

CITY OF STANTON  
Annual Financial Report  
Year Ended September 30, 2025

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FINANCIAL SECTION



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## INDEPENDENT AUDITOR'S REPORT

The Honorable Mayor and City Council  
City of Stanton  
P.O. Box 370  
Stanton, TX 79782-0370

### **Report on the Audit of the Financial Statements**

#### ***Opinions***

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Stanton, Texas, as of and for the year ended September 30, 2025, and the related notes to the financial statements, which collectively comprise the City of Stanton'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 unit, each major fund, and the aggregate remaining fund information of the City of Stanton, Texas, as of September 30, 2025, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### ***Basis for Opinions***

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

#### ***Emphasis of Matter***

The City adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 101, *Compensated Absences*, described in Note I., N. to the financial statements. Our opinion is not modified with respect to this matter.

#### ***Responsibilities of Management for the Financial Statements***

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City of Stanton'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 auditing standards generally accepted in the United States of America 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 auditing standards generally accepted in the United States of America 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 of Stanton'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 of Stanton's ability to continue as a going concern for a reasonable period of time.

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

***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, and net pension liability and contributions information and net OPEB liability and contributions information for the Texas Municipal Retirement System 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 January 31, 2026, on our consideration of the City of Stanton's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City of Stanton's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Stanton's internal control over financial reporting and compliance.

*Eckert & Company, LLP*

January 31, 2026



# CITY OF STANTON

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## MANAGEMENT'S DISCUSSION AND ANALYSIS

Our discussion and analysis of the City of Stanton's financial performance provides an overview of the City's financial activities for the year ended September 30, 2025. It should be read in conjunction with the City's basic financial statements and independent auditor's report.

### Financial Highlights

The City's assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources at the end of the current year by \$13,321,946 (net position). Of this amount, \$4,351,932 (unrestricted) may be used to meet the City's ongoing obligations.

The City's total net position increased by \$516,848 or 4%. This amount consists of a \$728,772 increase attributable to current year operations and a \$211,924 decrease attributable to adjustments and restatements as described in Note IV., F. to the financial statements. The City's statement of activities shows total revenues of \$5,274,387 and total expenses of \$4,545,615.

The total fund balance of the General Fund is \$3,606,614 which is a decrease of \$8,193 or less than 1% compared to the prior year. To evaluate the General Fund's liquidity, it may be helpful to compare both unassigned fund balance and total General Fund expenditures. The unassigned fund balance for the General Fund is \$3,471,569, or 116% of the total General Fund expenditures.

### Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements consist of government-wide financial statements, fund financial statements, and notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements.

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

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

The statement of activities presents information showing how the City's net position changed during the current year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future years.

## MANAGEMENT'S DISCUSSION AND ANALYSIS - Continued

### Overview of the Financial Statements - Continued

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City include general government, public safety, streets, health and welfare, and culture and recreation. The business-type activities of the City include a water and sewer system and trash collection including a landfill site.

The component unit column of the government-wide financial statements presents the financial information of the Stanton Economic Development Corporation which is a component unit of the City. The component unit is reported in a separate column to emphasize that it is legally separate from the City.

**Fund Financial Statements** - A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into two categories: governmental funds and proprietary funds.

**Governmental Funds** - Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the current year.

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

Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund and the Special Revenue Fund - Hotel/Motel Occupancy Tax, both of which are considered to be major funds.

The City adopts an annual appropriated budget for its General Fund. A budgetary comparison statement has been provided to demonstrate compliance with the budget.

**Proprietary Funds** - Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for its water and sewer system, trash collection, and customer deposits.

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

**MANAGEMENT’S DISCUSSION AND ANALYSIS - Continued**

**Government-Wide Financial Analysis**

**Net Position** - A summary of the City’s net position is presented below:

	NET POSITION					
	Governmental Activities		Business-Type Activities		Totals	
	September 30,					
	2025	2024	2025	2024	2025	2024
Current and Other Assets	\$ 5,632,151	\$ 5,532,509	\$ 816,227	\$ 1,116,175	\$ 6,448,378	\$ 6,648,684
Capital Assets	<u>2,474,672</u>	<u>1,638,456</u>	<u>6,472,723</u>	<u>6,718,563</u>	<u>8,947,395</u>	<u>8,357,019</u>
Total Assets	<u>\$ 8,106,823</u>	<u>\$ 7,170,965</u>	<u>\$ 7,288,950</u>	<u>\$ 7,834,738</u>	<u>\$ 15,395,773</u>	<u>\$ 15,005,703</u>
Deferred Outflows of Resources	<u>\$ 72,626</u>	<u>\$ 136,775</u>	<u>\$ 33,349</u>	<u>\$ 56,096</u>	<u>\$ 105,975</u>	<u>\$ 192,871</u>
Current and Other Liabilities	\$ 95,515	\$ 65,566	\$ 305,915	\$ 332,104	\$ 401,430	\$ 397,670
Long-Term Liabilities Outstanding	<u>214,160</u>	<u>183,897</u>	<u>1,478,972</u>	<u>1,774,042</u>	<u>1,693,132</u>	<u>1,957,939</u>
Total Liabilities	<u>\$ 309,675</u>	<u>\$ 249,463</u>	<u>\$ 1,784,887</u>	<u>\$ 2,106,146</u>	<u>\$ 2,094,562</u>	<u>\$ 2,355,609</u>
Deferred Inflows of Resources	<u>\$ 59,130</u>	<u>\$ 27,252</u>	<u>\$ 26,110</u>	<u>\$ 10,615</u>	<u>\$ 85,240</u>	<u>\$ 37,867</u>
Net Position						
Net Investment in Capital Assets	\$ 2,474,672	\$ 1,638,456	\$ 5,098,702	\$ 5,016,148	\$ 7,573,374	\$ 6,654,604
Restricted	1,396,640	1,219,628	0	0	1,396,640	1,219,628
Unrestricted	<u>3,939,332</u>	<u>4,172,941</u>	<u>412,600</u>	<u>757,925</u>	<u>4,351,932</u>	<u>4,930,866</u>
Total Net Position	<u>\$ 7,810,644</u>	<u>\$ 7,031,025</u>	<u>\$ 5,511,302</u>	<u>\$ 5,774,073</u>	<u>\$ 13,321,946</u>	<u>\$ 12,805,098</u>

A large portion of the City's net position (\$7,573,374) reflects the City's investment in capital assets, less any related debt used to acquire those assets that is still outstanding. These capital assets are used to provide services to citizens within the jurisdiction of the City; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. An additional portion of the City’s net position (\$1,396,640) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position (\$4,351,932) may be used to meet the City’s ongoing obligations.

**MANAGEMENT’S DISCUSSION AND ANALYSIS - Continued**

**Government-Wide Financial Analysis - Continued**

**Governmental Activities** - Governmental activities increased the City’s net position by \$912,327 and \$257,867 for the fiscal years ended September 30, 2025 and 2024, respectively. Business-type activities decreased the City's net position by \$183,555 and increased the City’s Net Position \$831,733 for the fiscal years ended September 30, 2025 and 2024, respectively. Key elements of these increases (decreases) are as follows:

CHANGES IN NET POSITION

	Governmental Activities		Business-Type Activities		Totals	
	Year Ended September 30,					
	2025	2024	2025	2024	2025	2024
Revenues						
Program Revenues						
Charges for Services	\$ 52,290	\$ 77,649	\$ 1,800,496	\$ 1,980,793	\$ 1,852,786	\$ 2,058,442
Operating Grants and Contributions	72,859	18,458	116,697	66,433	189,556	84,891
Capital Grants and Contributions	0	485,083	0	533,322	0	1,018,405
General Revenues						
Operations Taxes	1,511,612	1,456,479	0	0	1,511,612	1,456,479
Sales and Other Taxes	1,383,709	1,243,090	0	0	1,383,709	1,243,090
Investment Earnings	171,939	220,271	5,064	10,798	177,003	231,069
Other	93,783	89,727	65,938	66,565	159,721	156,292
Total Revenues	<u>\$ 3,286,192</u>	<u>\$ 3,590,757</u>	<u>\$ 1,988,195</u>	<u>\$ 2,657,911</u>	<u>\$ 5,274,387</u>	<u>\$ 6,248,668</u>
Expenses						
General Government	\$ 477,296	\$ 454,037	\$ 0	\$ 0	\$ 477,296	\$ 454,037
Judicial	37,893	20,309	0	0	37,893	20,309
Public Safety	1,007,946	921,897	0	0	1,007,946	921,897
Streets	503,800	426,216	0	0	503,800	426,216
Public Health	99,820	602,689	0	0	99,820	602,689
Cultural and Recreation	215,090	315,432	0	0	215,090	315,432
Water	0	0	1,145,415	1,327,027	1,145,415	1,327,027
Sewer	0	0	309,206	303,428	309,206	303,428
Sanitation	0	0	749,149	788,033	749,149	788,033
Total Expenses	<u>\$ 2,341,845</u>	<u>\$ 2,740,580</u>	<u>\$ 2,203,770</u>	<u>\$ 2,418,488</u>	<u>\$ 4,545,615</u>	<u>\$ 5,159,068</u>
Change in Net Position Before Transfers	\$ 944,347	\$ 850,177	\$ (215,575)	\$ 239,423	\$ 728,772	\$ 1,089,600
Transfers In (Out)	<u>(32,020)</u>	<u>(592,310)</u>	<u>32,020</u>	<u>592,310</u>	<u>0</u>	<u>0</u>
Change in Net Position	\$ 912,327	\$ 257,867	\$ (183,555)	\$ 831,733	\$ 728,772	\$ 1,089,600
Net Position - Beginning	7,031,025	6,773,158	5,774,073	4,942,340	12,805,098	11,715,498
Prior Period Adjustments	<u>(132,708)</u>	<u>0</u>	<u>(79,216)</u>	<u>0</u>	<u>(211,924)</u>	<u>0</u>
Net Position - Ending	<u><u>\$ 7,810,644</u></u>	<u><u>\$ 7,031,025</u></u>	<u><u>\$ 5,511,302</u></u>	<u><u>\$ 5,774,073</u></u>	<u><u>\$ 13,321,946</u></u>	<u><u>\$ 12,805,098</u></u>

## MANAGEMENT'S DISCUSSION AND ANALYSIS - Continued

### Financial Analysis of the City's Funds

The City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

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

The City's governmental funds reported combined ending fund balances of \$5,410,824, an increase of \$65,171 or 1%, in comparison with the prior year. These fund balances are reported in various governmental funds as follows:

General Fund \$3,606,614. Of this balance \$135,045 is assigned for future fire truck capital outlay.

The City's General Fund experienced a net decrease of \$8,193 for the current fiscal year. When comparing the current year to the prior year the key factors contributing to this change are as follows:

- City sales tax increased by \$159,497, driven by higher tourism activity and increased local spending by residents.
- Franchise tax rose by \$25,287, reflecting growth in the City's customer base associated with residential usage increases.
- Licenses and permit fees decreased by \$26,547 due to a large construction project that generated unusually high permitting activity in the prior year.
- Federal grant revenue declined by \$485,083 because the City did not receive new Texas Division of Emergency Management (TDEM) grant funding during the current year.
- Miscellaneous revenue increased by \$45,676, primarily from donations from the Economic Development Corporation for Christmas decorations, two VIT payments, a refund from Texas Municipal League workers' compensation insurance, and a BuyBoard rebate.
- General government expenditures increased by \$530,710, primarily due to the construction of the new council chambers. Legal services increased by \$9,706 due to costs associated with an employment-related claim. Travel and training expenditures decreased by \$6,744 because the required biennial training was completed in the prior year. Code enforcement costs declined by \$7,818 as a result of lower routine operational activity during the year.
- Judicial expenditures increased by \$17,585, reflecting the first full year of operation for the Municipal Court Judge position and related collections of fines and fees.
- Public safety expenditures increased by \$125,790. Police department costs rose by \$118,098, primarily due to higher salaries and benefits of \$40,429 from additional staffing, \$5,414 in training costs, and the purchase and outfitting of a new police utility vehicle totaling \$49,611. Fire protection expenditures increased by \$7,692 due to additional equipment repairs and operating supplies.
- Street expenditures increased by \$105,144, largely due to the purchase of a John Deere tractor for \$87,121, higher salaries and benefits of \$12,510, and increased chemical purchases of \$7,846, partially offset by a \$6,367 decrease in equipment repair costs.
- Public health and wellness expenditures totaled \$4,304 in the prior year but were not incurred in the current year due to the absence of TDEM-funded projects.
- Parks expenditures decreased slightly by \$345, as higher equipment repair costs of \$7,729 were more than offset by a \$9,190 reduction in equipment supply purchases.

Special Revenue Funds \$1,804,210. Of this balance \$1,396,640 is restricted by legislation in the Hotel/Motel Occupancy Tax Fund, and \$407,570 is assigned for special programs which includes \$43,695 in the Airport Fund, \$350,173 in the Real Estate Account Fund, and \$13,702 in the Police Department Special Fund.

## MANAGEMENT'S DISCUSSION AND ANALYSIS - Continued

### Financial Analysis of the City's Funds - Continued

The City's Hotel/Motel Occupancy Tax Fund experienced an increase of \$177,012 for the current fiscal year. When comparing the current year to the prior year the key factors contributing to this change are as follows:

- Investment income decreased by \$6,063, primarily due to lower average cash balances available for investment during the year.
- Hotel/Motel occupancy tax revenue declined by \$24,281, reflecting reduced hotel and motel occupancy compared to the prior year.
- In the prior year, the City made significant contributions toward the Museum Interior Remodel (\$43,822) and the Convent Restoration Project (\$41,218). In the current year, only a final payment related to the Museum Interior Remodel was made, resulting in lower cultural and historical project expenditures.

The City's Real Estate Account Fund experienced a decrease of \$111,700 for the current fiscal year. When comparing the current year to the prior year the key factors contributing to this change are as follows:

- In the prior year, the City received a \$20,334 refund from the Texas Comptroller for excess contributions related to an Airport grant from two years earlier, which did not recur in the current year.
- In the current year, the Real Estate Fund contributed \$150,000 toward the construction of the City's new council chambers.

The City's Police Special Account Fund experienced a decrease of \$643 for the current fiscal year. When comparing the current year to the prior year the major change was due to the additional purchase of tactical gear and crowd control equipment in the current year.

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

The City's proprietary funds reported unrestricted net position of \$412,600, a decrease of \$345,325 or 46% in comparison with the prior year. When comparing the current year to the prior year the key factors contributing to this change are as follows:

- Charges for services increased by \$183,753, driven primarily by higher water sales, increased sewer permitting activity, and greater landfill usage.
- Salaries and benefits decreased by \$20,709 overall. While landfill wages increased due to the hiring of a part-time employee and overtime in the water, sewer, and landfill departments totaled \$21,552, these increases were more than offset by a \$43,079 decrease in health insurance premiums due to the District's transition from a two-tier to a four-tier pricing structure, which better aligns premium costs with coverage levels, and because a water department employee with family coverage separated from employment in November 2024 and was replaced in December 2024 by an employee with employee-only coverage.
- Repairs and maintenance expenses declined by \$197,513, reflecting major scraper repairs incurred in the prior year and fewer water line repairs in the current year. In the current year, the City did incur \$28,882 to replace sand in the plant filters.
- Wholesale water purchases from CRMWD decreased by \$88,435, reflecting lower water demand by the City during the year.

### General Fund Budget

The original budget for the General Fund was \$3,582,065 and final amended budget was \$3,677,065 which represents a \$95,000 increase in appropriations. Variances between the original budget and the final amended budget are shown on page 47 in the required supplementary information section of the audit report. The budget was amended throughout the year by the Board of Trustees. Actual expenditures and other uses were \$418,913 below the final amended budget. The most significant variances were in public safety (police) function and the street function.

The City has adopted a budget for the General Fund in the amount of \$3,224,372 for the fiscal year 2026, which is a decrease of \$452,693 from the fiscal year 2025.

## MANAGEMENT'S DISCUSSION AND ANALYSIS - Continued

### Capital Assets and Debt

**Capital Assets** - During the fiscal year, governmental activities reported \$2,474,672 invested in capital assets, including land, infrastructure, buildings, office furniture, fixtures, vehicles, and equipment, net of accumulated depreciation. Major capital additions during the year included the purchase and outfitting of a new police vehicle totaling \$49,611, the acquisition of a John Deere tractor for \$87,121, and upgrades to the baseball field lighting system. In addition, the City completed construction of new council chambers and parking lot at a total cost of \$651,152, which included \$10,500 that had been reported as construction in progress at the end of the prior year. The City also completed the 2025 seal coat project at a cost of \$259,872. The business-type activities reported \$6,472,723 invested in capital assets, including land, utility systems, vehicles, equipment, and financed purchases, net of accumulated depreciation. During the year, the City purchased a new sewer cleaning machine for \$87,590 and constructed new concrete slabs for six water wells at a cost of \$15,000. Financial statement footnote III., D. discloses the City's capital asset activity for the year ended September 30, 2025.

**Long-Term Debt** - In the current year, the City continues to carry outstanding debt related to the Unlimited Tax Refunding Bonds, Series 2016 and the Certificates of Obligation, Series 2019, both of which are serviced through the Water and Sewer Construction Fund. In addition, the City has financed purchase agreements for a backhoe loader, a CAT compactor, and a CAT tractor, all of which are repaid through the Water and Sewer Fund. Financial statement footnote III., F. discloses the City's debt activity for the year ended September 30, 2025.

### Requests for Information

The financial report is designed to provide a general overview of the City's finances for all those with an interest in the City's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to: Laura Walker, Finance Director, City of Stanton, P.O. Box 370, Stanton, TX 79782-0370.

Basic Financial Statements

CITY OF STANTON  
STATEMENT OF NET POSITION  
SEPTEMBER 30, 2025

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	Economic Development Corporation
<b>ASSETS</b>				
Cash and Cash Equivalents	\$ 5,322,229	\$ 652,225	\$ 5,974,454	\$ 2,320,558
Property Taxes Receivable, Net	125,812	-	125,812	-
Sales Tax Receivable	151,314	-	151,314	60,526
Accounts Receivable, Net	-	146,706	146,706	-
Other Taxes Receivable	6,374	-	6,374	-
Due from Other Governments	29,599	14,119	43,718	-
Internal Balances	(3,177)	3,177	-	-
Capital Assets				
Land	15,000	597,386	612,386	52,614
Utility Systems, Net	-	4,206,974	4,206,974	-
Infrastructure, Net	1,157,145	-	1,157,145	-
Buildings, Net	708,759	151,398	860,157	-
Furniture and Equipment, Net	593,768	401,900	995,668	-
Financed Purchases, Net	-	1,105,269	1,105,269	-
Construction in Progress	-	9,796	9,796	-
Total Assets	<u>\$ 8,106,823</u>	<u>\$ 7,288,950</u>	<u>\$ 15,395,773</u>	<u>\$ 2,433,698</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Deferred Loss on Refunding	\$ -	\$ 1,280	\$ 1,280	\$ -
Deferred Outflow Related to TMRS Pension	70,955	31,331	102,286	3,653
Deferred Outflow Related to TMRS OPEB	1,671	738	2,409	86
Total Deferred Outflows of Resources	<u>\$ 72,626</u>	<u>\$ 33,349</u>	<u>\$ 105,975</u>	<u>\$ 3,739</u>

CITY OF STANTON  
STATEMENT OF NET POSITION - Continued  
SEPTEMBER 30, 2025

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	Economic Development Corporation
<b>LIABILITIES</b>				
Accounts Payable	\$ 32,120	\$ -	\$ 32,120	\$ -
Payroll Liabilities	61,445	25,578	87,023	2,930
Customer Deposits	1,950	140,945	142,895	-
Sales Tax Payable	-	18,117	18,117	-
Accrued Interest Payable	-	30,532	30,532	-
Accrued Landfill Closure Costs	-	90,743	90,743	-
Noncurrent Liabilities:				
Debt Due Within One Year				
Compensated Absences	70,017	28,194	98,211	2,321
Bonds, Notes and Finance Purchases	-	336,380	336,380	-
Debt Due in More Than One Year				
Compensated Absences	57,950	33,384	91,334	-
Notes Payable	-	505,000	505,000	-
Financed Purchases	-	537,954	537,954	-
Net Pension Liability	50,536	22,315	72,851	2,602
Total OPEB Liability	<u>35,657</u>	<u>15,745</u>	<u>51,402</u>	<u>1,836</u>
Total Liabilities	<u>\$ 309,675</u>	<u>\$ 1,784,887</u>	<u>\$ 2,094,562</u>	<u>\$ 9,689</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Deferred Inflow Related to TMRS Pension	\$ 50,484	\$ 22,292	\$ 72,776	\$ 2,598
Deferred Inflow Related to TMRS OPEB	<u>8,646</u>	<u>3,818</u>	<u>12,464</u>	<u>445</u>
Total Deferred Inflows of Resources	<u>\$ 59,130</u>	<u>\$ 26,110</u>	<u>\$ 85,240</u>	<u>\$ 3,043</u>
<b>NET POSITION</b>				
Net Investment in Capital Assets	\$ 2,474,672	\$ 5,098,702	\$ 7,573,374	\$ -
Restricted by Legislation	1,396,640	-	1,396,640	-
Unrestricted	<u>3,939,332</u>	<u>412,600</u>	<u>4,351,932</u>	<u>2,424,705</u>
Total Net Position	<u>\$ 7,810,644</u>	<u>\$ 5,511,302</u>	<u>\$ 13,321,946</u>	<u>\$ 2,424,705</u>

The notes to the financial statements are an integral part of this statement.



General Revenues				
Taxes				
Property Taxes, Levied for General Purpose	\$ 1,511,612	\$ -	\$ 1,511,612	\$ -
General Sales and Use Taxes	1,041,756	-	1,041,756	416,828
Franchise Tax	168,266	-	168,266	-
Other Taxes	173,687	-	173,687	-
Penalty and Interest on Taxes	39,406	-	39,406	-
Donations and Contributions	10,650	-	10,650	-
Miscellaneous Revenue	43,727	65,938	109,665	-
Investment Earnings	171,939	5,064	177,003	76,715
Transfers In (Out)	<u>(32,020)</u>	<u>32,020</u>	<u>-</u>	<u>-</u>
Total General Revenues and Transfers	<u>\$ 3,129,023</u>	<u>\$ 103,022</u>	<u>\$ 3,232,045</u>	<u>\$ 493,543</u>
Change in Net Position	\$ 912,327	\$ (183,555)	\$ 728,772	\$ 350,505
Net Position - Beginning	7,031,025	5,774,073	12,805,098	2,076,861
Adjustments and Restatements	<u>(132,708)</u>	<u>(79,216)</u>	<u>(211,924)</u>	<u>(2,661)</u>
Net Position - Ending	<u>\$ 7,810,644</u>	<u>\$ 5,511,302</u>	<u>\$ 13,321,946</u>	<u>\$ 2,424,705</u>

The notes to the financial statements are an integral part of this statement.

CITY OF STANTON  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
SEPTEMBER 30, 2025

	General Fund	Hotel/Motel Occupancy Tax Fund	Other Funds	Total Governmental Funds
<b>ASSETS</b>				
Cash and Cash Equivalents	\$ 3,527,590	\$ 1,385,119	\$ 409,520	\$ 5,322,229
Property Taxes Receivable	177,470	-	-	177,470
Allowance for Uncollectible Taxes	(51,658)	-	-	(51,658)
Sales Tax Receivable	151,314	-	-	151,314
Other Taxes Receivable	6,374	-	-	6,374
Due from Other Governments	6,830	22,769	-	29,599
<b>Total Assets</b>	<b><u>\$ 3,817,920</u></b>	<b><u>\$ 1,407,888</u></b>	<b><u>\$ 409,520</u></b>	<b><u>\$ 5,635,328</u></b>
<b>LIABILITIES</b>				
Accounts Payable	\$ 20,872	\$ 11,248	\$ -	\$ 32,120
Payroll Liabilities	61,445	-	-	61,445
Due to Other Funds	3,177	-	-	3,177
Due to Others	-	-	1,950	1,950
<b>Total Liabilities</b>	<b><u>\$ 85,494</u></b>	<b><u>\$ 11,248</u></b>	<b><u>\$ 1,950</u></b>	<b><u>\$ 98,692</u></b>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Unavailable Revenue - Property Taxes	\$ 125,812	\$ -	\$ -	\$ 125,812
<b>FUND BALANCES</b>				
Restricted Fund Balance				
Restricted by Legislation	\$ -	\$ 1,396,640	\$ -	\$ 1,396,640
Assigned Fund Balance				
Other Assigned Fund Balance	135,045	-	407,570	542,615
Unassigned Fund Balance	3,471,569	-	-	3,471,569
<b>Total Fund Balances</b>	<b><u>\$ 3,606,614</u></b>	<b><u>\$ 1,396,640</u></b>	<b><u>\$ 407,570</u></b>	<b><u>\$ 5,410,824</u></b>
<b>Total Liabilities, Deferred Inflows, and Fund Balances</b>	<b><u>\$ 3,817,920</u></b>	<b><u>\$ 1,407,888</u></b>	<b><u>\$ 409,520</u></b>	<b><u>\$ 5,635,328</u></b>

The notes to the financial statements are an integral part of this statement.

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

<b>Total Fund Balances - Governmental Funds</b>	<b>\$ 5,410,824</b>
Capital assets net of accumulated depreciation used in governmental activities are not reported in governmental funds.	2,474,672
Deferred outflows of resources related to pensions are not reported in governmental funds.	70,955
Deferred outflows of resources related to other postemployment benefits are not reported in governmental funds.	1,671
Recognition of the City's compensated absences liability is not reported in governmental funds.	(127,967)
Recognition of the City's proportionate share of the net pension liability is not reported in governmental funds.	(50,536)
Recognition of the City's proportionate share of the total other postemployment benefit liability is not reported in governmental funds.	(35,657)
Deferred inflows of resources related to pensions are not reported in governmental funds.	(50,484)
Deferred inflows of resources related to other postemployment benefits are not reported in governmental funds.	(8,646)
Property taxes unavailable to pay for current period expenditures are deferred in governmental funds.	<u>125,812</u>
<b>Net Position of Governmental Activities</b>	<b><u><u>\$ 7,810,644</u></u></b>

The notes to the financial statements are an integral part of this statement.

CITY OF STANTON  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED SEPTEMBER 30, 2025

	General Fund	Hotel/Motel Occupancy Tax Fund	Other Funds	Total Governmental Funds
<b>REVENUES</b>				
Taxes				
Property Taxes	\$ 1,507,090	\$ -	\$ -	\$ 1,507,090
General Sales and Use Taxes	1,041,756	-	-	1,041,756
Franchise Tax	168,266	-	-	168,266
Other Taxes	-	173,687	-	173,687
Penalty and Interest on Taxes	39,406	-	-	39,406
Licenses and Permits	9,766	-	-	9,766
Intergovernmental Revenue and Grants	44,885	-	1,144	46,029
Charges for Services	-	-	40,077	40,077
Investment Earnings	120,719	41,175	10,045	171,939
Donations	-	-	10,650	10,650
Miscellaneous Revenue	73,004	-	-	73,004
	<b>\$ 3,004,892</b>	<b>\$ 214,862</b>	<b>\$ 61,916</b>	<b>\$ 3,281,670</b>
<b>EXPENDITURES</b>				
Current				
General Government	\$ 962,212	\$ 325	\$ 153,062	\$ 1,115,599
Judicial	37,893	-	-	37,893
Public Safety				
Police	954,192	-	12,502	966,694
Fire Protection	20,526	-	-	20,526
Streets	738,310	-	-	738,310
Health and Welfare	100,274	-	-	100,274
Culture and Recreation				
Parks	172,042	-	-	172,042
Museums	-	35,525	-	35,525
	<b>\$ 2,985,449</b>	<b>\$ 35,850</b>	<b>\$ 165,564</b>	<b>\$ 3,186,863</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<b>\$ 19,443</b>	<b>\$ 179,012</b>	<b>\$ (103,648)</b>	<b>\$ 94,807</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Sale of Real and Personal Property	\$ 2,384	\$ -	\$ -	\$ 2,384
Transfers In	242,683	-	-	242,683
Transfers Out	(272,703)	(2,000)	-	(274,703)
	<b>\$ (27,636)</b>	<b>\$ (2,000)</b>	<b>\$ -</b>	<b>\$ (29,636)</b>
Net Change in Fund Balances	\$ (8,193)	\$ 177,012	\$ (103,648)	\$ 65,171
Fund Balances - Beginning	3,614,807	1,219,628	511,218	5,345,653
Fund Balances - Ending	<b>\$ 3,606,614</b>	<b>\$ 1,396,640</b>	<b>\$ 407,570</b>	<b>\$ 5,410,824</b>

The notes to the financial statements are an integral part of this statement.

CITY OF STANTON  
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

<b>Total Net Change in Fund Balances - Governmental Funds</b>	\$ 65,171
Capital outlays are expenditures in the fund financial statements, but they should be shown as increases in capital assets in the government-wide financial statements.	1,067,128
Sale proceeds related to the disposal of capital assets are other resources in governmental funds but are reduced by the remaining basis in the government-wide financial statements.	(18,219)
Depreciation is not recognized as an expense in the governmental funds since it does not require the use of current financial resources.	(212,693)
Changes in compensated absences are recognized in the government-wide financial statements but are not reported in governmental funds.	4,741
Changes in the net pension liability and related deferred outflows and inflows are recognized in the government-wide financial statements but are not reported in governmental funds.	416
Changes in the total other postemployment benefit liability and related deferred outflows and inflows are recognized in the government-wide financial statements but are not reported in governmental funds.	1,261
Revenues from property taxes are deferred in governmental funds until they are considered available to finance current expenditures. In the government-wide financial statements, revenue are recognized when assessed, net of an allowance for uncollectible taxes.	<u>4,522</u>
<b>Change in Net Position of Governmental Activities</b>	<u><u>\$ 912,327</u></u>

The notes to the financial statements are an integral part of this statement.

CITY OF STANTON  
STATEMENT OF NET POSITION  
PROPRIETARY FUNDS  
SEPTEMBER 30, 2025

	Business-Type Activities - Enterprise Funds			
	Water/Sewer Fund	Water/Sewer Construction Fund	Nonmajor Enterprise Funds	Total Enterprise Funds
<b>ASSETS</b>				
Current Assets				
Cash and Cash Equivalents	\$ 574,718	\$ 29,142	\$ 48,365	\$ 652,225
Accounts Receivable, Net	146,706	-	-	146,706
Due from Other Governments	14,119	-	-	14,119
Due from Other Funds	6,677	-	-	6,677
Total Current Assets	<u>\$ 742,220</u>	<u>\$ 29,142</u>	<u>\$ 48,365</u>	<u>\$ 819,727</u>
Noncurrent Assets				
Capital Assets				
Land	\$ 597,386	\$ -	\$ -	\$ 597,386
Utility Systems	5,017,823	2,689,774	-	7,707,597
Accumulated Depreciation - Utility Systems	(2,702,912)	(797,711)	-	(3,500,623)
Buildings	725,387	-	-	725,387
Accumulated Depreciation - Buildings	(573,989)	-	-	(573,989)
Furniture and Equipment	1,163,702	39,630	-	1,203,332
Accumulated Depreciation - Furniture and Equipment	(777,654)	(23,778)	-	(801,432)
Financed Purchases	1,289,861	-	-	1,289,861
Accumulated Depreciation - Financed Purchases	(184,592)	-	-	(184,592)
Construction in Progress	9,796	-	-	9,796
Total Noncurrent Assets	<u>\$ 4,564,808</u>	<u>\$ 1,907,915</u>	<u>\$ -</u>	<u>\$ 6,472,723</u>
Total Assets	<u>\$ 5,307,028</u>	<u>\$ 1,937,057</u>	<u>\$ 48,365</u>	<u>\$ 7,292,450</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Deferred Loss on Refunding	\$ -	\$ 1,280	\$ -	\$ 1,280
Deferred Outflow Related to TMRS Pension	31,331	-	-	31,331
Deferred Outflow Related to TMRS OPEB	738	-	-	738
Total Deferred Outflows of Resources	<u>\$ 32,069</u>	<u>\$ 1,280</u>	<u>\$ -</u>	<u>\$ 33,349</u>

CITY OF STANTON  
STATEMENT OF NET POSITION  
PROPRIETARY FUNDS - Continued  
SEPTEMBER 30, 2025

	Business-Type Activities - Enterprise Funds			
	Water/Sewer Fund	Water/Sewer Construction Fund	Nonmajor Enterprise Funds	Total Enterprise Funds
<b>LIABILITIES</b>				
Current Liabilities:				
Payroll Liabilities	\$ 25,578	\$ -	\$ -	\$ 25,578
Due To Other Funds	-	3,500	-	3,500
Customer Deposits	140,945	-	-	140,945
Sales Tax Payable	18,117	-	-	18,117
Accrued Interest Payable	27,511	3,021	-	30,532
Compensated Absences	28,194	-	-	28,194
Note Payable	-	55,000	-	55,000
Bonds Payable	-	75,000	-	75,000
Financed Purchase Payable	206,380	-	-	206,380
Accrued Landfill Closure Costs	90,743	-	-	90,743
	<b>\$ 537,468</b>	<b>\$ 136,521</b>	<b>\$ -</b>	<b>\$ 673,989</b>
Total Current Liabilities				
Noncurrent Liabilities:				
Notes Payable	\$ -	\$ 505,000	\$ -	\$ 505,000
Financed Purchases Payable	537,954	-	-	537,954
Compensated Absences	33,384	-	-	33,384
Net Pension Liability	22,315	-	-	22,315
Total OPEB Liability	15,745	-	-	15,745
	<b>\$ 609,398</b>	<b>\$ 505,000</b>	<b>\$ -</b>	<b>\$ 1,114,398</b>
Total Noncurrent Liabilities				
	<b>\$ 1,146,866</b>	<b>\$ 641,521</b>	<b>\$ -</b>	<b>\$ 1,788,387</b>
Total Liabilities				
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Deferred Inflow Related to TMRS Pension	\$ 22,292	\$ -	\$ -	\$ 22,292
Deferred Inflow Related to TMRS OPEB	3,818	-	-	3,818
	<b>\$ 26,110</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 26,110</b>
Total Deferred Inflows of Resources				
<b>NET POSITION</b>				
Net Investment in Capital Assets	\$ 3,825,787	\$ 1,272,915	\$ -	\$ 5,098,702
Unrestricted	340,334	23,901	48,365	412,600
	<b>\$ 4,166,121</b>	<b>\$ 1,296,816</b>	<b>\$ 48,365</b>	<b>\$ 5,511,302</b>
Total Net Position				

The notes to the financial statements are an integral part of this statement.

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

	Business-Type Activities - Enterprise Funds			
	Water/Sewer Fund	Water/Sewer Construction Fund	Nonmajor Enterprise Funds	Total Enterprise Funds
<b>OPERATING REVENUES</b>				
Intergovernmental Revenues and Grants	\$ 116,697	\$ -	\$ -	\$ 116,697
Charges for Services	1,800,496	-	-	1,800,496
Late Fees	42,957	-	-	42,957
Miscellaneous Revenue	19,804	-	-	19,804
<b>Total Operating Revenues</b>	<b>\$ 1,979,954</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 1,979,954</b>
<b>OPERATING EXPENSES</b>				
Salaries and Wages - Water	\$ 158,726	\$ -	\$ -	\$ 158,726
Salaries and Wages - Sewer	157,864	-	-	157,864
Salaries and Wages - Sanitation	171,332	-	-	171,332
Employee Benefits - Water	45,553	-	-	45,553
Employee Benefits - Sewer	43,377	-	-	43,377
Employee Benefits - Sanitation	55,795	-	-	55,795
Professional and Technical Services - Water	11,470	-	-	11,470
Other Operating Expenses - Water	677,681	-	3,000	680,681
Other Operating Expenses - Sewer	82,168	-	-	82,168
Other Operating Expenses - Sanitation	323,623	-	-	323,623
Depreciation	271,188	88,733	-	359,921
<b>Total Operating Expenses</b>	<b>\$ 1,998,777</b>	<b>\$ 88,733</b>	<b>\$ 3,000</b>	<b>\$ 2,090,510</b>
<b>Operating Income (Loss)</b>	<b>\$ (18,823)</b>	<b>\$ (88,733)</b>	<b>\$ (3,000)</b>	<b>\$ (110,556)</b>
<b>NONOPERATING REVENUES (EXPENSES)</b>				
Gain in Sale of Property	\$ 3,177	\$ -	\$ -	\$ 3,177
Investment Earnings	5,064	-	-	5,064
Interest Expense	(92,291)	(20,969)	-	(113,260)
<b>Total Nonoperating Revenues (Expenses)</b>	<b>\$ (84,050)</b>	<b>\$ (20,969)</b>	<b>\$ -</b>	<b>\$ (105,019)</b>
<b>Income (Loss) Before Transfers</b>	<b>\$ (102,873)</b>	<b>\$ (109,702)</b>	<b>\$ (3,000)</b>	<b>\$ (215,575)</b>
Transfers In	-	145,995	3,798	149,793
Transfers Out	(117,773)	-	-	(117,773)
<b>Change in Net Position</b>	<b>\$ (220,646)</b>	<b>\$ 36,293</b>	<b>\$ 798</b>	<b>\$ (183,555)</b>
Total Net Position - Beginning	4,465,983	1,260,523	47,567	5,774,073
Adjustments and Restatements	(79,216)	-	-	(79,216)
<b>Total Net Position - Ending</b>	<b>\$ 4,166,121</b>	<b>\$ 1,296,816</b>	<b>\$ 48,365</b>	<b>\$ 5,511,302</b>

The notes to the financial statements are an integral part of this statement.

CITY OF STANTON  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
FOR THE YEAR ENDED SEPTEMBER 30, 2025

	<u>Business-Type Activities - Enterprise Funds</u>			<u>Total Enterprise Funds</u>
	<u>Water/Sewer Fund</u>	<u>Water/Sewer Construction Fund</u>	<u>Nonmajor Enterprise Funds</u>	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Cash Received from User Charges	\$ 1,873,002	\$ -	\$ -	\$ 1,873,002
Cash Received from Assessments	136,846	-	-	136,846
Cash Payments to Employees for Services	(639,228)	-	-	(639,228)
Cash Payments for Suppliers	<u>(1,145,153)</u>	<u>-</u>	<u>(3,000)</u>	<u>(1,148,153)</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ 225,467</u>	<u>\$ -</u>	<u>\$ (3,000)</u>	<u>\$ 222,467</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>				
Operating Transfers In (Out)	<u>\$ (120,950)</u>	<u>\$ 145,995</u>	<u>\$ 3,798</u>	<u>\$ 28,843</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>				
Capital Grant Received	\$ -	\$ 3,500	\$ -	\$ 3,500
Proceeds from Sale of Capital Assets	3,177	-	-	3,177
Proceeds from Financed Purchases	-	-	-	-
Acquisition of Capital Assets	(114,081)	-	-	(114,081)
Principal Paid on Bonds Payable	-	(72,000)	-	(72,000)
Principal Paid on Notes Payable	-	(55,000)	-	(55,000)
Principal Paid on Financed Purchases	(196,081)	-	-	(196,081)
Interest Paid on Debt	<u>(78,880)</u>	<u>(19,970)</u>	<u>-</u>	<u>(98,850)</u>
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>\$ (385,865)</u>	<u>\$ (143,470)</u>	<u>\$ -</u>	<u>\$ (529,335)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Investment Earnings	<u>\$ 5,064</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,064</u>

Net Increase (Decrease) in Cash and Cash Equivalents	\$ (276,284)	\$ 2,525	\$ 798	\$ (272,961)
Cash and Cash Equivalents - Beginning	<u>851,002</u>	<u>26,617</u>	<u>47,567</u>	<u>925,186</u>
Cash and Cash Equivalents - Ending	<u>\$ 574,718</u>	<u>\$ 29,142</u>	<u>\$ 48,365</u>	<u>\$ 652,225</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES				
Operating Income (Loss)	\$ (18,823)	\$ (88,733)	\$ (3,000)	\$ (110,556)
Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities				
Depreciation	271,188	88,733	-	359,921
Effect of Increases and Decreases in Current Assets and Liabilities				
Decrease (Increase) in Receivables	6,515	-	-	6,515
Decrease (Increase) in Due From Others	20,149	-	-	20,149
Decrease (Increase) in Deferred Outflows	21,204	-	-	21,204
Increase (Decrease) in Accounts Payable	(52,148)	-	-	(52,148)
Increase (Decrease) in Payroll Liabilities	7,925	-	-	7,925
Increase (Decrease) in Sales Tax Payable	(1,217)	-	-	(1,217)
Increase (Decrease) in Customer Deposits	3,230	-	-	3,230
Increase (Decrease) in Accrued Landfill Closure Costs	3,154	-	-	3,154
Increase (Decrease) in Compensated Absences	(17,638)	-	-	(17,638)
Increase (Decrease) in Net Pension Liability	(34,599)	-	-	(34,599)
Increase (Decrease) in Total OPEB Liability	1,032	-	-	1,032
Increase (Decrease) in Deferred Inflows	<u>15,495</u>	<u>-</u>	<u>-</u>	<u>15,495</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ 225,467</u>	<u>\$ -</u>	<u>\$ (3,000)</u>	<u>\$ 222,467</u>

The notes to the financial statements are an integral part of this statement.

CITY OF STANTON  
Notes to the Financial Statements  
September 30, 2025

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The City of Stanton, Texas, prepares its basic financial statements in conformity with accounting principles generally accepted in the United States of America applicable to state and local governments. Additionally, the City complies with the requirements of contracts and grants of agencies from which it receives funds.

**A. Reporting Entity**

The City is governed by an elected mayor and a five-member council which is elected by the public. In evaluating how to define the City for reporting purposes management has considered all potential component units. The decision to include a potential component unit in the reporting entity is made by applying the criteria set forth by GASB. The component unit discussed below is included because of its operational or financial relationship with the City.

The component unit column in the government-wide financial statements includes the Stanton Economic Development Corporation. It is reported in a separate column to emphasize that it is legally separate from the City.

Stanton Economic Development Corporation - The Board of Directors are appointed by the City Council. The Corporation is fiscally dependent on the City because it is funded by sales taxes which are collected by the City.

**B. Government-Wide and Fund Financial Statements**

The government-wide financial statements (the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component unit. For the most part, the effect of interfund activity 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. Likewise, the primary government is reported separately from the legally separate component unit for which the primary government is financially accountable.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include: (1) charges for services - payments from parties that purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment of the City and (2) grants and contributions - payments from organizations outside the City that are restricted to meeting the operational or capital requirements of a particular function or segment of the City. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

Interfund activities between governmental funds and proprietary funds appear as due to/due froms on the governmental funds balance sheet and on the proprietary funds statement of net position and as other resources and other uses on the governmental funds statement of revenues, expenditures, and changes in fund balance and on the proprietary funds statement of revenues, expenses, and changes in fund net position. All interfund transactions between governmental funds are eliminated in the government-wide financial statements. Interfund activities between governmental funds and fiduciary funds remain as due to/due froms on the government-wide statement of net position.

Separate financial statements are provided for governmental funds and proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements. All remaining governmental funds are aggregated and reported as other funds.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues generally result from providing services in connection with a proprietary fund's ongoing operations. Operating expenses include the cost of services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting these definitions are reported as nonoperating revenues and expenses.

CITY OF STANTON  
Notes to the Financial Statements - Continued  
September 30, 2025

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued**

**C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation**

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

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

Property taxes, franchise taxes, and interest associated with the current fiscal period are considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the government.

Grant funds are considered to be earned to the extent of expenditures made under the provisions of the grant. Accordingly, when such funds are received they are recorded as unearned revenue until related and authorized expenditures have been made.

The government reports the following major governmental funds:

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

Special Revenue Fund - Hotel/Motel Occupancy Tax - This Fund accounts for resources that have constraints placed upon their use by legislation.

The government reports the following major proprietary funds:

Enterprise Funds - Water/Sewer and Water/Sewer Construction. These funds account for the operation of the City's utility systems and trash collection.

Additionally, the government reports the following fund type:

Special Revenue Funds - These Funds account for resources restricted to, or committed for, specific purposes by the City. Most federal and some state financial assistance is accounted for in special revenue funds.

**D. Cash and Cash Equivalents - Proprietary Funds**

For purposes of the statement of cash flows for proprietary fund types, the City considers cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition to be cash equivalents.

CITY OF STANTON  
Notes to the Financial Statements - Continued  
September 30, 2025

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued**

**E. Interfund Receivables and Payables**

Activity between individual funds may result in amounts owed between funds which are classified as Due To and From Other Funds. Other than amounts due to or from proprietary funds these balances are eliminated in the statement of net position.

**F. Receivables and Payables**

Receivables are stated at their gross value and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible.

The City believes that sufficient detail of receivable and payable balances is provided in the financial statements to avoid the obscuring of significant components by aggregation. Therefore, no disclosure is provided which disaggregates those balances.

There are no significant receivables which are not scheduled for collection within one year.

**G. Capital Assets**

Capital assets are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

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

Capital assets of the primary government, as well as the component unit, are depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings and Improvements	15-40
Utility Systems	15-40
Furniture and Equipment	5-15

**H. Long-Term Obligations**

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 or business-type activities statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method which approximates the effective interest method. Bonds payable are reported net of the applicable bond premium or discount.

In the fund financial statements, the face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

CITY OF STANTON  
Notes to the Financial Statements - Continued  
September 30, 2025

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued**

**I. Pensions**

For purposes of measuring the net pension liability, 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.

The pension expenses for the Stanton Economic Development Corporation are included in the TMRS calculations.

**J. Other Postemployment Benefits**

For purposes of measuring the total OPEB liability, deferred outflows of resources and deferred inflows of resources, and OPEB expense related to other postemployment benefits of the TMRS, information has been determined on the same basis as it is reported by TMRS.

The OPEB expenses for the Stanton Economic Development Corporation are included in the TMRS calculations.

**K. Compensated Absences**

The City's policy does permit employees to accumulate unused vacation and sick leave to be paid to the employees upon separation from service.

Employees shall receive compensation for unused vacation as follows:

<u>Length of Service</u>	<u>Vacation Allowed</u>	<u>Maximum Vacation Accrual</u>
1-60 Months	10 Days	15 Days
61-120 Months	12 Days	18 Days
121 Months and Over	15 Days	22 Days

Upon termination an employee will receive terminal pay for his or her unused vacation time regardless of the reason or circumstances for termination. Terminal pay for unused vacation time is limited to the maximum authorized accrual level and the payable is based on the existing hourly salary in effect at the time of termination.

For the purpose of terminal pay no employee shall receive compensation for unused sick leave except as follows:

<u>Length of Service</u>	<u>Maximum Sick Leave Allowed</u>
0 to 1 Year	0 Days
1 to 2 Years	2 Days
2 to 3 Years	4 Days
3 to 4 Years	6 Days
4 to 5 Years	10 Days
Over 5 Years	15 Days

CITY OF STANTON  
Notes to the Financial Statements - Continued  
September 30, 2025

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued**

**K. Compensated Absences - Continued**

Liabilities expected to be paid with current financial resources are reported in the governmental fund financial statements. Amounts not expected to be liquidated with current resources are reported as long-term liabilities in the government-wide and business-type activities financial statements in accordance with GASB Statement No. 101, *Compensated Absences*.

**L. Net Position on the Statement of Net Position**

Net position on the statement of net position includes the following:

Net Investment in Capital Assets - This component of net position represents the difference between capital assets net of accumulated depreciation and the outstanding balance of debt, excluding any unspent debt proceeds, which is directly attributable to the acquisition, construction, or improvement of those assets.

Restricted by Legislation - This component of net position represents the difference between assets and liabilities of the Hotel/Motel Occupancy Tax Fund that consists of assets with constraints placed on their use by state legislation.

Unrestricted - This is the difference between assets/deferred outflows of resources and liabilities/ deferred inflows of resources that is not reported as Net Investment in Capital Assets, Restricted for Pension Benefits, or Restricted by Legislation.

**M. Fund Balances/Equity**

In the fund financial statements, governmental funds report the following classifications of fund balance:

Restricted - Amounts that can be spent only for specific purposes because usage restraints have been imposed by external sources such as creditors (through a debt covenant), grantors, contributors, or laws or regulations of other governments.

Assigned - Amounts that are intended for a specific purpose but do not meet the definition of restricted or committed. The intent can be expressed by the City Council or by a Council designee.

Unassigned - Amounts that have not been assigned to other funds or restricted, committed, or assigned to a specific purpose within the General Fund.

The details of the fund balances are included in the governmental funds balance sheet.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balances are available, the City considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the City considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the City Council has provided otherwise in its commitment or assignment actions.

Unrestricted net position for proprietary funds represents the net position available for future operations.

**N. Implementation of New Accounting Standard**

The City implemented the provisions of GASB Statement No. 101, *Compensated Absences*. This statement updates the recognition and measurement guidance for compensated absences, including vacation, sick leave, and other forms of paid leave. The standard requires governments to recognize a liability for leave when earned, if (1) the leave is attributable to services already rendered, (2) the leave accumulates, and (3) the leave is more likely than not to be used for time off or otherwise paid to the employee. Implementation of GASB Statement No. 101 resulted in the evaluation and adjustment of the City's compensated absences liability to reflect amounts expected to be paid at applicable salary rates, based on historical usage and payment experience.

CITY OF STANTON  
Notes to the Financial Statements - Continued  
September 30, 2025

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued**

**O. Property Tax Revenues**

Property taxes are levied by October 1 on the assessed value listed as of the prior January 1 for all property located in the City in conformity with Subtitle E, Texas Property Tax Code. Taxes are due on receipt of the tax bill and are delinquent if not paid before February 1 of the year following the year in which imposed. On January 1 of each year, a tax lien attaches to property to secure the payment of all taxes, penalties, and interest ultimately imposed.

The City recognizes as tax revenues those taxes that are measurable and available. Measurable means the amount 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 the current period.

Taxes are prorated between maintenance and debt service based on rates adopted for the year of the levy. Allowances for uncollectibles are based upon historical experience. Uncollectible personal property taxes are periodically reviewed and written off, but the City is prohibited from writing off real property taxes without specific statutory authority from the Texas Legislature.

**P. Interfund Transfers**

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this rule are payments-in-lieu of taxes and other charges between the government's water and sewer function and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

**Q. Use of Estimates**

The preparation of basic financial statements in conformity with GAAP in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets, deferred outflows of resources, liabilities, and deferred inflows of resources and the disclosure of contingent assets and liabilities at the date of the basic financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**II. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY**

**A. Budget**

Formal budgetary accounting is employed for all required governmental fund types and is presented on the modified accrual basis of accounting consistent with generally accepted accounting principles.

The official budget is prepared for adoption for required governmental fund types prior to the beginning of each fiscal year. The budget is formally adopted by the City Council at a public meeting held at least ten days after public notice has been given.

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for all governmental funds except Special Revenue Funds and Capital Projects Funds which adopt project-length budgets. Each annual budget is presented on the modified accrual basis of accounting which is consistent with generally accepted accounting principles. The budget was amended by the City Council. Such amendments are reflected in the official minutes of the City Council.

**B. Excess Expenditures Over Appropriations**

Expenditures exceeded appropriations by insignificant amounts in the General Government and Judicial functions as shown on page 47.

CITY OF STANTON  
Notes to the Financial Statements - Continued  
September 30, 2025

**III. DETAIL NOTES ON ALL ACTIVITIES AND FUNDS**

**A. Deposits and Investments**

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, and (9) 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, and (10) common trust funds. The Act also requires the City to have independent auditors perform test procedures related to investment practices as provided by the Act. The City is in substantial compliance with the requirements of the Act and with local policies.

In compliance with the Public Funds Investment Act, the City has adopted a deposit and investment policy.

**Custodial Credit Risk - Deposits:** In the case of deposits, this is the risk that in the event of a bank failure, the City's deposits and investments in certificates of deposit may not be returned to it. The City's policy does not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits and investments, other than the following: The State of Texas requires that a financial institution secure deposits and investments made by state and local governments by pledging securities in excess of the highest cash balance of the government. The City is not exposed to custodial credit risk for its deposits since they are covered by depository insurance and pledged securities held by a third party in the City's name.

**Concentration of Credit Risk:** The investment policy of the City contains no limitations on the amount that can be invested in any one issuer. Investments in any one issuer (other than U.S. Treasury securities, mutual funds, and external investment pools) that represent five percent or more of the total entity investments represent a concentration risk. The City is not exposed to this risk as described in the preceding paragraph.

**Credit Risk:** Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The ratings of securities by nationally recognized rating agencies are designed to give an indication of credit risk. At September 30, 2025, the City was not significantly exposed to credit risk.

**Interest Rate Risk:** Not applicable

**Foreign Currency Risk:** Not applicable

At September 30, 2025, the City's investments with respective maturities and credit ratings consisted of the following:

	<u>Fair Value</u>	<u>Percent</u>	<u>Weighted Average Maturity</u>	<u>Credit Rating</u>
<u>Public Funds Investment Pools</u>				
TexPool	<u>\$ 3,405,144</u>	<u>100%</u>	44 Days	AAAm

CITY OF STANTON  
Notes to the Financial Statements - Continued  
September 30, 2025

**III. DETAIL NOTES ON ALL ACTIVITIES AND FUNDS - Continued**

**A. Deposits and Investments - Continued**

At September 30, 2025, the Component Unit’s investments with respective maturities and credit ratings consisted of the following:

	<u>Fair Value</u>	<u>Percent</u>	<u>Weighted Average Maturity</u>	<u>Credit Rating</u>
<u>Public Funds Investment Pools</u>				
TexPool	<u>\$ 1,684,530</u>	<u>100%</u>	44 Days	AAAm

Public Funds Investment Pools

Public funds investment pools in Texas (“Pools”) are established under the authority of the Interlocal Cooperation Act, Chapter 791 of the Texas Government Code, and are subject to the provisions of the Public Funds Investment Act, Chapter 2256 of the Texas Government Code. In addition to other provisions of the Act designed to promote liquidity and safety of principal, the Act requires Pools to: 1) have an advisory board composed of participants in the Pool and other persons who do not have a business relationship with the Pool and are qualified to advise the Pool; 2) maintain a continuous rating of no lower than AAA or AAAM or an equivalent rating by at least one nationally recognized rating service; and 3) maintain the market value of its underlying investment portfolio within one half of one percent of the value of its shares.

The City’s investment in Pools is reported at an amount determined by the fair value per share of the Pool’s underlying portfolio, unless the Pool is 2a7-like, in which case they are reported at share value. A 2a7-like pool is one which is not registered with the Securities and Exchange Commission as an investment company, but nevertheless has a policy that it will, and does, operate in a manner consistent with the SEC’s Rule 2a-7 of the Investment Company Act of 1940.

The City’s investment in Pools is reported at an amount determined by the fair value per share of the Pool’s underlying portfolio, unless the Pool is 2a7-like, in which case they are reported at share value. A 2a7-like pool is one which is not registered with the Securities and Exchange Commission as an investment company, but nevertheless has a policy that it will, and does, operate in a manner consistent with the SEC’s Rule 2a-7 of the Investment Company Act of 1940.

**B. Due from Other Governments**

Amounts due from other governments are summarized as follows:

	<u>Other</u>
General Fund - Property Taxes	\$ 6,830
Special Revenue Fund - Hotel/Motel Fund - Taxes	22,769
Enterprise Funds - Martin County	<u>14,119</u>
Total	<u>\$ 43,718</u>

CITY OF STANTON  
Notes to the Financial Statements - Continued  
September 30, 2025

**III. DETAIL NOTES ON ALL ACTIVITIES AND FUNDS - Continued**

**C. Interfund Receivables, Payables, and Transfers**

1. The following is a summary of amounts due from and due to other funds:

	<u>Due From</u>	<u>Due To</u>	<u>Purpose</u>
General Fund			
Water/Sewer Fund	\$ 0	\$ 3,177	Operating Advance
Water/Sewer Fund			
General Fund	3,177	0	Operating Advance
Water Construction Fund	3,500	0	Expense Reimbursement
	<u>\$ 6,677</u>	<u>\$ 0</u>	
Water Construction Fund			
Water/Sewer Fund	\$ 0	\$ 3,500	Expense Reimbursement
Totals	<u>\$ 6,677</u>	<u>\$ 6,677</u>	

All amounts due are expected to be repaid within one year.

2. Interfund transfers consist of the following:

<u>Transfers From</u>	<u>Transfers To</u>	<u>Amount</u>	<u>Purpose</u>
General Fund	General Fund - Street Contingency	\$ 212,189	Operations
General Fund	General Fund - Fire Truck	28,494	Operations
Hotel/Motel	General Fund	2,000	Reimburse Salary Expenses
Enterprise Fund	Enterprise Fund - Garbage Contingency	3,460	Operations
Enterprise Fund	Enterprise Fund - Water Construction	113,975	Operations
Enterprise Fund	Enterprise Fund - Water Contingency	338	Operations
General Fund	Enterprise Fund - Water Construction	<u>32,020</u>	Operations
Total		<u>\$ 392,476</u>	

CITY OF STANTON  
Notes to the Financial Statements - Continued  
September 30, 2025

III. DETAIL NOTES ON ALL ACTIVITIES AND FUNDS - Continued

**D. Capital Assets**

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

<u>Governmental Activities</u>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Reclassifications</u>	<u>Ending Balance</u>
Capital Assets Not Being Depreciated					
Land	\$ 15,000	\$ 0	\$ 0	\$ 0	\$ 15,000
Construction in Progress	10,500	607,921	0	(618,421)	0
Total Capital Assets Not Being Depreciated	<u>\$ 25,500</u>	<u>\$ 607,921</u>	<u>\$ 0</u>	<u>\$ (618,421)</u>	<u>\$ 15,000</u>
Capital Assets Being Depreciated					
Buildings and Improvements	\$ 691,678	\$ 0	\$ 0	\$ 618,421	\$ 1,310,099
Infrastructure	974,019	311,095	0	0	1,285,114
Furniture and Equipment	1,874,355	148,112	(48,950)	0	1,973,517
Total Capital Assets Being Depreciated	<u>\$ 3,540,052</u>	<u>\$ 459,207</u>	<u>\$ (48,950)</u>	<u>\$ 618,421</u>	<u>\$ 4,568,730</u>
Total Capital Assets	<u>\$ 3,565,552</u>	<u>\$ 1,067,128</u>	<u>\$ (48,950)</u>	<u>\$ 0</u>	<u>\$ 4,583,730</u>
Less Accumulated Depreciation					
Buildings and Improvements	\$ (593,811)	\$ (7,529)	\$ 0	\$ 0	\$ (601,340)
Infrastructure	(76,122)	(51,847)	0	0	(127,969)
Furniture and Equipment	(1,257,163)	(153,317)	30,731	0	(1,379,749)
Total Accumulated Depreciation	<u>\$ (1,927,096)</u>	<u>\$ (212,693)</u>	<u>\$ 30,731</u>	<u>\$ 0</u>	<u>\$ (2,109,058)</u>
Governmental Activities Capital Assets, Net	<u><u>\$ 1,638,456</u></u>	<u><u>\$ 854,435</u></u>	<u><u>\$ (18,219)</u></u>	<u><u>\$ 0</u></u>	<u><u>\$ 2,474,672</u></u>

CITY OF STANTON  
Notes to the Financial Statements - Continued  
September 30, 2025

III. DETAIL NOTES ON ALL ACTIVITIES AND FUNDS - Continued

D. Capital Assets - Continued

<u>Business-Type Activities</u>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Reclassifications</u>	<u>Ending Balance</u>
Capital Assets Not Being Depreciated					
Land	\$ 597,386	\$ 0	\$ 0	\$ 0	\$ 597,386
Construction in Progress	9,796	0	0	0	9,796
Total Capital Assets Not Being Depreciated	<u>\$ 607,182</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 607,182</u>
Capital Assets Being Depreciated					
Utility Systems	\$ 7,686,856	\$ 20,741	\$ 0	\$ 0	\$ 7,707,597
Buildings and Improvements	725,387	0	0	0	725,387
Furniture and Equipment	1,150,298	93,340	(40,306)	0	1,203,332
Property Under Financed Purchases	1,289,861	0	0	0	1,289,861
Total Capital Assets Being Depreciated	<u>\$ 10,852,402</u>	<u>\$ 114,081</u>	<u>\$ (40,306)</u>	<u>\$ 0</u>	<u>\$ 10,926,177</u>
Total Capital Assets	<u>\$ 11,459,584</u>	<u>\$ 114,081</u>	<u>\$ (40,306)</u>	<u>\$ 0</u>	<u>\$ 11,533,359</u>
Less Accumulated Depreciation					
Utility Systems	\$ (3,314,710)	\$ (185,913)	\$ 0	\$ 0	\$ (3,500,623)
Buildings and Improvements	(564,427)	(9,562)	0	0	(573,989)
Furniture and Equipment	(763,283)	(78,455)	40,306	0	(801,432)
Property Under Financed Purchases	(98,601)	(85,991)	0	0	(184,592)
Total Accumulated Depreciation	<u>\$ (4,741,021)</u>	<u>\$ (359,921)</u>	<u>\$ 40,306</u>	<u>\$ 0</u>	<u>\$ (5,060,636)</u>
Business-Type Activities Capital Assets, Net	<u>\$ 6,718,563</u>	<u>\$ (245,840)</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 6,472,723</u>
<u>Component Unit</u>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Reclassifications</u>	<u>Ending Balance</u>
Capital Assets Not Being Depreciated					
Land	<u>\$ 52,614</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 52,614</u>

CITY OF STANTON  
Notes to the Financial Statements - Continued  
September 30, 2025

**III. DETAIL NOTES ON ALL ACTIVITIES AND FUNDS - Continued**

**D. Capital Assets - Continued**

Depreciation expense and a loss on asset was charged to programs as follows:

	Depreciation	Loss on Asset
Governmental Activities		
General Government	\$ 20,539	\$ 0
Public Safety	79,016	0
Parks	15,589	0
Streets	97,549	18,219
Totals - Governmental Activities	\$ 212,693	\$ 18,219
Business-Type Activities		
Water	\$ 222,970	\$ 0
Sewer	25,797	0
Sanitation	111,154	0
Totals - Business-Type Activities	\$ 359,921	\$ 0

**E. Deferred Outflows and Inflows of Resources**

The financial statements report separate sections for deferred outflows and inflows of resources. Deferred outflows represent an acquisition of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until that time. Deferred inflows represent an acquisition of fund balance that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time.

The City has the following items that qualify for reporting in these categories:

Deferred Outflows (Statement of Net Position)

Deferred loss on bond refunding, which is amortized over the life of the refunding bonds.

City's proportionate share of Texas Municipal Retirement System (TMRS) pension plan deferred outflows as detailed in financial statement footnote IV., A.

City's proportionate share of Texas Municipal Retirement System (TMRS) OPEB plan deferred outflows as detailed in financial statement footnote IV., B.

Deferred Inflows (Statement of Net Position)

City's proportionate share of Texas Municipal Retirement System (TMRS) pension plan deferred inflows as detailed in financial statement footnote IV., A.

City's proportionate share of Texas Municipal Retirement System (TMRS) OPEB plan deferred inflows as detailed in financial statement footnote IV., B.

Deferred Inflows (Balance Sheet - Governmental Funds)

Unavailable revenue - property taxes.

CITY OF STANTON  
Notes to the Financial Statements - Continued  
September 30, 2025

**III. DETAIL NOTES ON ALL ACTIVITIES AND FUNDS - Continued**

**F. Long-Term Debt**

The City's long-term liabilities consist of general obligation refunding bonds, certificates of obligation, compensated absences, financed purchases, net pension liability, and total other postemployment benefits liability. The current requirements for the general obligation bonds and the certificates of obligation principal and interest are accounted for in the Construction Fund. The current requirements for the financed purchase principal and interest are accounted for in the Enterprise Funds. The current requirements for compensated absences, net pension liability and total other postemployment benefits liability are accounted for in the General and Enterprise Funds.

The following is a summary of changes in long-term debt for the year ended September 30, 2025:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
<u>Governmental Activities</u>					
Compensated Absences <sup>1</sup>	\$ 132,708	\$ 0	\$ 4,741 <sup>2</sup>	\$ 127,967	\$ 70,017
Subtotals	\$ 132,708	\$ 0	\$ 4,741	\$ 127,967	\$ 70,017
Net Pension Liability	146,121	242,588	338,173	50,536	-
Total OPEB Liability	37,776	1,863	3,982	35,657	-
Totals	<u>\$ 316,605</u>	<u>\$ 244,451</u>	<u>\$ 346,896</u>	<u>\$ 214,160</u>	<u>\$ 70,017</u>
<u>Business-Type Activities</u>					
General Obligation Refunding Bonds	\$ 147,000	\$ 0	\$ 72,000	\$ 75,000	\$ 75,000
Certificates of Obligation (Direct Placement)	615,000	0	55,000	560,000	55,000
Compensated Absences <sup>1</sup>	79,216	0	17,638 <sup>2</sup>	61,578	28,194
Financed Purchase (Direct Borrowing)	940,415	0	196,081	744,334	206,380
Subtotals	\$ 1,781,631	\$ 0	\$ 340,719	\$ 1,440,912	\$ 364,574
Net Pension Liability	56,914	114,516	149,115	22,315	-
Total OPEB Liability	14,713	1,854	822	15,745	-
Totals	<u>\$ 1,853,258</u>	<u>\$ 116,370</u>	<u>\$ 490,656</u>	<u>\$ 1,478,972</u>	<u>\$ 364,574</u>
<u>Component Unit</u>					
Compensated Absences <sup>1</sup>	\$ 2,662	\$ 0	\$ 341 <sup>2</sup>	\$ 2,321	\$ 2,321
Subtotals	\$ 2,662	\$ 0	\$ 341	\$ 2,321	\$ 2,321
Net Pension Liability	7,137	12,882	17,417	2,602	-
Total OPEB Liability	1,845	96	105	1,836	-
Totals	<u>\$ 11,644</u>	<u>\$ 12,978</u>	<u>\$ 17,863</u>	<u>\$ 6,759</u>	<u>\$ 2,321</u>

<sup>1</sup> The compensated absences category's beginning balance was restated due to the implementation of GASB Statement No. 101.

<sup>2</sup> The change in the compensated absences liability is presented as a net change.

CITY OF STANTON  
Notes to the Financial Statements - Continued  
September 30, 2025

**III. DETAIL NOTES ON ALL ACTIVITIES AND FUNDS - Continued**

**F. Long-Term Debt - Continued**

The City's outstanding general obligation bond issue, which is payable from the Construction Fund, is as follows:

Series	General Obligation Bonds Description	Interest Rate	Maturity Date	Original Amount Issued	Amount Outstanding September 30, 2025
2016	General Obligation Refunding Bonds	2%	2026	\$ <u>767,000</u>	\$ <u>75,000</u>

During each year while bonds are outstanding, the City is required to levy and collect sufficient ad valorem taxes, within the limits prescribed by law on all taxable property within the City as provided in the Order, to provide for the payment of principal and interest as it becomes due. If the City defaults in the payment of principal, interest, or redemption price on the bonds when due, or if it fails to make payments into any fund or funds created in the Order, or defaults in the observation or performance of any other covenants, conditions, or obligations as set in the Order, the registered owners may seek a writ of mandamus to compel City officials to carry out their legally imposed duties with respect to the bonds.

The City's outstanding certificates of obligation issue, which is payable from the Construction Fund, is as follows:

Series	Certificates of Obligation (Direct Placement) Description	Interest Rate	Maturity Date	Original Amount Issued	Amount Outstanding September 30, 2025
2019	Construction of Public Works and Professional Services Rendered	2.90%	2034	\$ <u>850,000</u>	\$ <u>560,000</u>

These certificates of obligation are secured by and payable from a pledge of the revenues of the Issuer's combined Waterworks and Sewer System remaining after payment of all operation and maintenance expenses thereof, and all debt service, reserve and other requirements in connection with all of the Issuer's revenue bonds or other obligations (now or hereafter outstanding) that are payable from all or part of the net revenues of the Issuer's Waterworks and Sewer System, constituting "Surplus Revenues."

The City's outstanding financed purchases, which are payable from the Water/Sewer Fund, are as follows:

Financed Purchases (Direct Borrowing) Description	Interest Rate	Beginning Date	Maturity Date	Original Amount Issued	Amount Outstanding September 30, 2025
Caterpillar Compactor	6.989%	5/12/2023	5/12/2028	\$ 632,611	\$ 309,374
Caterpillar Tractor	5.989%	10/26/2023	10/26/2028	545,590	360,821
Caterpillar Backhoe Loader	5.990%	6/7/2024	6/7/2029	<u>111,661</u>	<u>74,139</u>
Total Financed Purchases Payable				<u>\$ 1,289,862</u>	<u>\$ 744,334</u>

The financed purchases are secured by liens on the equipment. In case of default by the City in the payment of principal of and/or interest on the financed purchases, the lender shall have the right to one or all remedial actions in the security agreement including, but not limited to taking possession of the financed purchased property and whatever action at law or in equity may appear necessary or desirable to enforce its right.

CITY OF STANTON  
Notes to the Financial Statements - Continued  
September 30, 2025

**III. DETAIL NOTES ON ALL ACTIVITIES AND FUNDS - Continued**

**F. Long-Term Debt - Continued**

The annual debt service requirements are as follows:

Year Ending September 30,	General Obligation Refunding Bonds		Certificates of Obligation (Direct Placement)		Financed Purchases (Direct Borrowing)		Total
	Principal	Interest	Principal	Interest	Principal	Interest	
2026	\$ 75,000	\$ 1,521	\$ 55,000	\$ 15,443	\$ 206,380	\$ 48,432	\$ 146,964
2027	0	0	55,000	13,847	219,811	35,001	68,847
2028	0	0	60,000	12,180	200,060	20,887	72,180
2029	0	0	60,000	10,440	118,083	7,985	70,440
2030	0	0	60,000	8,700	0	0	68,700
2031-2034	0	0	270,000	15,950	0	0	285,950
Totals	<u>\$ 75,000</u>	<u>\$ 1,521</u>	<u>\$ 560,000</u>	<u>\$ 76,560</u>	<u>\$ 744,334</u>	<u>\$ 112,305</u>	<u>\$ 713,081</u>

**IV. OTHER INFORMATION**

**A. Defined Benefit Pension Plan**

**Plan Description** - The City participates in a 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).

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

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

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

**Pension Trust Fund** - The plan provisions that have been adopted by the City are within the options available in the TMRS Act. Employees can retire at age 60 and above with 5 or more years of service, or with 25 years of service regardless of age. Employees are vested after 5 years of service, but their accumulated deposits and interest must remain in the plan to receive any employer-financed benefits. At retirement, death, or disability, the benefit is calculated by converting the sum of the employee's personal account balance and the employer-financed monetary credits to a monthly annuity using annuity purchase rates prescribed by the TMRS Act. Members may choose to receive their retirement benefit in one of seven payment options.

CITY OF STANTON  
Notes to the Financial Statements - Continued  
September 30, 2025

**IV. OTHER INFORMATION - Continued**

**A. Defined Benefit Pension Plan - Continued**

Employees Covered by Benefit Terms

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

Inactive Employees or Beneficiaries Currently Receiving Benefits	9
Inactive Employees Entitled to But Not Yet Receiving Benefits	16
Active Employers	<u>18</u>
Total	<u><u>43</u></u>

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

Employees for the City were required to contribute 5% of their annual compensation during the fiscal year. The contribution rates for the City were 5.75% and 5.62% in calendar years 2024 and 2025, respectively. The City’s contributions to TMRS for the year ended September 30, 2025, were \$88,882, and were equal to the required contributions.

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

Actuarial Assumptions

The total pension liability 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 were 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 is used with a four-year set-forward for males and a three-year set-forward for females. In addition, a 3.5% and 3% 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.

CITY OF STANTON  
Notes to the Financial Statements - Continued  
September 30, 2025

**IV. OTHER INFORMATION - Continued**

**A. Defined Benefit Pension Plan - Continued**

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

The long-term expected rate of return on pension plan investments was determined by best estimate ranges of expected returns for each major asset class. The long-term expected rate of return is determined by weighting the expected return for each major asset class by the respective target asset allocation percentage. The target allocation and best estimates of the expected return for each major asset class in fiscal year 2025 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return (Arithmetic)</u>
Global Equity	35%	7.1%
Core Fixed Income	6%	5.0%
Non-Core Fixed Income	6%	6.8%
Hedge Funds	5%	6.4%
Private Equity	13%	8.5%
Private Debt	13%	8.2%
Real Estate	12%	6.7%
Infrastructure	6%	6.0%
Other Private Markets	<u>4%</u>	7.3%
Total	<u>100%</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.

CITY OF STANTON  
Notes to the Financial Statements - Continued  
September 30, 2025

IV. OTHER INFORMATION - Continued

A. Defined Benefit Pension Plan - Continued

Changes in the Net Pension Liability

<u>Changes in the Net Pension Liability (Asset)</u>	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a) - (b)
Balance at December 31, 2023	\$ 4,794,713	\$ 4,584,541	\$ 210,172
Changes for the Year:			
Service Cost	\$ 149,416	\$ 0	\$ 149,416
Interest on the Total Pension Liability	322,645	0	322,645
Changes in Current Period Benefits	0	0	0
Difference Between Expected and Actual Experience	32,824	0	32,824
Changes of Assumptions	0	0	0
Contributions - Employer	0	88,846	(88,846)
Contributions - Employee	0	77,258	(77,258)
Net Investment Income	0	476,627	(476,627)
Benefit Payments, Including Refunds of Employee Contributions	(178,976)	(178,976)	0
Administrative Expense	0	(3,055)	3,055
Other	0	(72)	72
Net Changes	<u>\$ 325,909</u>	<u>\$ 460,628</u>	<u>\$ (134,719)</u>
Balance at December 31, 2024	<u>\$ 5,120,622</u>	<u>\$ 5,045,169</u>	<u>\$ 75,453</u>

Sensitivity of the Net Pension Liability (Asset) to Changes in the Discount Rate

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

	1% Decrease in Discount Rate 5.75%	Discount Rate 6.75%	1% Increase in Discount Rate 7.75%
City's Net Pension Liability (Asset)	<u>\$ 732,055</u>	<u>\$ 75,453</u>	<u>\$ (471,624)</u>

CITY OF STANTON  
Notes to the Financial Statements - Continued  
September 30, 2025

IV. OTHER INFORMATION - Continued

A. Defined Benefit Pension Plan - Continued

Pension Plan Fiduciary Net Position

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

**Pension Income, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions** - For the year ended September 30, 2025, the City recognized pension income of \$89,925. At September 30, 2025, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences Between Expected and Actual Experience	\$ 42,208	\$ -
Changes in Actuarial Assumptions	-	19,723
Differences Between Projected and Actual Investment Earnings	-	55,651
Contributions Made Subsequent to the Measurement Date	<u>63,731</u>	<u>-</u>
Totals	<u>\$ 105,939</u>	<u>\$ 75,374</u>

The net amounts of the employer's balances of deferred outflows and inflows (not including the deferred contribution paid subsequent to the measurement date) of resources related to pensions will be recognized by the City in pension expense as follows:

<u>Year Ending September 30,</u>	<u>Pension Expense Amount</u>
2025	\$ 20,556
2026	54,423
2027	(74,714)
2028	(33,431)
2029	0
Thereafter	0

CITY OF STANTON  
Notes to the Financial Statements - Continued  
September 30, 2025

IV. OTHER INFORMATION - Continued

**B. Other Postemployment Benefits (OPEB)**

**Plan Description** - The Texas Municipal Retirement System (TMRS) administers an optional death benefit plan known as the Supplemental Death Benefits Fund (SDBF), which operates like a group-term life insurance plan. This is a voluntary program in which participating member cities may elect, by ordinance, to provide supplemental death benefits for their active members with optional coverage for retirees. The death benefit for active members provides a lump-sum payment approximately equal to the member's annual salary (calculated based on the member's actual earnings, for the twelve-month period preceding the month of death). The death benefit for retirees is considered an OPEB and is a fixed amount of \$7,500. As the SDBF covers both active and retiree participants, with no segregation of assets, the SDBF is considered to be an unfunded OPEB plan.

The participating city contributes to the SDBF at a contractually required rate as determined by an annual actuarial valuation. The rate is based on the mortality and service experience of all employees covered by the SDBF and the demographics specific to the workforce of the city. The funding policy for the SDBF is to assure that adequate resources are available to meet all death benefit payments for the upcoming year. As such, contributions fund the covered active member and retiree deaths on a pay-as-you-go basis.

**Benefits Provided** - The plan provides a \$7,500 post-retirement death benefit to beneficiaries of service retirees and disability retirees of employers that have elected participation in the SDBF. The OPEB benefit is a fixed \$7,500 lump-sum benefit, and no future increases are assumed in the benefit amount.

The SDBF does not meet the requirements of a trust under Paragraph 4b of GASB 75, as the assets of the SDBF can be used to pay active SDBF benefits which are not part of the OPEB plan. The contributions for retiree SDBF coverage are assigned to the OPEB plan under GASB 75 and are used to determine the benefit payments shown in the changes in the total OPEB liability.

Benefit terms are established under the TMRS Act. Participation in the retiree SDBF is optional and the employer may elect to opt out of (or opt into) coverage as of January 1 each year. The City's contribution rate for the retiree SDBF program is calculated annually on an actuarial basis, and is equal to the cost of providing a one-year death benefit equal to \$7,500.

**Employees Covered by Benefit Terms** - At the December 31, 2024 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive Employees or Beneficiaries Currently Receiving Benefits	7
Inactive Employees Entitled to But Not Yet Receiving Benefits	4
Active Employers	<u>18</u>
Total	<u><u>29</u></u>

**Total OPEB Liability** - The City's total OPEB liability was measured as of December 31, 2024, and was determined by an actuarial valuation as of that date.

CITY OF STANTON  
Notes to the Financial Statements - Continued  
September 30, 2025

**IV. OTHER INFORMATION - Continued**

**B. Other Postemployment Benefits (OPEB) - Continued**

Actuarial Assumptions

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

Valuation Date	December 31, 2024
Actuarial Cost Method	Entry Age Normal
Amortization Method	
Recognition of Economic/Demographic Gains or Losses	Straight-Line Amortization Over Expected Working Life
Recognition of Assumptions Changes or Inputs	Straight-Line Amortization Over Expected Working Life
Inflation	2.50%
Salary Increases	3.60% to 11.85% Including Inflation
Discount Rate	4.08%
Retirees' Share of Benefit-Related Costs	\$0
Administrative Expenses	All administrative expenses are paid through the Pension Trust and accounted for under reporting requirements under GASB Statement No. 68.
Mortality Rates - Service Retirees	2019 Municipal Retirees of Texas Mortality Tables. Male rates are multiplied by 103% and female rates are multiplied by 105%. The rates are projected on a fully generational basis by the most recent Scale MP-2021, with immediate convergence
Mortality Rates - Disabled Retirees	2019 Municipal Retirees of Texas Mortality Tables with a 4-year set-forward for males and a 3-year set-forward for females. In addition, a 3.5% and 3% minimum mortality rate will be applied to reflect the impairment for younger members who become disabled for males and females, respectively. The rates are projected on a fully generational basis by the most recent Scale MP-2021, with immediate convergence, to account for future mortality improvements subject to the floor.

The TMRS SDBF is treated as unfunded OPEB plan because the SDBF trust covers both actives and retirees and the assets are not segregated for these groups. Under GASB 75 (Paragraph 155), the discount rate for an unfunded OPEB plan should be based on 20-year tax-exempt AA or higher municipal bonds. Therefore, a discount rate of 4.08% is used based on the Bond Buyer "20-Bond GO Index" rate closest to, but not later than the measurement date of December 31, 2024. At transition, GASB 75 also requires that the total OPEB liability (TOL) as of the prior fiscal year end be estimated based on the 20 Year GO Index.

CITY OF STANTON  
Notes to the Financial Statements - Continued  
September 30, 2025

IV. OTHER INFORMATION - Continued

B. Other Postemployment Benefits (OPEB) - Continued

Annuity Purchase Rates

For determining the amount of the monthly benefit at the time of retirement for both healthy and disabled retirees, the APRs until 2027 are being phased in based on a unisex blend of the RP-2000 Combined Healthy Mortality Tables with Blue Collar Adjustment for males and females with both rates multiplied by 107.5% and projected on a fully generational basis with scale BB. The current table of APRs is explicitly valued through 2032, and then it is assumed the APRs and the valuation mortality assumptions will be consistent over time. For retirees, a unisex blend of 70% of the male table and 30% of the female table is used, while 30% of the male table and 70% of the female table is used for beneficiaries.

Experience Studies

Actuarial assumptions were developed primarily from the actuarial investigation of the experience of TMRS over the period from December 31, 2018 to December 31, 2023. They were adopted in 2023 and first used in the December 31, 2023 actuarial valuation.

Changes in the Total OPEB Liability

Changes in the Total OPEB Liability	
Balance at December 31, 2023	<u>\$ 54,334</u>
Changes for the Year:	
Service Cost	\$ 2,781
Interest on the Total OPEB Liability	2,083
Changes in Benefit Terms	0
Differences Between Expected and Actual Experience	(2,215)
Changes of Assumptions or Other Inputs	(2,818)
Benefit Payments	<u>(927)</u>
Net Changes	<u>\$ (1,096)</u>
Balance at December 31, 2024	<u><u>\$ 53,238</u></u>

Changes of assumptions or other inputs reflect a change in the discount rate from 2023 to 2024.

There were no changes of benefit terms that affected measurement during the measurement period.

CITY OF STANTON  
Notes to the Financial Statements - Continued  
September 30, 2025

IV. OTHER INFORMATION - Continued

B. Other Postemployment Benefits (OPEB) - Continued

The following presents the total OPEB liability of the City, calculated using the discount rate of 4.08%, as well as what the City's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (3.08%) or 1-percentage-point higher (5.08%) than the current rate. Note that the healthcare cost trend rate does not affect the total OPEB liability, so sensitivity to the healthcare cost trend rate is not shown.

	1% Decrease in Discount Rate (3.08%)	Discount Rate (4.08%)	1% Increase in Discount Rate (5.08%)
Total OPEB Liability	\$ 63,031	\$ 53,238	\$ 45,376

**OPEB Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to OPEB** - For the year ended September 30, 2025, the City recognized OPEB expense of \$1,283. At September 30, 2025, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ -	\$ 3,001
Changes in Assumptions and Other Inputs	-	9,908
Contributions Made Subsequent to the Measurement Date	2,495	-
Totals	\$ 2,495	\$ 12,909

The net amounts of the employer's balances of deferred outflows and inflows (not including the deferred contribution paid subsequent to the measurement date) of resources related to OPEBs will be recognized by the City in OPEB expense as follows:

Year Ending September 30,	OPEB Expense Amount
2025	\$ (4,533)
2026	(5,299)
2027	(2,762)
2028	(315)
2029	0
Thereafter	0

CITY OF STANTON  
Notes to the Financial Statements - Continued  
September 30, 2025

**IV. OTHER INFORMATION - Continued**

**C. Self-Insurance**

The City has entered into an interlocal participation agreement with the Texas Municipal League Workers' Compensation Joint Insurance Fund (the Fund). The Fund was created to provide workers' compensation benefits for its members pursuant to the provisions of Article 8309h, Texas Revised Civil Statutes Annotated. The Fund provides for the self-insurance of certain defined risks jointly among the Fund members. The Fund is required to provide stop-loss coverage; however, the amount of this coverage may be adjusted at the discretion of the Fund's Board of Trustees. The City's participation in the Fund is on a nonassessable basis. The City has no joint and several liability other than the maximum annual contribution required to be paid into the Fund. The City made contributions to the Fund based upon its standard annual premium which was computed using the Texas State Board of Insurance workers' compensation rates and adjusted by the City's experience modifier. Contributions are adjusted annually based upon the City's experience modifier; however, contributions are subject to adjustments on an interim basis if such adjustments are the result of changes mandated by state law.

The City has entered into an interlocal participation agreement with the Texas Municipal League Joint Self-Insurance Fund (the Fund). The Fund was created to provide liability and property coverage to its members pursuant to the provisions of Article 4413 (32i), Texas Revised Civil Statutes Annotated. The Fund provides for the self-insurance of certain defined risks jointly among the Fund members. The Fund provides stop-loss coverage at the discretion of the Fund's Board of Trustees. The City made contributions to the Fund based upon a rating system approved by the Fund's Board of Trustees. Contributions are adjusted annually based upon the City's loss experience. The City's participation in the Fund provides coverage for comprehensive general liability, comprehensive auto liability, and property coverage. The participation agreement is continuous but the agreement may be terminated by either party by giving a written sixty-day notice of intent to terminate.

The City has entered into an interlocal participation agreement with the Texas Municipal League Group Benefit Risk Pool (the Risk Pool). The Risk Pool was created to provide certain life, accident, and health coverage to employees of its members pursuant to the provisions of Article 4413 (32c), Texas Revised Civil Statutes Annotated. The Risk Pool provides for the self-insurance of certain defined risks jointly among the Risk Pool members. The Risk Pool provides stop-loss coverage at the discretion of the Risk Pool's Board of Trustees. The City made contributions to the Risk Pool based upon the plan adopted.

**D. Landfill Closure and Postclosure Care Costs**

State and federal laws and regulations require the City to place a final cover on its landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for thirty years after closure. Although closure and postclosure care costs will be paid only near or after the date that the landfill stops accepting waste, the City reports a portion of these landfill closure and postclosure costs as an operating expense in each period based on landfill capacity used as of each balance sheet date. The \$90,743 reported as landfill closure and postclosure liability at September 30, 2025, represents the cumulative amount reported to date based on the Texas Commission on Environmental Quality's financial assurance requirements.

The City is required by state and federal laws and regulations to provide annually assurance that financial resources will be available to provide for closure, postclosure care, and remediation or containment of environmental hazards. The City has complied with this requirement by obtaining a letter of credit from a bank.

**E. Joint Venture**

The landfill is operated jointly by County of Martin and the City of Stanton. The County reimburses the City for one-half of the landfill's operating expenses on a monthly basis, and this is reflected in the Water and Sewer Fund.

CITY OF STANTON  
Notes to the Financial Statements - Continued  
September 30, 2025

**IV. OTHER INFORMATION - Continued**

**F. Adjustments and Restatements to Net Position/Fund Balance**

	September 30, 2024 as Previously Reported	Prior Year Restatement (A)	September 30, 2024 as Restated
Government-Wide			
Governmental Activities	<u>\$ 7,031,025</u>	<u>\$ (132,708)</u>	<u>\$ 6,898,317</u>
Enterprise Funds	<u>\$ 5,774,073</u>	<u>\$ (79,216)</u>	<u>\$ 5,694,857</u>
Component Unit	<u>\$ 2,076,861</u>	<u>\$ (211,924)</u>	<u>\$ 1,864,937</u>

(A) Restate beginning balance for compensated absences due to the implementation of GASB Statement No. 101.

**G. Subsequent Events**

The City's management has evaluated subsequent events through January 31, 2026, the date which the financial statements were available for issue.

Required Supplementary Information

CITY OF STANTON  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -  
BUDGET AND ACTUAL - GENERAL FUND  
FOR THE YEAR ENDED SEPTEMBER 30, 2025

	Budget Amounts		Actual Amounts (GAAP Basis)	Variance With Final Budget Positive or (Negative)
	Original	Final		
<b>REVENUES</b>				
Taxes				
Property Tax	\$ 1,530,000	\$ 1,545,000	\$ 1,507,090	\$ (37,910)
General Sales and Use Taxes	1,000,000	1,000,000	1,041,756	41,756
Franchise Tax	160,000	160,000	168,266	8,266
Penalty and Interest on Taxes	20,000	20,000	39,406	19,406
Licenses and Permits	15,000	15,000	9,766	(5,234)
Intergovernmental Revenue and Grants	13,750	13,750	44,885	31,135
Investment Earnings	25,000	25,000	120,719	95,719
Miscellaneous Revenue	810,000	895,000	73,004	(821,996)
<b>Total Revenues</b>	<b>\$ 3,573,750</b>	<b>\$ 3,673,750</b>	<b>\$ 3,004,892</b>	<b>\$ (668,858)</b>
<b>EXPENDITURES</b>				
Current				
General Government	\$ 879,199	\$ 952,199	\$ 962,212	\$ (10,013)
Judicial	19,338	19,338	37,893	(18,555)
Public Safety				
Police	1,037,542	1,037,542	954,192	83,350
Fire Protection	32,842	32,842	20,526	12,316
Streets	808,294	808,294	738,310	69,984
Health and Welfare	111,470	111,470	100,274	11,196
Culture and Recreation				
Parks	162,585	184,585	172,042	12,543
<b>Total Expenditures</b>	<b>\$ 3,051,270</b>	<b>\$ 3,146,270</b>	<b>\$ 2,985,449</b>	<b>\$ 160,821</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<b>\$ 522,480</b>	<b>\$ 527,480</b>	<b>\$ 19,443</b>	<b>\$ (508,037)</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Sale of Real and Personal Property	\$ -	\$ -	\$ 2,384	\$ 2,384
Transfers In	320,000	320,000	242,683	(77,317)
Transfers Out (Use)	(530,795)	(530,795)	(272,703)	258,092
<b>Total Other Financing Sources (Uses)</b>	<b>\$ (210,795)</b>	<b>\$ (210,795)</b>	<b>\$ (27,636)</b>	<b>\$ 183,159</b>
Net Change in Fund Balance	\$ 311,685	\$ 316,685	\$ (8,193)	\$ (324,878)
Fund Balance - Beginning	3,617,807	3,614,807	3,614,807	-
Fund Balance - Ending	<b>\$ 3,929,492</b>	<b>\$ 3,931,492</b>	<b>\$ 3,606,614</b>	<b>\$ (324,878)</b>

CITY OF STANTON  
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS  
TEXAS MUNICIPAL RETIREMENT SYSTEM  
FOR THE YEAR ENDED SEPTEMBER 30, 2025

	FY 2025 Plan Year 2024	FY 2024 Plan Year 2023	FY 2023 Plan Year 2022
Total Pension Liability			
Service Cost	\$ 149,416	\$ 134,103	\$ 140,194
Interest on the Total Pension Liability	322,645	306,287	278,668
Change of Benefit Terms	-	-	-
Difference Between Expected and Actual Experience	32,824	(18,042)	115,511
Change of Assumptions	-	(35,759)	-
Benefit Payments, Including Refunds of Employee Contributions	(178,976)	(124,815)	(119,510)
Net Change in Total Pension Liability	\$ 325,909	\$ 261,774	\$ 414,863
Total Pension Liability - Beginning	4,794,713	4,532,939	4,118,076
Total Pension Liability - Ending	\$ 5,120,622	\$ 4,794,713	\$ 4,532,939
Total Fiduciary Net Position			
Contributions - Employer	\$ 88,846	\$ 76,098	\$ 81,309
Contributions - Employee	77,258	69,054	72,340
Net Investment Income	476,627	474,258	(319,844)
Benefit Payments, Including Refunds of Employee Contributions	(178,976)	(124,815)	(119,510)
Administrative Expense	(3,055)	(3,014)	(2,767)
Other	(72)	(21)	3,300
Net Change in Plan Fiduciary Net Position	\$ 460,628	\$ 491,560	\$ (285,172)
Plan Fiduciary Net Position - Beginning	4,584,541	4,092,981	4,378,153
Plan Fiduciary Net Position - Ending	\$ 5,045,169	\$ 4,584,541	\$ 4,092,981
Net Pension Liability (Asset)	\$ 75,453	\$ 210,172	\$ 439,958
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	98.53%	95.62%	90.29%
Covered Payroll	\$ 1,545,153	\$ 1,381,086	\$ 1,446,793
Net Pension Liability (Asset) as a Percentage of Covered Payroll	4.88%	15.22%	30.41%

Note: GASB Codification, Vol. 2, P20.146 requires that the data in this schedule be presented for the time period covered by the measurement date rather than the governmental entity's current fiscal year.

As required by GASB 68, this schedule will be built prospectively as the information becomes available until 10 years of information is presented.

CITY OF STANTON  
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS  
TEXAS MUNICIPAL RETIREMENT SYSTEM  
FOR THE YEAR ENDED SEPTEMBER 30, 2025

FY 2022 Plan Year 2021	FY 2021 Plan Year 2020	FY 2020 Plan Year 2019	FY 2019 Plan Year 2018	FY 2018 Plan Year 2017	FY 2017 Plan Year 2016	FY 2016 Plan Year 2015
\$ 130,216	\$ 123,891	\$ 125,548	\$ 113,851	\$ 113,168	\$ 108,949	\$ 90,901
267,100	252,540	245,723	228,514	215,594	195,806	184,357
-	-	-	-	-	-	-
(78,794)	3,282	(149,201)	3,172	(43,575)	100,449	70,213
-	-	(1,251)	-	-	-	30,328
<u>(184,751)</u>	<u>(149,603)</u>	<u>(88,380)</u>	<u>(104,502)</u>	<u>(83,729)</u>	<u>(144,581)</u>	<u>(90,749)</u>
\$ 133,771	\$ 230,110	\$ 132,439	\$ 241,035	\$ 201,458	\$ 260,623	\$ 285,050
3,984,305	3,754,195	3,621,756	3,380,721	3,179,263	2,918,640	2,633,590
<u>\$ 4,118,076</u>	<u>\$ 3,984,305</u>	<u>\$ 3,754,195</u>	<u>\$ 3,621,756</u>	<u>\$ 3,380,721</u>	<u>\$ 3,179,263</u>	<u>\$ 2,918,640</u>
\$ 77,341	\$ 99,469	\$ 101,248	\$ 102,110	\$ 93,998	\$ 84,949	\$ 75,575
67,963	64,864	65,321	59,298	57,739	56,102	47,893
510,278	275,203	475,238	(93,200)	370,574	169,604	3,652
(184,751)	(149,603)	(88,380)	(104,502)	(83,729)	(144,581)	(90,749)
(2,358)	(1,779)	(2,683)	(1,800)	(1,920)	(1,915)	(2,224)
<u>16</u>	<u>(69)</u>	<u>(80)</u>	<u>(94)</u>	<u>(97)</u>	<u>(103)</u>	<u>(110)</u>
\$ 468,489	\$ 288,085	\$ 550,664	\$ (38,188)	\$ 436,565	\$ 164,056	\$ 34,037
3,909,664	3,621,579	3,070,915	3,109,103	2,672,538	2,508,482	2,474,445
<u>\$ 4,378,153</u>	<u>\$ 3,909,664</u>	<u>\$ 3,621,579</u>	<u>\$ 3,070,915</u>	<u>\$ 3,109,103</u>	<u>\$ 2,672,538</u>	<u>\$ 2,508,482</u>
<u>\$ (260,077)</u>	<u>\$ 74,641</u>	<u>\$ 132,616</u>	<u>\$ 550,841</u>	<u>\$ 271,618</u>	<u>\$ 506,725</u>	<u>\$ 410,158</u>
106.32%	98.13%	96.47%	84.79%	91.97%	84.06%	85.95%
\$ 1,359,253	\$ 1,297,290	\$ 1,306,427	\$ 1,185,953	\$ 1,154,779	\$ 1,122,033	\$ 902,486
-19.13%	5.75%	10.15%	46.45%	23.52%	45.16%	45.45%

CITY OF STANTON  
SCHEDULE OF CONTRIBUTIONS  
TEXAS MUNICIPAL RETIREMENT SYSTEM  
FOR THE FISCAL YEAR 2025

	2025	2024	2023
Actuarially Determined Contribution	\$ 88,882	\$ 84,130	\$ 76,517
Contributions in Relation to the Actuarially Determined Contributions	(88,882)	(84,130)	(76,517)
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -
Covered Payroll	\$ 1,571,413	\$ 1,480,287	\$ 1,385,682
Contributions as a Percentage of Covered Payroll	5.66%	5.68%	5.52%

Note: GASB Codification, Vol. 2, P20.146 requires that the data in this schedule be presented as of the governmental entity's respective fiscal year as opposed to the time periods covered by the measurement dates ending December 31 for the respective fiscal years.

As required by GASB 68, this schedule will be built prospectively as the information becomes available until 10 years of information is presented.

CITY OF STANTON  
SCHEDULE OF CONTRIBUTIONS  
TEXAS MUNICIPAL RETIREMENT SYSTEM  
FOR THE FISCAL YEAR 2025

<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
\$ 81,581	\$ 83,134	\$ 99,962	\$ 103,059	\$ 97,329	\$ 91,520	\$ 75,575
<u>(81,581)</u>	<u>(83,134)</u>	<u>(99,962)</u>	<u>(103,059)</u>	<u>(97,329)</u>	<u>(91,520)</u>	<u>(75,575)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 1,451,622	\$ 1,345,565	\$ 1,299,338	\$ 1,287,744	\$ 1,141,641	\$ 1,140,267	\$ 957,866
5.62%	6.18%	7.69%	8.00%	8.50%	8.03%	7.89%

CITY OF STANTON  
SCHEDULE OF CHANGES IN THE TOTAL OPEB LIABILITY AND RELATED RATIOS  
TEXAS MUNICIPAL RETIREMENT SYSTEM  
FOR THE YEAR ENDED SEPTEMBER 30, 2025

	FY 2025 Plan Year 2024	FY 2024 Plan Year 2023	FY 2023 Plan Year 2022	FY 2022 Plan Year 2021	FY 2021 Plan Year 2020	FY 2020 Plan Year 2019	FY 2019 Plan Year 2018	FY 2018 Plan Year 2017
Total OPEB Liability								
Service Cost	\$ 2,781	\$ 1,934	\$ 4,774	\$ 4,078	\$ 3,113	\$ 2,352	\$ 2,609	\$ 2,194
Interest on the Total OPEB Liability	2,083	1,969	1,253	1,371	1,586	1,751	1,581	1,528
Change of Benefit Terms	-	-	-	-	-	-	-	-
Difference Between Expected and Actual Experience	(2,215)	1,200	1,634	(7,381)	(2,419)	(3,404)	(803)	-
Change of Assumptions	(2,818)	1,927	(24,876)	2,141	8,715	9,718	(3,458)	3,806
Benefit Payments*	(927)	(691)	(1,013)	(951)	(259)	(392)	(356)	(462)
Net Change in Total OPEB Liability	\$ (1,096)	\$ 6,339	\$ (18,228)	\$ (742)	\$ 10,736	\$ 10,025	\$ (427)	\$ 7,066
Total OPEB Liability - Beginning	<u>54,334</u>	<u>47,995</u>	<u>66,223</u>	<u>66,965</u>	<u>56,229</u>	<u>46,204</u>	<u>46,631</u>	<u>39,565</u>
Total OPEB Liability - Ending	<u>\$ 53,238</u>	<u>\$ 54,334</u>	<u>\$ 47,995</u>	<u>\$ 66,223</u>	<u>\$ 66,965</u>	<u>\$ 56,229</u>	<u>\$ 46,204</u>	<u>\$ 46,631</u>
Covered Payroll	\$ 1,545,153	\$ 1,381,086	\$ 1,446,793	\$ 1,359,253	\$ 1,297,290	\$ 1,306,427	\$ 1,185,953	\$ 1,154,779
Total OPEB Liability as a Percentage of Covered Payroll	3.45%	3.93%	3.32%	4.87%	5.16%	4.30%	3.90%	4.04%

\*The Supplemental Death Benefit Fund is considered to be an unfunded OPEB plan under GASB 75. Because of this benefit payments are treated as being equal to the employer's yearly contributions for retirees.

Note: GASB Codification, Vol. 2, P52.139 states that the information on this schedule should be determined as of the measurement date of the plan.

As required by GASB 75, this schedule will be built prospectively as the information becomes available until 10 years of information is presented.

CITY OF STANTON  
Notes to the Required Supplementary Information  
September 30, 2025

Note A - Net Pension Liability

Changes in Benefit Terms

There were no changes of benefit terms that affected measurement of the total pension liability during the measurement period.

Changes of Assumptions

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

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

Actuarial Cost Method              Entry Age Normal

Amortization Method                Level Percentage of Payroll, Closed

Remaining Amortization Period    20 Years (Longest Amortization Ladder)

Asset Valuation Method            10-Year Smoothed Market, 12% Soft Corridor

Inflation                                2.50%

Salary Increases                      3.60% to 11.85% Including Inflation

Investment Rate of Return         6.75%

Retirement Age                      Experience-based table of rates that vary by age. Last updated for the 2023 valuation pursuant to an experience study of the period ending 2022.

Mortality                                Post-retirement: 2019 Municipal Retirees of Texas Mortality Tables. Male rates are multiplied by 103% and female rates are multiplied by 105% The rates are projected on a fully generational basis by the most recent Scale MP-2021, with immediate convergence.

Pre-retirement: PUB(10) mortality tables, with 110% of the Public Safety table used for males and 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.

CITY OF STANTON  
Notes to the Required Supplementary Information - Continued  
September 30, 2025

Note B - Total OPEB Liability

Changes in Benefit Terms

There were no changes of benefit terms that affected measurement of the total OPEB liability during the measurement period.

Changes of Assumptions

Valuation Date	December 31, 2024
Actuarial Cost Method	Entry Age Normal
Amortization Method	
Recognition of Economic/Demographic Gains or Losses	Straight-Line Amortization Over Expected Working Life
Recognition of Assumptions Changes or Inputs	Straight-Line Amortization Over Expected Working Life
Inflation	2.50%
Salary Increases	3.60% to 11.85% Including Inflation
Discount Rate	4.08%
Retirees' Share of Benefit-Related Costs	\$0
Administrative Expenses	All administrative expenses are paid through the Pension Trust and accounted for under reporting requirements under GASB Statement No. 68.
Mortality Rates - Service Retirees	2019 Municipal Retirees of Texas Mortality Tables. Male rates are multiplied by 103% and female rates are multiplied by 105%. The rates are projected on a fully generational basis by the most recent Scale MP-2021, with immediate convergence
Mortality Rates - Disabled Retirees	2019 Municipal Retirees of Texas Mortality Tables with a 4-year set-forward for males and a 3-year set-forward for females. In addition, a 3.5% and 3% minimum mortality rate will be applied to reflect the impairment for younger members who become disabled for males and females, respectively. The rates are projected on a fully generational basis by the most recent Scale MP-2021, with immediate convergence, to account for future mortality improvements subject to the floor.

COMPLIANCE AND INTERNAL CONTROLS SECTION



A Limited Liability Partnership

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

The Honorable Mayor and City Council  
City of Stanton  
P.O. Box 370  
Stanton, TX 79782-0370

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 unit, each major fund, and the aggregate remaining fund information of the City of Stanton, Texas, 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, and have issued our report thereon dated January 31, 2026.

### Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City of Stanton's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City of Stanton's internal control. Accordingly, we do not express an opinion on the effectiveness of the City of Stanton'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 City's financial statements will not be prevented or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

### Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Stanton's financial statements are free of 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 City'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 City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Eckert & Company, LLP*

January 31, 2026