

***CITY OF MAUD, TEXAS***  
***FINANCIAL REPORT***  
***FOR THE YEAR ENDED SEPTEMBER 30, 2025***



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*FINANCIAL REPORT*  
*FOR THE YEAR ENDED SEPTEMBER 30, 2025*

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***CITY OF MAUD, TEXAS***  
***CITY DIRECTORY***

**Mayor Pro Tem**  
Linda Price

**CITY COUNCIL**

Boyd Sartin      Wayne Foster  
Jeffery Crawford      Herman Sewell

**CITY OFFICIALS**

Kindall Smith, Budget & Finance Director  
Vicki May, City Secretary



Independent Auditor's Report

March 12, 2026

Honorable Mayor and  
Members of the City Council  
City of Maud, Texas

Members of the Council:

**Opinions**

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

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

**Basis for Opinions**

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

**Responsibilities of Management for the Financial Statements**

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

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

## **Auditor's Responsibilities for the Audit of the Financial Statements**

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

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

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

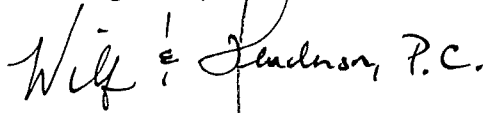
We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

## **Required Supplementary Information**

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 5 through 9, the budgetary comparison information on page 35, TMRS schedule of changes in net pension (asset) liability and related ratios on page 36, and TMRS schedule of pension contributions on page 37 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated March 12, 2026, on our consideration of the City of Maud, Texas' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Maud, Texas' internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Wilf & Henderson, P.C." with a stylized flourish at the end.

**WILF & HENDERSON, P.C.**  
Certified Public Accountants  
Texarkana, Texas

March 12, 2026

**CITY OF MAUD, TEXAS  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED SEPTEMBER 30, 2025**

The Management's Discussion and Analysis (MD&A) for the City of Maud, Texas (City) is designed to:

1. Assist the reader in focusing on significant financial issues;
2. Provide an overview of the City's financial activities;
3. Identify changes in the City's overall financial position and results of operations and assist the user in determining whether financial position has improved or deteriorated as a result of the year's operations;
4. Identify any significant variations from the original, amended, and final budget amounts and include any currently known reasons for those variations that are expected to have a significant effect on future services or liquidity; and
5. Identify individual fund issues or concerns.

The information contained within this MD&A should be considered only as part of a greater whole. The readers of this statement should take time to read and evaluate all sections of this report, including the footnotes that are provided in addition to this MD&A.

#### **Overview of the Financial Statements**

The MD&A requires supplementary information that introduces the reader to the basic financial statements and provides an overview of the City's financial activities. The City's basic financial statements consist of the following components:

1. Government-wide financial statements,
2. Fund financial statements, and
3. Notes to the financial statements.

A general description of the components of the basic financial statements follows.

#### **Government-Wide Financial Statements**

The Government-Wide Financial Statements are designed to present the financial operations of the City as a whole in a format similar to private sector companies. All governmental and business-type activities are consolidated into columns which add to a total for the Primary Government. If the City determines that presentation of a component unit (which are other governmental units for which the City can exercise significant influence or for which the Primary Government financial statements would be misleading if component unit information is not presented) is necessary to allow the reader to determine the relationship of the component unit and primary government, the component unit information is presented in a separate column of the financial statements or in a separate footnote.

The focus is on the government-wide (entity-wide) Statement of Net Position and Statement of Activities to give the reader a broad overview of the City's financial position and results of operations.

- a. The Statement of Net Position presents information on the City's position and liabilities using the accrual basis of accounting, in a manner similar to the accounting used by private business enterprises. The difference between the assets and liabilities is reported as net position. Over time, the increases or decreases in net position (and changes in the components of net position) may serve as a useful indicator of whether the financial position of the City is improving or weakening. Although the focus of this MD&A will be on the analysis of the overall changes to net position, the reader should refer to Note A – Summary of Significant Accounting Policies for an explanation of the components of net position.

- b. The Statement of Activities presents information showing how the government'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 the related cash flows. The format for the Statement of Activities presents the expenses for each function (general government, public safety, streets and signs, interest on long-term debt, and water, sewer, and garbage services) reduced by the Program Revenues (charges for services, operating grants and contributions, and capital grants and contributions) directly related to each respective function, to determine net costs of each function. The net costs of each function are normally covered by general revenues.

### **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 and legal requirements. The City uses two categories of funds to account for financial transactions: governmental funds and proprietary funds.

Governmental funds are used to account for most of the basic services and projects reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on how money flows into and out of those funds and the balances that are left at year-end that are available for spending. These funds are reported using the modified accrual basis of accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the City's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs. The City's governmental funds include the General Fund for accounting for the City's basic services.

The Proprietary fund accounts for water, sewer, and sanitation services for the City of Maud. Enterprise funds are used to account for the same functions as business-type activities presented in the government-wide financial statements, but the fund presentation provides more detail.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, there are differences in the information presented for governmental funds and for governmental activities in the government-wide financial statements. Review of these differences provides the reader of the financial statements insight on the long-term impact of the City's more immediate decisions on the current use of financial resources. We describe the differences between government-wide financial statements (reported in the Statement of Net Position and the Statement of Activities) and governmental funds in reconciliation schedules following each of the fund financial statements.

### **Notes to the Financial Statements**

The Notes to the Financial Statements, in particular Note A – Summary of Significant Accounting Policies, present the changes in presentation and reporting required under changes in GASB standards. When reviewing this MD&A, the reader should also refer to and review the Notes to the Financial Statements, as well as the Government-Wide and Fund Financial Statements.

### **City Highlights (Government-Wide)**

As of September 30, 2025, the City of Maud, Texas maintained an Unrestricted Net Position balance of \$1,017,462, an increase from last year's \$897,834. Unrestricted Net Position represents the net balance accumulated by the City above the amount of Net Investment in Capital Assets and the amount for Restricted Net Position (restricted as a result of constraints imposed by grantors, contributors, or by laws and regulations).

- As of September 30, 2025, the total of Net Investment in Capital Assets (after subtracting out debt owed on capital assets) was \$2,013,781. The prior year balance totaled \$1,909,481.
- As of September 30, 2025, the total of Restricted Net Position was \$368,140. The prior year balance totaled \$339,217.

**Government-Wide Financial Analysis**

**Statement of Net Position**

Included below is a Statement of Net Position for the City of Maud. The format allows the reader to view the overall financial position of the City.

**City of Maud, Texas  
Statement of Net Position**

	Governmental Activities		Business-Type Activities		Component Unit	
	2024	2025	2024	2025	2024	2025
Current assets	\$ 807,714	\$ 1,048,284	\$ 166,609	\$ 79,128	\$ 242,790	\$ 285,292
Restricted assets	-	-	141,878	136,942	-	-
Note receivable	-	-	-	-	19,956	17,008
Capital assets	303,314	872,028	1,583,480	2,313,175	97,545	97,545
Net pension asset (TMRS)	1,287	4,164	2,148	6,949	-	-
Total assets	<u>1,112,315</u>	<u>1,924,476</u>	<u>1,894,115</u>	<u>2,536,194</u>	<u>360,291</u>	<u>399,845</u>
Deferred outflows of resources	4,904	4,574	7,308	6,756	-	-
Current liabilities	21,243	55,848	108,026	123,151	-	-
Noncurrent liabilities	32,958	459,504	54,902	824,993	-	-
Total liabilities	<u>54,201</u>	<u>515,352</u>	<u>162,928</u>	<u>948,144</u>	<u>-</u>	<u>-</u>
Deferred inflows of resources	6,135	3,772	9,137	5,194	-	-
Net position:						
Net investment in capital assets	283,358	420,289	1,528,578	1,495,947	97,545	97,545
Restricted	-	-	76,471	65,840	262,746	302,300
Unrestricted	<u>773,525</u>	<u>989,637</u>	<u>124,309</u>	<u>27,825</u>	<u>-</u>	<u>-</u>
Total net position	<u>\$ 1,056,883</u>	<u>\$ 1,409,926</u>	<u>\$ 1,729,358</u>	<u>\$ 1,589,612</u>	<u>\$ 360,291</u>	<u>\$ 399,845</u>

The composition of net position and the changes in net position over time serve as a useful indicator of a government's financial position. For the year, the City's assets at year-end exceeded liabilities by \$3,399,383. The City's net position is comprised of \$1,409,926 from governmental activities, \$1,589,612 from business-type activities and \$399,845 from the component unit. Of the City's net position, \$1,017,462 is Unrestricted Net Position.

**Statement of Activities**

A Statement of Activities for the City of Maud, Texas is presented below listing the major categories of revenues and expenses for the fiscal years ended September 30, 2024 and 2025.

**City of Maud, Texas  
Statement of Activities**

	Governmental		Business-Type		Component	
	Activities		Activities		Unit	
	2024	2025	2024	2025	2024	2025
<b>Revenues</b>						
<b>Program Revenues:</b>						
Charges for Services	\$ 6,835	\$ 506	\$ 929,894	\$ 944,075	\$ -	\$ -
Operating Grants and Contributions	30,715	34,996	96,253	-	-	-
Capital Grants and Contributions	18,363	408,307	-	-	-	-
<b>General Revenues:</b>						
Property Taxes and Related Revenues	236,186	241,134	-	-	-	-
Franchise Fees	29,301	29,851	-	-	-	-
Sales and Use Tax	131,824	138,496	-	-	26,371	27,706
Interest Income	39,301	34,879	14,067	19,804	9,971	14,356
Miscellaneous Income	33,738	12,565	-	-	-	1,185
<b>Total Revenues</b>	<b>526,263</b>	<b>900,734</b>	<b>1,040,214</b>	<b>963,879</b>	<b>36,342</b>	<b>43,247</b>
<b>Program Expenses:</b>						
General Government	365,367	478,816	-	-	-	-
Library	5,409	5,410	-	-	-	-
Fire Department	26,728	54,541	-	-	-	-
Streets	8,739	8,739	-	-	-	-
Interest on Long-Term Debt	215	185	-	-	-	-
Water and Sewer	-	-	859,772	933,907	-	-
Garbage	-	-	162,731	169,718	-	-
Economic Development	-	-	-	-	7,125	3,693
<b>Total Expenses</b>	<b>406,458</b>	<b>547,691</b>	<b>1,022,503</b>	<b>1,103,625</b>	<b>7,125</b>	<b>3,693</b>
Increase (Decrease) in Net Position	119,805	353,043	17,711	(139,746)	29,217	39,554
Beginning Net Position	937,078	1,056,883	1,711,647	1,729,358	331,074	360,291
Ending Net Position	\$ 1,056,883	\$ 1,409,926	\$ 1,729,358	\$ 1,589,612	\$ 360,291	\$ 399,845

The Statement of Activities presents revenues, expenses, and changes in net position separately for governmental activities and business-type activities. The format allows for presentation of Program Revenues (Charges for Services, Operating Grants and Contributions, and Capital Grants and Contributions) followed by a listing of General Revenues to support the City’s overall governmental or business-type activities. Expenses are presented on a functional basis, with depreciation on fixed assets directly allocated to the related expense (General Government, Public Safety, Public Works, Interest on Long-term Debt, etc.).

**Governmental Funds Financial Analysis**

The fund reporting format presents in the Statement of Revenues, Expenditures, and Changes in Fund Balances all revenue types followed by the expenditures of the City, also presented on a functional basis. However, for the Fund Financial Statements, the City reports only current year capital expenditures and does not report depreciation on capital assets as in the Government-Wide Financial Statements. The major revenue sources are similar to the government-wide presentation above, with additional detail provided for services for which the City receives a fee or charge for services (Fines, Court Fees, and Parks and Recreation Fees). The General Fund reported an excess of revenues over expenditures and other financing sources (uses) of \$206,273. Fund balance as of September 30, 2025 for the General Fund was \$985,124.

### **Proprietary Fund Financial Analysis**

The total amounts presented for the Proprietary Fund (utility fund for water, sewer, and garbage services) are identical to the government-wide presentation. Statement of Revenues, Expenses, and Changes in Net Position, presents a more detailed listing of expenses than presented in the government-wide statements, pending implementation of financial reporting improvements to report activities of the water, sewer and garbage systems on a functional basis. The Proprietary Fund reported a decrease in net position of (\$139,746) for the year. Net position as of September 30, 2025 for the Proprietary Fund was \$1,589,612.

### **General Fund Budgetary Analysis**

The City adopted an original budget with (\$191,524) change in fund balance. The City original and adopted budget were the same. The actual increase in fund balance was \$206,273.

### **Capital Assets and Long-Term Debt**

As of September 30, 2025, the City had \$3,282,748 invested in a broad range of capital assets including buildings, streets and street improvements, and the water and sewer system. More detailed information about the City's capital assets is presented in Note E to the financial statements. The City had long-term debt outstanding of \$1,284,497 as of September 30, 2025. More detailed information about the City's long-term debt outstanding is presented in Note F to the financial statements.

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

The City of Maud's management approach is conservative yet accommodating to economic development.

The Mayor and City Council have adopted changes in water rates and sewer rates. The property values, within the City, were adjusted as well, to preserve current revenues, without putting an undue burden on its residents.

The city completed installation of an automated meter reading system.

### **Requests for Information**

This financial report is designed to provide a general overview of the City of Maud's finances and to demonstrate the City's accountability. If you have questions regarding this report or need additional information, contact the City at P.O. Box 100, Maud, Texas 75567. The phone number for the City is (903) 585-2294.

***CITY OF MAUD, TEXAS***  
***BASIC FINANCIAL STATEMENTS***

**CITY OF MAUD, TEXAS**  
**STATEMENT OF NET POSITION**  
**SEPTEMBER 30, 2025**

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	
<b>ASSETS</b>				
Cash and cash equivalents	\$ 961,715	\$ -	\$ 961,715	177,430
Certificates of deposit	22,276	-	22,276	73,346
Accounts receivable (net)	46,226	77,825	124,051	4,752
Unbilled receivables (net)	-	10,447	10,447	-
Due from Primary Government	-	-	-	29,764
Inventories of parts, materials and supplies	-	8,923	8,923	-
Notes receivable	-	-	-	17,008
Internal Balances	18,067	(18,067)	-	
Net pension asset (TMRS)	4,164	6,949	11,113	-
Restricted assets:				
Cash and cash equivalents	-	118,100	118,100	-
LTWSC restricted capital improvement deposits	-	18,842	18,842	-
Capital assets (net of accumulated depreciation):				
Land	34,144	-	34,144	35,439
Buildings	369,558	-	369,558	62,106
Office furniture and equipment	90,495	6,008	96,503	-
Vehicles and Equipment	1,080,563	276,252	1,356,815	-
Street and street improvements	175,966	-	175,966	-
Water system	-	1,202,019	1,202,019	-
Sewer system	-	2,953,978	2,953,978	-
Construction in progress	37,040	834,010	871,050	-
Undivided interest in LTWSC fixed assets	-	172,810	172,810	-
Less accumulated depreciation	(915,738)	(3,131,902)	(4,047,640)	-
Total Assets	<u>\$ 1,924,476</u>	<u>\$ 2,536,194</u>	<u>\$ 4,460,670</u>	<u>\$ 399,845</u>
<b>DEFERRED OUTFLOW OF RESOURCES</b>				
Deferred outflow related to TMRS, net	<u>\$ 4,574</u>	<u>\$ 6,756</u>	<u>\$ 11,330</u>	<u>\$ -</u>
<b>LIABILITIES</b>				
Accounts payable	\$ 23,646	\$ 52,049	\$ 75,695	\$ -
Fines and forfeitures payable	2,438	-	2,438	-
Due to component unit	29,764	-	29,764	-
Customer deposits liabilities	-	71,102	71,102	-
Noncurrent liabilities:				
Debt due within one year	219,615	47,766	267,381	-
Debt due in more than one year	232,124	769,462	1,001,586	-
Compensated absences	7,765	7,765	15,530	-
Total Liabilities	<u>\$ 515,352</u>	<u>\$ 948,144</u>	<u>\$ 1,463,496</u>	<u>\$ -</u>
<b>DEFERRED INFLOW OF RESOURCES</b>				
Deferred inflow related to TMRS, net	<u>\$ 3,772</u>	<u>\$ 5,194</u>	<u>\$ 8,966</u>	<u>\$ -</u>
<b>NET POSITION</b>				
Net investment in capital assets	\$ 420,289	\$ 1,495,947	\$ 1,916,236	\$ 97,545
Restricted for:				
LTWSC capital improvement deposits	-	18,842	18,842	-
Debt Service	-	46,998	46,998	-
Economic Development (MEDC)	-	-	-	302,300
Unrestricted	989,637	27,825	1,017,462	-
Total Net Position	<u>\$ 1,409,926</u>	<u>\$ 1,589,612</u>	<u>\$ 2,999,538</u>	<u>\$ 399,845</u>

The accompanying notes are an integral part of this statement.

**CITY OF MAUD, TEXAS**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2025**

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position				
	Expenses	Charges for Services	Operating		Primary Government				
			Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total	Component Unit	
<b>Primary government:</b>									
<b>Governmental activities:</b>									
General government	\$ 478,816	\$ 506	\$ -	\$ -	\$ (478,310)	\$ -	(478,310)	\$ -	
Library	5,410	-	2,770	-	(2,640)	-	(2,640)	-	
Fire Department	54,541	-	32,226	383,819	361,504	-	361,504	-	
Streets	8,739	-	-	24,488	15,749	-	15,749	-	
Interest on long-term debt	185	-	-	-	(185)	-	(185)	-	
<b>Total governmental activities</b>	<b>547,691</b>	<b>506</b>	<b>34,996</b>	<b>408,307</b>	<b>(103,882)</b>	<b>-</b>	<b>(103,882)</b>	<b>-</b>	
<b>Business-type activities:</b>									
Water and sewer	933,907	712,518	-	-	-	(221,389)	(221,389)	-	
Garbage	169,718	231,557	-	-	-	61,839	61,839	-	
<b>Total business-type activities</b>	<b>1,103,625</b>	<b>944,075</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(159,550)</b>	<b>(159,550)</b>	<b>-</b>	
<b>Total primary government</b>	<b>\$ 1,651,316</b>	<b>\$ 944,581</b>	<b>\$ 34,996</b>	<b>\$ 408,307</b>	<b>(103,882)</b>	<b>(159,550)</b>	<b>(263,432)</b>	<b>-</b>	
<b>Component Unit:</b>									
Economic development	3,693	-	-	-	-	-	-	(3,693)	
<b>Total component unit</b>	<b>\$ 3,693</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(3,693)</b>	
<b>General revenues:</b>									
Property taxes and related revenues		241,134			241,134		241,134		
Franchise taxes		29,851			29,851		29,851		
Sales and use taxes		138,496			138,496		138,496	27,706	
Interest income		34,879		19,804	54,683		54,683	14,356	
Miscellaneous income		12,565			12,565		12,565	1,185	
<b>Total general revenues</b>		<b>456,925</b>		<b>19,804</b>	<b>476,729</b>		<b>476,729</b>	<b>43,247</b>	
Change in net position		353,043		(139,746)	213,297		213,297	39,354	
<b>Net position - Beginning of year</b>		<b>1,056,883</b>		<b>1,729,358</b>	<b>2,786,241</b>		<b>2,786,241</b>	<b>360,291</b>	
<b>Net position - End of year</b>		<b>\$ 1,409,926</b>		<b>\$ 1,589,612</b>	<b>\$ 2,999,538</b>		<b>\$ 2,999,538</b>	<b>\$ 399,845</b>	

**CITY OF MAUD, TEXAS**  
**GOVERNMENTAL FUND TYPES**  
**BALANCE SHEET**  
**SEPTEMBER 30, 2025**

	<u>General Fund</u>	<u>Total Governmental Funds</u>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 961,715	\$ 961,715
Certificates of deposit	22,276	22,276
Receivables, net of uncollectible accounts		
Property tax	4,874	4,874
Sales tax	23,754	23,754
Franchise tax	7,848	7,848
Warrants receivable	9,750	9,750
Due from Proprietary Fund	<u>18,067</u>	<u>18,067</u>
Total Assets	<u><u>\$ 1,048,284</u></u>	<u><u>\$ 1,048,284</u></u>
<b>LIABILITIES</b>		
Accounts payable	22,690	22,690
Fines and forfeitures payable	2,438	2,438
Accrued expenditures	956	956
Due to Component Unit	<u>29,764</u>	<u>29,764</u>
Total Liabilities	<u>55,848</u>	<u>55,848</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Unavailable revenue - warrant revenue	<u>7,312</u>	<u>7,312</u>
Total Deferred Inflows of Resources	<u>7,312</u>	<u>7,312</u>
<b>FUND BALANCE</b>		
Committed Fund Balance - Volunteer Fire Department	75,046	75,046
Unassigned Fund Balance	<u>910,078</u>	<u>910,078</u>
Total Fund Balance	<u>985,124</u>	<u>985,124</u>
 Total Liabilities, Deferred Inflows of Resources and Fund Balance	 <u><u>\$ 1,048,284</u></u>	 <u><u>\$ 1,048,284</u></u>

The accompanying notes are an integral part of this statement.

**CITY OF MAUD, TEXAS**  
**GOVERNMENTAL FUNDS**  
**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET**  
**TO THE STATEMENT OF NET POSITION**  
**SEPTEMBER 30, 2025**

Total Fund Balance - Governmental Funds	\$ 985,124
Amounts reported for governmental activities in the statements of net position are different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds. At the beginning of the period, cost of these assets was \$1,141,228 and the accumulated depreciation was (\$837,914). In addition, long-term liabilities, including bonds payable, are not due and payable in the current period, and, therefore are not reported as liabilities in the funds. At the beginning of the period, the balance of long-term debt totaled (\$19,956), which includes notes payable. The net effect of including the beginning balances for capital assets (net of depreciation) and long-term debt in the governmental activities is to increase net position.	283,358
Current year capital outlays and long-term debt principal payments are expenditures in the fund financial statements but they should be shown as increases in capital assets and reductions in long-term debt in the government wide financial statements. The net effect of including the capital outlays of \$646,538, plus debt principal payment of \$2,948 is to increase net position.	649,486
The depreciation expense increases accumulated depreciation. The net effect of the year's depreciation is to (decrease) net position.	(77,824)
Included in the noncurrent assets/(liabilities) is the recognition of the City's net pension asset/(liability) required by GASB 68 in the amount of \$4,164, a deferred resource inflow in the amount of (\$3,772), and a deferred resource outflow in the amount of \$4,574. This resulted in an increase in net position.	4,966
Various other reclassifications and eliminations are necessary to convert from the modified accrual basis of accounting to accrual basis of accounting. These include recognizing deferred revenue as revenue and recognizing compensated absences liabilities. The net effect of these reclassifications and recognitions is to (decrease) net position.	(435,184)
 Net Position of Governmental Activities	 <u>\$ 1,409,926</u>

**CITY OF MAUD, TEXAS**  
**GOVERNMENTAL FUND TYPES**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2025**

	<u>General Fund</u>	<u>Total Governmental Funds</u>
<b>Revenues</b>		
Property taxes	\$ 241,134	\$ 241,134
Franchise taxes	29,851	29,851
Sales taxes	138,496	138,496
Fines and forfeitures	814	814
Volunteer fire department subsidy	32,226	32,226
Donations	915	915
Grant revenues	411,077	411,077
Interest	34,879	34,879
Miscellaneous	11,650	11,650
	<u>901,042</u>	<u>901,042</u>
Total revenues		
<b>Expenditures</b>		
Contract services	11,200	11,200
Dues and subscriptions	15,613	15,613
Insurance other	1,361	1,361
IT software and support	26,024	26,024
Legal and audit	5,136	5,136
Miscellaneous	36,612	36,612
Oil and gas	2,789	2,789
Operating supplies	10,554	10,554
Payroll wages	207,473	207,473
Payroll health and benefits	72,319	72,319
Repairs and maintenance	38,810	38,810
Small equipment/bunker gear	12,428	12,428
State court costs and fees	270	270
Utilities	39,240	39,240
Capital outlay	646,538	646,538
Debt service - principal	2,948	2,948
Debt service - interest expense	185	185
	<u>1,129,500</u>	<u>1,129,500</u>
Total expenditures		
Excess (deficiency) of revenues over expenditures	<u>(228,458)</u>	<u>(228,458)</u>
<b>Other Financing Sources (Uses)</b>		
Loan proceeds	<u>434,731</u>	<u>434,731</u>
Net Change in Fund Balance	206,273	206,273
Fund Balance - Beginning of the Year	<u>778,851</u>	<u>778,851</u>
Fund Balance - Ending of the Year	<u>\$ 985,124</u>	<u>\$ 985,124</u>

The accompanying notes are an integral part of this statement.

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

Net changes in Fund Balances - Governmental Funds	\$ 206,273
Current year capital outlays and long-term debt principal payments are expenditures in the fund financial statements but they should be shown as increases in capital assets and reductions in long-term debt in the government wide financial statements. The net effect of including the capital outlays of \$646,538, plus debt principal payment of \$2,948 is to increase net position.	649,486
The depreciation expense increases accumulated depreciation. The net effect of the year's depreciation is to (decrease) net position.	(77,824)
The implementation of GASB 68 required that certain expenditures be de-expended and recorded as deferred resource outflows. These contributions made after the measurement date of 12/31/24 caused an increase in the change in the ending net position. Contributions made before the measurement date but after the previous measurement date were reversed from deferred resource outflows and recorded as a current year expense. This caused a decrease in the change in net position. The City's reported TMRS net pension expense had to be recorded. The result of these changes is to increase the change in net position.	4,910
Various other reclassifications and eliminations are necessary to convert from the modified accrual basis of accounting to accrual basis of accounting. These include recognizing deferred revenue as revenue, loan proceeds as debt and recognizing change in compensated absences liabilities. The net effect of these reclassifications and recognitions is to (decrease) net position.	(429,802)
Change in Net Position in Governmental Activities	\$ 353,043

The accompanying notes are an integral part of this statement.

**CITY OF MAUD, TEXAS  
 PROPRIETARY FUNDS  
 STATEMENT OF NET POSITION  
 SEPTEMBER 30, 2025**

	Water and Sewer	Total Proprietary Funds
<b>ASSETS</b>		
Cash and cash equivalents	\$ -	\$ -
Accounts receivable, net of allowance for uncollectible accounts	77,825	77,825
Unbilled receivables	10,447	10,447
Inventories of parts, materials and supplies	8,923	8,923
Net pension asset (TMRS)	6,949	6,949
Total Assets - Unrestricted	<u>104,144</u>	<u>104,144</u>
Restricted Assets:		
Cash and cash equivalents	118,100	118,100
LTWSC restricted capital improvement deposits	18,842	18,842
Total Restricted Assets	<u>136,942</u>	<u>136,942</u>
Capital Assets:		
Water system	1,202,019	1,202,019
Sewer system	2,953,978	2,953,978
Office furniture and equipment	6,008	6,008
Vehicles and equipment	276,252	276,252
Construction-in-progress	834,010	834,010
Undivided interest in LTWSC fixed assets	172,810	172,810
Less accumulated depreciation	<u>(3,131,902)</u>	<u>(3,131,902)</u>
Total Capital Assets, net of accumulated depreciation	<u>2,313,175</u>	<u>2,313,175</u>
Total Assets	<u>\$ 2,554,261</u>	<u>\$ 2,554,261</u>
<b>DEFERRED OUTFLOW OF RESOURCES</b>		
Deferred Outflow Related to TMRS, net	<u>\$ 6,756</u>	<u>\$ 6,756</u>
<b>LIABILITIES</b>		
Accounts payable	52,049	\$ 52,049
Customer deposits liability	71,102	71,102
Due to General Fund	18,067	18,067
Current portion of bonds and loans payable	47,766	47,766
Total Current Liabilities	<u>188,984</u>	<u>188,984</u>
Long-Term Liabilities:		
Bonds and loans payable	769,462	769,462
Accrued compensated absences	7,765	7,765
Total Long-Term Liabilities	<u>777,227</u>	<u>777,227</u>
Total Liabilities	<u>\$ 966,211</u>	<u>\$ 966,211</u>
<b>DEFERRED INFLOW OF RESOURCES</b>		
Deferred Inflow Related to TMRS, net	<u>\$ 5,194</u>	<u>\$ 5,194</u>
<b>NET POSITION</b>		
Net investment in capital assets	1,495,947	1,495,947
Restricted for:		
LTWSC capital improvements deposits	18,842	18,842
Debt Service Reserve	46,998	46,998
Unrestricted	27,825	27,825
Total Net Position	<u>\$ 1,589,612</u>	<u>\$ 1,589,612</u>

The accompanying notes are an integral part of this statement.

**CITY OF MAUD, TEXAS**  
**PROPRIETARY FUND**  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2025**

	Water and Sewer	Total Proprietary Funds
<b>Operating Revenues:</b>		
Water sales	\$ 403,675	\$ 403,675
Sewer sales	261,639	261,639
Garbage sales	231,557	231,557
Late charges	15,337	15,337
Miscellaneous	31,867	31,867
Total operating revenues	944,075	944,075
<b>Operating Expenses:</b>		
Contract services	799	799
Depreciation	111,319	111,319
Dues	4,073	4,073
IT software and support	8,000	8,000
Lab fees	878	878
Legal and audit fees	43,348	43,348
Miscellaneous expense	26,045	26,045
Oil and Gas	7,318	7,318
Operating supplies and expenses	2,042	2,042
Payroll wages	159,265	159,265
Payroll taxes and benefits	38,455	38,455
Repairs and maintenance	40,012	40,012
Riverbend commitment and fees	280,954	280,954
Uniforms	1,191	1,191
Utilities	21,806	21,806
Water purchases	185,499	185,499
Waste management	169,718	169,718
Total operating expenses	1,100,722	1,100,722
Operating income (loss)	(156,647)	(156,647)
<b>Non-Operating Revenues (Expenses)</b>		
Interest income	19,804	19,804
Interest expense	(2,903)	(2,903)
Total non-operating revenues (expenses)	16,901	16,901
Change in Net Position - Increase (Decrease)	(139,746)	(139,746)
<b>Net Position - Beginning of the Year</b>	1,729,358	1,729,358
<b>Net Position - Ending of the Year</b>	\$ 1,589,612	\$ 1,589,612

The accompanying notes are an integral part of this statement.

**CITY OF MAUD, TEXAS**  
**PROPRIETARY FUND**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2025**

	<u>Water and Sewer</u>	<u>Total Proprietary Funds</u>
<b>Cash Flows from Operating Activities</b>		
Receipts from customers	\$ 958,225	\$ 958,225
Payments to suppliers	(764,186)	(764,186)
Payments to employees	(220,250)	(220,250)
Net cash provided (used) by operating activities	<u>(26,211)</u>	<u>(26,211)</u>
<b>Cash Flows to Capital and Related Financing Activities</b>		
Acquisition of fixed assets	(841,014)	(841,014)
Proceeds for notes payable	804,770	804,770
Principal paid on bonds and loan obligations	(42,444)	(42,444)
Interest paid on bonds and loan obligations	(2,903)	(2,903)
Net cash provided (used) by capital and financing activities	<u>(81,591)</u>	<u>(81,591)</u>
<b>Cash Flows to Investing Activities</b>		
Increase (decrease) in restricted assets for classification	4,036	4,036
Interest received on investments	19,804	19,804
Net cash provided (used) by investing activities	<u>23,840</u>	<u>23,840</u>
Net increase (decrease) in cash and cash equivalents - unrestricted	(83,962)	(83,962)
Cash and cash equivalents at October 1, 2024 - unrestricted	<u>202,062</u>	<u>202,062</u>
Cash and cash equivalents at September 30, 2025 - unrestricted	<u>\$ 118,100</u>	<u>\$ 118,100</u>
<b>Reconciliation of operating income (loss) to net cash provided (used) by operating activities:</b>		
Operating income (loss)	\$ (156,647)	\$ (156,647)
Depreciation expense	111,319	111,319
<b>Change in assets and liabilities:</b>		
(Increase) decrease in receivables	8,455	8,455
Increase (decrease) in accounts payable	27,497	27,497
Increase (decrease) in customer deposits liability	5,695	5,695
Increase (decrease) in compensated absence liability	7,765	7,765
Increase (decrease) in pension plan assets and outflows	(30,295)	(30,295)
Net cash provided (used) by operating activities	<u>\$ (26,211)</u>	<u>\$ (26,211)</u>

The accompanying notes are an integral part of this statement.

*CITY OF MAUD, TEXAS  
NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2025*

***NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES***

The City of Maud, Texas (the City) was incorporated on September 22, 1941 under the provision of the State of Texas. The City operates under a Council-Mayor form of government. The city owns and operates a water and sewer system.

The accounting and reporting policies of the City relating to the amounts included in the accompanying basic financial statements conform to accounting principles generally accepted in the United States of America applicable to state and local governments. Generally accepted accounting principles for local governments include those principles prescribed by the Governmental Accounting Standards Board (GASB), the American Institute of Certified Public Accountants in the Publication entitled Audits of State and Local Governmental Units and by the Financial Accounting Standards Board (when applicable).

The financial statements include a “Management Discussion and Analysis” (MD&A) section providing an analysis of the City’s overall financial position and results of operations, financial statements prepared using full accrual accounting for all the City’s activities, and a change in the fund financial statements to focus on the major funds.

Reporting Entity

The City’s basic financial statement included the accounts of all City operations. The financial statements presented herein do not include agencies which have been formed under applicable state laws or separate and distinct units of government apart from the City of Maud, Texas.

In evaluating how to define the government, for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the reporting entity was made by applying the criteria set forth in United States generally accepted accounting principles (GAAP). The basic, but not only, criterion for including a potential component unit within the reporting entity is the governing body’s ability to exercise oversight responsibility.

The most significant manifestation of this ability is financial interdependency. Other manifestations of the ability to exercise oversight responsibility include, but are not limited to, the selection of governing authority, the designation of management, the ability to significantly influence operations, and accountability for fiscal matters. A second criterion used in evaluating potential component units is the scope of public service. Application of this criterion involves considering whether the activity benefits the government and/or its citizens, or whether the activity is conducted within the geographic boundaries of the government and is generally available to its citizens. A third criterion used to evaluate potential component units for inclusion or exclusion from the reporting entity is the existence of special financing relationships, regardless of whether the government is able to exercise oversight responsibilities.

The component unit of the City is the Maud Economic Development Corporation (MEDC) was incorporated in 1993 under the Development Corporation Act of 1979, as amended. The corporation was organized exclusively for the purposes of benefiting and accomplishing public purposes of, and to act on behalf of, the City and the specific purposes for which the Corporation was organized. The affairs of the Corporation are managed by a board of directors composed of persons appointed by the governing body of the City.

Overview of Financial Statements

The government-wide financial statements (the statement of net position and the statement of activities) report information on all of the activities of the City. The effect of interfund activity, within the governmental and business-type activities columns, has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

*CITY OF MAUD, TEXAS  
NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2025*

The statement of activities demonstrates the degree to which the direct expenses of a given program are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific program. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given program and 2) operating or capital grants and contributions that restricted to meeting the operational or capital requirements of a particular program.

The financial statements include a Management Discussion and Analysis (MD&A) section providing an analysis of the City's overall financial position and results of operations, financial statements prepared using full accrual accounting for all the City's activities, and a change in the fund financial statements to focus on the major funds.

Fund Financial Statements

The City segregates transactions related to certain functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Separate statements are presented for governmental and proprietary activities. These statements present each major fund as a separate column on the fund financial statements.

*Governmental Funds* are those funds through which most governmental functions typically are financed. The measurement focus of governmental funds is on the sources, uses and balance of current financial resources. The City has presented the following major governmental funds:

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

*Proprietary Funds* are accounted for using the economic resources measurement focus and the accrual basis of accounting. The accounting objectives are determinations of net income, financial position, and cash flow. All assets and liabilities are included on the Statement of Net Position. The City has presented the following major proprietary funds:

*Water and Sewer Fund* – The Water and Sewer Fund is used to account for operations for which a fee is charged to external users for goods or services and the activity a) is financed with debt that is solely secured by a pledge of the net revenues, b) has third party requirements that the cost of providing services, including capital costs, be recovered with fee and charges, or c) established fees and charges based on a pricing policy designed to recover similar costs.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. Operating expenses for the proprietary funds include the cost of personal and contractual services, supplies and depreciation on capital assets. All revenues and expense not meeting this definition are reported as non-operating revenues and expenses.

Basis of Accounting and Measurement Focus

Measurement focus refers to what is being measured; basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurement made, regardless of the measurement focus applied.

The government-wide statements and fund financial statements for proprietary funds are reported using the economic resources management focus and the accrual basis of accounting. The economic resources measurement focus means all assets and liabilities (whether current or non-current) are included on the statement of net position and the operating statements present increases (revenues) and decreases (expenses) in net total assets. Under the accrual basis of accounting, revenues are recognized when earned, including unbilled water and sewer services which are accrued. Expenses are recognized at the time the liability is incurred.

*CITY OF MAUD, TEXAS*  
*NOTES TO BASIC FINANCIAL STATEMENTS*  
*FOR THE YEAR ENDED SEPTEMBER 30, 2025*

Governmental fund financial statements are reported using the current financial resources measurement focus and are accounted for using the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual, i.e., when they become both measurable and available. “Measurable” means the amount of the transaction can be determined and “available” means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. The City considers property taxes as available if they are collected within 60 days after year-end. A one-year availability period is used for recognition of all other Governmental Fund revenues. Expenditures are recorded when the related fund liabilities are incurred. However, debt service expenditures, except for interest payable accrued at the debt issuance date for which cash is received with the debt proceeds, as well as expenditures related to compensated absences and arbitrage are recorded only when payment has matured and will be payable shortly after year-end.

The revenues susceptible to accrual are property taxes, franchise taxes, licenses, charges for service, interest income and intergovernmental revenues. Sales taxes collected and held by the state at year-end on behalf of the government are also recognized as revenue. All other governmental fund revenues are recognized when received, as they are deemed immaterial.

Budget and Budgetary Accounting

The City Council adopts a budget each year by ordinances. As the year progresses, resolutions are adopted by the City Council for changes to the original budgeted amounts. The resolutions are incorporated into an ordinance at year-end to legalize any approved changes to the original budget.

The Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – General Fund presents a comparison of budgetary data to actual results. The General Fund utilizes the same basis of accounting for both budgetary purposes and actual results.

Cash and Equivalents

For purposes of the statement of cash flows, the City considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents. Cash includes demand deposit accounts and cash on hand. Investments consist of certificates of deposit, which are stated at cost, the approximated market value of the investments.

Investments

Investments are recorded at fair market value. Certificate of Deposits are valued at amortized cost.

Restricted Assets

Restricted assets are assets whose use is subject to constraints that are either (a) externally imposed by grantors, contributors, or laws or regulations of other governments or (b) imposed by law through constitutional provisions or enabling legislation. When both restricted and unrestricted resources are available for use, it is the City’s policy to use restricted resources first and then unrestricted resources as they are needed.

The restricted assets as of September 30, 2025 are as follow:

Type of Restricted Asset	Business- type Activities
USDA Bonds Payment Fund	\$ 46,998
Meter Deposits	71,102
LTWSC Capital Improvement Deposits	18,842
Total Restricted Assets	\$ 136,942

**CITY OF MAUD, TEXAS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2025**

Accounts Receivable

The accounts receivable as of September 30, 2025 are as follows:

Accounts Receivable	Governmental Activities	Business-type Activities	Total	Component Unit
Property tax	\$ 45,144	\$ -	\$ 45,144	\$ -
Sales tax	23,754	-	23,754	4,752
Franchise tax	7,848	-	7,848	-
Warrants receivable	13,004	-	13,004	-
Customer billed receivables	-	101,693	101,693	-
Allowance for uncollectible accounts	(43,524)	(23,868)	(67,392)	-
Total Accounts Receivable, Net	<u>\$ 46,226</u>	<u>\$ 77,825</u>	<u>\$ 124,051</u>	<u>\$ 4,752</u>

Bad Debt Expense

The City uses the allowance method of recognizing uncollectible accounts. The estimated amount is based upon current and prior year history.

Inventories

Inventories are valued at lower of cost or market, using the first-in, first-out method. Parts, materials, and supplies are considered as expenses when purchased. Significant inventory amounts are recorded at year end.

Capital Assets

Capital Assets, which include property, plant, and equipment, are reported in the applicable governmental or business-type activities in the government-wide financial statements and in the fund financial statements for the proprietary funds. All capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated assets are valued at their fair market value on the date of donation. Repairs and maintenance are recorded as expenses. Improvements are capitalized. Interest has not been capitalized during the period of construction of capital assets. As of October 1, 2004, new infrastructure assets, such as roads, bridges, underground pipe (other than those related to utilities), traffic signals, etc., are required to be depreciated under GASB 34.

Depreciation is calculated by using the straight-line method. Depreciation allocation is based on the proration of cost by department. Estimated useful lives of assets are:

Buildings	5-20 years
Office Furniture and Equipment	5-10 years
Equipment and Tools	3-7 years
Street and Street Improvements	20 years
Pumps and Treatment Equipment	5-20 years
Line and Storage	10-50 years
Water meters	10 years
Sewer system	7-50 years
Garbage transfer system	25 years

**CITY OF MAUD, TEXAS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2025**

Interfund Receivables and Payables

During the course of operations, numerous transactions occur between individual funds that may result in amounts owed between funds. These receivables and payables are classified as “due from other funds” or “due to other funds” on the fund-level statements. All interfund transactions between governmental funds are eliminated on the government-wide statements.

Compensated Absences

All full-time permanent employees can accumulate 10 days leave per year after one year of service. The maximum annual leave that can be accumulated is 240. Sick leave can be accrued after six months of service up to ten days per year, with a maximum of accumulated sick leave of 240. Annual leave will be paid upon separation of employment with the City.

The City accrued a liability for compensated absences which meet the following criteria:

1. The City’s obligation relating to employees’ rights to receive compensation for future absences is attributable to employees’ services already rendered.
2. The obligation is related to rights that vest or accumulate.
3. Payment of the compensation is probable.
4. The amount can be reasonable estimated.

The entire amount accrued is considered non-current and represents a reconciling item between the fund and government-wide presentations. The balance as of September 30, 2025 totaled \$15,530.

Long-Term Debt

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

Pensions and OPEB Liabilities

For purposes of measuring the net pension and OPEB liabilities, 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.

GASB Statement 68, *Accounting and Financial Reporting for Pensions*, issued June 2012 was adopted for the year ending March 31, 2016. The City participates in the Texas Municipal Retirement System (TMRS). This Statement establishes standards of accounting and financial reporting for defined benefit pensions and defined contribution pensions provided to the employees of state and local governmental employers through pension plans that are administered through trusts or equivalent arrangements (hereafter jointly referred to as trusts) in which:

- Contributions from employers and nonemployer contributing entities to the pension plan and earnings on those contributions are irrevocable.
- Pension plan assets are dedicated to providing pensions to plan members in accordance with the benefit terms.
- Pension plan assets are legally protected from the creditors of employers, nonemployer contributing entities, and the pension plan administrator. If the plan is a defined benefit pension plan, plan assets also are legally protected from creditors of the plan members.

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GASB Statement 68 requires the employer to report the net pension asset or liability, pension expense, and related deferred inflows and outflows of resources associated with providing retirement benefits to their employees and former employees in their basic financial statements. This statement required governmental entities to record the net pension asset or liability and the related outflows and inflows retroactively.

GASB Statement 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, issued June 2015 was adopted for the year ending March 31, 2019. The City participates in the TMRS Supplemental Death Benefits (SDB) plan. The scope of this Statement addresses accounting and financial reporting for OPEB that is provided to the employees of state and local governmental employers. This Statement establishes standards for recognizing and measuring liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures. Because the OPEB calculated amounts are immaterial for the City of Maud, Texas, these amounts are not recorded in the financial statements.

#### Fund Equity

The Governmental Accounting Standards Board (GASB) has issued Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* (GASB 54). This Statement defines the different types of fund balances that a governmental entity must use for financial reporting purposes. GASB 54 requires the fund balance amounts to be properly reported within one of the fund balance categories as following:

*Nonspendable fund balance* – represents amounts that cannot be spent because they are either not spendable form (such as inventory or prepaids) or legally required to remain intact (such as notes receivable or principal of a permanent fund).

*Restricted fund balance* – represents amounts with external constraints placed on the use of these resources (such as debt covenants, grantors, other governments, etc.) or imposed by enabling legislation. Restrictions may be changed or lifted only with the consent of resource providers.

*Committed fund balance* – represents amounts that can only be used for specific purposes imposed by a formal action of the City’s highest level of decision-making authority, the Council. Committed resources cannot be used for any other purposes unless the Council removes or changes the specific use by taking the same formal action that imposed the constraint originally.

*Assigned fund balance* – represents amount the City intends to use for specific purposes as expressed by the Council or an official delegated with the authority.

*Unassigned fund balance* – represents the residual classification for the general fund or deficit balances in other funds.

In circumstances where expenditure is to be made for a purpose for which amounts are available in multiple fund balance classifications, the order in which resources will be expended is as follows: restricted fund balance, committed fund balance, assigned fund balance, and then unassigned fund balance.

#### Net Position

Net position represents the difference between assets and liabilities. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition or construction of those assets.

#### Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America require management to make estimates and assumptions that affect the financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

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**NOTE B – CASH AND INVESTMENTS**

*Custodial Credit Risk for Deposit* – Statutes authorize the City to invest in bank certificates of deposit, obligations of the U.S. Treasury and U.S. agencies, banker’s acceptances repurchase agreements and commercial paper rated A-1 by Standard & Poor’s Corporation or P- I by Moody’s Commercial Paper Record. The City’s policy is to invest in instruments or require collateral so as to not expose the City to credit, custodial credit, custodial concentration, interest rate, or foreign currency risks. At September 30, 2025, the bank balances, including time deposits and MEDC funds, were fully insured by FDIC and pledged securities at the one financial institution.

*Interest Rate Risk* - To limit the risk of changes in interest rates will adversely affect the fair value of investments, the City requires invested instruments maturities do not exceed one year from the time of purchase except when a longer maturity may be specifically authorized by the Council for a given investment provided legal limits are not exceeded.

The Public Funds Investment Act (Government Code Chapter 2256) contains specific provisions in the areas of investment practices, management reports and establishment of appropriate policies. Among other things, it requires the City to adopt, implement, and publicize an investment policy. That policy must address the following areas: (1) safety of principal and liquidity, (2) portfolio diversification, (3) allowable investments, (4) acceptable risk levels, (5) expected rates of return, (6) maximum allowable stated maturity of portfolio investments, (7) maximum average dollar-weighted maturity allowed based on the stated maturity date for the portfolio, (8) investment staff quality and capabilities, (9) and bid solicitation preferences for certificates of deposit. Statutes authorize the City to invest in (1) obligations of the U.S. Treasury, certain U.S. agencies, and the State of Texas; (2) certificates of deposit, (3) certain municipal securities, (4) money market savings accounts, (5) repurchase agreements, (6) bankers acceptances, (7) Mutual Funds, (8) Investment pools, (9) guaranteed investment contracts, (10) and common trust funds. The Public Funds Investment Act (PFIA) governs the City's investment policies and types of investments. The City's management believes that it complied with the requirements of the PFIA and the City's investment policies.

During the year ended September 30, 2025, the City had no types of investments other than certificates of deposit.

Investment Type	Amortized Cost
Certificate of Deposit	95,622
Total	95,622

**NOTE C – PROPERTY TAXES**

Property taxes are levied by October 1 and may be paid without penalty until January 31. Penalty and interest are then added to payments received February 1 through June 30. An enforceable lien is attached when property taxes become delinquent. City property taxes are recognized as revenue in the accounting period when they become susceptible to accrual, i.e., when they become both measurable and available to pay liabilities of the current period. Only property taxes available within 60 days from the end of the fiscal period are subject to accrual. The City accrued \$4,874 of delinquent property taxes as of September 30, 2025.

The Bowie County Appraisal District bills and collects property taxes for the City of Maud. The State of Texas Constitution limits the City's ad valorem tax rate for all purposes to \$1.50 per one hundred dollars of assessed valuation. Ad valorem tax revenue was levied using a rate of \$0.520531 per one hundred dollars of assessed valuation. Based on 100% of estimated market value, the City has a tax margin of \$0.979469 per \$100 and could raise an additional \$377,642 per year from the present assessed valuation of \$38,555,821 before the limit is reached. The amount assessed for the 2024 tax roll was \$200,695.

**NOTE D – FINANCING AND RELATED INSURANCE ISSUES**

In the normal course of business, the City is exposed to risks of loss from a number of sources including fire and casualty losses, errors or omissions by council members and employees, negligent acts by employees, automobile and mobile equipment accidents, and injuries to employees during the course of performing duties for the City.

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The City attempts to cover these losses by the purchase of insurance. Currently the City purchases 100% of its risk-related insurance through the Texas Municipal League Intergovernmental Risk Pool. The City purchases insurance from the pool with annual maximum limits and to the extent of these maximum limits the City will incur no additional liability due to excess insurance purchases by the risk pool. The City would be liable for claims in excess of the policy limits. In management's estimation, there are no current loss claims that exceed the insured maximum limits. Significant loss experiences could subject the City to significant premium increases. There was no reduction in insurance coverage from the prior year and in management's estimation maximum coverage limits are adequate.

**NOTE E – CAPITAL ASSETS**

Governmental activities capital asset activity for the year ended September 30, 2025, is as follows:

	Balance October 1, 2024	Additions	Reclassifications / Deletions	Balance September 30, 2025
<b>Governmental activities - cost</b>				
Land, non-depreciable	\$ 34,144	\$ -	\$ -	\$ 34,144
Construction in Progress, non-depreciable	-	37,040	-	37,040
Buildings	369,558	-	-	369,558
Office furniture and equipment	90,495	-	-	90,495
Vehicles and equipment	471,065	609,498	-	1,080,563
Streets	175,966	-	-	175,966
Total	<u>\$ 1,141,228</u>	<u>\$ 646,538</u>	<u>\$ -</u>	<u>\$ 1,787,766</u>
<b>Governmental activities - accumulated depreciation</b>				
Buildings	260,213	10,330	-	270,543
Office furniture and equipment	66,618	18,091	-	84,709
Vehicles and equipment	411,372	40,664	-	452,036
Streets	99,711	8,739	-	108,450
Total	<u>\$ 837,914</u>	<u>\$ 77,824</u>	<u>\$ -</u>	<u>\$ 915,738</u>
<b>Governmental activities capital assets, net</b>	<u>\$ 303,314</u>	<u>\$ 568,714</u>	<u>\$ -</u>	<u>\$ 872,028</u>

During the year ended September 30, 2025, the City purchased a 1991 fire truck and a Ford truck for a total of \$18,600.

During fiscal year 2025, the City acquired a 2025 fire truck using loan proceeds totaling \$434,731. Additional equipment of \$4,501 was purchased, for a total cost of \$439,232. The City received a \$240,000 Texas A&M Forestry Grant to offset the cost.

The City also purchased bunker gear and air tanks in the amount of \$151,666, of which \$143,819 was funded through a FEMA grant.

During fiscal year 2025, the City was awarded a Community Development grant through the Texas Department of Agriculture in the amount of \$500,000 with a \$10,000 required local match. The City plans to use the funds for Sewer Line and Street Improvements. In the current year the City incurred \$6,732 in engineering costs and \$22,260 in grant administration and other costs. No construction contracts have been signed. The project cost of \$28,992 is reflected as Construction in Progress at September 30, 2025.

During fiscal year 2025, the city began Holly Street improvements. In the current year, the City incurred \$8,048 in engineering costs related to the project. No construction contracts have been signed. These costs are reflected as Construction in Progress at September 30, 2025.

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Governmental activities depreciation expense charged to program activities was:

General administration	\$ 8,656
Library	5,409
Public Safety	54,541
Park	479
Streets	8,739
	<u>\$ 77,824</u>

Business-type activities capital asset activity for the year ended September 30, 2025, is as follows:

	Balance October 1, 2024	Additions	Reclassifications / Deletions	Balance September 30, 2025
Business-type activities - cost				
Construction in Progress, non-depreciable	\$ -	\$ 834,010	\$ -	\$ 834,010
Water system	1,202,019	-	-	1,202,019
Sewer system	2,953,978	-	-	2,953,978
Office Furniture and Equipment	6,008	-	-	6,008
Vehicles and Equipment	269,247	7,004	-	276,251
Undivided interest in LTWSC	172,810	-	-	172,810
Total	\$ 4,604,062	\$ 841,014	\$ -	\$ 5,445,076
Business-type activities - accumulated depreciation				
Water system	806,910	18,975	-	825,885
Sewer system	1,878,527	66,364	-	1,944,891
Office Furniture and Equipment	5,238	770	-	6,008
Vehicles and Equipment	177,902	21,246	-	199,148
Undivided interest in LTWSC	152,005	3,964	-	155,969
Total	\$ 3,020,582	\$ 111,319	\$ -	\$ 3,131,901
Business-type activities capital assets, net	\$ 1,583,480	\$ 729,695	\$ -	\$ 2,313,175

The City purchased a utility trailer for \$7,004 during the current year.

During fiscal year 2025, the City began installing a new meter system. The City signed a contract with Osborne Communication for a total of \$749,920 with increasing change orders. During the year the City incurred costs of \$811,893 in relation to the contract, and \$22,117 of other costs. This project is reflected in Construction in Progress at September 30, 2025.

All depreciation expense of \$111,319 recorded in the business-type activities was charged to the Water and Sewer Fund.

**NOTE F – LONG-TERM DEBT**

Governmental-type activities long-term debt is comprised of note payable with the Maud Economic Development Corporation for the remodel of city hall in the amount of \$43,629. The note is payable in monthly installments of \$261 at an interest rate of 1.00%. The balance as of September 30, 2025 was \$17,008.

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In January 2025, the City entered into a purchase agreement with U.S Bancorp in the amount of \$434,731 for a 2025 fire truck. Proceeds from this borrowing were reported in the General Fund as Other Financing Sources – Proceeds from Notes Payable on the Statement of Revenues, Expenditures, and Changes in Fund Balance. The note bears an interest rate at 5.374% and matures in fiscal year 2032. The first payment in January 2026 of \$240,000 is funded by a one-time forestry grant through Texas A&M. Annual payments of principal and interest thereafter total \$43,484.

All debt borrowings are from direct borrowing. Governmental-type transactions long-term debts for the year ended September 30, 2025 are summarized as follows:

Type of Debt	October 1, 2024	Additions	Retirements	September 30, 2025	Due within one year
Purchase Agreement	-	434,731	-	434,731	216,638
MEDC Note Payable	19,956	-	2,948	17,008	2,977
<b>Total Governmental Activities</b>	<u>19,956</u>	<u>434,731</u>	<u>2,948</u>	<u>451,739</u>	<u>219,615</u>

The annual requirements to retire debt as of September 30, 2025 is as follows:

September 30,	Purchase Agreement		MEDC		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2026	216,638	23,362	2,977	186	219,615	23,548
2027	31,763	11,720	3,007	156	34,770	11,876
2028	33,470	10,013	3,037	126	36,507	10,139
2029	35,269	8,215	3,068	95	38,337	8,310
2030	37,164	6,319	3,098	33	40,262	6,352
2031-2032	80,427	6,541	1,821	7	82,248	6,548
<b>Totals</b>	<u>\$ 434,731</u>	<u>\$ 66,170</u>	<u>\$ 17,008</u>	<u>\$ 603</u>	<u>\$ 451,739</u>	<u>\$ 66,773</u>

Business-type activities long-term debt at September 30, 2025 is comprised of the following:

\$12,023 Loan Payable Purchase Obligation, due in monthly installments of \$334 through June 2026 at an interest rate of 0.00%.	\$ 3,005
\$14,490 Notes Payable Purchase Obligation, due in monthly installments of \$260 through February 2026 at an interest rate of 2.99%.	1,363
\$75,078 Notes Payable Purchase Obligation, due in monthly installments of \$1,359 through March 2026 at an interest rate of 2.99%.	8,090
\$98,850 Notes Payable Purchase Obligation, due in monthly installments of \$1,540 through October 2025 at an interest rate of 3.85%.	-
\$804,769 Notes Payable Purchase Obligation, due in annual installments of \$81,373 through December 2029 at an interest rate of 5.72%	804,770
<b>Total Business-Type Activities -Water and Sewer Fund</b>	<u>\$ 817,228</u>

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All debt borrowings are from direct borrowings. Business-type transactions long-term debts for the year ended September 30, 2025 are summarized as follows:

<u>Type of Debt</u>	<u>October 1, 2024</u>	<u>Additions</u>	<u>Retirements</u>	<u>September 30, 2025</u>	<u>Due within one year</u>
Business-type Activities					
Loans Payable - Lawn Mower	7,013	-	4,008	3,005	3,005
Notes Payable - Trailer	4,396	-	3,033	1,363	1,363
Notes Payable - Loader	23,897	-	15,807	8,090	8,090
Notes Payable - Back loader	19,596	-	19,596	-	-
Notes Payable - Meter System	-	804,770	-	804,770	35,308
	<u>\$ 54,902</u>	<u>\$ 804,770</u>	<u>\$ 42,444</u>	<u>\$ 817,228</u>	<u>\$ 47,766</u>

The annual requirements to retire business-type activities long-term debt as of September 30, 2025 is as follows:

<u>Year Ending September 30,</u>	<u>Loans Payable</u>		<u>Notes Payable</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2026	3,005	-	9,453	73
Totals	<u>\$ 3,005</u>	<u>\$ -</u>	<u>\$ 9,453</u>	<u>\$ 73</u>

<u>Year Ending September 30,</u>	<u>Notes Payable - Meter System</u>	
	<u>Principal</u>	<u>Interest</u>
2026	35,308	46,065
2027	37,330	44,043
2028	39,446	41,907
2029	41,725	39,648
2030	44,114	37,259
2031-2035	261,460	145,403
2036-2039	345,387	61,507
Totals	<u>\$ 804,770</u>	<u>\$ 415,832</u>

**NOTE H – EMPLOYEE RETIREMENT SYSTEMS**

Plan Description

The City of Maud participates as one of 938 plans in the defined benefit cash-balance plan administered by the Texas Municipal Retirement System (TMRS). TMRS is a statewide public retirement plan created by the State of Texas and administered in accordance with the TMRS Act, Subtitle G, Title 8, Texas Government Code (the TMRS Act) as an agent multiple-employer retirement system for employees of Texas participating cities. The TMRS Act places the general administration and management of TMRS with a six-member, Governor-appointed Board of Trustees; however, TMRS is not fiscally dependent on the State of Texas. TMRS issues a publicly available Annual Comprehensive Financial Report (Annual Report) that can be obtained at [tmrs.com](http://tmrs.com).

Benefits Provided

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

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

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

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Employees of the City of Maud are eligible for retirement at age 60 with 5 years of service or at any age with 20 years of service. Employees contribute to the fund at the rate of 7%. The City matches dollar for dollar. City match vests after 5 years of service.

*Employees covered by benefit terms:*

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

Inactive employees or beneficiaries currently receiving benefits	2
Inactive employees entitled to but not yet receiving benefits	15
Active employees	<u>8</u>
<b>Total</b>	<b><u>25</u></b>

Contributions

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

Employees for the City of Maud were required to contribute 5.00% of their annual compensation during the fiscal year ended September 30, 2024. The contribution rates for the City of Maud were 3.19% and 4.15% in calendar years 2024 and 2025, respectively. The city's contributions to TMRS for the year ended September 30, 2025, were \$13,941, and were equal to the required contributions.

Net Pension Liability

The city's Net Pension Liability (NPL) was measured as of December 31, 2024, and the Total Pension Liability (TPL) used to calculate the 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, adjusted down for population declines, if any
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. Male rates are multiplied by 103% and female rates are multiplied by 105%. The rates for actives, healthy retirees and beneficiaries are projected on a fully generational basis by the most recent Scale MP-2021 to account for future mortality improvements. For disabled annuitants, the same mortality tables for healthy retirees are used with a 4-year set-forward for males and a 3-year set-forward for females. In addition, a 3.5% and 3.0% minimum mortality rate is applied, for males and females respectively, to reflect the impairment for younger members who become disabled. The rates are projected on a fully generational basis by the most recent Scale MP-2021 to account for future mortality improvements subject to the 3% floor.

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

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

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return (Arithmetic)
Global Equity	35.0%	7.1%
Core Fixed Income	6.0%	5.0%
Non-Core Fixed Income	6.0%	6.8%
Real Estate	12.0%	6.7%
Hedge Funds	5.0%	8.5%
Private Equity	13.0%	8.2%
Private Debt	13.0%	6.0%
Infrastructure	6.0%	7.3%
Other Private Markets	4.0%	
Total	<u>100.0%</u>	

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

*Changes in the Net Pension (Asset) Liability:*

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a)-(b)
Balance at 12/31/2023	\$237,286	\$240,721	\$ (3,435)
Changes for the year:			
Service cost	33,361	-	33,361
Interest	16,593	-	16,593
Changes in current period benefits	664	-	664
Difference between expected and actual experience	(8,982)	-	(8,982)
Change in assumptions	-	-	-
Contributions - employer	-	9,468	(9,468)
Contributions - employee	-	14,840	(14,840)
Net investment income	-	25,170	(25,170)
Benefit payments, including refunds to employees	(17,603)	(17,603)	-
Administrative expense	-	(160)	160
Other changes	-	(4)	4
Net changes	<u>24,033</u>	<u>31,711</u>	<u>(7,678)</u>
Balance at 12/31/2024	<u>\$261,319</u>	<u>\$272,432</u>	<u>\$ (11,113)</u>

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

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

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	1% Decrease in Discount Rate 5.75%	Discount Rate (6.75%)	1% Increase in Discount Rate 7.75%
City's net pension (asset) liability	\$ 18,672	\$ (11,113)	\$ (35,468)

*Pension Plan Fiduciary Net Position:*

Detailed information about the pension plan's Fiduciary Net Position is available in the Schedule of Changes in Fiduciary Net Position, by Participating City. That report may be obtained at [tmrs.com](http://tmrs.com).

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

For the year ended September 30, 2025 the City recognized pension expense of \$833.

As of 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	\$ -	\$ 5,407
Changes in actuarial assumptions	-	233
Difference between projected and actual investment earnings	-	3,326
Contributions subsequent to the measurement date	11,330	-
	\$ 11,330	\$ 8,966

\$11,330 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability for the year ended September 30, 2025. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

	Net deferred outflows (inflows) of resources
2026	(5,617)
2027	2,271
2028	(3,834)
2029	(1,786)
2030	-
Thereafter	-
Total	\$ (8,966)

*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 MAUD, TEXAS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2025**

<u>Your city offers supplemental death to:</u>	<u>Plan Year 2023</u>	<u>Plan Year 2024</u>	<u>Plan Year 2025</u>
Active employees (yes or no)	Yes	Yes	Yes
Retirees (yes or no)	Yes	Yes	Yes

Contributions

The City contributes to the SDBF at a contractually required rate as determined by an annual actuarial valuation. The rate is equal to the cost of providing one-year term life insurance. The funding policy for the SDBF program is to assure that adequate resources are available to meet all death benefit payments for the upcoming year; the intent is not pre-fund retiree term life insurance during employees' entire careers. The City's contributions to the TMRS SDBF for the years ended 2025, 2024 and 2023 were \$1,152, \$957, and \$1,021, respectively, which equaled the required contributions each year.

**NOTE I – WATER SUPPLY & MAINTENANCE CONTRACTS**

The City along with seven other area cities had formed Lake Texarkana Water Supply Corporation (LTWSC). The cities executed a contract to be provided water by the Water Supply Corporation. That contract has now been amended and extended by a document entitled; "Extension and Amendment to Water Supply Contract" dated March 1, 2010 by the cities. This document extends and amends the terms and provisions of the original contract and also recognizes the establishment of the Riverbend Water Resources District which was created by the 81st Texas Legislature, codified in Title 6, Special District Local Laws Code, Subtitle L, Chapter 9601, effective June 19, 2009, to which, the city is a member.

The Extension and Amendment to Water Supply Contract likewise acknowledges that all existing Lake Texarkana Water Supply Corporation bonds have been paid and Lake Texarkana Water Supply Corporation was involuntarily dissolved effective March 21, 2007.

As a result of the payoff of the LTWSC bonds, during the year ended March 31, 2014, assets acquired with bond proceeds were conveyed to the member cities in proportion to their participation in the project. In May 2011, the City of Texarkana underwent an agreed-upon procedures examination to determine the percentages to be conveyed to the Member Cities for each city's respective portion of the undivided interest in the LTWSC facilities pursuant to the provisions of the 1969 Water Supply Contract between the City of Texarkana and member cities. The assets conveyed to the City were valued at cost less depreciation.

The City incurred \$83,047 of expenditures for water under the Water Supply Contract for the year ending September 30, 2025. The amount incurred is based on actual water consumption and estimated operations costs. The amount will be trued-up based on actual consumption and costs in the subsequent period, if necessary.

The City has entered into an Interlocal Cooperation Agreement dated March 5, 2010 with Riverbend Water Resources District. The City will procure certain services from Riverbend and participate in the funding of the development of Riverbend projects. The City incurred \$2,315 of expenditures to Riverbend.

The City of Maud currently has a Riverbend fee of \$.04 per 1,000 gallons of water purchased. Additionally, negotiations are ongoing for a new Water Supply Contract with Riverbend replacing Texarkana as the regional supplier of the treated water including construction of a \$200M regional water treatment facility. Under the new contract, the Riverbend fee is \$1.20 per 1,000 gallons of water purchased starting September 2020. In the current year, the fee increased to \$2.40 per 1,000 gallons. Total payments for this contract amounted to \$122,414 in FY 2025.

The City of Maud has entered into an Interlocal Agreement for Water and Wastewater System Operations and Maintenance Services with Riverbend Water Resources District. This agreement outlines the collaboration between Riverbend and the City of Maud for the management, operation, and maintenance of the city's water storage, distribution, and wastewater systems. For the current year, the City paid \$172,300 for management of the water and wastewater systems. The City also paid an additional \$106,914 to Riverbend for system repairs and maintenance.

**CITY OF MAUD, TEXAS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2025**

***NOTE J – DISCLOSURES OF MAUD ECONOMIC DEVELOPMENT CORPORATION***

The Maud Economic Development Corporation (MEDC) is a discrete component unit of the City of Maud, Texas. The board of MEDC is appointed by the City Council. Its mission is to improve economic growth in the City of Maud, Texas. A special sales tax was passed by the citizens of the City to support the MEDC. The sales tax is to be used for future economic development of the City, which are legally restricted to expenditures for certain purposes.

Note Receivable - On March 1, 2016, the City's General Fund borrowed funds from the Maud Economic Development Corporation for the remodel of city hall in the amount of \$43,629. The note is payable in monthly installments of \$261 at an interest rate of 1.00%. As of September 30, 2025, the balance outstanding on the note receivable due from the City of Maud was \$17,008. The balance represents a significant concentration of credit risk for MEDC at year-end.

***NOTE K – SUBSEQUENT EVENTS***

In reviewing its financial statements, management has evaluated events subsequent to the balance sheet date through March 12, 2026, which is the date the financial statements were available to be issued.

***CITY OF MAUD, TEXAS***  
***REQUIRED SUPPLEMENTARY INFORMATION***

**CITY OF MAUD, TEXAS**  
**GENERAL FUND**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -**  
**BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2025**

	Budgeted Amounts		GAAP	Variance with
	Original	Final	Basis	Final Budget
			Actual	Favorable
			Amount	(Unfavorable)
<b>Revenues</b>				
Property taxes	\$ 245,000	\$ 245,000	\$ 241,134	\$ (3,866)
Franchise taxes	35,000	35,000	29,851	(5,149)
Sales taxes	123,000	123,000	138,496	15,496
Fines and forfeitures	3,000	3,000	814	(2,186)
Volunteer fire department supplemental	11,000	11,000	32,226	21,226
Donations	1,700	1,700	915	(785)
Grant revenues	2,500	2,500	411,077 *	408,577
Interest	40,600	40,600	34,879	(5,721)
Miscellaneous	5,701	5,701	11,650	5,949
<b>Total revenues</b>	<b>467,501</b>	<b>467,501</b>	<b>901,042</b>	<b>433,541</b>
<b>Expenditures</b>				
Contract services	3,100	3,100	11,200	(8,100)
Dues and subscriptions	15,000	15,000	15,613	(613)
Insurance other	6,515	6,515	1,361	5,154
IT software and support	16,100	16,100	26,024	(9,924)
Legal and audit	10,000	10,000	5,136	4,864
Miscellaneous	24,650	24,650	36,612	(11,962)
Oil and gas	2,000	2,000	2,789	(789)
Operating supplies	13,767	13,767	10,554	3,213
Payroll	210,690	210,690	207,473	3,217
Payroll health and benefits	67,083	67,083	72,319	(5,236)
Repairs and maintenance	43,220	43,220	38,810	4,410
Small equipment/ bunker gear	10,000	10,000	12,428	(2,428)
State court costs and fees	500	500	270	230
Utilities	36,100	36,100	39,240	(3,140)
Capital outlay	200,000	200,000	646,538 *	(446,538)
Debt service - principal	-	-	2,948	(2,948)
Debt service - interest expense	300	300	185	115
<b>Total expenditures</b>	<b>659,025</b>	<b>659,025</b>	<b>1,129,500</b>	<b>(470,475)</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>(191,524)</b>	<b>(191,524)</b>	<b>(228,458)</b>	<b>(36,934)</b>
<b>Other Financing Sources (Uses):</b>				
Loan Proceeds	-	-	434,731 *	434,731
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>434,731</b>	<b>434,731</b>
<b>Net Change in Fund Balance</b>	<b>(191,524)</b>	<b>(191,524)</b>	<b>206,273</b>	<b>397,797</b>
Fund balance at October 1, 2024	778,851	778,851	778,851	-
Fund balance at September 30, 2025	<u>\$ 587,327</u>	<u>\$ 587,327</u>	<u>\$ 985,124</u>	<u>\$ 397,797</u>

\* The City does not budget grant revenues or loan proceeds with correlating capital outlay expenditures.

The accompanying notes are an integral part of this statement.

**CITY OF MAUD, TEXAS**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**TEXAS MUNICIPAL RETIREMENT SYSTEM (TMRS)**  
**SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS**  
**PLAN YEAR ENDED DECEMBER 31**  
*Last 10 Years (will ultimately be displayed)*

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Total Pension (Asset) Liability	\$ 14,466	\$ 16,012	\$ 15,661	\$ 15,812	\$ 15,945	\$ 16,839	\$ 17,311	\$ 20,827	\$ 19,276	\$ 33,361
Service cost	5,086	6,647	8,146	9,843	11,190	12,295	14,334	15,807	15,623	16,593
Interest (on the Total Pension Liability)	1,148	(275)	1,260	(5,036)	(11,165)	3,359	(1,005)	(21,601)	(10,429)	(8,982)
Changes of benefit terms	4,341	-	-	-	1,420	(1,499)	-	-	(815)	-
Difference between expected and actual experience	-	-	-	-	(1,454)	(1,499)	(3,523)	(17,627)	(16,357)	(17,603)
Change of assumptions	-	-	-	-	-	30,994	27,117	(2,594)	7,298	24,033
Benefit payments, including refunds to employees	25,041	22,384	25,067	20,619	15,936	30,994	27,117	(2,594)	7,298	24,033
Net Change in Total Pension Liability	65,424	90,465	112,849	137,916	158,535	174,471	205,465	232,582	229,988	237,286
Total Pension Liability - Beginning	\$ 90,465	\$ 112,849	\$ 137,916	\$ 158,535	\$ 174,471	\$ 205,465	\$ 232,582	\$ 229,988	\$ 237,286	\$ 261,319
Total Pension Liability - Ending (a)										
Plan Fiduciary Net Position	\$ 7,705	\$ 8,031	\$ 8,674	\$ 8,594	\$ 8,379	\$ 8,055	\$ 8,220	\$ 11,917	\$ 11,636	\$ 9,468
Contributions - employer	11,231	11,967	11,687	11,871	11,588	11,597	11,776	13,666	12,648	14,840
Contributions - employee	34	2,858	9,036	(2,840)	17,410	11,282	23,199	(15,907)	24,328	25,170
Net investment income	-	-	-	-	(1,454)	(1,499)	(3,523)	(17,627)	(16,357)	(17,603)
Benefit payments, including refunds to employees	(21)	(32)	(47)	(55)	(98)	(73)	(107)	(137)	(154)	(160)
Administrative expense	(1)	(2)	(2)	(3)	(3)	(3)	1	163	(1)	(4)
Other changes	18,948	22,822	29,348	17,567	35,822	29,359	39,566	(7,925)	32,100	31,711
Net Change in Plan Fiduciary Net Position	23,112	42,060	64,882	94,230	111,798	147,620	176,980	216,546	208,621	240,721
Plan Fiduciary Net Position - Beginning	\$ 42,060	\$ 64,882	\$ 94,230	\$ 111,797	\$ 147,620	\$ 176,979	\$ 216,546	\$ 208,621	\$ 240,721	\$ 272,432
Plan Fiduciary Net Position - Ending (b)										
Net Pension (Asset) Liability - Ending (a) - (b)	\$ 48,405	\$ 47,967	\$ 43,686	\$ 46,738	\$ 26,851	\$ 28,486	\$ 16,036	\$ 21,367	\$ (3,435)	\$ (11,113)
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	46.49%	57.49%	68.32%	70.52%	84.61%	86.14%	93.11%	90.71%	101.45%	104.25%
Covered Employee Payroll	\$ 224,626	\$ 239,338	\$ 233,740	\$ 237,413	\$ 231,762	\$ 231,840	\$ 235,519	\$ 273,318	\$ 252,965	\$ 296,804
Net Pension (Asset) Liability as a Percentage of Covered Employee Payroll	21.55%	20.04%	18.69%	19.71%	11.59%	12.29%	6.81%	7.82%	-1.36%	-3.74%

**CITY OF MAUD, TEXAS**  
**REQUIRED SUPPLEMENTARY INFORMATION - TEXAS MUNICIPAL RETIREMENT SYSTEM (TMRS)**  
**SCHEDULE OF CONTRIBUTIONS**  
**FISCAL YEAR ENDED SEPTEMBER 30, 2025**  
**YEAR ENDED SEPTEMBER 30, 2024**  
*Last 10 Years (will ultimately be displayed)*

	SIX-MONTHS ENDED											
	FISCAL YEAR ENDED MARCH 31,					FISCAL YEAR ENDED SEPTEMBER 30,						
	2016	2017	2018	2019	2020	2020	2020	2021	2022	2023	2024	2025
Actuarially Determined Contribution	\$ 7,705	\$ 8,232	\$ 8,680	\$ 8,854	\$ 8,195	\$ 4,610	\$ 8,005	\$ 11,227	\$ 11,992	\$ 9,273	\$ 13,941	
Contributions in relation to the actuarially determined contribution	7,705	8,232	8,680	8,854	8,195	4,610	8,005	11,227	11,992	9,273	13,941	
Contribution deficiency (excess)	-	-	-	-	-	-	-	-	-	-	-	-
Covered employee payroll	\$ 227,121	\$ 230,123	\$ 228,720	\$ 244,576	\$ 228,517	\$ 126,298	\$ 229,668	\$ 269,406	\$ 264,018	\$ 267,472	\$ 354,858	
Contributions as a percentage of covered employee payroll	3.39%	3.58%	3.80%	3.62%	3.59%	3.65%	3.49%	4.17%	4.54%	3.47%	3.93%	

*Note: GASB #68, paragraph 81.2.b requires that the data into his schedule be presented as of the City's fiscal year as of the time period covered by the measurement date.*

*Note: Ten years of data is presented in accordance with GASB #68, paragraph 138.*

**Notes to Schedule of Contributions**

**Valuation Date:** Actuarially determined contribution rates are calculated as of December 31 and become effective in January 13 months later.

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

Actuarial Cost Method: Entry Age Normal  
 Amortization Method: Level Percentage of Payroll, Closed  
 Remaining Amortization Period: N/A  
 Asset Valuation Method: 10 year smoothed market; 12% soft corridor  
 Inflation: 2.5%  
 Salary Increases: 3.60% to 11.85% including inflation  
 Investment Rate of Return: 6.75%  
 Retirement Age: Experience-based table of rates that vary by age. Last updated for the 2023 valuation pursuant to an experience study of the period ending 2022.  
 Mortality: Post-retirement: 2019 Municipal Retirees of Texas Mortality Tables. Male rates are multiplied by 103% and female rates are multiplied 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.



# WILF & HENDERSON, P.C.

CERTIFIED PUBLIC ACCOUNTANTS

Member of American Institute of Certified Public Accountants  
Member of Private Company Practice Section  
Member of AICPA Governmental Audit Quality Center

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

### Independent Auditor's Report

March 12, 2026

Honorable Mayor and  
Members of the City Council  
City of Maud, Texas

Members of the Council:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Maud, 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 of Maud, Texas' basic financial statements and have issued our report thereon dated March 12, 2026.

### **Internal Control over Financial Reporting**

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

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

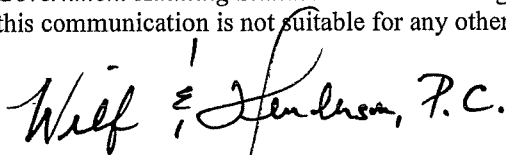
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not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

## Report on Compliance and Other Matters

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

## Purpose of This Report

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

A handwritten signature in black ink that reads "Wilf & Henderson, P.C." with a stylized flourish.

**WILF & HENDERSON, P.C.**  
Certified Public Accountants  
Texarkana, Texas

March 12, 2026

***CITY OF MAUD, TEXAS***  
***REPORT ON COMPLIANCE AND INTERNAL CONTROLS***

**CITY OF MAUD, TEXAS  
SCHEDULE OF FINDINGS AND RESPONSES  
FOR THE YEAR ENDED SEPTEMBER 30, 2025**

**I. Summary of the Auditor's Results:**

- a. The type of report issued on the financial statements of the City of Maud, Texas was an unmodified opinion.
- b. No significant deficiency or material weakness relating to the audit of the financial statements are reported in the report on internal control over financial reporting and on compliance and other matters required by the GAO's *Government Auditing Standards*.
- c. No instances of noncompliance material to the financial statements of the City of Maud, Texas were disclosed during the audit.

**II. Findings Relating to the Financial Statements Which Are Required to Be Reported in Accordance with *Generally Accepted Government Auditing Standards*.**

No findings were required to be reported.

**CITY OF MAUD, TEXAS  
SCHEDULE OF STATUS OF PRIOR AUDIT FINDINGS  
FOR THE YEAR ENDED SEPTEMBER 30, 2025**

There were no prior year findings.

**CITY OF MAUD, TEXAS  
CORRECTIVE ACTION PLAN  
FOR THE YEAR ENDED SEPTEMBER 30, 2025**

There were no current year findings.