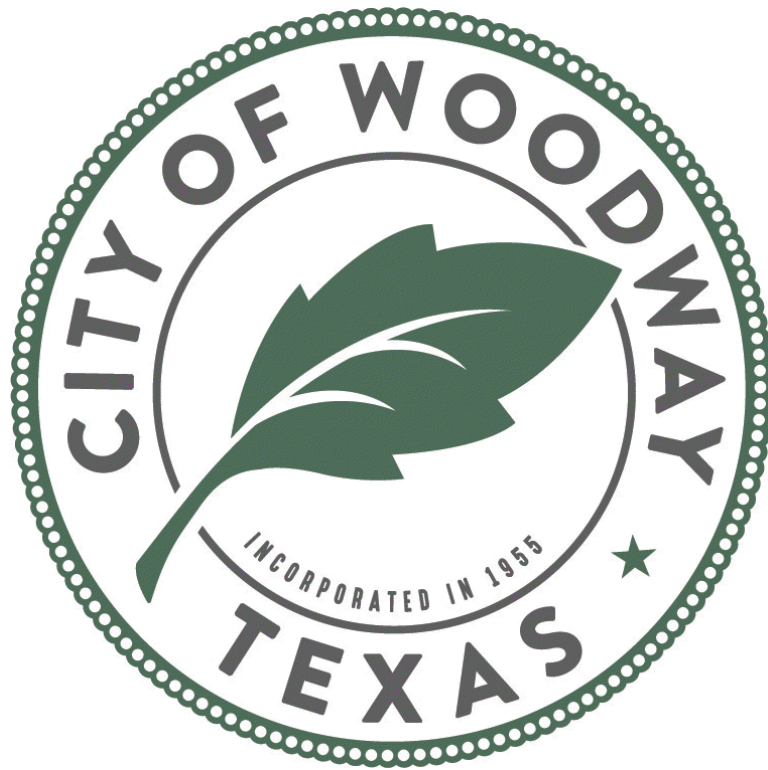
STATEMENT OF CASH FLOWS PROPRIETARY FUND (Page 2 of 2) For the Year Ended September 30, 2025

	Water & Sewer	Sanitation	Total
<u>Reconciliation of Operating Income</u>			
<u>to Net Cash Provided by Operating Activities</u>			
Operating Income	\$ 662,724	\$ 93,791	\$ 756,515
Adjustments to reconcile operating income to net cash provided:			
Depreciation	1,450,621	-	1,450,621
Changes in Operating Assets and Liabilities:			
(Increase) Decrease in:			
Accounts receivable	47,418	20,289	67,707
Due from other funds	(702,445)		(702,445)
Prepaid expenses	(409)	-	(409)
Deferred outflows - pension	73,083	-	73,083
Deferred outflows - OPEB	(157)	-	(157)
Deferred inflows - pension	42,117	-	42,117
Deferred inflows - OPEB	2,338	-	2,338
Increase (Decrease) in:			
Accounts payable and accrued liabilities	(596,524)	15,769	(580,755)
Due to other funds	-	168,925	168,925
Unearned revenue	(218,695)	-	(218,695)
Customer deposits	2,217	-	2,217
Net pension liability	(100,031)	-	(100,031)
OPEB liability	(3)	-	(3)
Compensated absences	1,794	-	1,794
Net Cash Provided (Used) by Operating Activities	\$ 664,048	\$ 298,774	\$ 962,822

Schedule of Non-Cash Capital and Related Financing Activities:

Contributions of capital assets	\$ 541,737	\$ -	\$ 541,737
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See Notes to Financial Statements.



City of Woodway, Texas
NOTES TO FINANCIAL STATEMENTS
September 30, 2025

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The City of Woodway, Texas (the “City”) is a home-rule municipal corporation organized and existing under the provisions of the Constitution of the State of Texas. The City operates under a Council-Manager form of government and provides the following services: public safety (police and fire), highways and streets, sanitation, economic development, culture-recreation, public improvements, planning and zoning, and general administrative services.

As required by generally accepted accounting principles, these basic financial statements have been prepared based on considerations regarding the potential for inclusion of other entities, organizations, or functions as part of the City’s financial reporting entity. No entities have been included in the City’s reporting entity. Additionally, as the City is considered a primary government for financial reporting purposes, its activities are not considered a part of any other governmental or other type of reporting entity.

Considerations regarding the potential for inclusion of other entities, organizations or functions in the City's financial reporting entity are based on criteria prescribed by generally accepted accounting principles. These same criteria are evaluated in considering whether the City is a part of any other governmental or other type of reporting entity. The overriding elements associated with prescribed criteria considered in determining that the City's financial reporting entity status is that of a primary government are that it has a separately elected governing body; it is legally separate; and is fiscally independent of other state and local governments. Additionally, prescribed criteria under generally accepted accounting principles include considerations pertaining to organizations for which the primary government is financially accountable, and considerations pertaining to organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

B. Basis of Presentation - Government-Wide and Fund Financial Statements

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

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments in lieu of taxes where the amounts are reasonably equivalent in value to the interfund services provided and other charges between the government’s water and transit functions and various other functions of

City of Woodway, Texas
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the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

The fund financial statements provide information about the government's funds. Separate statements for each fund category; governmental, proprietary, and fiduciary are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds. Major individual governmental and enterprise funds are reported as separate columns in the fund financial statements.

The government reports the following major governmental funds:

General Fund

The general fund is used to account for all financial transactions not properly includable in other funds. The principal sources of revenues include local property taxes, sales and franchise taxes, licenses and permits, fines and forfeitures, and charges for services. Expenditures include general government, public safety, highways/streets, economic development, and cultural and recreation. The general fund is considered a major fund for reporting purposes.

Future Capital Street Improvements

The future capital street improvements fund is used to account for the reserving of funds for future street improvements. The projects are funded through property taxes.

The City reports the following major enterprise funds:

Water and Sewer Fund

This fund is used to account for the provision of water and sewer services to the residents of the City. Activities of the fund include administration, operations and maintenance of the water production and distribution system, water collection, sewage pumping stations, and treatment systems. The fund also accounts for the accumulation of resources for and the payment of long-term debt. All costs are financed through charges to utility customers.

Sanitation Fund

This fund is used to account for the sanitation services to the residents of the City. Activities of the fund include administration costs and cost of third party contracted sanitation services. All costs are financed through charges to sanitation customers.

City of Woodway, Texas
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Additionally, the government reports the following nonmajor fund types:

Capital Project Funds

The City accounts for resources restricted to, or designated for, capital improvement funds, including the family center improvements.

Special Revenue Funds

The City accounts for resources restricted to, or designated for, specific purposes in a special revenue fund. These funds consist of municipal court related restrictions, tourism, and other governmental special revenue funds.

Debt Service

The City accounts for resources restricted to, or designated for, servicing debt obligations for the City through the interest and sinking funds for ad valorem taxes.

Permanent Fund

The City established a permanent fund for the Carleen Bright Endowment. Investment income from the investment of the permanent fund is to be used for upkeep and improvements to the Arboretum. The City's only permanent fund is the Carleen Bright Endowment Fund.

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

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

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included in business-type activities are eliminated so that only the net amount is included as transfers in the business-type activities column.

C. Measurement Focus and Basis of Accounting

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

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

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

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

The proprietary, pension and other postemployment benefit trust, and private-purpose trust funds are reported using the *economic resources measurement focus* and the *accrual basis of*

City of Woodway, Texas
NOTES TO FINANCIAL STATEMENTS, Continued
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accounting. Agency funds have no measurement focus but utilize the *accrual basis of accounting* for reporting its assets and liabilities.

D. Assets, Deferred Outflows/Inflows, Liabilities, and Fund Equity or Net Position

1. Deposits and Investments

The City's cash and cash equivalents are considered to be cash on hand, demand deposits and short term investments with original maturities of three months or less from the date of acquisition. For the purpose of the statement of cash flows, the proprietary fund types consider temporary investments with maturity of three months or less when purchased to be cash equivalents.

In accordance with GASB Statement No. 31, *Accounting and Reporting for Certain Investments and External Investment Pools*, the City reports all investments at fair value, except for "money market investments" and "2a7-like pools." Money market investments, which are short-term highly liquid debt instruments that may include U.S. Treasury and agency obligations, are reported at amortized costs. Investment positions in external investment pools that are operated in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940, such as TexPool, are reported using the pools' share price.

The City has adopted a written investment policy regarding the investment of its funds as defined in the Public Funds Investment Act, Chapter 2256, of the Texas Governmental Code. In summary, the City is authorized to invest in the following:

- U.S. Treasury and Federal Agency issues, not to exceed 75% of the total investment portfolio, including any investment insured by the Federal Deposit Insurance Corporation (FDIC)
- Fully collateralized certificates of deposit and money market accounts
- Repurchase agreements with a maximum term of 90 days
- Statewide investment pools
- Interest bearing bank savings deposits guaranteed by FDIC

2. Fair Value Measurement

The City has applied Governmental Accounting Standards Board ("GASB") Statement No. 72, Fair Value Measurement and Application. GASB Statement No. 72 provides guidance for determining a fair value measurement for reporting purposes and applying fair value to certain investments and disclosures related to all fair value measurements.

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3. Receivables and Interfund Transactions

Transactions between funds that are representative of lending/borrowing arrangements outstanding at the end of the year are referred to as either “interfund receivables/payables” (i.e., the current portion of interfund loans) or “advances to/from other funds” (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as “due to/from other funds” in the fund financial statements. Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as “internal balances.”

Advances between funds are offset by a fund balance nonspendable account in the applicable governmental fund to indicate they are not available for appropriation and are not expendable available financial resources.

All trade receivables are shown net of any allowance for uncollectible amounts.

4. Property Taxes

Property taxes are levied by October 1 on the assessed value listed as of the prior January 1 for all real and business personal property in conformity with Subtitle E, Texas Property Tax Code. Taxes are due on receipt of the tax bill and are delinquent if not paid before February 1 of the year following the year in which imposed. Penalties are calculated after February 1 up to the date collected. Under state law, property taxes levied on real property constitute a lien on the real property which cannot be forgiven without specific approval of the State Legislature. The lien expires at the end of twenty years. Taxes levied on personal property can be deemed uncollectible by the City.

5. Inventories and Prepaid Items

The costs of governmental fund type inventories are recorded as expenditures when the related liability is incurred, (i.e., the purchase method). The inventories are valued at the lower of cost or market using the first-in/first-out method. Certain payments to vendors reflect costs applicable to future accounting periods (prepaid expenditures) are recognized as expenditures when utilized.

6. Restricted Assets

Restricted cash accounts in the water and sewer fund are used to report (1) unspent bond proceeds, (2) customer deposits, and (3) bond reserve funds.

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7. Capital Assets

Capital assets, which include land, land improvements, buildings and improvements, infrastructure (e.g., roads, bridges, sidewalks, and similar items) are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government, as assets with an initial individual cost of more than \$1,000 and an estimated useful life in excess of two year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. Major outlays for capital assets and improvements are capitalized as projects are constructed.

Interest costs incurred in connection with construction of enterprise fund capital assets are capitalized when the effects of capitalization materially impact the financial statements.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

Property, plant, and equipment of the primary government, as well as the component units, are depreciated using the straight-line method over the following estimated useful years.

Asset Description	Estimated Useful Life
Land improvements	5 - 40 years
Buildings and improvements	5 - 40 years
Infrastructure	40 years
Water and sewer system	5 - 30 years
Equipment	3 - 40 years
Right-to-use lease assets	5 years
Right-to-use SBITA assets	5 years

8. Deferred outflows and inflows of resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net assets that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/ expenditure) until then. The government only has one item that qualifies for reporting in this category. It is the deferred charge on refunding reported in the government-wide statement of net position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

City of Woodway, Texas
NOTES TO FINANCIAL STATEMENTS, Continued
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In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net assets that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. The government has only one type of item, which arises only under a modified accrual basis of accounting, that qualifies for reporting in this category. Accordingly, the item, *unavailable revenue*, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from two sources: property taxes and rental revenue. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

9. Net Position Flow Assumptions

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

10. Fund Balance Flow Assumptions

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

11. Fund Balance Policies

Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The government itself can establish limitations on the use of resources through the following spending constraints:

- Nonspendable fund balance – amounts that are not in spendable form (such as inventory) or are required to be maintained intact.

City of Woodway, Texas
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- Restricted fund balance – amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation.
- Committed fund balance – amounts constrained to specific purposes by the City itself, using its highest level of decision-making authority (i.e. City council). To be reported as committed, amounts cannot be used for any other purpose unless the City takes the same highest level action to remove or change the constraint.
- Assigned fund balance – amounts the City intends to use for a specific purpose. Intent can be expressed by City Council or by an official or body to which the Council delegates the authority.
- Unassigned fund balance – amounts that are available for any purpose. Positive amounts are reported only in the general fund.

The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the government's highest level of decision-making authority. The governing council is the highest level of decision-making authority for the government that can, by adoption of an ordinance prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the ordinance remains in place until a similar action is taken (the adoption of another ordinance) to remove or revise the limitation.

Amounts in the assigned fund balance classification are intended to be used by the government for specific purposes but do not meet the criteria to be classified as committed. The governing body (council) has by resolution authorized the finance director to assign fund balance. The council may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.

12. Compensated Absences

The liability for compensated absences reported in the government-wide and proprietary fund statements consist of earned but unused vacation and sick pay benefits. The liability has been calculated using the vesting method, in which leave amounts for both employees who currently are eligible to receive termination payments and other employees who are expected to become eligible in the future to receive such payments upon termination are included. Vested or accumulated vacation leave and compensated leave of government-wide

City of Woodway, Texas
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and proprietary funds are recognized as an expense and liability of those funds as the benefits accrue to employees.

Under GASB Statement No. 101, the City recognizes a liability for compensated absences for vacation leave that is attributable to services already rendered and for which the City has a present obligation to provide compensation through paid time off or cash settlement. Vacation leave is reported as a liability regardless of whether it is expected to be paid within one year.

Sick leave is considered a non-separation benefit and is recognized as a liability only to the extent it is probable that the leave will be used for qualifying absences and the amount can be reasonably estimated. Because unused sick leave is not paid upon separation from employment, the City does not record a liability for sick leave beyond amounts expected to be taken as paid absences in the future.

It is the City's policy to liquidate compensated absences with future revenues rather than with currently available expendable resources. Accordingly, a liability for compensated absences is reported in the governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

13. Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities statement of net position. The long-term debt consists primarily of bonds payable and the related deferred premiums.

Long-term debt for governmental funds is not reported as liabilities in the fund financial statements until due. The debt proceeds are reported as other financing sources, net of the applicable premium or discount and payments of principal and interest reported as expenditures. In the governmental fund types, issuance costs, even if withheld from the actual net proceeds received, are reported as debt service expenditures. However, claims and judgments paid from governmental funds are reported as a liability in the fund financial statements only for the portion expected to be financed from expendable available financial resources.

Long-term debt and other obligations, financed by proprietary funds, are reported as liabilities in the appropriate funds. For proprietary fund types, bond premiums, and discounts are deferred and amortized over the life of the bonds using the effective interest method, if material. Bonds payable are reported net of the applicable bond premium or discount.

Assets acquired under the terms of leases are recorded as liabilities and capitalized in the government-wide financial statements at the present value of net minimum lease payments

City of Woodway, Texas
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at inception of the lease. In the year of acquisition, lease transactions are recorded as other financing sources and as capital outlay expenditures in the general fund. Lease payments representing both principal and interest are recorded as expenditures in the general fund upon payment with an appropriate reduction of principal recorded in the government-wide financial statements.

14. Leases

Lessee: The City is a lessee for noncancellable leases of equipment. The City recognizes a lease liability and an intangible right-to-use lease asset (lease asset) in the full-accrual financial statements. The City recognizes lease liabilities with an initial, individual value of \$5,000 or more.

At the commencement of a lease, the City initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The leased asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over its useful life.

Key estimates and judgments related to leases include how the City determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments.

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

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

Lease assets are reported with other capital assets and lease liabilities are reported with long-term debt on the statement of net position.

Lessor: The City is a lessor for a noncancellable lease of a radio tower. The City recognizes a lease receivable and a deferred inflow of resources in the government-wide and governmental fund financial statements.

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NOTES TO FINANCIAL STATEMENTS, Continued
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At the commencement of a lease, the City initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term.

Key estimates and judgments include how the City determines (1) the discount rate it uses to discount the expected lease receipts to present value, (2) lease term, and (3) lease receipts.

- The City uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancellable period of the lease. Lease receipts included in the measurement of the lease receivable is composed of fixed payments from the lessee.

The City monitors changes in circumstances that would require a remeasurement of its leases, and will remeasure the lease receivable and deferred inflows of resources if certain changes occur that are expected to significantly affect the amount of the lease receivable.

15. Subscription-Based Information Technology Arrangements (“SBITA”)

The City has adopted the provision of Governmental Accounting Standard Board (GASB) Statement No. 96, entitled Subscription-Based Information Technology Arrangements (“SBITA”). The City has noncancellable contracts with SBITA vendors for the right to use information technology (IT) software, alone or in combination with tangible capital assets (the underlying IT assets). The City recognizes a subscription liability, reported with long-term debt, and a right-to-use subscription asset (an intangible asset), reported with other capital assets, in the government-wide financial statements. The City recognizes subscription liabilities with an initial, individual value of \$5,000 or more.

At the commencement of an SBITA, the City initially measures the subscription liability at the present value of payments expected to be made during the subscription term. Subsequently, the subscription liability is reduced by the principal portion of SBITA payments made. The subscription asset is initially measured as the initial amount of the subscription liability, adjusted for SBITA payments made at or before the SBITA commencement date, plus certain initial implementation costs. Subsequently, the subscription asset is amortized on a straight-line basis over the shorter of the subscription term or the useful life of the underlying IT assets.

City of Woodway, Texas
NOTES TO FINANCIAL STATEMENTS, Continued
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Key estimates and judgments related to SBITAs include how the City determines (1) the discount rate it uses to discount the expected subscription payments to present value, (2) subscription term, and (3) subscription payments.

- The City uses the interest rate charged by the SBITA vendor as the discount rate. When the interest rate charged by the SBITA vendor is not provided, the City generally uses its estimated incremental borrowing rate as the discount rate for SBITAs.
- The subscription term includes the noncancellable period of the SBITA.
- Subscription payments included in the measurement of the subscription liability are composed of fixed payments, variable payments fixed in substance or that depend on an index or a rate, termination penalties if the City is reasonably certain to exercise such options, subscription contract incentives receivable from the SBITA vendor, and any other payments that are reasonably certain of being required based on an assessment of all relevant factors.

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

16. Estimates

The preparation of financial statements, in conformity with generally accepted accounting principles, requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

17. 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 Woodway, Texas
NOTES TO FINANCIAL STATEMENTS, Continued
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18. Other Postemployment Benefits (“OPEB”)

The City has implemented GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions. This statement applies to the individual employers (TMRS cities) in the TMRS Supplemental Death Benefits (SDB) plan, with retiree coverage. The TMRS SDBF covers both active and retiree benefits with no segregation of assets, and therefore doesn’t meet the definition of a trust under GASB No. 75 (i.e., no assets are accumulated for OPEB) as such the SDBF is considered to be an unfunded OPEB plan. For purposes of reporting under GASB 75, the retiree portion of the SDBF is not considered a cost sharing plan and is instead considered a single employer, defined benefit OPEB plan. The death benefit for active employees provides a lump-sum payment approximately equal to the employee’s annual salary, calculated based on the employee’s actual earnings on which TMRS deposits are made, for the 12-month period preceding the month of death. The death benefit amount for retirees is \$7,500. GASB No. 75 requires the liability of employers and nonemployer contributing entities to employees for defined benefit OPEB (net OPEB liability) to be measured as the portion of the present value of projected benefit payments to be provided to current active and inactive employees that is attributed to those employees’ past periods of service (total OPEB liability), less the amount of the OPEB plan’s fiduciary net position.

II. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

A. Explanation of certain differences between the governmental fund balance sheet and the government-wide statement of net position.

The governmental fund balance sheet includes reconciliation between *fund balance-total governmental funds* and *net position-governmental activities* as reported in the government-wide statement of net position. One element of that reconciliation explains that long-term liabilities, including bonds, are not due and payable in the current period and, therefore, are not reported in the funds.

B. Explanation of certain differences between the governmental fund statement of revenues, expenditures, and changes in fund balances and the government-wide statement of activities.

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between net changes in fund balances – total governmental funds and changes in net position of governmental states that, “the issuance of long-term debt (e.g., bonds) 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. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.”

City of Woodway, Texas
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III. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Annual budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP) for all funds. The original budget is adopted by the City Council prior to the beginning of the year. The legal level of control as defined by the City Charter is the department level. No funds can be transferred or added to a budgeted item without Council approval. Appropriations lapse at the end of the year.

A. Deficit Fund Equity

At September 30, 2025, the sanitation fund, tourism fund, and Carleen Bright Pavilion fund had deficit fund balances of \$295,304, \$98,991, and \$293,572, respectively. The deficit balances will be eliminated in the future with transfers from other funds.

IV. DETAILED NOTES ON ALL FUNDS

B. Deposits and Investments

As of September 30, 2025, the primary government had the following investments:

Investment Type	Value	Weighted Average Maturity (Years)
External investment pools	\$ 8,616,082	0.14
Certificates of deposit	3,250,000	0.60
Stocks	689,542 *	0.00
Mutual funds	388,057 *	0.00
Total fair value	\$ 12,943,681	
Portfolio weighted average maturity		0.24

* Carried in permanent endowment fund.

In January 2016, the City received a bequest in the amount of \$465,488 to establish an endowment fund for the Arboretum, with the stipulation that the corpus remain intact and that 10% of the annual income be added to the corpus to guard against inflation. As of September 30, 2025 the endowment fund consisted of stocks totaling \$689,542 and mutual funds totaling \$388,057, which are valued using quoted market prices (Level 1).

Interest rate risk In accordance with its investment policy, the City manages its exposure to declines in fair values by limiting the weighted average of maturity not to exceed one year; structuring the investment portfolio so that securities mature to meet cash requirements for ongoing operations; monitoring credit ratings of portfolio position to assure compliance with rating requirements imposed by the Public Funds Investment Act; and invest operating funds primarily in short-term securities or similar government investment pools. For repurchase agreements, the maximum maturity is 90 days.

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Credit risk The City's investment policy limits investments in government investment pools and money market mutual funds to those that are rated no lower than AAA or an equivalent rating by at least one nationally recognized rating service. At September 30, 2025, TexPool, TexStar, and LOGIC are rated AAAM by Standard & Poor's.

Custodial credit risk – deposits In the case of deposits, this is the risk that in the event of a bank failure, the City's deposits may not be returned to it. State statutes require that all deposits in financial institutions be insured or fully collateralized by U.S. government obligations or its agencies and instrumentalities or direct obligations of Texas or its agencies and instrumentalities that have a market value of not less than the principal amount of the deposits. As of September 30, 2025, the market values of pledged securities and FDIC exceeded bank balances.

Custodial credit risk – investments For an investment, this is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The City's investment policy requires that it will seek to safekeeping securities at financial institutions, avoiding physical possession. Further, all trades, where applicable, are executed by delivery versus payment to ensure that securities are deposited in the City's safekeeping account prior to the release of funds.

TexPool

TexPool was established as a trust company with the Treasurer of the State of Texas as trustee, segregated from all other trustees, investments, and activities of the trust company. The State Comptroller of Public Accounts exercises oversight responsibility over TexPool. Oversight includes the ability to significantly influence operations, designation of management, and accountability for fiscal matters. Additionally, the State Comptroller has established an advisory board composed of both participants in TexPool and other persons who do not have a business relationship with TexPool. The advisory board members review the investment policy and management fee structure. Finally, Standard & Poor's rate TexPool AAAM. As a requirement to maintain the rating, weekly portfolio information must be submitted to Standard & Poor's, as well as to the office of the Comptroller of Public Accounts for review. As of September 30, 2025, the fair value of the portion in TexPool approximates fair value of the shares. There were no limitations or restrictions on withdrawals.

TexStar

TexSTAR has been established for governmental entities pursuant to the Interlocal Cooperation Act, Chapter 791 of the Texas Government Code, and the Public Funds Investment Act, Chapter 2256 of the Texas Government Code and operates in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940. TexSTAR's

City of Woodway, Texas
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2025

governing body is a five-member Board consisting of three representatives of participants and one member designated by each of the co-administrators. The Board holds legal title to all money, investments, and assets and has the authority to employ personnel, contract for services, and engage in other administrative activities necessary or convenient to accomplish the objectives of TexSTAR. Board oversight of TexSTAR is maintained through daily, weekly, and monthly reporting requirements. TexSTAR is rated AAAM by Standard & Poor's. The City's fair value position is stated at the value of the position upon withdrawal. There were no limitations or restrictions on withdrawals.

LOGIC

The Local Government Investment Cooperative ("LOGIC") is a local government investment pool organized under the authority of the Interlocal Cooperation Act, Chapter 791, Texas Government Code, and the Public Funds Investment Act, Chapter 2256, Texas Government Code. LOGIC was created by contract among its participating governmental units and is governed by a board of directors. JPMorgan Fleming Asset Management (USA), Inc. and First Southwest Asset Management, Inc. act as co-administrators, providing investment management services, participant services, and marketing, respectively. JPMorgan Chase Bank and/or its subsidiary, J.P. Morgan Investor Services, Inc., provide custodial, transfer agency, fund accounting, and depository services.

LOGIC operates in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940. LOGIC uses the amortized cost valuation technique, which generally approximates the market value of the assets, and has been deemed to be a proxy for fair value. Accordingly, the fair value of the position in LOGIC are the same as the value of LOGIC shares. LOGIC is rated AAAM by Standard & Poor's. There were no limitations or restrictions on withdrawals.

A. Fair Value Measurement

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

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

City of Woodway, Texas
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2025

The following table sets forth by level, within the fair value hierarchy, the City's fair value measurements at September 30, 2025:

	<u>Fair Value</u>	<u>Level 1 Inputs</u>	<u>Level 2 Inputs</u>	<u>Level 3 Inputs</u>
Mutual funds	\$ 689,542	\$ 689,542	\$ -	\$ -
Stocks	388,057	388,057	-	-
Certificates of deposit	3,250,000	3,250,000	-	-
Total Assets at fair value	\$ 4,327,599	\$ 4,327,599	\$ -	\$ -

C. Receivables

The following comprise receivable balances of the primary government at year end:

	<u>General</u>	<u>Future Capital Street Impr.</u>	<u>General Capital Projects</u>	<u>Nonmajor Govt.</u>	<u>Water & Sewer</u>	<u>Sanitation</u>	<u>Total</u>
Property tax	\$ 109,924	\$ 14,344	\$ -	\$ 9,695	\$ -	\$ -	\$ 133,963
Sales tax	842,082	-	-	-	-	-	842,082
Lease	1,755	-	-	-	-	-	1,755
Grants	-	-	44,420	-	-	-	44,420
Hotel occupancy tax	-	-	-	110,122	-	-	110,122
Other	19,405	-	-	150	10,365	-	29,920
Accounts, net	-	-	-	-	1,320,689	268,540	1,589,229
Allowance	-	-	-	-	(222,196)	(39,107)	(261,303)
Total	\$ 973,166	\$ 14,344	\$ 44,420	\$ 119,967	\$ 1,108,858	\$ 229,433	\$ 2,490,188

In addition, the City has a lease receivable for a radio tower lease that was entered into November 18, 2022. The agreement has a term of five years, maturing November 17, 2027. As of the year ended September 30, 2025 the receivable balance was \$37,719. The lease related deferred inflow is \$35,756. The annual requirements to amortize governmental activities lease receivable outstanding at year ending were as follows:

<u>Governmental Activities</u>		
<u>Year ending September 30,</u>	<u>Tower Lease Receivable</u>	
	<u>Principal</u>	<u>Interest</u>
2026	\$ 17,714	\$ 1,186
2026	18,435	465
2027	1,570	5
Total	\$ 37,719	\$ 1,656

City of Woodway, Texas
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2025

D. Capital Assets

A summary of changes in governmental activities capital assets for the year end was as follows:

	Beginning Balances	Increases	Decreases/ Reclassifications	Ending Balances
Capital assets, not being depreciated:				
Land	\$ 726,442	\$ -	\$ -	\$ 726,442
Intangible assets	199,900	-	-	199,900
Construction in progress	616,444	492,112	(584,360)	524,196
Total capital assets not being depreciated	<u>1,542,786</u>	<u>492,112</u>	<u>(584,360)</u>	<u>1,450,538</u>
Capital assets, being depreciated:				
Buildings and improvements	19,298,976	59,567	-	19,358,543
Infrastructure	22,815,743	1,975,550	451,354	25,242,647
Vehicles and equipment	11,997,079	774,702	(215,590)	12,556,191
Right-of-use assets (vehicles) - lease	-	275,041	-	275,041
Right-of-use assets (software equip.) - SBITA	180,192	-	-	180,192
Total capital assets being depreciated	<u>54,291,990</u>	<u>3,084,860</u>	<u>235,764</u>	<u>57,612,614</u>
Less accumulated depreciation				
Buildings and improvements	(6,991,695)	(621,112)	-	(7,612,807)
Infrastructure	(5,949,735)	(794,417)	-	(6,744,152)
Vehicles and equipment	(8,539,495)	(769,757)	301,383	(9,007,869)
Right-of-use assets (vehicles) - lease	-	(45,830)	-	(45,830)
Right-of-use assets (software equip.) - SBITA	(72,077)	(36,039)	-	(108,116)
Total accumulated depreciation	<u>(21,553,002)</u>	<u>(2,267,155)</u>	<u>301,383</u>	<u>(23,518,774)</u>
Net capital assets being depreciated	<u>32,738,988</u>	<u>817,705</u>	<u>537,147</u>	<u>34,093,840</u>
Total Capital Assets	<u>\$ 34,281,774</u>	<u>\$ 1,309,817</u>	<u>\$ (47,213)</u>	<u>\$ 35,544,378</u>

Depreciation was charged to governmental functions as follows:

General government	\$ 43,166
Public safety	658,490
Highway and streets	796,746
Economic development	259,179
Cultural and recreation	509,574
Total Governmental Activities Depreciation Expense	<u>\$ 2,267,155</u>

City of Woodway, Texas
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2025

A summary of changes in business-type activities capital assets for the year end was as follows:

	<u>Beginning Balances</u>	<u>Increases</u>	<u>Decreases/ Reclassifications</u>	<u>Ending Balances</u>
Capital assets, not being depreciated:				
Land	\$ 184,846	\$ -	\$ -	\$ 184,846
Construction in progress	7,812,722	946,215	(890,861)	7,868,076
Total capital assets not being depreciated	<u>7,997,568</u>	<u>946,215</u>	<u>(890,861)</u>	<u>8,052,922</u>
Capital assets, being depreciated:				
Buildings and improvements	457,931	-	-	457,931
Vehicles and equipment	3,097,474	588,323	(329,070)	3,356,727
Infrastructure	45,048,015	687,566	890,861	46,626,442
Right-of-use assets (vehicles) - lease	272,921	-	-	272,921
Total capital assets being depreciated	<u>48,876,341</u>	<u>1,275,889</u>	<u>561,791</u>	<u>50,714,021</u>
Less accumulated depreciation				
Buildings and improvements	(250,501)	(12,971)	-	(263,472)
Vehicles and equipment	(1,874,834)	(154,639)	252,287	(1,777,186)
Infrastructure	(18,927,770)	(1,228,423)	-	(20,156,193)
Right-of-use assets (vehicles) - lease	(60,678)	(54,588)	-	(115,266)
Total accumulated depreciation	<u>(21,113,783)</u>	<u>(1,450,621)</u>	<u>252,287</u>	<u>(22,312,117)</u>
Net capital assets being depreciated	<u>27,762,558</u>	<u>(174,732)</u>	<u>814,078</u>	<u>28,401,904</u>
Total Capital Assets	<u>\$ 35,760,126</u>	<u>\$ 771,483</u>	<u>\$ (76,783)</u>	<u>\$ 36,454,826</u>

Depreciation was charged to business-type functions as follows:

Water	\$ 1,150,237
Sewer	300,384
Total Business-Type Activities Depreciation Expense	<u>\$ 1,450,621</u>

E. Deferred Charge on Refunding

A deferred charge resulting from the issuance of the 2011 and 2016 general obligation refunding bonds has been recorded as a deferred outflow of resources and is being amortized to interest expense over the term of the refunded debt. Current year balances for business-type activities totaled \$24,511. Current year amortization expense for business-type activities totaled \$12,256.

City of Woodway, Texas
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2025

F. Compensated Absences

The following summarizes the changes in the compensated absences balances of the primary government during the year. In general, the City uses the general and enterprise funds to liquidate governmental and business-type activities compensated absences, respectively.

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Amounts Due within One Year</u>
Governmental Activities:					
Compensated absences	\$ 643,632	\$ 53,035	\$ -	\$ 696,667	\$ 475,333
Total Governmental Activities	<u>\$ 643,632</u>	<u>\$ 53,035</u>	<u>\$ -</u>	<u>\$ 696,667</u>	<u>\$ 475,333</u>
Other long-term liabilities due in more than one year				<u>\$ 221,334</u>	
Business-Type Activities:					
Compensated absences	\$ 55,394	\$ -	\$ (7,825)	\$ 47,569	\$ 30,443
Total Business-Type Activities	<u>\$ 55,394</u>	<u>\$ -</u>	<u>\$ (7,825)</u>	<u>\$ 47,569</u>	<u>\$ 30,443</u>
Other long-term liabilities due in more than one year				<u>\$ 17,126</u>	

City of Woodway, Texas
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2025

G. Long-term Debt

The following is a summary of changes in the primary government's long-term liabilities for the current year ended. In general, the City uses the special revenue fund to liquidate governmental long-term liabilities and the water and sewer fund to liquidate business-type long-term liabilities.

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Amounts Due Within One Year</u>
Governmental Activities:					
Certificates of Obligation	\$ 5,955,000	\$ -	\$ (280,000)	\$ 5,675,000	\$ 185,000
Deferred Amounts:					
Issuance Premium	450,016	-	(23,063)	426,953	-
Leases and Other:					
Lease liabilities	-	275,041	(41,248)	233,793	50,618
Software subscription	111,310	-	(35,657)	75,653	37,084
Total Governmental Activities	<u>\$ 6,516,326</u>	<u>\$ 275,041</u>	<u>\$ (379,968)</u>	<u>\$ 6,411,399</u>	<u>\$ 272,702</u>
Long-term Liabilities Due in More than One Year				<u>\$ 6,138,697</u>	
Business-Type Activities:					
Certificates of Obligation	\$ 20,185,000	\$ -	\$ (860,000)	\$ 19,325,000	\$ 890,000
Refunding Bonds	1,095,000	-	(355,000)	740,000	365,000
Deferred Amounts:					
Issuance Premium	1,229,671	-	(80,587)	1,149,084	-
Leases and Other:					
Lease liabilities	214,732	-	(52,481)	162,251	54,619
Total Business-Type Activities	<u>\$ 22,724,403</u>	<u>\$ -</u>	<u>\$ (1,348,068)</u>	<u>\$ 21,376,335</u>	<u>\$ 1,309,619</u>
Long-term Liabilities Due in More than One Year				<u>\$ 20,066,716</u>	

Long-term liabilities applicable to the City's governmental activities are not due and payable in the current period and accordingly, are not reported as fund liabilities in the governmental funds. Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due.

City of Woodway, Texas
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2025

Long-term debt at year end was comprised of the following debt issues:

	Governmental Activities	Business- Type Activities	Total
Certificates of Obligation:			
\$3,670,000 Certificates of Obligation, Series 2016, due in annual installments through 2031, interest at 2.0%	-	1,610,000	1,610,000
\$9,200,000 Certificates of Obligation, Series 2017, due in annual installments through 2042, interest at 3.0%	-	7,745,000	7,745,000
\$6,335,000 Certificates of Obligation, Series 2021, due in annual installments through 2046, interest at 5.0%	5,675,000	9,970,000	15,645,000
Total Certificates of Obligation	\$ 5,675,000	\$ 19,325,000	\$ 25,000,000
Refunding Bonds:			
\$3,400,000 General obligation refunding bond, Series 2016, due in annual installments through 2027, interest at 3.0%	\$ -	\$ 740,000	\$ 740,000
Total General Obligation Bonds	\$ -	\$ 740,000	\$ 740,000
Premiums:			
Issuance premiums	\$ 426,953	\$ 1,149,084	\$ 1,576,037
Total Premiums	\$ 426,953	\$ 1,149,084	\$ 1,576,037
Leases and Other:			
\$65,696 lease agreement, Ram 2500, February 2023, due in 60 monthly installments through 2028, interest rate of 4%	\$ -	\$ 32,185	\$ 32,185
\$82,233 lease agreement, Ram 3500, February 2023, due in 60 monthly installments through 2028, interest rate of 4%	-	40,287	40,287
\$67,429 lease agreement, Ford F150, April 2024, due in 60 monthly installments through 2029, interest rate of 4%	-	44,841	44,841
\$62,563 lease agreement, Ford F250, April 2024, due in 60 monthly installments through 2029, interest rate of 4%	-	44,938	44,938
\$56,061 lease agreement, Chevy Silverado, December 2024, due in 60 monthly installments through 2030, interest rate of 6.35%	47,653	-	47,653
\$56,061 lease agreement, Chevy Silverado, December 2024, due in 60 monthly installments through 2030, interest rate of 6.35%	47,653	-	47,653
\$55,906 lease agreement, Chevy Silverado, December 2024, due in 60 monthly installments through 2030, interest rate of 6.35%	47,522	-	47,522
\$56,061 lease agreement, Chevy Silverado, December 2024, due in 60 monthly installments through 2030, interest rate of 6.35%	47,654	-	47,654
\$50,952 lease agreement, Chevy Silverado, December 2024, due in 60 monthly installments through 2030, interest rate of 6.35%	43,311	-	43,311
Software subscription	75,653	-	75,653
Total Leases and Other	\$ 309,446	\$ 162,251	\$ 471,697
Total Debt	\$ 6,411,399	\$ 21,376,335	\$ 27,787,734

City of Woodway, Texas
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2025

The annual requirements to amortize governmental activities debt issues outstanding at year ending were as follows:

Governmental Activities		
Year ending September 30,	Certificates of Obligation	
	Principal	Interest
2026	\$ 185,000	\$ 160,225
2027	195,000	150,975
2028	205,000	141,225
2029	215,000	130,975
2030	225,000	120,225
2031-2035	1,285,000	453,475
2036-2040	1,435,000	298,775
2041-2045	1,590,000	145,501
2046	340,000	7,650
Total	\$ 5,675,000	\$ 1,609,026

Year ending September 30,	Lease Liability	
	Principal	Interest
2026	\$ 50,618	\$ 13,389
2027	53,928	10,080
2028	57,453	6,554
2029	61,210	2,798
2030	10,584	84
Total	\$ 233,793	\$ 32,905

Year ending September 30,	Software Subscription	
	Principal	Interest
2026	\$ 37,084	\$ 3,026
2027	38,569	1,543
Total	\$ 75,653	\$ 4,569

City of Woodway, Texas
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2025

The annual requirements to amortize business-type activities debt issues outstanding at year ending were as follows:

Business-Type Activities		
Year ending September 30,	General Obligation Refunding Bonds	
	Principal	Interest
2026	\$ 365,000	\$ 14,800
2027	375,000	7,500
Total	\$ 740,000	\$ 22,300

Business-Type Activities		
Year ending September 30,	Certificates of Obligation	
	Principal	Interest
2026	\$ 890,000	\$ 560,306
2027	925,000	526,557
2028	1,100,000	494,506
2029	1,140,000	457,007
2030	1,180,000	417,906
2031-2035	4,720,000	1,565,433
2036-2040	4,915,000	952,132
2041-2045	3,860,000	311,901
2046	595,000	13,388
Total	\$ 19,325,000	\$ 5,299,136

Business-Type Activities		
Year ending September 30,	Lease Liability	
	Principal	Interest
2026	\$ 54,619	\$ 5,496
2027	56,844	3,271
2028	37,183	1,210
2029	13,605	159
Total	\$ 162,251	\$ 10,136

City of Woodway, Texas
NOTES TO FINANCIAL STATEMENTS, Continued
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H. Interfund Transactions

Transfers between the primary government funds during the year were as follows:

Transfers In:	Transfers Out:				Total
	General	Nonmajor Govt.	Water and Sewer	Sanitation	
General	\$ -	\$ 2,000	\$ 230,169	\$ 298,866	\$ 531,035
Nonmajor govt.	7,109	781,118	2,471	-	790,698
Total	\$ 7,109	\$ 783,118	\$ 232,640	\$ 298,866	\$ 1,321,733

Amounts transferred between funds relate to amounts collected by the governmental and enterprise funds for various operational and capital expenditures and principal and interest payments.

The compositions of interfund balances as of the year ended September 30, 2025 were as follows:

Due To:	Due From:		
	General	Water & sewer	Total
Nonmajor govt.	\$ -	\$ 403,295	\$ 403,295
Sanitation	83,154	299,150	382,304
Total	\$ 83,154	\$ 702,445	\$ 785,599

Interfund receivables and payables relate to various amounts used to cover operational and capital expenditures. All balances are expected to be resolved in the subsequent year.

I. Fund Equity

The City records fund balance restrictions on the fund level to indicate that a portion of the fund balance is legally restricted for a specific future use or to indicate that a portion of the fund balance is not available for expenditures.

The following is a list of fund balances restricted/committed by the City:

	Restricted	Committed
Arboretum	\$ 29,107	\$ -
Public safety	311,851 *	-
Debt service	55,642	-
Capital projects	5,362,552	2,889,744
Revenue stabilization	-	250,000
Equipment	844,595	-
Total	\$ 6,603,747	\$ 3,139,744

*Restricted by enabling legislation

City of Woodway, Texas
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2025

V. OTHER INFORMATION

A. Risk Management

The City is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets, errors and omissions; and natural disasters for which the City participates along with over 2,700 other entities in the Texas Municipal League Intergovernmental Risk Pools. The Pool purchases commercial insurance at group rates for participants in the Pool. The City has no additional risk or responsibility to the Pool outside of the payment of insurance premiums. The City has not significantly reduced insurance coverage or had settlements which exceeded coverage amounts for the past three years.

B. Contingent Liabilities

Amounts received or receivable from granting agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amounts of expenditures which may be disallowed by the grantor cannot be determined at this time although the City expects such amounts, if any, to be immaterial.

Liabilities are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported. Claim liabilities are calculated considering the effects of inflation, recent claim settlement trends, including frequency and amount of payouts, and other economic and social factors.

C. Arbitrage

The Tax Reform Act of 1986 instituted certain arbitrage consisting of complex regulations with respect to issuance of tax-exempt bonds after August 31, 1986. Arbitrage regulations deal with the investment of tax-exempt bond proceeds at an interest yield greater than the interest yield paid to bondholders. Generally, all interest paid to bondholders can be retroactively rendered taxable if applicable rebates are not reported and paid to the Internal Revenue Service at least every five years for applicable bond issues. Accordingly, there is the risk that if such calculations are not performed correctly, a substantial liability to the City could result. The City does anticipate that it will have an arbitrage liability and performs annual calculations to estimate this potential liability. The City will also engage an arbitrage consultant to perform the calculations in accordance with Internal Revenue Service's rules and regulations if indicated.

City of Woodway, Texas
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2025

D. Pension Plans

Texas Municipal Retirement Systems

1. Plan Description

The City participates as one of 938 plans in the nontraditional, joint contributory, hybrid defined benefit pension plan administered by the Texas Municipal Retirement System (TMRS). TMRS is an agency created by the State of Texas and administered in accordance with the TMRS Act, Subtitle G, Title 8, Texas Government Code (the TMRS Act) as an agent multiple-employer retirement system for municipal employees in the State of Texas. The TMRS Act places the general administration and management of the System with a six-member Board of Trustees. Although the Governor, with the advice and consent of the Senate, appoints the Board, TMRS is not fiscally dependent on the State of Texas. TMRS's defined benefit pension plan is a tax-qualified plan under Section 401 (a) of the Internal Revenue Code. TMRS issues a publicly available annual comprehensive financial report (ACFR) that can be obtained at www.tmr.com.

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

2. Benefits Provided

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

At retirement, the benefit is calculated as if the sum of the employee's contributions, with interest, and the city-financed monetary credits with interest were used to purchase an annuity. Members may choose to receive their retirement benefit in one of three payment options. Members may also choose to receive a portion of their benefit as a Partial Lump Sum Distribution in an amount equal to 12, 24, or 36 monthly payments, which cannot exceed 75% of the member's deposits and interest.

City of Woodway, Texas
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2025

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

	<u>Plan Year 2024</u>	<u>Plan Year 2023</u>
Employee deposit rate	7.0%	7.0%
Matching ratio (city to employee)	2 to 1	2 to 1
Years required for vesting	5	5
Service retirement eligibility (expressed as age / years of service)	60/5, 0/20	60/5, 0/20
Updated service credit	100% Repeating Transfers	100% Repeating Transfers
Annuity increase (to retirees)	70% of CPI Retroactive	70% of CPI

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	62
Inactive employees entitled to but not yet receiving benefits	76
Active employees	90
Total	228

3. Contributions

The contribution rates for employees in TMRS are either 5%, 6%, or 7% of employee gross earnings, 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 actuarially determined rate is the estimated amount necessary to finance the cost of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability.

Employees for the City of Woodway were required to contribute 7% of their annual gross earnings during the fiscal year. The contribution rates for the City of Woodway were 17.97% and 19.00% in calendar years 2024 and 2025, respectively. The City's contributions to TMRS for the year ended September 30, 2025, were \$1,449,905 and were equal to the required contributions.

City of Woodway, Texas
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2025

4. Net Pension Liability

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

Actuarial assumptions:

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

Inflation	2.50% per year
Overall payroll growth	2.75% per year
Investment Rate of Return	6.75%, net of pension plan investment expense, including inflation

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. The rates for actives, healthy retirees and beneficiaries are projected on a fully generational basis by the most recent Scale MP-2021 (with immediate convergence) 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 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 3.5% and 3% floor.

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

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation

City of Woodway, Texas
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2025

percentage and by adding expected inflation. In determining their best estimate of a recommended investment return assumption under the various alternative asset allocation portfolios, Gabriel, Roeder, Smith & Company (GRS) focused on the area between (1) arithmetic mean (aggressive) without an adjustment for time (conservative) and (2) the geometric mean (conservative) with an adjustment for time (aggressive).

Asset Class	Target Allocation	Long-Term Rate of Return	Expected Rate of Return (Arithmetic)	Real
Global Public Equity	35.0%		6.7%	
Core Fixed Income	6.0%		4.7%	
Non-Core Fixed Income	20.0%		8.0%	
Other Public/Private Markets	12.0%		8.0%	
Real Estate	12.0%		7.6%	
Hedge Funds	5.0%		6.4%	
Private Equity	10.0%		11.6%	
Total	100.0%			

Discount Rate:

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

Sensitivity of the Net Pension Liability (Asset) 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 (asset) 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	Current Single Rate	1% Increase
5.75%	6.75%	7.75%
\$ 10,545,090	\$ 4,335,727	\$ (703,373)

City of Woodway, Texas
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2025

Changes in the Net Pension Liability:

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) – (b)
Balance at 12/31/23	\$ 39,275,069	\$ 33,733,496	\$ 5,541,573
Changes for the year:			
Service Cost	1,299,606	-	1,299,606
Interest	2,628,114	-	2,628,114
Change in benefit terms	-	-	-
Difference between expected and actual experience	151,021	-	151,021
Changes of assumptions	-	-	-
Contributions – employer	-	1,294,561	(1,294,561)
Contributions – employee	-	504,282	(504,282)
Net investment income	-	3,508,749	(3,508,749)
Benefit payments, including refunds of emp. contributions	(1,979,698)	(1,979,698)	-
Administrative expense	-	(22,479)	22,479
Other changes	-	(526)	526
Net changes	2,099,043	3,304,889	(1,205,846)
Balance at 12/31/24	\$ 41,374,112	\$ 37,038,385	\$ 4,335,727

Pension Plan Fiduciary Net Position:

Detailed information about the pension plan's Fiduciary Net Position is available in a separately-issued TMRS financial report. That report may be obtained on the Internet at www.tmr.com.

5. 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 \$1,373,772.

City of Woodway, Texas
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2025

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 economic experience	\$ 473,246	\$ -
Changes in actuarial assumptions	-	125,075
Difference between projected and investment earnings	-	412,647
Contributions subsequent to the measurement date	1,121,169	-
Total	\$ 1,594,415	\$ 537,722

The City reported \$1,121,169 as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date that will be recognized as a reduction of the net pension liability for the year ending September 30, 2026. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended December 31:	
2025	\$ 203,660
2026	484,186
2027	(505,976)
2028	(246,346)
2029	-
Thereafter	-
	\$ (64,476)

6. Supplemental Death Benefits Fund

The City also participates in the cost sharing multiple-employer defined benefit group-term life insurance plan operated by the Texas Municipal Retirement System (TMRS) known as the Supplemental Death Benefits Fund (SDBF). The City elected, by ordinance, to provide group-term life insurance coverage to both current and retired employees. The City may terminate coverage under and discontinue participation in the SDBF by adopting an ordinance before November 1 of any year to be effective the following January 1.

The death benefit for active employees provides a lump-sum payment approximately equal to the employee’s annual salary (calculated based on the employee’s actual earnings, for the 12-month period preceding the month of death); retired employees are insured for \$7,500; this coverage is an “other postemployment benefit,” or OPEB.

City of Woodway, Texas
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2025

The City contributes to the SDBF at a contractually required rate as determined by an annual actuarial valuation. The rate is equal to the cost of providing one-year term life insurance. The funding policy for the SDBF program is to assure that adequate resources are available to meet all death benefit payments for the upcoming year; the intent is not to pre-fund retiree term life insurance during employees' entire careers.

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	41
Inactive employees entitled to but not yet receiving benefits	18
Active employees	90
Total	149

The City's contributions to the TMRS SDBF for the years ended 2024 and 2025 were \$6,459 \$7,547, respectively, which equaled the required contributions each year.

Three-Year Contribution Information

Plan/ Calendar Year	Annual Required Contribution (Rate)	Actual Contribution Made (Rate)	Percentage of ARC Contributed
2023	0.08%	0.08%	100.0%
2024	0.09%	0.09%	100.0%
2025	0.10%	0.10%	100.0%

Total OPEB Liability

The City's Postemployment Benefits Other Than Pensions Liability (OPEB) was measured as of December 31, 2024, and the Total OPEB Liability was determined by an actuarial valuation as of that date.

City of Woodway, Texas
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2025

Actuarial assumptions:

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

Inflation	2.50% per year
Overall payroll growth	3.60% to 11.85%, including inflation per year
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

Salary increases were based on a service-related table. Mortality rates for active members, retirees, and beneficiaries were 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 are projected on a fully generational basis by the most recent Scale MP-2021 (with immediate convergence) to account for future mortality improvements. For disabled annuitants, the 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% minimum mortality rate will be applied to reflect the impairment for younger members who become disabled for males and females. 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 3.5% and 3% floor.

Discount Rate:

The discount rate used to measure the Total OPEB Liability was 4.08%. The discount rate was based on the Fidelity Index's "20-Year Municipal GO AA Index" rate as of December 31, 2024.

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 (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (3.08%) or 1-percentage-point higher (5.08%) than the current rate:

1% Decrease 3.08%	Current Single Rate 4.08%	1% Increase 5.08%
\$ 269,940	\$ 222,421	\$ 185,957

City of Woodway, Texas
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2025

Changes in the Total OPEB Liability:

	Total OPEB Liability
Balance at 12/31/23	\$ 237,079
Changes for the year:	
Service Cost	9,365
Interest	8,992
Difference between expected and actual experience	(13,239)
Changes of assumptions	(13,292)
Benefit payments	(6,484)
Net changes	(14,658)
Balance at 12/31/24	\$ 222,421

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

For the year ended September 30, 2025, the City recognized OPEB expense of \$9,778.

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

	Deferred Outflows of Resources	Deferred (Inflows) of Resources
Changes in actuarial assumptions	\$ -	\$ 43,666
Difference between expected and actual experience	-	10,425
Contributions subsequent to measurement date	5,901	-
Total	\$ 5,901	\$ 54,091

The City reported \$5,901 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 OPEB liability for the year ending September 30, 2026.

City of Woodway, Texas
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2025

Other amounts reported as deferred outflows and inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ended December 31:	
2025	\$ (8,633)
2026	(13,941)
2027	(17,349)
2028	(11,436)
2029	(2,732)
Thereafter	-
	\$ (54,091)

E. Restatement

The city restated beginning net position for governmental activities due to corrections to SBITA liability and right-of-use assets in addition to the implementation of GASB 101. The restatements are summarized below:

	Governmental Activities	
Prior year ending net position, as reported	\$ 39,686,200	
To correct right-of-use assets	82,697	
To correct SBITA liability	(85,917)	
Implementation of GASB 101	(114,018)	
Restated beginning net position	\$ 39,568,962	
	Business-Type Activities	Water & Sewer
Prior year ending net position, as reported	\$ 20,828,759	\$ 20,918,988
Implementation of GASB 101	(9,619)	(9,619)
Restated beginning net position	\$ 20,819,140	\$ 20,909,369

City of Woodway, Texas
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2025

F. New Accounting Pronouncements

The City adopted GASB 101, *Compensated Absences* during the year. The goal of the standard is to create a more consistent model for accounting for compensated absences that can be applied to all types of compensated absence arrangements.

The new guidance introduces three criteria for recording a liability in financial statements prepared using the economic resources measurement focus (often referred to as a “full accrual” basis). A liability should be recognized for leave that has not been used if all of the following are true:

- The leave is attributable to services already rendered.
- The leave accumulates.
- The leave is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means (likelihood of more than 50 percent).

This standard was applied and resulted in a sick leave liability of \$273,393 as of September 30, 2025.

G. Subsequent Events

There were no material subsequent events through February 23, 2026, the date the financial statements were issued.

REQUIRED SUPPLEMENTARY INFORMATION

City of Woodway, Texas

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

GENERAL FUND (Page 1 of 2)

For the Year Ended September 30, 2025

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues				
Property tax	\$ 5,293,307	\$ 5,293,307	\$ 5,686,847	\$ 393,540
Sales tax	4,310,000	4,310,000	4,599,765	289,765
Franchise and local taxes	807,370	807,370	655,852	(151,518)
License and permits	158,700	158,700	140,095	(18,605)
Charges for services	276,800	276,800	84,879	(191,921)
Intergovernmental revenue	-	-	17,578	17,578
Fines and forfeitures	153,000	153,000	89,953	(63,047)
Investment income	220,000	220,000	244,709	24,709
Contributions and donations	12,000	12,000	-	(12,000)
Lease income	18,900	18,900	18,900	-
Other revenues	85,500	85,500	101,623	16,123
Total Revenues	11,335,577	11,335,577	11,640,201	304,624
Expenditures				
Current:				
General government	2,463,142	2,452,300	2,430,016	22,284
Public safety	7,636,633	7,667,353	7,563,168	104,185
Highways and streets	569,196	547,452	762,366	(214,914) *
Economic development	63,000	44,985	26,690	18,295
Culture and recreation	1,338,363	1,327,491	1,467,952	(140,461) *
Debt service:				
Principal	-	52,662	52,662	-
Interest	-	12,091	12,091	-
Capital outlay	-	275,041	275,041	-
Total Expenditures	12,070,334	12,379,375	12,589,986	(210,611)
Revenues Over (Under)				
Expenditures	(734,757)	(1,043,798)	(949,785)	94,013

City of Woodway, Texas

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

GENERAL FUND (Page 2 of 2)

For the Year Ended September 30, 2025

Other Financing Sources (Uses)

Transfers in	432,552	432,552	531,035	98,483
Transfers (out)	(7,109)	(7,109)	(7,109)	-
Leases issued	-	275,041	275,041	-
Sales of assets	-	-	129,920	129,920
Insurance recoveries	-	-	23,400	23,400
Total Other Financing Sources (Uses)	425,443	700,484	952,287	251,803
Net Change in Fund Balance	\$ (309,314)	\$ (343,314)	2,502	\$ 345,816
Beginning fund balance			5,561,992	
Ending Fund Balance			\$ 5,564,494	

Notes to Required Supplementary Information

1. Annual budgets are adopted on a basis consistent with generally accepted accounting principles
2. * Expenditures exceeded appropriations at the legal level of control.

City of Woodway, Texas

SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS

TEXAS MUNICIPAL RETIREMENT SYSTEM

Years Ended December 31,

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Total pension liability										
Service cost	\$ 1,299,606	\$ 1,163,778	\$ 1,086,656	\$ 1,031,721	\$ 976,478	\$ 879,656	\$ 809,551	\$ 804,076	\$ 747,227	\$ 671,680
Interest	2,628,114	2,488,756	2,319,732	2,166,572	2,006,315	1,875,511	1,789,433	1,663,016	1,538,966	1,481,245
Differences between expected and actual experience	151,021	419,522	453,174	141,530	460,153	178,467	(88,985)	432,982	151,146	242,961
Changes of assumptions	-	(245,922)	-	-	-	55,501	-	-	-	(29,774)
Benefit payments, including refunds of participant contributions	(1,979,698)	(1,679,269)	(1,108,869)	(1,087,642)	(1,105,121)	(1,094,312)	(1,445,329)	(614,593)	(641,392)	(888,668)
Net change in total pension liability	2,099,043	2,146,865	2,750,693	2,252,181	2,337,825	1,894,823	1,064,670	2,285,481	1,795,947	1,477,444
Total pension liability - beginning	\$ 39,275,069	\$ 37,128,204	\$ 34,377,511	\$ 32,125,330	\$ 29,787,505	\$ 27,892,682	\$ 26,828,012	\$ 24,542,531	\$ 22,746,584	\$ 21,269,140
Total pension liability - ending (a)	\$ 41,374,112	\$ 39,275,069	\$ 37,128,204	\$ 34,377,511	\$ 32,125,330	\$ 29,787,505	\$ 27,892,682	\$ 26,828,012	\$ 24,542,531	\$ 22,746,584
Plan fiduciary net position										
Contributions - employer	\$ 1,294,561	\$ 1,192,146	\$ 1,156,002	\$ 1,072,070	\$ 983,199	\$ 893,773	\$ 827,205	\$ 821,922	\$ 718,365	\$ 692,941
Contributions - members	504,282	484,331	457,952	434,539	410,400	380,098	353,075	347,012	320,698	303,731
Net investment income	3,508,749	3,506,151	(2,344,383)	3,656,591	1,959,017	3,434,038	(694,608)	2,756,034	1,234,383	26,775
Benefit payments, including refunds of participant contributions	(1,979,698)	(1,679,269)	(1,108,869)	(1,087,642)	(1,105,121)	(1,094,312)	(1,445,329)	(614,593)	(641,392)	(888,668)
Administrative expenses	(22,479)	(22,275)	(20,269)	(16,907)	(12,670)	(19,394)	(13,417)	(14,279)	(13,939)	(16,308)
Other	(526)	(157)	24,187	117	(494)	(583)	(700)	(723)	(751)	(805)
Net change in plan fiduciary net position	3,304,889	3,480,927	(1,835,380)	4,058,768	2,234,331	3,593,620	(973,774)	3,295,373	1,617,364	117,666
Plan fiduciary net position - beginning	33,733,496	30,252,569	32,087,949	28,029,181	25,794,850	22,201,230	23,175,004	19,879,631	18,262,267	18,144,601
Plan fiduciary net position - ending (b)	\$ 37,038,385	\$ 33,733,496	\$ 30,252,569	\$ 32,087,949	\$ 28,029,181	\$ 25,794,850	\$ 22,201,230	\$ 23,175,004	\$ 19,879,631	\$ 18,262,267
Fund's net pension liability - ending (a) - (b)	\$ 4,335,727	\$ 5,541,573	\$ 6,875,635	\$ 2,289,562	\$ 4,096,149	\$ 3,992,655	\$ 5,691,452	\$ 3,653,008	\$ 4,662,900	\$ 4,484,317
Plan fiduciary net position as a percentage of the total pension covered payroll	89.52%	85.89%	81.48%	93.34%	87.25%	86.60%	79.60%	86.38%	81.00%	80.29%
Fund's net position as a percentage of covered payroll	60.18%	80.09%	105.10%	36.88%	69.89%	73.53%	112.84%	73.69%	101.78%	103.35%

City of Woodway, Texas
SCHEDULE OF EMPLOYER CONTRIBUTIONS TO PENSION PLAN
TEXAS MUNICIPAL RETIREMENT SYSTEM

Years Ended:

	<u>9/30/2025</u>	<u>9/30/2024</u>	<u>9/30/2023</u>	<u>9/30/2022</u>	<u>9/30/2021</u>	<u>9/30/2020</u>	<u>9/30/2019</u>	<u>9/30/2018</u>	<u>9/30/2017</u>	<u>9/30/2016</u>
Actuarially determined employer contributions	\$ 1,449,905	\$ 1,276,395	\$ 1,200,222	\$ 1,161,151	\$ 1,037,836	\$ 951,440	\$ 876,867	\$ 821,922	\$ 802,217	\$ 710,979
Contributions in relation to the actuarially determined contribution	\$ 1,449,905	\$ 1,276,395	\$ 1,200,222	\$ 1,161,151	\$ 1,037,836	\$ 951,440	\$ 876,867	\$ 821,922	\$ 802,217	\$ 710,979
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Annual covered payroll	\$ 7,730,248	\$ 7,177,146	\$ 6,919,836	\$ 6,613,753	\$ 6,059,466	\$ 5,702,790	\$ 5,332,738	\$ 4,997,194	\$ 4,864,181	\$ 4,468,451
Employer contributions as a percentage of covered payroll	18.76%	17.78%	17.34%	17.56%	17.13%	16.68%	16.44%	16.45%	16.49%	15.91%

NOTES TO SCHEDULE OF EMPLOYER CONTRIBUTIONS TO PENSION PLAN

Valuation Date:

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

Methods and Assumptions Used to Determine Contribution Rates:

Actuarial Cost Method Entry Age Normal
 Amortization Method Level Percentage of Payroll, Closed
 Remaining Amortization Period 21 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 are specific to the City's plan of benefits. Last updated for the 2023 valuation pursuant to an experience study of the period 2022.

Mortality Post-retirement: 2019 Municipal Retirees of Texas Mortality Tables. Male rates are multiplied by 103% and female rates are multiplied by 105%. The rates are projected on a fully generational basis by the most recent Scale MP-2021 (with immediate convergence).
 Pre-retirement: PUB(10) mortality tables, with the 110% of the Public Safety table used for males and the 100% of the General Employee table used for females. The rates are projected on a fully generational basis by the most recent Scale MP-2021 (with immediate convergence).

Other Information:

Notes There were no benefit changes during the year.

City of Woodway, Texas

SCHEDULE OF CHANGES IN POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) LIABILITY AND RELATED RATIOS

TEXAS MUNICIPAL RETIREMENT SYSTEM SUPPLEMENTAL DEATH BENEFITS PLAN

Years Ended December 31,

	2024	2023	2022	2021	2020	2019	2018	2017	¹
Total OPEB liability									
Service cost	\$ 9,365	\$ 8,995	\$ 17,010	\$ 16,140	\$ 15,825	\$ 12,489	\$ 8,575	\$ 6,940	
Interest	8,992	8,403	5,458	5,719	6,290	6,578	5,781	5,591	
Differences between expected and actual experience	(13,239)	7,499	4,159	(15,548)	(766)	(5,501)	901	-	
Changes of assumptions	(13,292)	11,977	(106,052)	9,356	39,062	37,625	(13,514)	14,626	
Benefit payments, including refunds of participant contributions	(6,484)	(5,535)	(5,888)	(4,966)	(1,758)	(1,086)	(1,009)	(1,487)	
Net change in total OPEB liability	<u>(14,658)</u>	<u>31,339</u>	<u>(85,313)</u>	<u>10,701</u>	<u>58,653</u>	<u>50,105</u>	<u>734</u>	<u>25,670</u>	
Total OPEB liability - beginning	<u>\$ 237,079</u>	<u>\$ 205,740</u>	<u>\$ 291,053</u>	<u>\$ 280,352</u>	<u>\$ 221,699</u>	<u>\$ 171,594</u>	<u>\$ 170,860</u>	<u>\$ 145,190</u>	
Total OPEB liability - ending	<u><u>\$ 222,421</u></u>	<u><u>\$ 237,079</u></u>	<u><u>\$ 205,740</u></u>	<u><u>\$ 291,053</u></u>	<u><u>\$ 280,352</u></u>	<u><u>\$ 221,699</u></u>	<u><u>\$ 171,594</u></u>	<u><u>\$ 170,860</u></u>	²
Covered employee payroll	\$ 7,204,026	\$ 6,919,015	\$ 6,542,176	\$ 6,207,706	\$ 5,861,215	\$ 5,429,973	\$ 5,043,934	\$ 4,957,313	
Fund's net position as a percentage of covered employee payroll	3.09%	3.43%	3.14%	4.69%	4.78%	4.08%	3.40%	3.45%	

Notes to schedule:

¹ This schedule is presented to illustrate the requirement to show information for ten years. However, until a full ten-year trend is compiled, only available information is shown.

² No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB statement No. 75 to pay related benefits.

***NONMAJOR COMBINING STATEMENTS
GOVERNMENTAL FUNDS***

City of Woodway, Texas
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
September 30, 2025

	Capital Project Funds			Special Revenue Funds					
	Other			Tourism	Unclaimed Money	Arboretum Programs	Drug Seizure/ Forfeiture	Law Enforcement Cont. Education	Building Security - Municipal Court
Governmental Capital Projects	Family Center Improvements	General Capital Projects							
Assets									
Cash and cash equivalents	\$ 2,227,909	\$ 1,147,966	\$ 1,084,388	\$ -	\$ 1,686	\$ 34,172	\$ 3,559	\$ 386	\$ 55,953
Investments	-	-	-	-	-	-	-	-	-
Receivables, net	2,414	-	44,420	110,122	-	150	-	-	-
Total Assets	\$ 2,230,323	\$ 1,147,966	\$ 1,128,808	\$ 110,122	\$ 1,686	\$ 34,322	\$ 3,559	\$ 386	\$ 55,953
Liabilities									
Accounts payable and accrued expenses	\$ -	\$ 53,293	\$ 450,420	\$ 7,729	\$ -	\$ 5,215	\$ -	\$ -	\$ 1,579
Due to other funds	-	-	-	201,384	-	-	-	-	-
Unearned revenue - rental revenue	-	-	-	-	-	-	-	-	-
Total Liabilities	-	53,293	450,420	209,113	-	5,215	-	-	1,579
Deferred Inflow of Resources									
Unavailable revenue - prop. tax	2,414	-	-	-	-	-	-	-	-
Unavailable revenue - grants	-	-	16,553	-	-	-	-	-	-
Total Deferred Inflow of Resources	2,414	-	16,553	-	-	-	-	-	-
Fund Balances									
Nonspendable:									
Endowment	-	-	-	-	-	-	-	-	-
Restricted for:									
Public safety	-	-	-	-	1,686	-	3,559	386	-
Capital projects	-	1,094,673	-	-	-	-	-	-	-
Arboretum	-	-	-	-	-	29,107	-	-	-
Municipal court	-	-	-	-	-	-	-	-	54,374
Debt service	-	-	-	-	-	-	-	-	-
Committed for:									
Capital projects	2,227,909	-	661,835	-	-	-	-	-	-
Unassigned (deficits)	-	-	-	(98,991)	-	-	-	-	-
Total Fund Balances	2,227,909	1,094,673	661,835	(98,991)	1,686	29,107	3,559	386	54,374
Total Liabilities, Deferred Inflows and Fund Balances	\$ 2,227,909	\$ 1,147,966	\$ 1,112,255	\$ 110,122	\$ 1,686	\$ 34,322	\$ 3,559	\$ 386	\$ 55,953

City of Woodway, Texas
COMBINING BALANCE SHEET (CONTINUED)
NONMAJOR GOVERNMENTAL FUNDS
September 30, 2025

Special Revenue Funds										
	Municipal Court Technology	Municipal Court Child Safety	Asset Forfeiture	Municipal Court - Local Truancy Prevention	Municipal Court - Local Municipal Jury	Carleen Bright Pavilion	Consolidated Municipal Court Sec Tech	General Debt Service	Permanent Carleen Bright Endowment	Total Nonmajor Governmental
Assets										
Cash and cash equivalents	\$ 3,561	\$ 141,357	\$ 73,159	\$ 26,814	\$ 535	\$ -	\$ 1,989	\$ 55,642	\$ 38,599	\$ 4,897,675
Investments	-	-	-	-	-	-	-	-	1,077,599	1,077,599
Taxes receivable, net	-	-	-	-	-	-	-	7,281	-	164,387
Total Assets	\$ 3,561	\$ 141,357	\$ 73,159	\$ 26,814	\$ 535	\$ -	\$ 1,989	\$ 62,923	\$ 1,116,198	\$ 6,139,661
Liabilities										
Accounts payable and accrued expenses	\$ -	\$ 2,969	\$ -	\$ -	\$ -	\$ 42,053	\$ -	\$ -	\$ -	\$ 563,258
Due to other funds	-	-	-	-	-	201,911	-	-	-	403,295
Unearned revenue - rental revenue	-	-	-	-	-	49,608	-	-	-	49,608
	-	2,969	-	-	-	293,572	-	-	-	1,016,161
Deferred Inflow of Resources										
Unavailable revenue - prop. tax	-	-	-	-	-	-	-	7,281	-	9,695
Unavailable revenue - grants	-	-	-	-	-	-	-	-	-	16,553
Total Deferred Inflow of Resources	-	-	-	-	-	-	-	7,281	-	26,248
Fund Balances										
Nonspendable:										
Endowment	-	-	-	-	-	-	-	-	1,116,198	1,116,198
Restricted for:										
Public safety	-	-	73,159	-	-	-	-	-	-	78,790
Capital projects	-	-	-	-	-	-	-	-	-	1,094,673
Arboretum	-	-	-	-	-	-	-	-	-	29,107
Municipal court	3,561	138,388	-	26,814	535	-	-	-	-	223,672
Debt service	-	-	-	-	-	-	-	55,642	-	55,642
Committed for:										
Capital projects	-	-	-	-	-	-	-	-	-	2,889,744
Unassigned (deficits)	-	-	-	-	-	(293,572)	1,989	-	-	(390,574)
Total Fund Balances	3,561	138,388	73,159	26,814	535	(293,572)	1,989	55,642	1,116,198	5,097,252
Total Liabilities, Deferred Inflows and Fund Balances	\$ 3,561	\$ 141,357	\$ 73,159	\$ 26,814	\$ 535	\$ -	\$ 1,989	\$ 62,923	\$ 1,116,198	\$ 6,139,661

City of Woodway, Texas
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended September 30, 2025

	Capital Project Funds			Special Revenue Funds					
	Other Governmental Capital Projects	Family Center Improvements	General Capital Projects	Tourism	Unclaimed Money	Arboretum Programs	Drug Seizure/ Forfeiture	Law Enforcement Cont. Education	Building Security - Municipal Court
Revenues									
Property tax	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Hotel occupancy tax	-	-	-	745,677	-	-	-	-	-
Intergovernmental revenue	-	-	27,867	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-	-	-
Fines and forfeitures	-	-	-	-	-	-	-	5,024	2,005
Contributions and donations	540	-	-	-	-	51,475	-	-	-
Investment income	107,013	48,364	60,998	9,712	-	1,996	499	111	2,436
Other revenue	-	-	-	800	-	-	3,219	-	-
Total Revenues	107,553	48,364	88,865	756,189	-	53,471	3,718	5,135	4,441
Expenditures									
General government	-	-	-	-	10,296	-	-	-	-
Public safety	-	-	-	-	-	-	1,789	5,080	8,519
Culture and recreation	-	-	-	142,035	-	103,268	-	-	-
Debt service:									
Principal	-	-	-	100,000	-	-	14,332	-	-
Interest	-	-	-	4,000	-	-	-	-	-
Capital outlay	560,773	33,852	990,797	-	-	-	-	-	2,948
Total Expenditures	560,773	33,852	990,797	246,035	10,296	103,268	16,121	5,080	11,467
Revenues Over (Under) Expenditures	(453,220)	14,512	(901,932)	510,154	(10,296)	(49,797)	(12,403)	55	(7,026)
Other Financing Sources (Uses)									
Transfers in	100,000	-	-	-	10,330	-	-	-	-
Transfers (out)	(100)	-	(100,000)	(681,018)	-	-	-	-	-
Total Other Financing Sources (Uses)	99,900	-	(100,000)	(681,018)	10,330	-	-	-	-
Net Change in Fund Balances	(353,320)	14,512	(1,001,932)	(170,864)	34	(49,797)	(12,403)	55	(7,026)
Beginning fund balances (as previously presented)	2,581,229	-	-	71,873	1,652	78,904	15,962	331	61,400
Change within financial reporting entity (major to nonmajor fund)	-	1,080,161	1,663,767	-	-	-	-	-	-
Beginning Fund balances	2,581,229	1,080,161	1,663,767	71,873	1,652	78,904	15,962	331	61,400
Ending Fund Balances	\$ 2,227,909	\$ 1,094,673	\$ 661,835	\$ (98,991)	\$ 1,686	\$ 29,107	\$ 3,559	\$ 386	\$ 54,374

City of Woodway, Texas
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES (CONTINUED)
NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended September 30, 2025

Special Revenue Funds										
	Municipal Court Technology	Municipal Court Child Safety	Asset Forfeiture	Municipal Court - Local Truancy Prevention	Municipal Court - Local Municipal Jury	Carleen Bright Pavilion	Consolidated Municipal Court Sec Tech	General Debt Service	Permanent Carleen Bright Endowment	Total Nonmajor Governmental
Revenues										
Property tax	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 333,098	\$ -	\$ 333,098
Hotel occupancy tax	-	-	-	-	-	-	-	-	-	745,677
Intergovernmental revenue	-	-	-	-	-	-	-	-	-	27,867
Charges for services	-	-	-	-	-	164,900	-	-	-	164,900
Fines and forfeitures	1,686	11,404	-	3,058	61	-	1,972	-	-	25,210
Contributions and donations	-	-	-	-	-	-	-	-	-	52,015
Investment income	340	5,874	1,015	1,019	20	-	17	8,944	117,687	366,045
Other revenue	-	-	72,238	-	-	-	-	-	-	76,257
Total Revenues	2,026	17,278	73,253	4,077	81	164,900	1,989	342,042	117,687	1,791,069
Expenditures										
General government	-	-	-	-	-	-	-	-	-	10,296
Public safety	7,542	16,174	1,238	-	-	-	-	-	-	40,342
Culture and recreation	-	-	-	-	-	1,008,015	-	-	36,234	1,289,552
Debt service:										
Principal	-	-	9,911	-	-	-	-	180,000	-	304,243
Interest	-	-	-	-	-	-	-	169,500	-	173,500
Capital outlay	-	-	-	-	-	-	-	-	-	1,588,370
Total Expenditures	7,542	16,174	11,149	-	-	1,008,015	-	349,500	36,234	3,406,303
Revenues Over (Under) Expenditures	(5,516)	1,104	62,104	4,077	81	(843,115)	1,989	(7,458)	81,453	(1,615,234)
Other Financing Sources (Uses)										
Transfers in	-	-	-	-	-	680,368	-	-	-	790,698
Transfers (out)	-	-	-	-	-	(2,000)	-	-	-	(783,118)
Total Other Financing Sources (Uses)	-	-	-	-	-	678,368	-	-	-	7,580
Net Change in Fund Balances	(5,516)	1,104	62,104	4,077	81	(164,747)	1,989	(7,458)	81,453	(1,607,654)
Beginning fund balances (as previously presented)	9,077	137,284	11,055	22,737	454	(128,825)	-	63,100	1,034,745	3,960,978
Change within financial reporting entity (major to nonmajor fund)	-	-	-	-	-	-	-	-	-	2,743,928
Fund balances (as adjusted)	9,077	137,284	11,055	22,737	454	(128,825)	-	63,100	1,034,745	6,704,906
Ending Fund Balances	\$ 3,561	\$ 138,388	\$ 73,159	\$ 26,814	\$ 535	\$ (293,572)	\$ 1,989	\$ 55,642	\$ 1,116,198	\$ 5,097,252

WOODWAY
TEXAS