



CITY OF  
**MCGREGOR, TX**

**2025**

**ANNUAL COMPREHENSIVE  
FINANCIAL REPORT**

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FOR FISCAL YEAR ENDED  
SEPTEMBER 30, 2025

302 SOUTH MADISON AVE. | MCGREGOR, TX 76657  
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*ANNUAL COMPREHENSIVE  
FINANCIAL REPORT*

of the

**City of McGregor, Texas**

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

**Prepared by**

Lee Klump, CPA, CMA  
Finance Director



# City of McGregor, Texas

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***INTRODUCTORY SECTION***





February 6, 2026

Honorable Mayor, Members of the City Council, and  
Citizens of the City of McGregor, Texas

We are pleased to submit the Annual Comprehensive Financial Report (ACFR) for the City of McGregor (the “City”) for the fiscal year ended September 30, 2025. The purpose of this report is to provide the Council, the public, management, staff, and other interested parties with detailed information reflecting the City’s financial condition. The Texas Local Government Code Chapter 103.001 requires an annual audit of municipalities. This statutory requirement is addressed in the City’s financial management plan, which includes the objective that an Annual Comprehensive Financial Report will be prepared by the Director of Finance. The Annual Comprehensive Financial Report includes a complete set of financial statements presented in conformity with generally accepted accounting principles (GAAP) and audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants. The City has complied with this requirement and the auditors’ report is included.

The City’s independent auditor, BrooksWatson & Co., has issued an unmodified opinion on the City of McGregor’s financial statement for the year ended September 30, 2025. An unmodified opinion represents the highest level of audit assurance issuable for financial statements. The independent auditor’s report is located at the front of the financial section of this report.

Management assumes full responsibility for the completeness and reliability of the information contained in this report which is based on a framework of internal controls established for this purpose. Because the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of material misstatements.

Management’s discussion and analysis (MD&A) immediately follows the independent auditor’s report and provides a narrative introduction, overview, and analysis of the basic financial statements. The MD&A complements this letter of transmittal and should be read in conjunction with it.

### ***Profile of the City***

The City of McGregor, Texas, is located in McLennan County, adjacent to Waco, Texas on their western boundary. The City was incorporated as a Texas municipal corporation in 1882. It has an estimated population of 5,640 residents. As a municipal corporation, the City is empowered by state statutes to levy a tax on real and business personal property located within the corporate boundaries. Among its additional powers is that of annexation to extend the corporate limits when requested.

The City of McGregor is a home rule city operating under a council/manager form of government. The City Council is comprised of the Mayor and five Council members. The Mayor and one council member are elected at-large, and the remaining council members are elected by ward, with all serving two-year terms. The Mayor Pro-Tem is selected by the City Council from among the council members. The City Council is responsible for adopting the annual budget, appointing committees, hiring the City Attorney, City Manager, City Secretary and Municipal Court Judge, as well as enacting ordinances and establishing the tax rate.

The City Manager, appointed by the City Council, is the chief administrative officer for the City, and is responsible for appointing the various department directors, implementing the policies and ordinances adopted by the City Council, and managing day-to-day operations of the City.

The basic financial statements of the City include all governmental activities, functions, and organizations for which it is financially accountable pursuant to and as defined by the Governmental Accounting Standards Board (GASB). The City is also accountable for a legally separate McGregor Economic Development Corporation (MEDC). Additional information on the MEDC can be found in the notes to the financial statements. The City also has two blended component units consisting of TIRZ 1 and TIRZ 2.

### ***Services Provided***

The City of McGregor is a full-service city and provides the following: maintenance of streets and infrastructure; parks, recreation, and cultural activities; public safety including emergency management, police and (volunteer) fire; solid waste services through third party contract; water and wastewater distribution and collection systems, and an executive airport. The City also provides emergency medical services through a third-party contract with Coryell Memorial EMS.

### ***Economic Conditions and Outlook***

The City of McGregor benefits from its location in the growing Central Texas area. It is situated at the junction of US Highway 84 and State Highway 317 in Western McLennan County. These thoroughfares carry thousands of vehicles every day.

This largely rural community provides a variety of industrial, commercial and retail opportunities. The McGregor Industrial Park covers over 9,000 acres of developable land and is the site of the former Navy Weapons Industrial Reserve Plant. It was transferred to the city as the result of congressional action beginning in 1974. This process was completed in 2006, when the City received a Ready for Reuse Determination from the Texas Commission on Environmental Quality and the U.S. Environmental Protection Agency. SpaceX is the anchor tenant in the McGregor Industrial Park. The McGregor Industrial Park acquired the “mega-site/super-park” certification they had been seeking in January 2020. This certification has generated multiple inquiries with the potential of hundreds of millions of dollars in investments. In fiscal year 2021 Knauf Industries, Messer and SpaceX announced new developments within the Industrial Park. Last year the City welcomed the addition of Allied Steel and EFC Gases and Advanced Materials (EFC) to the Industrial Park adding over \$300M in Capex Also this year, Messer Gases has purchased an additional 50 acres of land to build a second Air Separator Unit which is estimated to be \$80,000,000 in value. In addition, the city is currently in discussions with various other companies for which we anticipate announcing new developments within the year.

McGregor provides air access to the area by means of the McGregor Executive Airport. This former World War II training facility was acquired by the city in 1947. It has been the recipient of extensive capital improvements by the Texas Department of Transportation (TxDOT) Aviation Division with grants totaling in excess of \$10 million, which includes grants for the expansion of taxiway and hangar facilities, a grant to install a game resistant perimeter fence and a grant to construct apron area, t-hangars and to rehabilitate the runway.

The airport is a public-use, general aviation facility that serves the region’s air transportation requirements. The primary runway 17-35 is 5,501 foot in length and capable of accommodating jets up to 50,000 lbs. dual wheel. Runway 4-22 is a 3,484-foot runway capable of aircraft up to 12,500 lbs. Runway 17-35 is equipped with medium intensity runway lighting, Precision Approach Path Indicator (PAPI).

Operations at the airport are supported by VOR and RNAV (GPS) approaches. Additional services include avgas and jet fuel services, major airframes / powerplant repair and avionics repair station.

The airport supports several aviation businesses who provide services for the flying community which include a Fixed Base Operator (FBO), aircraft management / sales, flight school, sightseeing, and air cargo operations. In addition, the airport hosts the Experimental Aircraft Association Chapter 59 who operate a museum and support the Young Eagles program. The Airport is experiencing growth with a waiting list for t-hangars. In addition, the Airport currently has thirty-three (33) private hangars with an additional two (2) private hangars currently under construction.

The City also houses the only AMTRAK Station in McLennan County. This facility was built by the Santa Fe Railway and dates to 1904. Amtrak boarded 4,011 riders in 2024 with annual ticket sales of \$248,917. The McGregor Amtrak station is served by two commuter trains daily. Local interest has focused on ways to enhance and beautify this facility in hopes of expanding the tourism base that it represents. It is within walking distance of the downtown area where retail services include restaurants, antiques, clothing and furniture stores.

McGregor has a good residential base and is within easy commuting distance to many Waco attractions as well as Interstate 35. A mix of residential housing (single and multi-family) is being constructed; such expansion is a necessary component of supporting the industrial base of the City.

The City is experiencing growth with the addition of new businesses, including a McDonald's, new homes and new multi-family housing units. The Industrial Park continues to grow with the recent additions of Knauf Manufacturing, Messer Industries, EFC and Allied Steel Buildings. While the City of McGregor welcomes the growth, the City must be able to keep up with the growing demand for services. The City Council and staff must continue to work towards a sustainable level of finances so demands for services are met on a timely basis.

### ***Long-term Financial Planning***

In recent years the City has attended to its capital planning needs to prepare for growth and expansion in the community. This includes preparation and adoption of a master water plan, a park recreation and open space master plan and a master wastewater plan. City staff continually reviews the comprehensive master plan, zoning ordinances and the subdivision regulations.

The City has implemented revised water and wastewater rates designed to provide for the delivery of current services; establish a defined revenue source for debt service on new improvements; and set up a long-term capital reserve. The City continues to improve or replace infrastructure. Attending to the infrastructure needs of the City is one of the best ways to enhance economic development. Improved water and wastewater systems will service industrial, commercial, retail and residential prospects who seek to locate in McGregor.

In 2013, the City of McGregor, in cooperation with the McGregor Economic Development Corporation, the McGregor Chamber of Commerce, and the McGregor Independent School District, completed a long-term planning process known as "McGregor Vision 2030, Pushing the Limits." The plan was reviewed and re-evaluated during fiscal year 2017. As a part of this process the City and EDC joined together to purchase an abandoned building which has been converted into an event center. There has been significant interest in the use of the Event Center. The most common uses have been quinceañeras and weddings. The City is currently undertaking another long-term planning process to continue monitoring the growth and desired outcomes.

City-wide street improvements including utility line relocations and acquisition of road maintenance equipment was attained with the proceeds from the Series 2016 CO's. In addition, the City added an additional overhead storage tank to increase water capacity. In 2017, COs were issued to construct city-wide street improvements (including utility line relocations), construct a splash pad, Water and Wastewater System improvements, City Hall renovations and City Park improvements. The Water and Wastewater System improvements and City Hall renovations were completed in FY 2018 and FY 2019. The street improvements continue with in 2025 using bond funds. The splash pad project was completed in 2023. Major work on the Pool occurred in FY 2025.

In 2018, funds were acquired to fund a 16" water line that connects the Cities of McGregor, Waco and Woodway. All three cities participated in the funding of the waterline and completion occurred in fiscal year 2021.

In 2021, the City issued a General Obligation Refunding Bond paying off the 2010 Certificate of Obligation and saving the City in excess of one half million dollars. In 2021 The City also formed TIRZ 1 and issued bonds in 2022 for \$16.9M.

The City entered into a Contractual Obligation Series 2022 for the purchase of a Pierce fire engine to be added to the fleet. Delivery of the new engine occurred in 2024.

Park improvements added in FY 19 included new LED lighting for the ballfields, constructing a disc golf course in Amsler Park and new playground equipment placed in Launch Pad Park. Bewley Park and Kasting Park are receiving new updates. The disc golf course has proven to be a success with professionals from around the world playing in the Annual July 4<sup>th</sup> tournament. The City purchased additional land and building in 2023 that is located adjacent to Amsler Park. The building is currently undergoing some repairs and updates. It is anticipated the Parks Department will relocate to this building in 2025.

The City issued Certificate of Obligation in 2023 for \$6.55M to be used for constructing and improving streets and roads and related drainage, landscaping signalization, lighting, pedestrian improvements, curbs, signage and relocation of utility lines.

The MEDC issued Certificates of Obligation in 2025 for \$3.77M to be used for constructing and improving rail, streets and roads, and water and sewer utilities.

### ***Local Economy***

Due to its excellent location, McGregor provides a host of services to support the farming and ranching industry. These include numerous feed and farm related retail operations that provide resources as well as jobs for local residents.

McGregor is home to two automobile dealerships, three financial institutions, financial planning and accounting services, legal services, various retail stores, a weekly newspaper, a chamber of commerce, a state certified economic development board and numerous dining establishments. Behlen Country Manufacturing, a maker of farming equipment and a major employer, has set up operations in McGregor and purchased the building previously owned by Smead Manufacturing. The Trane Company builds HVAC units and is one of the City's top ten employers. SpaceX, McGregor ISD, The Trane Company, Knauf Insulation, Coral Rehab (formerly Westview Manor), Behlen, Ferguson Enterprises, the City of McGregor, Jim Turner Chevrolet, and Look Trailers round out the top ten employers.

McGregor's air, highway, and rail transportation systems provide ideal access to the community. Enhanced public access can be a catalyst to development and expanded opportunities for business, commercial, industrial and retail activity.

The McGregor Industrial Park is home to Space Exploration Technologies, Inc. (Space X), which has contracts with NASA to develop rocket engines to enable space freight aircraft and astronauts to access the International Space Station. SpaceX has recently renewed the lease agreement with The City. Knauf Insulation, Messer Gases, EFC and Allied Steel are also major companies with a presence in the Industrial Park.

McGregor stands to benefit from a unique mix of rural, urban and regional elements coupled with transportation enhancements that few smaller cities can offer. Added to this are the capital and strategic planning efforts that establish the basis for expanded business opportunity, recreation and quality of life.

### ***Awards and Acknowledgements***

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the city of McGregor for its annual comprehensive financial reports for the fiscal years ended September 30, 2009 through September 30, 2024. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized annual comprehensive financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A certificate of Achievement is awarded for a period of one year only. We believe that our current annual comprehensive financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

We would like to express our appreciation to all staff members who assisted and contributed to the preparation of this report. We would also like to thank the Mayor and City Council members for their interest and support in planning and conducting the financial operations of the City in a responsible and progressive manner.

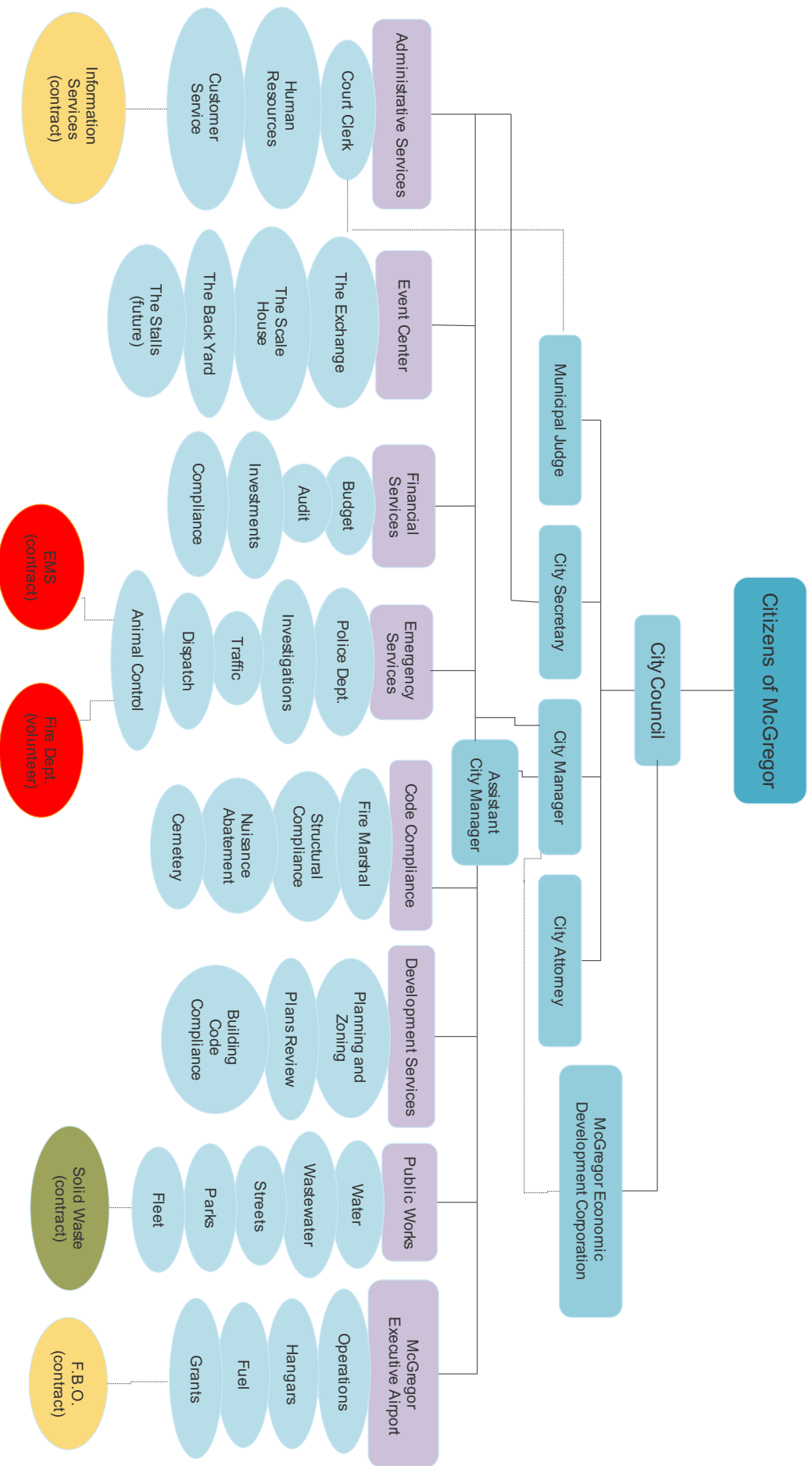
Respectfully Submitted,



Kevin P. Evans, CEcD  
City Manager



Lee Klump, CPA, CMA  
Finance Director





City of McGregor, Texas  
City Officials

*Elected Officials:*

<i>Mayor</i>	<i>James Lilley</i>	<i>At-Large</i>
<i>Council Member</i>	<i>Bonnie Mullens</i>	<i>Ward 2</i>
<i>Council Member</i>	<i>Sherry Adams</i>	<i>At-Large</i>
<i>Council Member</i>	<i>Alfredo Macedo</i>	<i>Ward 1</i>
<i>Council Member</i>	<i>Alex Garcia</i>	<i>Ward 3</i>
<i>Mayor Pro-Tem</i>	<i>Renee Flores</i>	<i>Ward 4</i>

*Appointed Officials/Department Heads:*

<i>City Manager</i>	<i>Kevin P. Evans</i>
<i>Chief of Police</i>	<i>James W. Burson, Sr.</i>
<i>City Secretary</i>	<i>Angelia Sloan</i>
<i>Airport Manager</i>	<i>Barry Lightfoot</i>
<i>Finance Director</i>	<i>Lee Klump</i>
<i>Code Compliance Director</i>	<i>Paul Estrada</i>
<i>Planning Director</i>	<i>Bryan LeMeilleur</i>
<i>MEDC Director</i>	<i>Andrew Smith</i>
<i>Exchange Event Center Director</i>	<i>Cassie Thomas</i>
<i>Public Works Director</i>	<i>Chad Saylor</i>



Government Finance Officers Association

Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting

Presented to

**City of McGregor  
Texas**

For its Annual Comprehensive  
Financial Report  
For the Fiscal Year Ended

September 30, 2024

*Christopher P. Morill*

Executive Director/CEO

***FINANCIAL SECTION***





***INDEPENDENT AUDITOR'S REPORT***

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

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

***Opinions***

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

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of McGregor, 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 (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of City of McGregor, Texas and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for one year after the date that the financial statements are issued.

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

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

In performing an audit in accordance with GAAS, we:

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

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

### *Emphasis of Matters*

As discussed in Note V.H. to the financial statements, due to various accounting errors in the prior year and implementation of GASB 101, *Compensated Absences*, the City restated beginning net position/fund balances for governmental activities, business-type activities, the general fund, Industrial Park Development fund, the utility fund, and the municipal airport fund. Our opinion is not modified with respect to these matters.

## *Other Matters*

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, schedule of changes in net pension liability and related ratios, schedule of employer contributions to pension plan, schedules of changes in other postemployment benefits liability and related ratios, and general fund budgetary comparison information be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. 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 Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The combining and individual nonmajor fund financial statements and schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.



Brooks Watson & Co.  
Certified Public Accountants  
Houston, Texas  
February 6, 2026



# **City of McGregor, Texas**

## **MANAGEMENT'S DISCUSSION AND ANALYSIS, *Continued***

### **September 30, 2025**

The purpose of the Management's Discussion and Analysis (the "MD&A") is to give the readers an objective and easily readable analysis of the City of McGregor's financial activities for the year ending September 30, 2025. The analysis is based on currently known facts, decisions, or economic conditions. It presents short and long-term analysis of the City's activities, compares current-year results with those of the prior year, and discusses the positive and negative aspects of that comparison. GASB Statement No. 34 establishes the content of the minimum requirements for the MD&A. Please read the MD&A in conjunction with the City's financial statements, which follow this section.

The annual financial report is presented as compliant with the financial reporting model in effect pursuant to GASB Statement No. 34. This financial reporting model requires governments to present certain basic financial statements as well as an MD&A and certain other Required Supplementary Information (RSI). The basic financial statements include (1) government-wide financial statements, (2) individual fund financial statements, and (3) notes to the financial statements.

#### **Financial Highlights**

- The City's total combined net position was \$42,464,803 at September 30, 2025. Of this, \$13,065,167 (unrestricted net position) may be used to meet the City's ongoing obligations to its citizens and creditors.
- At the close of the current fiscal year, the City's governmental funds reported combined fund balances of \$15,015,683, a decrease of \$8,396,046. This decrease is primarily due to significant capital outlay expenditures related to new street infrastructure, continued rodeo tower rail improvements, and purchase of new equipment in the current year.
- As of the end of the year, the unassigned fund balance of the general fund was \$5,527,813 or 76% of total general fund expenditures.
- The City had an overall increase in net position of \$2,355,556.
- The City's net pension liability totaled \$663,025 as of year end.

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

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

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

**Government-Wide 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, liabilities and deferred inflows. The difference between the sum of assets and deferred outflows, less the sum of liabilities and deferred inflows is 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. Other non-financial factors, such as the City's property tax base and the condition of the City's infrastructure, need to be considered in order to assess the overall health of the City.

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

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 administrative, community, development, emergency, financial, and municipal services. The business-type activities of the City include water, wastewater, and municipal airport operations.

The government-wide financial statements include not only the City itself (known as the *primary government*), but also the legally separate McGregor Economic Development Corporation for which the City is financially accountable. Financial information for this component unit is reported separately from the financial information presented for the primary government itself.

**FUND FINANCIAL STATEMENTS**

Funds may be considered as operating companies of the parent corporation, which is the City of McGregor. They are usually segregated for specific activities or objectives. The City of McGregor uses fund accounting to ensure and demonstrate compliance with finance-related legal reporting requirements. The categories of City funds are governmental, proprietary, and fiduciary.

**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*

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

*resources*, as well as *on balances of spendable resources* available at the end of the year. Such information may be useful in evaluating the City's near-term financing requirements.

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

The City of McGregor maintains seventeen individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund, debt service fund, capital projects fund, and TIRZ #1 fund, which are considered major funds, and the aggregate nonmajor funds.

The City of McGregor adopts an annual appropriated budget general, park development, hotel/motel tax, court technology, court building security, cemetery, exchange event center, industrial park development, park development, grant, truancy prevention, municipal jury, and debt service funds. Budgetary comparison schedules have been provided to demonstrate compliance with all governmental funds in which the City adopted an official budget.

**Proprietary Funds**

The City maintains one type of proprietary fund. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses an enterprise fund to account for its water distribution, wastewater collection/treatment, and municipal airport operations. The basic proprietary fund financial statements can be found in the basic financial statements of this report.

**Component Units**

The City maintains the accounting and financial statements for one component unit. The McGregor Economic Development Corporation is a discretely presented component unit displayed on the government-wide financial statements.

The Tax Increment Financing Reinvestment Zone #1 fund ("TIRZ #1") is a special purpose fund that collects property taxes within its boundaries to encourage and accelerate planned development of a certain geographical area. The City Council exercises the ultimate financial control over the recommendations of the TIRZ board, including its budget and expenditures. Therefore, the TIRZ fund is reported as a blended component unit, and it functions similar to a department of the City.

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

The Tax Increment Financing Reinvestment Zone #2 fund ("TIRZ #2") is a special purpose fund that collects property taxes within its boundaries to encourage and accelerate planned development of a certain geographical area. The City Council exercises the ultimate financial control over the recommendations of the TIRZ board, including its budget and expenditures. Therefore, the TIRZ fund is reported as a blended component unit, and it functions similar to a department of the City.

**Notes to Financial Statements**

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

**Other Information**

In addition to the basic financial statements, MD&A, and accompanying notes, this report also presents certain Required Supplementary Information (RSI). The RSI that GASB Statement No. 34 requires includes a budgetary comparison schedule for the general fund and schedule of funding progress for Texas Municipal Retirement System. RSI can be found after the basic financial statements.

The combining statements referred to earlier in connection with nonmajor governmental funds and discretely presented component units are presented immediately following the required supplementary information.

**GOVERNMENT-WIDE FINANCIAL ANALYSIS**

As noted previously, net position may serve over time as a useful indicator of the City's financial position. For the City of McGregor, assets and deferred outflows exceeded liabilities and deferred inflows by \$42,464,803 as of September 30, 2025, in the primary government.

The largest portion of the City's net position, \$25,799,741, reflects its investments in capital assets (e.g., land, city hall, park pools, streets, and water and wastewater infrastructure), less any debt used to acquire those assets that are still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the assets themselves cannot be used to liquidate these liabilities.

The most significant change in governmental activities resulted in a decrease in cash on hand and long-term liabilities, in addition with an increase in capital assets compared to the prior year. The City's available funds were utilized for operations, new capital investments, and paying off debt obligations in the current year.

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

Capital assets increased for governmental activities due to continued infrastructure improvements, equipment purchases, and new Rodeo Tower Rail improvements in the City.

Long-term liabilities for the primary government decreased primarily as a result of principal payments during the current year and the decline in the City's pension liability.

**Statement of Net Position:**

The following table reflects the condensed Statement of Net Position:

	2025			2024		
	Governmental	Business-Type	Total	Governmental	Business-Type	Total
	Activities	Activities		Activities	Activities	
Current and other assets	\$ 17,055,019	\$ 6,781,082	\$ 23,836,101	\$ 25,921,350	\$ 6,417,642	\$ 32,338,992
Capital assets	37,775,177	21,066,916	58,842,093	28,575,606	21,692,901	50,268,507
<b>Total Assets</b>	<b>54,830,196</b>	<b>27,847,998</b>	<b>82,678,194</b>	<b>54,496,956</b>	<b>28,110,543</b>	<b>82,607,499</b>
<b>Deferred Outflows of Resources</b>	<b>312,812</b>	<b>143,524</b>	<b>456,336</b>	<b>449,075</b>	<b>192,180</b>	<b>641,255</b>
Other liabilities	1,160,111	608,663	1,768,774	1,311,411	591,351	1,902,762
Long-term liabilities	32,096,900	5,273,656	37,370,556	32,952,980	5,899,513	38,852,493
<b>Total Liabilities</b>	<b>33,257,011</b>	<b>5,882,319</b>	<b>39,139,330</b>	<b>34,264,391</b>	<b>6,490,864</b>	<b>40,755,255</b>
<b>Deferred Inflows of Resources</b>	<b>753,302</b>	<b>777,095</b>	<b>1,530,397</b>	<b>1,572,013</b>	<b>812,239</b>	<b>2,384,252</b>
Net Position:						
Net investment in capital assets	9,584,506	16,215,235	25,799,741	6,778,756	16,102,882	22,881,638
Restricted	3,599,895	-	3,599,895	3,919,125	-	3,919,125
Unrestricted	7,948,294	5,116,873	13,065,167	8,411,746	4,896,738	13,308,484
<b>Total Net Position</b>	<b>\$ 21,132,695</b>	<b>\$ 21,332,108</b>	<b>\$ 42,464,803</b>	<b>\$ 19,109,627</b>	<b>\$ 20,999,620</b>	<b>\$ 40,109,247</b>

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

**Statement of Activities:**

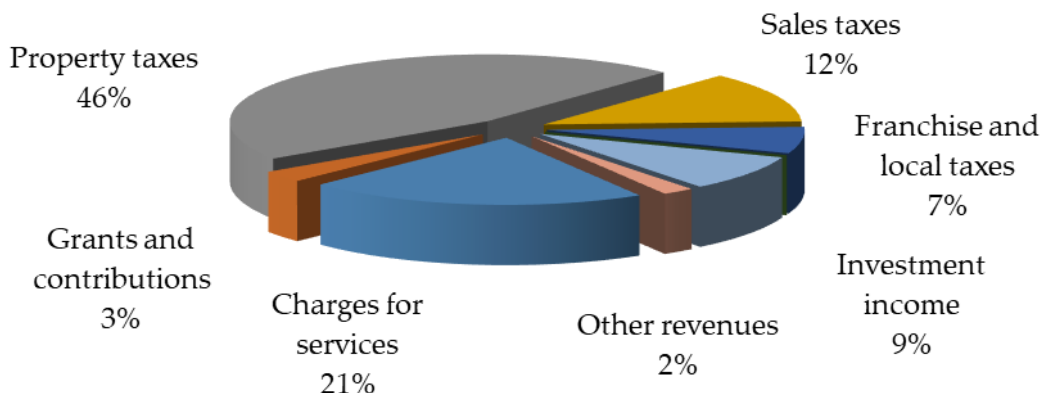
The following table reflects the condensed Statement of Activities:

	<u>For the Year Ended September 30, 2025</u>			<u>For the Year Ended September 30, 2024</u>		
	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
			<u>Primary Government</u>			<u>Primary Government</u>
<b>Revenues</b>						
Program revenues:						
Charges for services	\$ 2,256,874	\$ 7,393,398	\$ 9,650,272	\$ 2,079,651	\$ 6,083,121	\$ 8,162,772
Grants and contributions	299,736	70,394	370,130	248,170	17,690	265,860
General revenues:						
Property taxes	4,911,275	-	4,911,275	3,941,024	-	3,941,024
Sales taxes	1,302,065	-	1,302,065	1,642,465	-	1,642,465
Franchise and local taxes	678,904	-	678,904	466,424	-	466,424
Investment income	920,568	63,993	984,561	1,368,901	100,574	1,469,475
Other revenues	212,913	159,381	372,294	3,030,071	128,862	3,158,933
<b>Total Revenues</b>	<u>10,582,335</u>	<u>7,687,166</u>	<u>18,269,501</u>	<u>12,776,706</u>	<u>6,330,247</u>	<u>19,106,953</u>
<b>Expenses</b>						
Administrative services	2,965,715	-	2,965,715	2,109,632	-	2,109,632
Community services	956,187	-	956,187	813,400	-	813,400
Development services	784,211	-	784,211	678,258	-	678,258
Emergency services	2,285,266	-	2,285,266	2,053,888	-	2,053,888
Municipal services	1,418,109	-	1,418,109	1,230,462	-	1,230,462
Financial services	271,326	-	271,326	209,626	-	209,626
Interest	849,517	145,582	995,099	881,873	160,335	1,042,208
Water and wastewater	-	5,749,193	5,749,193	-	4,854,869	4,854,869
Airport	-	488,839	488,839	-	478,930	478,930
<b>Total Expenses</b>	<u>9,530,331</u>	<u>6,383,614</u>	<u>15,913,945</u>	<u>7,977,139</u>	<u>5,494,134</u>	<u>13,471,273</u>
<b>Change in Net Position</b>						
<b>Before Transfers</b>	1,052,004	1,303,552	2,355,556	4,799,567	836,113	5,635,680
Transfers	971,064	(971,064)	-	(338,708)	338,708	-
<b>Total</b>	<u>971,064</u>	<u>(971,064)</u>	<u>-</u>	<u>(338,708)</u>	<u>338,708</u>	<u>-</u>
<b>Change in Net Position</b>	2,023,068	332,488	2,355,556	4,460,859	1,174,821	5,635,680
Beg. Net Position	19,109,627	20,999,620	40,109,247	14,648,768	19,824,799	34,473,567
<b>Ending Net Position</b>	<u>\$ 21,132,695</u>	<u>\$ 21,332,108</u>	<u>\$ 42,464,803</u>	<u>\$ 19,109,627</u>	<u>\$ 20,999,620</u>	<u>\$ 40,109,247</u>

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

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

**Governmental Activities - Revenues**

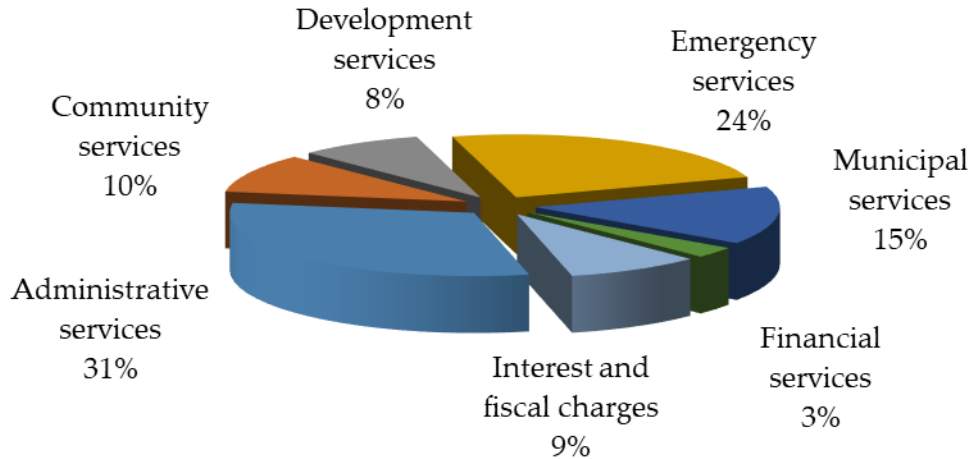


For the year ended September 30, 2025, revenues from governmental activities totaled \$10,582,335. Property tax, sales taxes, and charges for services are the City's largest revenue sources. Charges for services increased by \$177,223 or 9% primarily due to nonrecurring construction permit revenues and court fine collections received in the prior year. Property taxes increased by \$970,251 or 25% primarily due to overall greater appraised values in the current year. Sales taxes decreased by \$340,400 or 21%, primarily as a result of reduced construction activity in the industrial park. Under the current contract structure, contractors are treated as consumers of materials, requiring them to remit sales tax. With fewer construction contracts, the related sales tax receipts declined. Franchise and local taxes increased by \$212,480 or 46% primarily due electricity collection fees as a result of continued growth. Grants and contributions increased by \$51,566 or 21% due to nonrecurring federal grants received in the current year. Investment income decreased \$448,333 or 33% primarily due to the reduced balance held in interest-bearing accounts and the realization of lower interest rates in the current year. Other revenues decreased by \$2,817,158 or 93% as a result of nonrecurring proceeds from sale of assets in the prior year.

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

This graph shows the governmental function expenses of the City:

**Governmental Activities - Expenses**

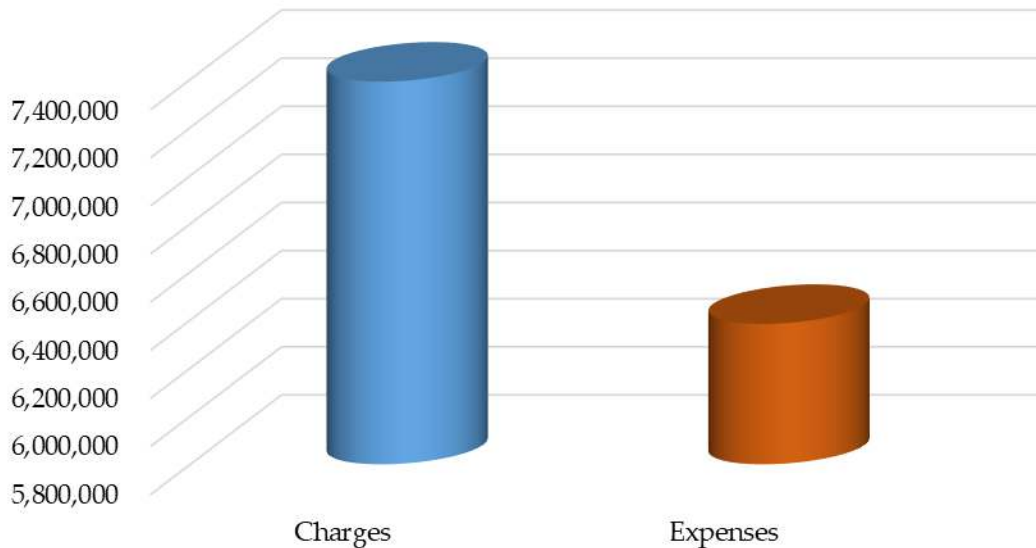


For the year ended September 30, 2025, expenses for governmental activities totaled \$9,530,331. This represents an increase of \$1,553,192 or 19% from the prior year. The City's largest functional expense is administrative services of \$2,965,715. Administrative services expenses increased by \$856,083 or 41% primarily due to greater supplies, engineering/consulting fees, asset depreciation, and nonrecurring payments for the Waco industrial gas line in the current year. Community services increased by \$142,787 or 18% primarily due to greater asset depreciation in the current year. Development services increased by \$105,953 or 16% primarily due to new plan review fees incurred for various commercial developments in the current year. Emergency services increased by \$231,378 or 11% due to greater personnel costs and nonrecurring animal shelter related expenses in the current year. Financial services increased by \$61,700 or 29% primarily due to greater personnel costs in the current year. Municipal services expenses increased by \$187,647 or 15% due to greater depreciation expense in the prior year. All other expenditures remained relatively consistent with the previous year.

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

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

**Business-Type Activities - Revenues and Expenses**



For the year ended September 30, 2025, charges for services by business-type activities totaled \$7,393,398. This is an increase of \$1,310,277 or 22% from the previous year primarily due to greater water/sewer consumption as a result of local growth and development. In addition, the City raised garbage service rates by approximately 7% in the current year.

Total expenses increased \$889,480 or 16%, which is primarily a result of greater salaries/benefits, nonrecurring utility system and grounds maintenance, increased water fees, greater electricity costs, and greater asset depreciation in the current year.

**FINANCIAL ANALYSIS OF THE CITY'S FUNDS**

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

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

As of the end of the year the general fund reflected a total fund balance of \$5,530,634. Of this, \$2,821 is non-spendable prepaid items. Unassigned fund balance totaled \$5,527,813 as of year end. General fund balance increased by \$764,144 primarily due to less than anticipated expenses and greater transfers received from other funds in the current year. Transfers from other funds increased by \$1,415,988 compared to transfers

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

received in the previous year. These funds supplemented the increase in fund balance over the current fiscal year.

The debt service fund reflected a total fund balance of \$136,254, an increase of \$147,359 from the prior year. The decrease is primarily due to less than anticipated expenditures in the current year.

The capital projects fund reflected a total fund balance of \$4,722,435, a decrease of \$2,823,144. The decrease is due to capital outlay expenditures exceeding current year revenues in the current year.

The TIRZ #1 fund reflected a total fund balance of \$1,179,369, a decrease of \$5,147,100 . The decrease is primarily due to capital outlay expenditures exceeding current year revenues.

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

#### **GENERAL FUND BUDGETARY HIGHLIGHTS**

There was a total positive budget variance of \$1,799,143 in the general fund. This is a combination of a negative revenue variance of \$118,697, positive expenditure variance of \$493,204, and positive other financing sources (uses) variance of \$1,424,636.

The primary reason for the negative revenue variance is due to less than anticipated sales taxes, license and permits, land lease revenues, charges for services, and other revenues. The primary reason for the positive expenditure variance is primarily due to less than anticipated expenditures for administrative services and emergency services during the year. Current year expenditures did not exceed appropriations at the legal level of control.

#### **CAPITAL ASSETS**

As of the end of the year, the City's governmental activities funds had invested \$37,775,177 in a variety of capital assets and infrastructure, net of accumulated depreciation. Depreciation is included with the governmental capital assets as required by GASB Statement No. 34. The City's business-type activities funds had invested \$21,066,916 in a variety of capital assets and infrastructure, net of accumulated depreciation.

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

- Made rehabilitation improvements to the Amsler pool for \$104,603.
- New vehicles purchased for governmental activities totaling \$197,782.
- Continued improvements to Rodeo Tower rail for \$7,197,225.
- Continued Phase 1 street improvements totaling \$2,519,607.
- Construction costs for new pickleball courts for \$146,083.

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

- Electrical updates to wastewater treatment plant totaling \$59,950.
- Airport roof replacement totaling \$46,712.
- Water building roof replacement costing \$31,558.
- Purchased new vehicles/equipment in the water department for \$330,705.
- Meter program upgrade costing \$139,901.

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

**LONG-TERM DEBT**

At the end of the current year, the City had total bonds, notes payable, and leases outstanding of \$35,880,412 (including premiums). During the year, the City made payments on long-term totaling \$1,827,237. More detailed information about the City's long-term liabilities is presented in note IV. D to the financial statements.

**ECONOMIC FACTORS AND NEXT YEAR'S BUDGET**

The Mayor and City Council are committed to maintaining and improving the overall wellbeing of the City of McGregor and improving services provided to their public citizens. The City is budgeting for growth in the upcoming year.

The following known factors were considered in preparing the City's operating budget for fiscal year 2025-2026:

- The fiscal year 2026 budget will raise more total property taxes than last year's budget by \$68,319 (1.49%). Of that amount, \$68,311 is tax revenue to be raised from new property added to the tax roll.
- The adopted property tax rate for fiscal year 2025-2026 has increased from \$0.530016 in the prior year to \$0.531392 per \$100 valuation.

**CONTACTING THE CITY'S FINANCIAL MANAGEMENT**

This financial report is designed to provide a general overview of the City of McGregor's finances for all those with an interest in the City's finances. Questions concerning this report or requests for additional financial information should be directed to the Director of Finance & Administrative Services, 300 West Main Street, P.O. Box 347, McGregor, Texas 75021.



## ***FINANCIAL STATEMENTS***

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

	Primary Government			Component
	Governmental Activities	Business-Type Activities	Total	Unit MEDC
<b><u>Assets</u></b>				
Current assets:				
Cash and cash equivalents	\$ 15,870,514	\$ 4,761,618	\$ 20,632,132	\$ 4,667,962
Restricted assets - cash	-	17	17	-
Receivables, net	723,573	1,017,449	1,741,022	105,174
Lease receivables - current	172,548	33,077	205,625	-
Prepays	5,806	30,221	36,027	-
Internal balances	(165,725)	165,725	-	-
<b>Total Current Assets</b>	<b>16,606,716</b>	<b>6,008,107</b>	<b>22,614,823</b>	<b>4,773,136</b>
Noncurrent assets:				
Lease receivables - noncurrent	448,303	772,975	1,221,278	-
Capital assets:				
Non-depreciable	7,098,009	838,245	7,936,254	1,459,264
Net depreciable capital assets	30,677,168	20,228,671	50,905,839	19,206
<b>Total Noncurrent Assets</b>	<b>38,223,480</b>	<b>21,839,891</b>	<b>60,063,371</b>	<b>1,478,470</b>
<b>Total Assets</b>	<b>54,830,196</b>	<b>27,847,998</b>	<b>82,678,194</b>	<b>6,251,606</b>
<b><u>Deferred Outflows of Resources</u></b>				
Deferred charge on bond refunding	-	15,215	15,215	-
Pension contributions	276,835	113,552	390,387	-
Pension difference in experience	31,530	12,933	44,463	-
OPEB contributions	4,447	1,824	6,271	-
<b>Total Deferred Outflows of Resources</b>	<b>312,812</b>	<b>143,524</b>	<b>456,336</b>	<b>-</b>

See Notes to Financial Statements.

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

	Primary Government			Component
	Governmental Activities	Business-Type Activities	Total	Unit MEDC
<b><u>Liabilities</u></b>				
Accounts payable and accrued liabilities	\$ 1,016,204	\$ 243,501	\$ 1,259,705	\$ 13,215
Customer deposits	-	347,929	347,929	-
Accrued interest payable	143,907	17,233	161,140	147,761
Compensated absences - current	289,563	96,199	385,762	35,950
Long-term debt - current	1,147,000	712,000	1,859,000	-
<b>Total Current Liabilities</b>	<b>2,596,674</b>	<b>1,416,862</b>	<b>4,013,536</b>	<b>196,926</b>
Noncurrent liabilities:				
Net pension liability	470,171	192,854	663,025	-
OPEB liability	130,608	53,574	184,182	-
Compensated absences - noncurrent	193,042	64,133	257,175	23,966
Long-term debt - noncurrent	29,866,516	4,154,896	34,021,412	3,958,702
<b>Total Noncurrent Liabilities</b>	<b>30,660,337</b>	<b>4,465,457</b>	<b>35,125,794</b>	<b>3,982,668</b>
<b>Total Liabilities</b>	<b>33,257,011</b>	<b>5,882,319</b>	<b>39,139,330</b>	<b>4,179,594</b>
<b><u>Deferred Inflows of Resources</u></b>				
Pension investment earnings	96,929	39,758	136,687	-
Pension change in assumptions	19,056	7,817	26,873	-
OPEB difference in experience	5,596	2,295	7,891	-
OPEB changes in assumptions	19,228	7,887	27,115	-
Lease related	612,493	719,338	1,331,831	-
<b>Total Deferred Inflows of Resources</b>	<b>753,302</b>	<b>777,095</b>	<b>1,530,397</b>	<b>-</b>
<b><u>Net Position</u></b>				
Net investment in capital assets	9,584,506	16,215,235	25,799,741	1,381,708
Restricted for:				
Community development	1,075,544	-	1,075,544	-
Economic development	-	-	-	690,304
Debt service	136,254	-	136,254	-
Municipal court	104,105	-	104,105	-
Tourism	212,257	-	212,257	-
Capital projects	2,071,735	-	2,071,735	-
Unrestricted	7,948,294	5,116,873	13,065,167	-
<b>Total Net Position</b>	<b>\$ 21,132,695</b>	<b>\$ 21,332,108</b>	<b>\$ 42,464,803</b>	<b>\$ 2,072,012</b>

See Notes to Financial Statements.



# City of McGregor, Texas

## STATEMENT OF ACTIVITIES

For the Year Ended September 30, 2025

Functions/Programs	Net (Expense) Revenue and Changes in Net Position					Component Unit
	Program Revenues		Primary Government		Total	
	Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-Type Activities		
Expenses					MEDC	
<b>Primary Government</b>						
<b>Governmental Activities</b>						
Administrative services	\$ 2,965,715	\$ 282,286	\$ (645,294)	\$ -	\$ (645,294)	\$ -
Community services	956,187	-	(956,187)	-	(956,187)	-
Development services	784,211	17,450	(766,761)	-	(766,761)	-
Emergency services	2,285,266	-	(2,285,266)	-	(2,285,266)	-
Financial services	271,326	-	(271,326)	-	(271,326)	-
Municipal services	1,418,109	218,739	(1,199,370)	-	(1,199,370)	-
Interest	849,517	-	(849,517)	-	(849,517)	-
<b>Total Governmental Activities</b>	<b>9,530,331</b>	<b>299,736</b>	<b>(6,973,721)</b>	<b>-</b>	<b>(6,973,721)</b>	<b>-</b>
<b>Business-Type Activities</b>						
Water and wastewater	5,894,775	-	-	1,197,489	1,197,489	-
Airport	488,839	70,394	-	(117,311)	(117,311)	-
<b>Total Business-Type Activities</b>	<b>6,383,614</b>	<b>70,394</b>	<b>-</b>	<b>1,080,178</b>	<b>1,080,178</b>	<b>-</b>
<b>Total Primary Government</b>	<b>\$ 15,913,945</b>	<b>\$ 370,130</b>	<b>\$ (6,973,721)</b>	<b>\$ 1,080,178</b>	<b>\$ (5,893,543)</b>	<b>\$ -</b>
<b>Component unit:</b>						
Economic Development Corporation	900,013	-	-	-	-	(900,013)
<b>Total Component Unit</b>	<b>\$ 900,013</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>(900,013)</b>
<b>General Revenues:</b>						
Taxes						
Property taxes			4,911,275	-	4,911,275	-
Sales taxes			1,302,065	-	1,302,065	648,786
Franchise and local taxes			678,904	-	678,904	-
Investment income			920,568	63,993	984,561	103,258
Other revenues			212,913	159,381	372,294	105,376
Transfers			971,064	(971,064)	-	-
<b>Total General Revenues and Transfers</b>			<b>8,996,789</b>	<b>(747,690)</b>	<b>8,249,099</b>	<b>857,420</b>
<b>Change in Net Position</b>			<b>2,023,068</b>	<b>332,488</b>	<b>2,355,556</b>	<b>(42,593)</b>
Beginning Net Position (as previously reported)			19,368,756	21,162,544	40,531,300	2,114,605
Corrections			(259,129)	(162,924)	(422,053)	-
Beginning Net Position (as adjusted)			19,109,627	20,999,620	40,109,247	2,114,605
<b>Ending Net Position</b>			<b>\$ 21,132,695</b>	<b>\$ 21,332,108</b>	<b>\$ 42,464,803</b>	<b>\$ 2,072,012</b>

See Notes to Financial Statements.

# City of McGregor, Texas

## BALANCE SHEET

### GOVERNMENTAL FUNDS

September 30, 2025

	General Fund	Debt Service Fund	Capital Projects Fund	TIRZ #1
<b><u>Assets</u></b>				
Cash and cash equivalents	\$ 5,603,474	\$ 136,254	\$ 5,255,144	\$ 1,165,760
Receivables, net	484,239	56,722	-	21,050
Lease receivables	620,851	-	-	-
Prepays	2,821	-	2,985	-
<b>Total Assets</b>	<b>\$ 6,711,385</b>	<b>\$ 192,976</b>	<b>\$ 5,258,129</b>	<b>\$ 1,186,810</b>
<b><u>Liabilities</u></b>				
Accounts payable and accrued liab.	\$ 372,636	\$ -	\$ 535,694	\$ 7,441
Due to other funds	-	-	-	-
<b>Total Liabilities</b>	<b>372,636</b>	<b>-</b>	<b>535,694</b>	<b>7,441</b>
<b><u>Deferred Inflows of Resources</u></b>				
Unavailable revenue - property taxes	85,399	56,722	-	-
Unavailable revenue - land lease revenue	108,723	-	-	-
Unavailable revenue - grants	-	-	-	-
Unavailable revenue - lease related	612,493	-	-	-
Unavailable revenue - lease/rental payments	1,500	-	-	-
<b>Total Deferred Inflows of Resources</b>	<b>808,115</b>	<b>56,722</b>	<b>-</b>	<b>-</b>
<b><u>Fund Balances</u></b>				
Nonspendable:				
Prepaid items	2,821	-	2,985	-
Restricted for:				
Debt service	-	136,254	-	-
Capital projects	-	-	4,719,450	1,179,369
Community development	-	-	-	-
Municipal court	-	-	-	-
Tourism	-	-	-	-
Committed to:				
Parks	-	-	-	-
Cemetery	-	-	-	-
Unassigned	5,527,813	-	-	-
<b>Total Fund Balances</b>	<b>5,530,634</b>	<b>136,254</b>	<b>4,722,435</b>	<b>1,179,369</b>
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</b>	<b>\$ 6,711,385</b>	<b>\$ 192,976</b>	<b>\$ 5,258,129</b>	<b>\$ 1,186,810</b>

See Notes to Financial Statements.

<b>Industrial Park Development</b>	<b>Nonmajor Governmental Funds</b>	<b>Total Governmental Funds</b>
\$ -	\$ 3,709,882	\$ 15,870,514
-	161,562	723,573
-	-	620,851
-	-	5,806
<u>\$ -</u>	<u>\$ 3,871,444</u>	<u>\$ 17,220,744</u>
\$ -	\$ 100,433	\$ 1,016,204
-	165,725	165,725
-	266,158	1,181,929
-	-	142,121
-	-	108,723
-	60,832	60,832
-	-	612,493
-	97,463	98,963
-	158,295	1,023,132
-	-	5,806
-	-	136,254
-	-	5,898,819
-	1,075,544	1,075,544
-	104,105	104,105
-	212,257	212,257
-	1,592,080	1,592,080
-	665,255	665,255
-	(202,250)	5,325,563
-	3,446,991	15,015,683
<u>\$ -</u>	<u>\$ 3,871,444</u>	<u>\$ 17,220,744</u>



# City of McGregor, Texas

## RECONCILIATION OF THE BALANCE SHEET TO THE STATEMENT OF NET POSITION GOVERNMENTAL FUNDS

September 30, 2025

<b>Fund Balances - Total Governmental Funds</b>	\$ 15,015,683
<b>Adjustments for the Statement of Net Position:</b>	
Capital and intangible assets used in governmental activities are not current financial resources and, therefore, not reported in the governmental funds.	
Capital assets - non-depreciable	7,098,009
Capital assets - net depreciable	30,677,168
Deferred outflows of resources, represent a consumption of net position that applies to a future period(s) and is not recognized as an outflow of resources (expenditure) until then.	
Pension contributions	276,835
Pension difference in experience	31,530
OPEB contributions	4,447
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the governmental funds.	
Unavailable revenue items	410,639
Deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.	
Pension investment earnings	(96,929)
Pension change in assumptions	(19,056)
OPEB difference in experience	(5,596)
OPEB investment experience	(19,228)
Some liabilities, including bonds payable and deferred charges, are not reported as liabilities in the governmental funds.	
Accrued interest	(143,907)
Bond premium	(856,516)
Bonds, notes, and leases	(30,157,000)
Compensated absences	(482,605)
Net pension liability	(470,171)
OPEB liability	(130,608)
<b>Net Position of Governmental Activities</b>	<b>\$ 21,132,695</b>

See Notes to Financial Statements.

# City of McGregor, Texas

## STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE

### GOVERNMENTAL FUNDS (Page 1 of 2)

For the Year Ended September 30, 2025

	General Fund	Debt Service Fund	Capital Projects Fund	TIRZ #1
<b>Revenues</b>				
Property tax	\$ 2,455,686	\$ 2,211,894	\$ -	\$ 182,058
Sales tax	1,302,065	-	-	-
Franchise and local taxes	666,822	-	-	-
License and permits	311,204	-	-	-
Contributions and donations	291	-	-	-
Land leases	865,207	-	-	-
Intergovernmental revenue	146,163	-	-	-
Charges for services	399,114	-	-	-
Fines and forfeitures	197,056	-	-	-
Investment income	179,489	5,066	324,443	315,575
Other revenue	18,021	-	-	154,624
<b>Total Revenues</b>	6,541,118	2,216,960	324,443	652,257
<b>Expenditures</b>				
Current:				
Administrative services	1,989,677	2,525	-	46,441
Community services	837,706	-	-	-
Development services	512,362	-	-	-
Emergency services	2,101,387	-	-	-
Financial services	275,643	-	-	-
Municipal services	1,107,080	-	-	-
Capital outlay	487,961	-	2,517,082	7,233,686
Debt Service:				
Principal	-	755,000	-	340,000
Interest and fiscal charges	-	564,340	-	350,977
<b>Total Expenditures</b>	7,311,816	1,321,865	2,517,082	7,971,104
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	(770,698)	895,095	(2,192,639)	(7,318,847)

<b>Industrial Park Development</b>	<b>Nonmajor Governmental Funds</b>	<b>Total Governmental Funds</b>
\$ -	\$ 18,065	\$ 4,867,703
-	-	1,302,065
-	19,921	686,743
-	-	311,204
-	75,000	75,291
-	-	865,207
-	17,450	163,613
-	544,630	943,744
-	21,683	218,739
-	95,995	920,568
-	15,274	187,919
-	808,018	10,542,796
-	432,074	2,470,717
-	158,882	996,588
-	-	512,362
-	-	2,101,387
-	-	275,643
-	-	1,107,080
-	231,378	10,470,107
-	-	1,095,000
-	-	915,317
-	822,334	19,944,201
-	(14,316)	(9,401,405)

# City of McGregor, Texas

## STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE GOVERNMENTAL FUNDS (Page 2 of 2) For the Year Ended September 30, 2025

	General Fund	Debt Service Fund	Capital Projects Fund	TIRZ #1
<b><u>Other Financing Sources (Uses)</u></b>				
Transfers in	\$ 1,519,287	\$ -	\$ -	\$ 2,171,747
Transfers (out)	-	(747,736)	(630,505)	-
Sale of assets	15,555	-	-	-
<b>Total Other Financing Sources (Uses)</b>	<b>1,534,842</b>	<b>(747,736)</b>	<b>(630,505)</b>	<b>2,171,747</b>
<b>Net Change in Fund Balances</b>	<b>764,144</b>	<b>147,359</b>	<b>(2,823,144)</b>	<b>(5,147,100)</b>
Beginning fund balances (as previously presented)	4,674,483	(11,105)	7,545,579	6,326,469
Change within financial reporting entity (major to nonmajor)	-	-	-	-
Error correction	92,007	-	-	-
Beginning fund balances (as adjusted or restated)	4,766,490	(11,105)	7,545,579	6,326,469
<b>Ending Fund Balances</b>	<b>\$ 5,530,634</b>	<b>\$ 136,254</b>	<b>\$ 4,722,435</b>	<b>\$ 1,179,369</b>

See Notes to Financial Statements.

<b>Industrial Park Development</b>	<b>Nonmajor Governmental Funds</b>	<b>Total Governmental Funds</b>
\$ -	\$ 924,593	\$ 4,615,627
-	(2,266,322)	(3,644,563)
-	18,740	34,295
-	(1,322,989)	1,005,359
-	(1,337,305)	(8,396,046)
3,216,399	1,567,897	23,319,722
(3,216,399)	3,216,399	-
-	-	92,007
-	4,784,296	23,411,729
<u>\$ -</u>	<u>\$ 3,446,991</u>	<u>\$ 15,015,683</u>



# City of McGregor, Texas

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

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

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

Net changes in fund balances - total governmental funds	\$	(8,396,046)
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Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.

Capital outlay		10,446,906
Depreciation expense		(1,238,034)
Net effect of capital asset disposals		(9,301)

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

Unavailable revenues		14,545
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Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.

Compensated absences		(29,205)
Pension expense		70,465
OPEB expense		2,938
Accrued interest		6,415

The issuance of long-term debt (e.g., bonds, leases, certificates of obligation) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when they are first issued; whereas, these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.

Amortization of premium		59,385
Principal payments		1,095,000

	\$	<u>2,023,068</u>
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**Change in Net Position of Governmental Activities**

See Notes to Financial Statements.

# City of McGregor, Texas

## STATEMENT OF NET POSITION PROPRIETARY FUNDS (Page 1 of 2) September 30, 2025

	Utility Fund	Municipal Airport Fund	Total
<b><u>Assets</u></b>			
<b><u>Current Assets</u></b>			
Cash and cash equivalents	\$ 3,337,005	\$ 1,424,613	\$ 4,761,618
Restricted assets - cash	17	-	17
Receivables, net	977,535	39,914	1,017,449
Lease receivables - due within one year	-	33,077	33,077
Due from other funds	165,725	-	165,725
Prepaid items	30,221	-	30,221
<b>Total Current Assets</b>	4,510,503	1,497,604	6,008,107
<b><u>Noncurrent Assets</u></b>			
Lease receivables - due in more than one year	-	772,975	772,975
Capital assets:			
Non-depreciable	278,718	559,527	838,245
Net depreciable capital assets	14,665,105	5,563,566	20,228,671
<b>Total Noncurrent Assets</b>	14,943,823	6,896,068	21,839,891
<b>Total Assets</b>	19,454,326	8,393,672	27,847,998
<b><u>Deferred Outflows of Resources</u></b>			
Deferred charge on bond refunding	15,215	-	15,215
Pension contributions	101,020	12,532	113,552
Pension difference in experience	11,506	1,427	12,933
OPEB contributions	1,623	201	1,824
<b>Total Deferred Outflows of Resources</b>	129,364	14,160	143,524

See Notes to Financial Statements.

# City of McGregor, Texas

## STATEMENT OF NET POSITION PROPRIETARY FUNDS (Page 2 of 2)

September 30, 2025

	Utility Fund	Municipal Airport Fund	Total
<b><u>Liabilities</u></b>			
<b><u>Current Liabilities</u></b>			
Accounts payable and accrued liabilities	\$ 212,464	\$ 31,037	\$ 243,501
Customer deposits	336,229	11,700	347,929
Accrued interest	17,233	-	17,233
Compensated absences, current	92,884	3,315	96,199
Long-term debt due within one year	712,000	-	712,000
<b>Total Current Liabilities</b>	1,370,810	46,052	1,416,862
<b><u>Noncurrent Liabilities</u></b>			
Long-term debt due in more than one year	4,154,896	-	4,154,896
Compensated absences, noncurrent	61,923	2,210	64,133
Net pension liability	171,570	21,284	192,854
OPEB liability	47,661	5,913	53,574
<b>Total Noncurrent Liabilities</b>	4,436,050	29,407	4,465,457
<b>Total Liabilities</b>	5,806,860	75,459	5,882,319
<b><u>Deferred Inflows of Resources</u></b>			
Pension change in assumptions	6,954	863	7,817
Pension investment earnings	35,370	4,388	39,758
OPEB difference in experience	2,042	253	2,295
OPEB assumption changes	7,018	869	7,887
Deferred inflow - lease related	-	719,338	719,338
<b>Total Deferred Inflows of Resources</b>	51,384	725,711	777,095
<b><u>Net Position</u></b>			
Net investment in capital assets	10,092,142	6,123,093	16,215,235
Unrestricted	3,633,304	1,483,569	5,116,873
<b>Total Net Position</b>	\$ 13,725,446	\$ 7,606,662	\$ 21,332,108

See Notes to Financial Statements.

# City of McGregor, Texas

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

For the Year Ended September 30, 2025

	Utility Fund	Municipal Airport Fund	Total
<b><u>Operating Revenues</u></b>			
Charges for services	\$ 7,092,264	\$ -	\$ 7,092,264
Lease and rental revenue	-	301,134	301,134
Grant income	-	70,394	70,394
Other revenue	54,795	102,920	157,715
<b>Total Operating Revenues</b>	7,147,059	474,448	7,621,507
<b><u>Operating Expenses</u></b>			
Personnel services	1,385,182	163,376	1,548,558
Supplies and materials	455,818	30,439	486,257
Contractual services	2,255,458	22,621	2,278,079
Utilities	335,750	10,109	345,859
Other expenses	365,980	-	365,980
Depreciation	951,005	262,294	1,213,299
<b>Total Operating Expenses</b>	5,749,193	488,839	6,238,032
<b>Operating Income (Loss)</b>	1,397,866	(14,391)	1,383,475
<b><u>Nonoperating Revenues (Expenses)</u></b>			
Investment income	34,439	29,554	63,993
Gain (loss) on disposal of property	1,666	-	1,666
Interest expense	(145,582)	-	(145,582)
<b>Total Nonoperating Revenues (Expenses)</b>	(109,477)	29,554	(79,923)
<b>Income (Loss) Before Transfers</b>	1,288,389	15,163	1,303,552
Transfers in	747,736	-	747,736
Transfers (out)	(1,718,800)	-	(1,718,800)
<b>Total Transfers</b>	(971,064)	-	(971,064)
<b>Change in Net Position</b>	317,325	15,163	332,488
Beg. net position, as previously presented	13,561,438	7,601,106	21,162,544
Corrections	(153,317)	(9,607)	(162,924)
Beg. net position, as adjusted	13,408,121	7,591,499	20,999,620
<b>Ending Net Position</b>	\$ 13,725,446	\$ 7,606,662	\$ 21,332,108

See Notes to Financial Statements.

# City of McGregor, Texas

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

	Utility Fund	Municipal Airport Fund	Total
<b><u>Cash Flows from Operating Activities</u></b>			
Receipts from customers	\$ 7,087,029	\$ 450,540	\$ 7,537,569
Payments to suppliers and service providers	(3,296,401)	(54,949)	(3,351,350)
Payments to employees for salaries and benefits	(1,367,838)	(171,019)	(1,538,857)
<b>Net Cash Provided (Used) by Operating Activities</b>	2,422,790	224,572	2,647,362
<b><u>Cash Flows from Noncapital Financing Activities</u></b>			
Short term borrowing/(lending) from/(to) other funds	(165,725)		(165,725)
Transfers in	747,736	-	747,736
Transfers (out)	(1,718,800)	-	(1,718,800)
<b>Net Cash Provided (Used) by Noncapital Financing Activities</b>	(1,136,789)	-	(1,136,789)
<b><u>Cash Flows from Capital and Related Financing Activities</u></b>			
Capital purchases	(502,164)	(85,150)	(587,314)
Proceeds from the sale of assets	1,666	-	1,666
Principal paid on debt	(732,237)	-	(732,237)
Interest paid on debt	(153,957)	-	(153,957)
<b>Net Cash Provided (Used) by Capital and Related Financing Activities</b>	(1,386,692)	(85,150)	(1,471,842)
<b><u>Cash Flows from Investing Activities</u></b>			
Interest on investments	34,439	29,554	63,993
<b>Net Cash Provided by Investing Activities</b>	34,439	29,554	63,993
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	(66,252)	168,976	102,724
Beginning cash and cash equivalents	3,403,257	1,255,637	4,658,894
<b>Ending Cash and Cash Equivalents</b>	\$ 3,337,005	\$ 1,424,613	\$ 4,761,618

See Notes to Financial Statements.

# City of McGregor, Texas

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

	Utility Fund	Municipal Airport Fund	Total
<b><u>Reconciliation of Operating Income</u></b>			
<b><u>to Net Cash Provided by Operating Activities</u></b>			
Operating Income (Loss)	\$ 1,397,866	\$ (14,391)	\$ 1,383,475
Adjustments to reconcile operating income (loss) to net cash provided:			
Depreciation	951,005	262,294	1,213,299
<b>Changes in Operating Assets and Liabilities:</b>			
<b>(Increase) Decrease in:</b>			
Accounts receivable	(60,030)	(34,971)	(95,001)
Deferred Outflows of Resources:			
Pension contributions	(6,496)	(1,743)	(8,239)
Pension difference in experience	(82,108)	(9,486)	(91,594)
Pension change in assumptions	(7,020)	(732)	(7,752)
OPEB contributions	(117)	(29)	(146)
OPEB assumption changes	(222)	131	(91)
<b>Increase (Decrease) in:</b>			
Accounts payable and accrued liabilities	116,595	8,220	124,815
Compensated absences	35,444	(7,128)	28,316
Net pension liability	(19,510)	(527)	(20,037)
OPEB liability	1,385	631	2,016
Deferred Inflows of Resources:			
Lease related	-	11,063	11,063
Pension investment earnings	95,444	11,245	106,689
OPEB investment experience	544	(5)	539
<b>Net Cash Provided (Used) by Operating Activities</b>	<b>\$ 2,422,790</b>	<b>\$ 224,572</b>	<b>\$ 2,647,362</b>

See Notes to Financial Statements.

# City of McGregor, Texas

## NOTES TO FINANCIAL STATEMENTS

September 30, 2025

### I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of McGregor, Texas (the “City”) was incorporated under the laws of the State of Texas. The City operates under a Council-Manager form of government as provided by the Home Rule Charter, and provides the following services: emergency services (police and fire), municipal services (streets), community services (recreation), development services (planning and zoning and code enforcement), and general administrative and finance services. Other services include water and sewer operations and sanitation. The City also operates the municipal airport. Fire protection is provided by the McGregor Volunteer Fire Department. The City, for financial purposes, includes all of the funds relevant to the operations of the City of McGregor.

The accounting policies of the City conform to generally accepted accounting principles (GAAP) applicable to government units. The following is a summary of the more significant accounting policies.

#### A. Description of Government-Wide Financial Statements

The government-wide financial statements (i.e., 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 units. All fiduciary activities are reported only in the fund financial statements. *Governmental activities*, which normally are supported by taxes, intergovernmental revenues, and other nonexchange transactions, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges to external customers for support. Likewise, the *primary government* is reported separately from certain legally separate *component units* for which the primary government is financially accountable.

#### B. Reporting Entity

The City is an independent political subdivision of the State of Texas governed by an elected council and a mayor and is considered a primary government. For financial reporting purposes, management has considered all potential component units. Component units are legally separate organizations for which the elected officials of the primary government are financially accountable. The decision to include a potential component unit in the reporting entity was made by applying the criteria set forth in GAAP. The criteria used are as follows:

Financial Accountability – The primary government is deemed to be financially accountable if it appoints a voting majority of the organization’s governing body and (1) it is able to impose its will on that organization or (2) there is a potential for the organization to provide specific financial benefits or impose specific financial burdens on the primary government. Additionally, the primary government may be financially accountable if an organization is fiscally dependent on the primary government and there is a potential for the organization to provide specific financial benefits or impose specific financial burdens on the primary government regardless of whether the organization

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

has a separately elected governing board, a governing board appointed by a higher level of government or a jointly appointed board.

**Blended Component Unit**

Tax Increment Financing Reinvestment Zone #1

The City created the Tax Increment Financing Reinvestment Zone #1 Fund (the "TIRZ #1") in November 2021 to encourage and accelerate planned development of a certain contiguous geographic area within its jurisdiction and extra-territorial jurisdiction. Of the five-member Board of Directors three are appointed by the City Council and two members shall be appointed by the County Commissioners Court and serve for two-year staggered terms. Any future debt obligations issued and backed by the TIRZ are to be repaid from property tax levies, based on the incremental increase in the real property values from the base year 2019.

The TIRZ Board of Directors acts primarily in an advisory role to the City Council, who exercises the ultimate financial control over the recommendations of the TIRZ board, including its budget and expenditures. The financial information of the TIRZ is blended as a governmental fund into the primary government. Separate financial statements are not prepared.

Tax Increment Financing Reinvestment Zone #2

The City created the Tax Increment Financing Reinvestment Zone #2 Fund (the "TIRZ #2") in November 2023 to encourage and accelerate planned development of a certain contiguous geographic area within its jurisdiction and extra-territorial jurisdiction. Of the five-member Board of Directors three are appointed by the City Council and two members shall be appointed by the County Commissioners Court and serve for two-year staggered terms. Any future debt obligations issued and backed by the TIRZ are to be repaid from property tax levies, based on the incremental increase in the real property values from the base year 2022.

The TIRZ Board of Directors acts primarily in an advisory role to the City Council, who exercises the ultimate financial control over the recommendations of the TIRZ board, including its budget and expenditures. The financial information of the TIRZ is blended as a governmental fund into the primary government. Separate financial statements are not prepared.

**Discretely Presented Component Unit**

Economic Development Corporation

The McGregor Economic Development Corporation (the "MEDC") serves all citizens of the City and is governed by a board of directors appointed by the McGregor City Council. The MEDC is a component unit of the City, as the City has the ability to impose its will on the MEDC. An Executive Director is appointed by the MEDC board to carry out the Board's administrative and policy initiatives. The MEDC does not provide services entirely, or almost entirely to the City, nor does it

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maintain debt of any type that are repaid using City resources. The MEDC is a 4B Corporation and is under the Development Corporation Act of 1979 as defined in Section 4B of the Act and is supported by a half-cent sales tax. The scope of public service of the MEDC benefits citizens and is operated primarily within geographic boundaries of the City. Separate financial statements are not prepared. However, additional financial information for the MEDC may be obtained at the City's administrative offices.

**C. Basis of Presentation – Government-Wide and Fund Financial Statements**

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

As discussed earlier, the government has a discretely presented component unit which is shown in separate columns in the government-wide financial statements.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments where the amounts are reasonably equivalent in value to the interfund services provided and other charges between the various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

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

**Governmental Funds**

Governmental funds are those funds through which most governmental functions are typically financed. The City records the following major funds:

**General Fund**

The general fund is used to account for all financial transactions not properly includable in other funds. The principal sources of revenues include local property taxes, sales and franchise taxes, land lease revenue, licenses and permits, fines and forfeitures, and charges for services. Expenditures include administrative, community, development, emergency, financial, and municipal services.

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**Debt Service Fund**

The debt service fund accounts for the resources accumulated and payments made for principal and interest on long-term general obligation debt of governmental funds.

**Capital Projects Fund**

The capital projects fund is used to account for the use of debt proceeds to acquire or construct capital assets.

**TIRZ #1 Fund**

The fund is used to account for property tax levies and debt obligations used to encourage and accelerate planned development of a certain contiguous geographic area within its jurisdiction and extra-territorial jurisdiction.

**Industrial Park Fund**

The fund is used to account for the proceeds from the sale of assets and capital outlay expenditures related to the Industrial Park.

**Proprietary Fund Types**

Proprietary funds are used to account for activities that are similar to those often found in the private sector. All assets, liabilities, equities, revenues, expenses, and transfers relating to the government's business activities are accounted for through proprietary funds. The measurement focus is on determination of net income, financial position, and cash flows. Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues include charges for services. Operating expenses include costs of materials, contracts, personnel, and depreciation. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses. Proprietary fund types follow GAAP prescribed by the Governmental Accounting Standards Board (GASB). The proprietary fund types used by the City include enterprise funds.

The government reports the following major enterprise funds:

**Utility Fund**

The Utility fund is used to account for the water and wastewater utility services provided by the City.

**Municipal Airport Fund**

The Municipal Airport fund is used to account for the activities of the airport owned by the City.

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

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

**D. Measurement Focus and Basis of Accounting**

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

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

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

Property taxes, sales taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the

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

Proprietary, pension and other postemployment benefit trust funds are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Custodial funds use the economic resources measurement focus but utilize the *accrual basis of accounting* for reporting its assets and liabilities.

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

**1. Deposits and Investments**

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

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

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

- Direct obligations of the U.S. Government
- Fully collateralized certificates of deposit and money market accounts
- Statewide investment pools

**2. Fair Value**

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

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**3. Receivables and Interfund Transactions**

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

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

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

**4. Property Taxes**

Property taxes are levied by October 1 on the assessed value listed as of the prior January 1 for all real and business personal property in conformity with Subtitle E, Texas Property Tax Code. Taxes are due on receipt of the tax bill and are delinquent if not paid before February 1 of the year following the year in which imposed. Penalties are calculated after February 1 up to the date collected by the government at the rate of 6% for the first month and increased 1% per month up to a total of 12%. Interest is calculated after February 1 at the rate of 1% per month up to the date collected by the government. Under state law, property taxes levied on real property constitute a lien on the real property which cannot be forgiven without specific approval of the State Legislature. The lien expires at the end of twenty years. Taxes levied on personal property can be deemed uncollectible by the City.

**5. Inventories and Prepaid Items**

The costs of governmental fund type inventories are recorded as expenditures when they are utilized rather than when purchased, (i.e., the consumption method). The inventories are reported at cost using the first-in/first-out method. Certain payments to vendors reflect costs applicable to future accounting periods (prepaid expenditures) are recognized as expenditures when utilized.

**6. Restricted Assets**

Certain proceeds of governmental and enterprise fund cash and investments are classified as restricted assets on the statement of net position because their use is limited by applicable bond covenants, legal restrictions, or restrictions in place by outside parties.

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**7. Capital Assets**

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, street improvements and similar items) are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government, as assets with an initial individual cost of more than \$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, donated works of art and similar items, and capital assets received in a service concession arrangement are recorded at acquisition value at the date of donation. Major outlays for capital assets and improvements are capitalized as projects are constructed.

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

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

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

<b>Asset Description</b>	<b>Estimated Useful Years</b>
Infrastructure	20 - 40
Buildings and improvements	20 - 50
Land improvements	20 - 50
Machinery & Equipment	3 - 10

**8. Deferred Outflows/Inflows of Resources**

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows / inflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net assets that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/ expenditure) until then. The government only has two items that qualify for reporting in this category. They are the deferred pension contributions which are required to convert the fiscal year contributions to the calendar year 2025 and the deferred investment earnings which represent investment return over/under expectation. Both are reported in the government-wide statement of net position.

In addition to liabilities, the statement of financial position will sometimes report a separate section for *deferred inflows of resources*. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net assets that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The government records deferred inflows for the difference in expected and actual actuarial gains and losses of the pension liability.

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This item is only recorded on the full accrual basis. In addition, the government records a deferred inflow, which arises only under a modified accrual basis of accounting that qualifies for reporting in this category. Accordingly, the item, *unavailable revenue*, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from property taxes, fines and forfeitures and ambulance fees. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

**9. Net Position Flow Assumption**

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

**10. Fund Balance Flow Assumptions**

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

**11. Fund Balance Policies**

Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The government itself can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance).

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

Amounts in the assigned fund balance classification are intended to be used by the government for specific purposes but do not meet the criteria to be classified as committed. The governing body

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(council) has by resolution authorized the finance director to assign fund balance. The council may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment. The general fund is the only fund that reports a positive unassigned fund balance amount. In other governmental funds it is not appropriate to report a positive unassigned fund balance amount. However, in governmental funds other than the general fund, if expenditures incurred for specific purposes exceed the amounts that are restricted, committed, or assigned to those purposes, it may be necessary to report a negative unassigned fund balance in that fund. A summary of the City's fund balance policy as adopted by the Council follows:

The City staff recommends a fund balance of no less than 90 days with a preferred balance of 120 days.

**12. 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 the McGregor Firemen's Relief and Retirement Fund and additions to/deductions from the Fiduciary Net Position have been determined on the same basis as they are reported by pension funds. 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.

**13. Other Postemployment Benefits ("OPEB")**

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

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**14. Compensated Absences**

The liability for compensated absences reported in the government-wide and proprietary fund statements consist of unpaid, accumulated vacation and sick leave balances. The liability has been calculated using the vesting method, in which leave amounts for both employees who currently are eligible to receive termination payments and other employees who are expected to become eligible in the future to receive such payments upon termination are included. Vested or accumulated vacation leave and compensated leave of government-wide and proprietary funds are recognized as an expense and liability of those funds as the benefits accrue to employees.

The City grants paid vacation leave to its regular full-time employees after twelve months of employment. The amount of vacation to which an employee is entitled depends on the length of continuous service with the City as of the employee's anniversary date. An employee may only accrue and carry over into the next employment year a maximum of 40 hours of vacation leave. Compensatory time off will be credited at a rate of one and one-half hours for each overtime hour worked. Law enforcement personnel and all other City employees may accrue up to 80 hours of compensatory time.

It is the City's policy to liquidate compensated absences with future revenues rather than with currently available expendable resources. Accordingly, the City's governmental funds recognize accrued compensated absences when it is paid.

**15. Long-Term Obligations**

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

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

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

Assets acquired under the terms of leases are recorded as liabilities and capitalized in the government-wide financial statements at the present value of net minimum lease payments at inception of the lease. In the year of acquisition, lease transactions are recorded as other financing sources and as

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capital outlay expenditures in the general fund. Lease payments representing both principal and interest are recorded as expenditures in the general fund upon payment with an appropriate reduction of principal recorded in the government-wide financial statements.

**16. Leases**

Lessor: The City is a lessor for several noncancellable leases for use of land and airplane hangers. The City recognizes a lease receivable and a deferred inflow of resources in the government-wide and governmental fund financial statements.

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

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

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

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

**17. Estimates**

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

**II. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS**

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

The governmental fund balance sheet includes reconciliation between *fund balance-total governmental funds* and *net position-governmental activities* as reported in the government-wide

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statement of net position. One element of that reconciliation explains that long-term liabilities, including bonds, are not due and payable in the current period and, therefore, are not reported in the funds.

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

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

**III. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY**

Annual budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP) for the general, debt service, hotel/motel tax, court technology, court building security, cemetery, and exchange event center funds. The original budget is adopted by the City Council prior to the beginning of the year. The legal level of control as defined by the City Charter is the fund level. No funds can be transferred or added to a budgeted item without Council approval. Appropriations lapse at the end of the year.

**A. Expenditures Exceeding Appropriations**

During the year ended September 30, 2025, expenditures exceeded appropriations at the legal level of control for the below funds:

Court Technology	\$ 7,034
Exchange Event Center	\$ 20,506

**B. Deficit Fund Equity**

The below had fund deficit balances as of September 30, 2025. The deficits will be replenished in the subsequent period.

TIRZ #2	\$ 98,800
Exchange Event Center	\$ 103,450

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**IV. DETAILED NOTES ON ALL FUNDS**

**A. Deposits and Investments**

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

Investment Type	Value	Weighted Average Maturity (Years)
External investment pools	\$ 18,206,614	0.14
Total value	\$ 18,206,614	
Portfolio weighted average maturity		0.14

As of September 30, 2025, the discretely presented component unit had the following investments:

Investment Type	Value	Weighted Average Maturity (Years)
External investment pools	\$ 4,324,375	0.14
Total value	\$ 4,324,375	
Portfolio weighted average maturity		0.14

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

*Credit risk* The City's investment policy limits investments to obligations of the United States, State of Texas, or their agencies and instrumentalities with an investment quality rating of not less than "A" or its equivalent, by a nationally recognized investment rating firm. Other obligations must be unconditionally guaranteed (either express or implied) by the full faith and credit of the United States Government or the issuing U.S. agency and investment pools with an investment quality not less than AAA, or equivalent, by at least one nationally recognized rating service.

*Custodial credit risk – deposits* In the case of deposits, this is the risk that in the event of a bank failure, the City's deposits may not be returned to it. State statutes require that all deposits in financial institutions be insured or fully collateralized by U.S. government obligations or its agencies and instrumentalities or direct obligations of Texas or its agencies and instrumentalities

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that have a market value of not less than the principal amount of the deposits. As of September 30, 2025, the market values of pledged securities and FDIC exceeded bank balances.

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

**TexSTAR**

TexSTAR has been established for governmental entities pursuant to the Interlocal Cooperation Act, Chapter 791 of the Texas Government Code, and the Public Funds Investment Act, Chapter 2256 of the Texas Government Code and operates in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940. TexSTAR's governing body is a five-member Board consisting of three representatives of participants and one member designated by each of the co-administrators. The Board holds legal title to all money, investments, and assets and has the authority to employ personnel, contract for services, and engage in other administrative activities necessary or convenient to accomplish the objectives of TexSTAR. Board oversight of TexSTAR is maintained through daily, weekly, and monthly reporting requirements. TexSTAR is rated AAAM by Standard & Poor's. The City's fair value position is stated at the value of the position upon withdrawal. There were no limitations or restrictions on withdrawals.

**LOGIC**

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

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

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**TexPool**

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

**B. Receivables**

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

	<u>General</u>	<u>Debt Service</u>	<u>TIRZ #1</u>	<u>Nonmajor Govt.</u>	<u>Water</u>	<u>Municipal Airport</u>	<u>Total</u>
Property taxes	\$ 115,393	\$ 70,089	\$ -	\$ -	\$ -	\$ -	\$ 185,482
Sales tax	210,948	-	-	-	-	-	210,948
Franchise taxes	50,912	-	-	-	-	-	50,912
Accounts	-	-	21,050	97,063	1,493,671	39,914	1,651,698
Hotel/motel	-	-	-	3,667	-	-	3,667
Grants	-	-	-	60,832	-	-	60,832
Other	136,939	-	-	-	-	-	136,939
Leases	620,851	-	-	-	-	806,052	1,426,903
Allowance	(29,953)	(13,367)	-	-	(516,136)	-	(559,456)
<b>Total</b>	<u>\$ 1,105,090</u>	<u>\$ 56,722</u>	<u>\$ 21,050</u>	<u>\$ 161,562</u>	<u>\$ 977,535</u>	<u>\$ 845,966</u>	<u>\$ 3,167,925</u>

2. The following comprise receivable balances of the discretely presented component unit at year end:

	<u>EDC</u>
Sales tax	<u>\$ 105,174</u>
	<u>\$ 105,174</u>

3. The City is the lessor of several contracts in which the City receives lease payments from various entities for the use of land and airplane hangars. The leases commenced between September 1996 and March 2022. Monthly lease payments ranging from \$1,132 to \$3,350 per month will be received through July 2029. Annual lease payments ranging from \$450 to \$704,786 per year will be received through February 2052. As of September 30, 2025, the governmental activities lease receivable and offsetting deferred inflows amounted to \$620,851

**City of McGregor, Texas**  
**NOTES TO FINANCIAL STATEMENTS, Continued**  
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and \$612,493, respectively. As of September 30, 2025, the business-type activities lease receivable and offsetting deferred inflows amounted to \$806,052 and \$719,338, respectively.

The annual principal and interest payments to be received are as follows:

<b>Year ending September 30,</b>	<b>Governmental Activities</b>	
	<b>Principal</b>	<b>Interest (4.5%)</b>
2026	\$ 172,548	26,828
2027	142,815	19,711
2028	16,592	13,408
2029	17,480	12,645
2030	19,052	11,826
2031-2035	122,205	44,159
2036-2040	130,159	11,977
	<u>\$ 620,851</u>	<u>\$ 140,554</u>

<b>Year ending September 30,</b>	<b>Business-Type Activities</b>	
	<b>Principal</b>	<b>Interest (4.5%)</b>
2026	\$ 33,077	36,363
2027	34,573	34,866
2028	36,138	33,302
2029	37,773	31,667
2030	34,514	29,958
2031-2035	175,966	126,228
2036-2040	124,403	91,212
2041-2045	133,677	63,704
2046-2050	152,191	32,080
2051-2055	43,740	5,075
	<u>\$ 806,052</u>	<u>\$ 484,455</u>

**City of McGregor, Texas**  
**NOTES TO FINANCIAL STATEMENTS, Continued**  
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**C. Capital Assets**

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

	<u>Beginning Balances</u>	<u>Increases</u>	<u>Decreases/ Reclassifications</u>	<u>Ending Balances</u>
Capital assets, not being depreciated:				
Land	\$ 4,090,269	\$ -	\$ -	\$ 4,090,269
Construction in progress	6,246,615	9,935,465	(13,174,340)	3,007,740
Total capital assets not being depreciated	<u>10,336,884</u>	<u>9,935,465</u>	<u>(13,174,340)</u>	<u>7,098,009</u>
Capital assets, being depreciated:				
Buildings and improvements	15,645,714	83,635	-	15,729,349
Machinery and equipment	5,154,666	281,403	(111,170)	5,324,899
Infrastructure	11,067,419	146,403	13,174,340	24,388,162
Intangible assets	97,289	-	-	97,289
Total capital assets being depreciated	<u>31,965,088</u>	<u>511,441</u>	<u>13,063,170</u>	<u>45,539,699</u>
Less accumulated depreciation				
Buildings and improvements	(5,792,249)	(424,411)	-	(6,216,660)
Machinery and equipment	(3,343,128)	(413,624)	101,869	(3,654,883)
Infrastructure	(4,525,319)	(395,135)	-	(4,920,454)
Intangible assets	(65,670)	(4,864)	-	(70,534)
Total accumulated depreciation	<u>(13,726,366)</u>	<u>(1,238,034)</u>	<u>101,869</u>	<u>(14,862,531)</u>
Net capital assets being depreciated	<u>18,238,722</u>	<u>(726,593)</u>	<u>13,165,039</u>	<u>30,677,168</u>
<b>Total Capital Assets</b>	<u>\$ 28,575,606</u>	<u>\$ 9,208,872</u>	<u>\$ (9,301)</u>	<u>\$ 37,775,177</u>

Depreciation was charged to governmental functions as follows:

Administrative services	\$ 584,392
Community services	137,223
Emergency services	194,734
Municipal services	321,685
<b>Total Governmental Activities Depreciation Expense</b>	<u>\$ 1,238,034</u>

**City of McGregor, Texas**  
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**September 30, 2025**

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

	<u>Beginning Balances</u>	<u>Increases</u>	<u>Decreases/ Reclassifications</u>	<u>Ending Balances</u>
Capital assets, not being depreciated:				
Land	\$ 838,245	\$ -	\$ -	\$ 838,245
Total capital assets not being depreciated	<u>838,245</u>	<u>-</u>	<u>-</u>	<u>838,245</u>
Capital assets, being depreciated:				
Buildings and improvements	1,441,844	90,380	-	1,532,224
Machinery and equipment	1,939,960	357,033	(9,190)	2,287,803
Infrastructure	31,695,846	139,901	-	31,835,747
Intangible assets	128,577	-	-	128,577
Total capital assets being depreciated	<u>35,206,227</u>	<u>587,314</u>	<u>(9,190)</u>	<u>35,784,351</u>
Less accumulated depreciation				
Buildings and improvements	(914,863)	(39,019)	-	(953,882)
Machinery and equipment	(1,251,065)	(190,739)	9,190	(1,432,614)
Infrastructure	(12,069,886)	(981,032)	-	(13,050,918)
Intangible assets	(115,757)	(2,509)	-	(118,266)
Total accumulated depreciation	<u>(14,351,571)</u>	<u>(1,213,299)</u>	<u>9,190</u>	<u>(15,555,680)</u>
Net capital assets being depreciated	<u>20,854,656</u>	<u>(625,985)</u>	<u>-</u>	<u>20,228,671</u>
<b>Total Capital Assets</b>	<u>\$ 21,692,901</u>	<u>\$ (625,985)</u>	<u>\$ -</u>	<u>\$ 21,066,916</u>

Depreciation was charged to business-type activities as follows:

Water	\$ 951,005
Airport	262,294
<b>Total Business-Type Activities Depreciation Expense</b>	<u>\$ 1,213,299</u>

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

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

	<u>Beginning Balances</u>	<u>Increases</u>	<u>Decreases/ Reclassifications</u>	<u>Ending Balances</u>
Capital assets, not being depreciated:				
Land	\$ 1,459,264	\$ -	\$ -	\$ 1,459,264
Total capital assets not being depreciated	<u>1,459,264</u>	<u>-</u>	<u>-</u>	<u>1,459,264</u>
Capital assets, being depreciated:				
Buildings and improvements	15,726	-	-	15,726
Machinery and equipment	29,843	-	-	29,843
Total capital assets being depreciated	<u>45,569</u>	<u>-</u>	<u>-</u>	<u>45,569</u>
Less accumulated depreciation				
Buildings and improvements	(1,572)	(786)	-	(2,358)
Machinery and equipment	(23,449)	(556)	-	(24,005)
Total accumulated depreciation	<u>(25,021)</u>	<u>(1,342)</u>	<u>-</u>	<u>(26,363)</u>
Net capital assets being depreciated	<u>20,548</u>	<u>(1,342)</u>	<u>-</u>	<u>19,206</u>
<b>Total Capital Assets</b>	<u><u>\$ 1,479,812</u></u>	<u><u>\$ (1,342)</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 1,478,470</u></u>

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

**D. Long-term Debt**

The following is a summary of changes in the City's total governmental long-term liabilities for the year ended. In general, the City uses the debt service fund to liquidate governmental long-term liabilities.

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Amounts Due within One Year</u>
<b>Governmental Activities:</b>					
Bonds, notes and other payables:					
Contractual obligations	\$ 788,000	\$ -	\$ (35,000)	\$ 753,000	\$ 52,000
Certificates of obligation	30,464,000	-	(1,060,000)	29,404,000	1,095,000
Less deferred amounts:					
For issuance premiums	915,901	-	(59,385)	856,516	-
<b>Total Governmental Activities</b>	<u>\$ 32,167,901</u>	<u>\$ -</u>	<u>\$ (1,154,385)</u>	<u>\$ 31,013,516</u>	<u>\$ 1,147,000</u>
<b>Long-term liabilities due in more than one year</b>				<u>\$ 29,866,516</u>	
<b>Business-Type Activities:</b>					
Bonds, notes and other payables:					
General obligation refund. bonds	\$ 1,365,000	\$ -	\$ (220,000)	\$ 1,145,000	\$ 220,000
Certificates of obligation	4,124,558	-	(512,237)	3,612,321	492,000
Less deferred amounts:					
For issuance premiums	118,720	-	(9,145)	109,575	-
<b>Total Business-Type Activities</b>	<u>\$ 5,608,278</u>	<u>\$ -</u>	<u>\$ (741,382)</u>	<u>\$ 4,866,896</u>	<u>\$ 712,000</u>
<b>Long-term liabilities due in more than one year</b>				<u>\$ 4,154,896</u>	
<b>Component-Unit Activities:</b>					
Bonds, notes and other payables:					
Sales Tax Bonds	\$ -	\$ 3,770,000	\$ -	\$ 3,770,000	\$ -
Less deferred amounts:					
For issuance premiums	-	191,900	(3,198)	188,702	-
<b>Total Component-Unit Activities</b>	<u>\$ -</u>	<u>\$ 3,961,900</u>	<u>\$ (3,198)</u>	<u>\$ 3,958,702</u>	<u>\$ -</u>
<b>Long-term liabilities due in more than one year</b>				<u>\$ 3,958,702</u>	

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

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

<u>Description</u>	<u>Interest Rates</u>	<u>Maturity Date</u>	<u>Original Balance</u>	<u>Current Balance</u>
<b>Governmental Activities:</b>				
2016 Certificates of obligation	3%-5%	8/15/2036	6,865,000	\$ 4,980,000
2017 Certificates of obligation	3%-4%	8/15/2036	1,001,300	735,000
2018 Certificates of obligation	2%-4%	8/15/2038	2,090,000	1,480,000
2022 Certificates of obligation	2.11%	8/15/2032	16,974,000	16,294,000
2022 PPF Contractual Obligation	3.29%	8/15/2037	835,000	753,000
2023 Certificates of obligation	2.6%-4.0%	8/15/2043	6,550,000	5,915,000
<b>Total Certificates of Obligation and Contractual Obligations</b>			<b>\$ 35,770,300</b>	<b>\$ 30,157,000</b>
<b>Total Governmental Activities</b>			<b>\$ 35,770,300</b>	<b>\$ 30,157,000</b>
<b>Business-Type Activities:</b>				
1995 Certificates of obligation	4.88%	1/15/2035	\$ 337,000	\$ 67,321
2013 Certificates of obligation	2%-4%	8/1/2026	2,090,000	85,000
2014 Certificates of obligation	3%-4%	8/15/2029	2,955,000	895,000
2017 Certificates of obligation	3%-4%	8/15/2036	1,633,700	985,000
2018 Certificates of obligation	3.25%-3.38%	8/15/2038	2,090,000	1,580,000
<b>Total Certificates of Obligation</b>			<b>\$ 9,105,700</b>	<b>\$ 3,612,321</b>
2021 General obligation refunding	1.23%	8/15/2030	\$ 2,210,000	\$ 1,145,000
<b>Total General Obligations</b>			<b>\$ 2,210,000</b>	<b>\$ 1,145,000</b>
<b>Total Business-Type Activities</b>			<b>\$ 11,315,700</b>	<b>\$ 4,757,321</b>
<b>Component-Unit Activities:</b>				
2025 Sales Tax Bonds	5.00%	8/15/2055	\$ 3,770,000	3,770,000
<b>Total Component-Unit Activities</b>			<b>\$ 3,770,000</b>	<b>\$ 3,770,000</b>

**City of McGregor, Texas**  
**NOTES TO FINANCIAL STATEMENTS, Continued**  
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The annual requirements to amortize governmental activities certificates of obligation and contractual obligation outstanding at year end were as follows:

<b>Year Ending September 30,</b>	<b>Governmental Activities</b>		
	<b>Certificates of Obligation &amp; Contractual Obligations</b>		
	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2026	\$ 1,147,000	\$ 874,095	\$ 2,021,095
2027	1,179,000	837,810	2,016,810
2028	1,211,000	800,909	2,011,909
2029	1,238,000	762,743	2,000,743
2030	5,814,000	723,411	6,537,411
2031-2035	15,251,000	1,818,427	17,069,427
2036-2040	2,972,000	583,454	3,555,454
2041-2044	1,345,000	109,000	1,454,000
Total	<u>\$ 30,157,000</u>	<u>\$ 6,509,849</u>	<u>\$ 36,666,849</u>

The annual requirements to amortize business-type activities certificates of obligations and refunding bonds outstanding at year end were as follows:

<b>Year Ending September 30,</b>	<b>Business-Type Activities</b>		
	<b>Certificates of Obligation &amp; Refunding Bonds</b>		
	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2026	\$ 712,000	\$ 137,862	\$ 849,862
2027	638,000	119,295	757,295
2028	664,000	103,569	767,569
2029	659,000	87,142	746,142
2030	450,000	70,566	520,566
2031-2035	1,104,321	219,200	1,323,521
2036-2039	530,000	32,531	562,531
Total	<u>\$ 4,757,321</u>	<u>\$ 770,165</u>	<u>\$ 5,527,486</u>

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

The annual requirements to amortize component-unit activities bonds outstanding at year end were as follows:

Year Ending September 30,	Component-Unit Activities		
	Sales Tax Bonds		
	Principal	Interest	Total
2026	\$ -	\$ 259,188	\$ 259,188
2027	60,000	188,500	248,500
2028	65,000	185,500	250,500
2029	65,000	182,250	247,250
2030	70,000	179,000	249,000
2031-2035	405,000	839,000	1,244,000
2036-2040	525,000	726,250	1,251,250
2041-2045	660,000	582,250	1,242,250
2046-2050	845,000	399,250	1,244,250
2051-2055	1,075,000	166,250	1,241,250
Total	<u>\$ 3,770,000</u>	<u>\$ 3,707,438</u>	<u>\$ 7,477,438</u>

**E. Deferred Loss on Refunding**

A deferred loss resulting from the issuance of the 2021 general obligation refunding bonds has been recorded as a deferred outflow of resources and is being amortized to interest expense over the term of the refunded debt. Current year balances for business-type activities totaled \$15,215. Current year amortization expense for business-type activities totaled \$3,043.

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

**F. Compensated Absences**

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

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Amounts Due Within One Year</u>
<b>Governmental Activities:</b>					
Compensated Absences	\$ 453,400	\$ 29,205	\$ -	\$ 482,605	\$ 289,563
<b>Total Governmental Activities</b>	<u>\$ 453,400</u>	<u>\$ 29,205</u>	<u>\$ -</u>	<u>\$ 482,605</u>	<u>\$ 289,563</u>
<b>Long-term Liabilities Due in More than One Year</b>				<u>\$ 193,042</u>	
<b>Business-Type Activities:</b>					
Compensated Absences	\$ 132,016	\$ 35,444	\$ (7,128)	\$ 160,332	\$ 96,199
<b>Total Business-Type Activities</b>	<u>\$ 132,016</u>	<u>\$ 35,444</u>	<u>\$ (7,128)</u>	<u>\$ 160,332</u>	<u>\$ 96,199</u>
<b>Long-term Liabilities Due in More than One Year</b>				<u>\$ 64,133</u>	
<b>Component Unit Activities - EDC:</b>					
Compensated Absences	\$ 43,904	\$ 16,012	\$ -	\$ 59,916	\$ 35,950
<b>Total Component Unit Activities</b>	<u>\$ 43,904</u>	<u>\$ 16,012</u>	<u>\$ -</u>	<u>\$ 59,916</u>	<u>\$ 35,950</u>
<b>Long-term Liabilities Due in More than One Year</b>				<u>\$ 23,966</u>	

**G. Interfund Transactions**

Transfers between the primary government funds during the 2025 year were as follows:

<u>Transfers Out:</u>	<u>Transfer In:</u>				
	<u>General</u>	<u>TIRZ #1</u>	<u>Utility Fund</u>	<u>Nonmajor Govt.</u>	<u>Total</u>
Debt service	\$ -	\$ -	\$ 747,736	\$ -	\$ 747,736
Capital projects	177,558	452,947	-	-	630,505
Utility	-	1,718,800	-	-	1,718,800
Nonmajor govt.	1,341,729	-	-	924,593	2,266,322
<b>Total</b>	<u>\$ 1,519,287</u>	<u>\$ 2,171,747</u>	<u>\$ 747,736</u>	<u>\$ 924,593</u>	<u>\$ 5,363,363</u>

Transfers were used for various administrative services, debt payment support used to acquire and construct infrastructure, and monetary support for the acquisition and construction of water and waterworks infrastructure.

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

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

<b>Receivable fund:</b>	<b>Payable fund:</b>	
	<b>Nonmajor</b>	
	<b>Govt.</b>	<b>Total</b>
Utility	\$ 165,725	\$ 165,725
<b>Total</b>	<b>\$ 165,725</b>	<b>\$ 165,725</b>

**H. Restricted Net Position**

The City records restricted net position on amounts with externally imposed restrictions (e.g., through debt covenants or by grantors) or restrictions imposed by law through constitutional provisions or enabling legislation. Total restricted net position for the primary government was \$3,599,895. Of which, \$316,362 is restricted by enabling legislation.

The following is a list of restricted net position of the City:

	<b>Governmental</b>	<b>EDC</b>
<b>Restricted for:</b>	<b>Activities</b>	
Community development	\$ 1,075,544	\$ -
Debt service	136,254	-
* Municipal court	104,105	-
* Tourism	212,257	-
Capital projects	2,071,735	-
Economic development	-	690,304
<b>Total</b>	<b>\$ 3,599,895</b>	<b>\$ 690,304</b>

\* Restricted by enabling legislation

**V. OTHER INFORMATION**

**A. Risk Management**

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

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

**B. Contingent Liabilities**

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

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

**C. Arbitrage**

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

**D. Defined Benefit Pension Plans**

**Texas Municipal Retirement System**

**1. Plan Description**

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

**City of McGregor, Texas**  
**NOTES TO FINANCIAL STATEMENTS, Continued**  
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All eligible employees of the city are required to participate in TMRS.

**2. Benefits Provided**

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

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

The plan provisions are adopted by the governing body of the City, within the options available in the state statutes governing TMRS.

Plan provisions for the City were as follows:

	<u>Plan Year 2024</u>	<u>Plan Year 2023</u>
Employee deposit rate	7%	7%
Matching ratio (city to employee)	2 to 1	2 to 1
Years required for vesting	5	5
Service retirement eligibility (expressed as age / years of service)	60/5, 0/20	60/5, 0/20
Updated service credit	100% Repeating Transfers	100% Repeating Transfers
Annuity increase (to retirees)	70% of CPI	70% of CPI

**Employees covered by benefit terms**

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

Inactive employees or beneficiaries currently receiving benefits	48
Inactive employees entitled to but not yet receiving benefits	48
Active employees	<u>65</u>
<b>Total</b>	<b><u>161</u></b>

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

**3. Contributions**

The contribution rates for employees in TMRS are either 5%, 6%, or 7% of employee gross earnings, and the City matching percentages are either 100%, 150%, or 200%, both as adopted by the governing body of the City. Under the state law governing TMRS, the contribution rate for each city is determined annually by the actuary, using the Entry Age Normal (EAN) actuarial cost method. The actuarially determined rate is the estimated amount necessary to finance the cost of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability.

Employees for the City of McGregor, Texas were required to contribute 7% of their annual gross earnings during the fiscal year. The contribution rates for the City of McGregor, Texas were 13.18% and 12.45% in calendar years 2024 and 2025, respectively. The City's contributions to TMRS for the year ended September 30, 2025, were \$509,906, and equals the required contributions.

**4. Net Pension Liability**

The City's Net Pension Liability (NPL) was measured as of December 31, 2024, and the Total Pension Liability (TPL) used to calculate the Net Pension Liability was determined by an actuarial valuation as of that date. In general, the City uses the general and utility funds to liquidate governmental and business-type activities net pension liabilities, respectively.

**Actuarial assumptions**

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

Inflation	2.5% per year
Overall payroll growth	3.60% to 11.85% per year, including inflation
Investment Rate of Return	6.75% net of pension plan investment expense, including inflation

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

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

generational basis by the most recent Scale MP-2021 (with immediate convergence) to account for future mortality improvements subject to the 3.5% and 3% floor.

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

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. In determining their best estimate of a recommended investment return assumption under the various alternative asset allocation portfolios, Gabriel, Roeder, Smith & Company (GRS) focused on the area between (1) arithmetic mean (aggressive) without an adjustment for time (conservative) and (2) the geometric mean (conservative) with an adjustment for time (aggressive).

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

**Discount Rate**

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

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

**Changes in the Net Pension Liability**

	<b>Total Pension Liability (a)</b>	<b>Plan Fiduciary Net Position (b)</b>	<b>Net Pension Liability (a) – (b)</b>
<b>Balance at 12/31/23</b>	\$ 11,434,973	\$ 10,672,390	\$ 762,583
Changes for the year:			
Service cost	672,765	-	672,765
Interest	779,866	-	779,866
Change in benefit terms	-	-	-
Difference between expected and actual experience	311,771	-	311,771
Changes of assumptions	-	-	-
Contributions – employer	-	496,753	(496,753)
Contributions – employee	-	263,829	(263,829)
Net investment income	-	1,110,656	(1,110,656)
Benefit payments, including refunds of emp. contributions	(435,577)	(435,577)	-
Administrative expense	-	(7,112)	7,112
Other changes	-	(166)	166
Net changes	1,328,825	1,428,383	(99,558)
<b>Balance at 12/31/24</b>	<b>\$ 12,763,798</b>	<b>\$ 12,100,773</b>	<b>\$ 663,025</b>

**Sensitivity of the Net Pension Liability to Changes in the Discount Rate**

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

<b>1% Decrease 5.75%</b>	<b>Current Single Rate Assumption 6.75%</b>	<b>1% Increase 7.75%</b>
\$ 2,547,979	\$ 663,025	\$ (868,427)

**Pension Plan Fiduciary Net Position**

Detailed information about the pension plan’s Fiduciary Net Position is available in a separately-issued TMRS financial report. That report may be obtained on the internet at [www.tmr.com](http://www.tmr.com).

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

For the year ended September 30, 2025, the City recognized pension expense of \$418,506.

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

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

	<b>Deferred Outflows of Resources</b>	<b>Deferred (Inflows) of Resources</b>
Difference in experience	\$ 44,463	\$ -
Investment earnings	-	(136,687)
Changes in assumptions	-	(26,873)
Contributions subsequent to the measurement date	390,387	-
<b>Total</b>	<b>\$ 434,850</b>	<b>\$ (163,560)</b>

The City reported \$390,387 as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date that will be recognized as a reduction of the net pension liability for the year ending September 30, 2026.

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

<b>Year ended December 31:</b>	
2025	\$ (76,968)
2026	204,624
2027	(168,704)
2028	(78,049)
2029	-
Thereafter	-
	<b>\$ (119,097)</b>

**Other Postemployment Benefits**

The City also participates in a defined benefit group-term life insurance plan operated by the Texas Municipal Retirement System (TMRS) known as the Supplemental Death Benefits Fund (SDBF). This is a voluntary program in which participating member cities may elect, by ordinance, to provide group-term life insurance coverage for their active members, including or not including retirees. The City elected, by ordinance, to provide group-term life insurance coverage to both current and retired employees. The City may terminate coverage under and discontinue participation in the SDBF by adopting an ordinance before November 1 of any year to be effective the following January 1.

The death benefit for active employees provides a lump-sum payment approximately equal to the employee's annual salary (calculated based on the employee's actual earnings, for the 12-month period preceding the month of death); retired employees are insured for \$7,500; this

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

coverage is an “other postemployment benefit,” or OPEB. The SDBF covers both active and retiree benefits with no segregation of assets and, therefore, doesn’t meet the definition of a trust under GASB No. 75, paragraph 4b, (i.e., no assets are accumulated for OPEB). As such, the SDBF is considered to be a single-employer unfunded OPEB plan (and not a cost sharing plan) with benefit payments treated as being equal to the employer’s yearly contributions for retirees.

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

**Employees covered by benefit terms**

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

Inactive employees or beneficiaries currently receiving benefits	28
Inactive employees entitled to but not yet receiving benefits	10
Active employees	65
<b>Total</b>	<b>103</b>

The City’s contributions to the TMRS SDBF for the years ended 2025, 2024 and 2023 were \$8,176, \$7,676 and \$6,580, respectively, which equaled the required contributions each year.

Schedule of Contribution Rates  
*(RETIREE-only portion of the rate)*

<b>Plan/ Calendar Year</b>	<b>Annual Required Contribution (Rate)</b>	<b>Actual Contribution Made (Rate)</b>	<b>Percentage of ARC Contributed</b>
2023	0.21%	0.21%	100.0%
2024	0.21%	0.21%	100.0%
2025	0.21%	0.20%	100.0%

**Total OPEB Liability**

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

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

**Actuarial assumptions:**

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

Inflation	2.5% per year
Overall payroll growth	3.60% to 11.85%, including inflation per year
Discount rate	4.08%
Retirees' share of benefit-related costs	\$0
Administrative expenses	All administrative expenses are paid through the Pension Trust and accounted for under reporting requirements under GASB Statement No. 68

Salary increases were based on a service-related table. Mortality rates for active members, retirees, and beneficiaries were based on the gender-distinct 2019 Municipal Retirees of Texas Mortality Tables. Male rates are multiplied by 103% and female rates are multiplied by 105%. The rates are projected on a fully generational basis by the most recent Scale MP-2021 (with immediate convergence) to account for future mortality improvements. For disabled annuitants, the mortality tables for healthy retirees are used with a 4-year set-forward for males and a 3-year set-forward for females. In addition, a 3.5% and 3% minimum mortality rate will be applied to reflect the impairment for younger members who become disabled for males and females. The rates are projected on a fully generational basis by the most recent Scale MP=2021 (with immediate convergence) to account for future mortality improvements subject to the 3.5% and 3% floor.

**Discount Rate:**

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

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

The following presents the total OPEB liability of the City, calculated using the discount rate of 4.08%, as well as what the City's total OPEB liability 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:

<b>1% Decrease</b>	<b>Current Single Rate</b>	<b>1% Increase</b>
<b>3.08%</b>	<b>Assumption 4.08%</b>	<b>5.08%</b>
\$ 214,846	\$ 184,182	\$ 159,852

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

**Changes in the Total OPEB Liability:**

	<b>Total OPEB Liability</b>
<b>Balance at 12/31/23</b>	\$ 184,681
Changes for the year:	
Service Cost	14,699
Interest	7,090
Difference between expected and actual experience	(5,568)
Changes of assumptions	(8,805)
Benefit payments	(7,915)
Net changes	(499)
<b>Balance at 12/31/24</b>	<b>\$ 184,182</b>

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

For the year ended September 30, 2025, the City recognized OPEB expense of \$7,554.

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

	<b>Deferred Outflows of Resources</b>	<b>Deferred (Inflows) of Resources</b>
Difference in experience	\$ -	\$ (7,891)
Assumption changes	-	(27,115)
Contributions subsequent to measurement date	6,271	-
<b>Total</b>	<b>\$ 6,271</b>	<b>\$ (35,006)</b>

The City reported \$6,271 as deferred outflows of resources related to OPEB resulting from contributions subsequent to the measurement date that will be recognized as a reduction of the OPEB liability for the year ending September 30, 2026.

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

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

<b>Year ended December 31:</b>		
2025	\$	(17,289)
2026		(14,319)
2027		(1,860)
2028		(1,538)
2029		-
Thereafter		-
	<u>\$</u>	<u>(35,006)</u>

**E. Construction Commitments**

A summary of the City's outstanding construction commitments as of yearend was as follows:

**Governmental Funds**

<b><u>Project</u></b>	<b><u>Project Budget Appropriation</u></b>	<b><u>Construction in Progress (Spent to Date)</u></b>	<b><u>Remaining Commitment</u></b>
Rodeo Tower Rail Improvements	\$ 9,079,557	\$ 8,809,088	\$ 270,469
Phase 1 Street Improvements	4,084,513	2,136,908	\$ 1,947,605
Judith Road Improvements	1,114,335	920,569	193,766
Total Construction in Progress	<u>\$ 14,278,405</u>	<u>\$ 11,866,565</u>	<u>\$ 2,411,840</u>

**F. Deferred Compensation Plan**

The City has established a deferred compensation plan (the 457 plan) in accordance with Internal Revenue Code, Section 457. The 457 plan, available to all employees, permits them to defer a portion of their salaries until future years. The benefits of the plan are not available to employees until termination, retirement, or unforeseeable emergency. Benefits are available to employee's beneficiaries in case of death.

All amounts of compensation deferred under the 457 plan, all property rights purchased with those amounts, and all income attributable to those amounts, property, or rights are (until paid or made available to the employee or other beneficiary) solely the property and rights of the City (without being restricted to the provisions of benefits under the plan) subject only to the claims of the City's general creditors. Participants' rights under the plan are equal to those of the general creditors of the City in an amount equal to the fair market value of the deferred account for each participant.

It is the opinion of the City that the City has no liability for investment losses under the 457 plan, but does have the duty of due care that would be required of an ordinary prudent investor. The

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

City believes that it is unlikely that it will use the 457 plan assets to satisfy the claims of general creditors in the future.

The City's deferred compensation plan is administered by a private corporation under contract with the City. Participant and City contributions totaled \$5,424 for the year ended September 30, 2025.

**G. Tax Abatements**

The City has entered into tax abatement agreements with local businesses under Chapter 380 of the Texas Local Government Code. Under the terms of the City's agreements, the City will refund a percentage of the City's portion of sales tax paid by the businesses. There are currently four existing agreements in which the City abated \$209,683 during the year ended September 30, 2025.

**H. Restatements**

The City restated beginning fund balance/net position for governmental activities, business-type activities, the general fund, Industrial Park Development fund, the utility fund, and the municipal airport fund due to corrections to prior year accrued payables, deferred revenue, receivables, and the implementation of GASB 101, *Compensated Absences*. The restatement of beginning fund balance/net position is as follows:

	<b>Governmental Activities</b>	<b>General Fund</b>	<b>Industrial Park</b>	<b>Nonmajor Govt</b>
Prior year ending net assets fund balance as reported	\$ 19,368,756	\$ 4,674,483	\$ 3,216,399	\$ 1,567,897
To correct fines payable	29,577	29,577	-	-
To correct deferred revenue	62,430	62,430	-	-
Correction to lease receivables	79,801	79,801	-	-
Correction to deferred inflows for leases	(79,801)	(79,801)	-	-
Removed maximum caps on PTO	(195,577)	-	-	-
Implementation of GASB 101	(155,559)	-	-	-
Change from major to nonmajor fund	-	-	(3,216,399)	3,216,399
Restated beginning net assets/fund balance	<u>\$ 19,109,627</u>	<u>\$ 4,766,490</u>	<u>\$ -</u>	<u>\$ 4,784,296</u>

	<b>Business-Type Activities</b>	<b>Utility Fund</b>	<b>Municipal Airport Fund</b>
Prior year ending net position/fund balance, as reported	\$ 21,162,544	\$ 13,561,438	\$ 7,601,106
To correct prior year receivables	(57,694)	(57,694)	-
Implementation of GASB 101	(46,847)	(45,740)	(1,107)
Removal of maximum caps on PTO	(58,383)	(49,883)	(8,500)
Restated beginning net position/fund balance	<u>\$ 20,999,620</u>	<u>\$ 13,408,121</u>	<u>\$ 7,591,499</u>

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

**I. Related Party Transactions**

The City conducts business with Bluebonnet Water Supply Corporation, which provides services to the City. The mayor is employed by this company; however, he does not have a direct financial interest in the revenues the company receives from the City. During the year, the City paid a total of \$1,321,394 to the corporation.

To ensure transparency and avoid any conflicts of interest, the Mayor recuses himself from any discussions, decisions, or approvals related to matters involving Bluebonnet Water Supply Corporation. All transactions with the company are conducted in the normal course of business and are subject to the same policies and procedures as those with other vendors.

Management has evaluated this relationship and determined that no preferential treatment or undue influence has occurred in the City's dealings with Bluebonnet Water Supply Corporation.

**J. New Accounting Pronouncements**

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

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

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

This standard was applied retroactively and resulted in a sick leave liability of \$251,262 as of September 30, 2025.

**K. Subsequent Events**

There were no material subsequent events through February 6, 2026, the date the financial statements were available to be issued.

***REQUIRED SUPPLEMENTARY INFORMATION***



# City of McGregor, Texas

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

For the Year Ended September 30, 2025

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b><u>Revenues</u></b>				
Property tax	\$ 2,313,205	\$ 2,313,205	\$ 2,455,686	\$ 142,481
Sales tax	1,756,000	1,756,000	1,302,065	(453,935)
Franchise and local taxes	434,500	434,500	666,822	232,322
License and permits	321,250	321,250	311,204	(10,046)
Donations	216	216	291	75
Land leases	988,458	988,458	865,207	(123,251)
Intergovernmental revenue	146,163	146,163	146,163	-
Charges for services	412,422	412,422	399,114	(13,308)
Fines and forfeitures	164,600	164,600	197,056	32,456
Investment income	96,001	96,001	179,489	83,488
Other revenue	27,000	27,000	18,021	(8,979)
<b>Total Revenues</b>	<b>6,659,815</b>	<b>6,659,815</b>	<b>6,541,118</b>	<b>(118,697)</b>
<b><u>Expenditures</u></b>				
Current:				
Administrative services	2,251,098	2,251,098	1,989,677	261,421
Community services	860,845	860,845	837,706	23,139
Development services	321,614	321,614	512,362	(190,748)
Emergency services	2,447,691	2,482,691	2,101,387	381,304
Financial services	236,928	236,928	275,643	(38,715)
Municipal services	1,200,244	1,200,244	1,107,080	93,164
Capital outlay	451,600	451,600	487,961	(36,361)
<b>Total Expenditures</b>	<b>7,770,020</b>	<b>7,805,020</b>	<b>7,311,816</b>	<b>493,204</b>
<b>Revenues Over (Under)</b>	<b>(1,110,205)</b>	<b>(1,145,205)</b>	<b>(770,698)</b>	<b>374,507</b>
<b><u>Other Financing Sources (Uses)</u></b>				
Transfers in	258,474	258,474	1,519,287	1,260,813
Transfers (out)	(148,268)	(148,268)	-	148,268
Sale of assets	-	-	15,555	15,555
<b>Total Other Financing Sources</b>	<b>110,206</b>	<b>110,206</b>	<b>1,534,842</b>	<b>1,424,636</b>
<b>Net Change in Fund Balance</b>	<b>\$ (999,999)</b>	<b>\$ (1,034,999)</b>	<b>764,144</b>	<b>\$ 1,799,143</b>
Beginning fund balance			4,766,490	
<b>Ending Fund Balance</b>			<b>\$ 5,530,634</b>	

Notes to Required Supplementary Information

1. Annual budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP).

# City of McGregor, Texas

## SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS TEXAS MUNICIPAL RETIREMENT SYSTEM

Years Ended:

	<u>12/31/2015</u>	<u>12/31/2016</u>	<u>12/31/2017</u>	<u>12/31/2018</u>
Total pension liability				
Service cost	\$ 316,522	\$ 336,061	\$ 359,347	\$ 381,185
Interest	431,040	443,892	460,475	484,589
Changes in benefit terms	-	-	-	-
Differences between expected and actual experience	(165,367)	(267,540)	(172,348)	(96,162)
Changes of assumptions	69,368	-	-	-
Benefit payments, including refunds of participant contributions	(250,836)	(234,882)	(321,894)	(280,391)
<b>Net change in total pension liability</b>	<u>400,727</u>	<u>277,531</u>	<u>325,580</u>	<u>489,221</u>
<b>Total pension liability - beginning</b>	<u>6,124,868</u>	<u>6,525,595</u>	<u>6,803,126</u>	<u>7,128,706</u>
<b>Total pension liability - ending (a)</b>	<u>6,525,595</u>	<u>6,803,126</u>	<u>7,128,706</u>	<u>7,617,927</u>
<b>Plan fiduciary net position</b>				
Contributions - employer	\$ 244,043	\$ 243,674	\$ 266,010	\$ 269,194
Contributions - members	137,618	138,582	147,374	155,904
Net investment income	7,870	369,298	829,284	(206,633)
Benefit payments, including refunds of participant contributions	(250,836)	(234,882)	(321,894)	(280,391)
Administrative expenses	(4,794)	(4,173)	(4,295)	(3,992)
Other	(236)	(224)	(218)	(211)
<b>Net change in plan fiduciary net position</b>	<u>133,665</u>	<u>512,275</u>	<u>916,261</u>	<u>(66,129)</u>
<b>Plan fiduciary net position - beginning</b>	<u>5,333,571</u>	<u>5,467,236</u>	<u>5,979,511</u>	<u>6,895,772</u>
<b>Plan fiduciary net position - ending (b)</b>	<u>\$ 5,467,236</u>	<u>\$ 5,979,511</u>	<u>\$ 6,895,772</u>	<u>\$ 6,829,643</u>
<b>Fund's net pension liability - ending (a) - (b)</b>	<u>\$ 1,058,359</u>	<u>\$ 823,615</u>	<u>\$ 232,934</u>	<u>\$ 788,284</u>
<b>Plan fiduciary net position as a percentage of the total pension liability</b>	83.78%	87.89%	96.73%	89.65%
<b>Covered payroll</b>	\$ 2,293,641	\$ 2,309,696	\$ 2,456,230	\$ 2,598,369
<b>Fund's net pension liability as a percentage of covered payroll</b>	46.14%	35.66%	9.48%	30.34%

<u>12/31/2019</u>	<u>12/31/2020</u>	<u>12/31/2021</u>	<u>12/31/2022</u>	<u>12/31/2023</u>	<u>12/31/2024</u>
\$ 410,051	\$ 389,290	\$ 449,618	\$ 464,191	\$ 548,072	\$ 672,765
520,593	570,677	646,334	690,338	755,264	779,866
-	-	557,688	-	-	-
106,753	(33,913)	(65,121)	155,507	(499,911)	311,771
23,553	-	-	-	(84,670)	-
(220,919)	(396,249)	(389,888)	(382,529)	(397,683)	(435,577)
<u>840,031</u>	<u>529,805</u>	<u>1,198,631</u>	<u>927,507</u>	<u>321,072</u>	<u>1,328,825</u>
<u>7,617,927</u>	<u>8,457,958</u>	<u>8,987,763</u>	<u>10,186,394</u>	<u>11,113,901</u>	<u>11,434,973</u>
<u>8,457,958</u>	<u>8,987,763</u>	<u>10,186,394</u>	<u>11,113,901</u>	<u>11,434,973</u>	<u>12,763,798</u>
\$ 276,259	\$ 260,697	\$ 266,954	\$ 353,963	\$ 406,195	\$ 496,753
167,939	162,092	162,240	194,095	226,744	263,829
1,056,996	615,838	1,140,944	(724,706)	1,084,982	1,110,656
(220,919)	(396,249)	(389,888)	(382,529)	(397,683)	(435,577)
(5,966)	(3,980)	(5,273)	(6,264)	(6,891)	(7,112)
(179)	(181)	61	7,531	(75)	(166)
<u>1,274,130</u>	<u>638,217</u>	<u>1,175,038</u>	<u>(557,910)</u>	<u>1,313,272</u>	<u>1,428,383</u>
<u>6,829,643</u>	<u>8,103,773</u>	<u>8,741,990</u>	<u>9,917,028</u>	<u>9,359,118</u>	<u>10,672,390</u>
<u>\$ 8,103,773</u>	<u>\$ 8,741,990</u>	<u>\$ 9,917,028</u>	<u>\$ 9,359,118</u>	<u>\$ 10,672,390</u>	<u>\$ 12,100,773</u>
<u>\$ 354,185</u>	<u>\$ 245,773</u>	<u>\$ 269,366</u>	<u>\$ 1,754,783</u>	<u>\$ 762,583</u>	<u>\$ 663,025</u>
95.81%	97.27%	97.36%	84.21%	93.33%	94.81%
\$ 2,798,981	\$ 2,701,526	\$ 2,640,152	\$ 2,640,152	\$ 3,239,194	\$ 3,768,992
12.65%	9.10%	10.20%	66.47%	23.54%	17.59%

# City of McGregor, Texas

## SCHEDULE OF EMPLOYER CONTRIBUTIONS TO PENSION PLAN TEXAS MUNICIPAL RETIREMENT SYSTEM

Years Ended:

	9/30/2016	9/30/2017	9/30/2018	9/30/2019
Actuarially determined employer contributions	\$ 244,043	\$ 256,652	\$ 270,104	\$ 274,452
Contributions in relation to the actuarially determined contribution	\$ 250,486	\$ 262,793	\$ 270,104	\$ 274,452
Contribution deficiency (excess)	\$ (6,443)	\$ (6,141)	\$ -	\$ -
Annual covered payroll	\$ 2,293,641	\$ 2,385,874	\$ 2,575,821	\$ 2,745,242
Employer contributions as a percentage of covered payroll	10.92%	11.01%	10.49%	10.00%

### NOTES TO SCHEDULE OF EMPLOYER CONTRIBUTIONS TO PENSION PLAN

**Valuation Date:**

Notes

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

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

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percentage of Payroll, Closed
Remaining Amortization Period	20 years
Asset Valuation Method	10 Year smoothed market; 12% soft corridor
Inflation	2.5%
Salary Increases	3.60% to 11.85% including inflation
Investment Rate of Return	6.75%
Retirement Age	Experience-based table of rates that are specific to the City's plan of benefits. Last updated for the 2023 valuation pursuant to an experience study of the period 2022.
Mortality	Post-retirement: 2019 Municipal Retirees of Texas Mortality Tables. Male rates are multiplied by 103% and female rates are multiplied by 105%. The rates are projected on a fully generational basis by the most recent Scale MP-2021 (with immediate convergence). Pre-retirement: PUB(10) mortality tables, with the 110% of the Public Safety table used for males and the 100% of the General Employee table used for females. The rates are projected on a fully generational basis by the most recent Scale MP-2021 (with immediate convergence).

Notes

There were no benefit changes during the year.

<u>9/30/2020</u>	<u>9/30/2021</u>	<u>9/30/2022</u>	<u>9/30/2023</u>	<u>9/30/2024</u>	<u>9/30/2025</u>
\$ 268,808	\$ 267,234	\$ 338,544	\$ 394,504	\$ 476,664	\$ 509,906
\$ 268,808	\$ 267,234	\$ 330,706	\$ 394,504	\$ 476,664	\$ 509,906
\$ -	\$ -	\$ 7,838	\$ -	\$ -	\$ -
<u>\$ 2,768,077</u>	<u>\$ 2,767,121</u>	<u>\$ 2,651,091</u>	<u>\$ 3,133,421</u>	<u>\$ 3,655,071</u>	<u>\$ 4,042,465</u>
9.71%	9.66%	12.47%	12.59%	13.04%	12.61%

# City of McGregor, Texas

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

### TEXAS MUNICIPAL RETIREMENT SYSTEM SUPPLEMENTAL DEATH BENEFITS PLAN

Years Ended December 31,

	<u>2017</u>	<u>2018</u>	<u>2019</u>
Total OPEB liability			
Service cost	\$ 8,842	\$ 10,653	\$ 12,036
Interest	4,839	5,004	5,491
Differences between expected and actual experience	-	(8,449)	(7,012)
Changes of assumptions	10,337	(9,316)	28,067
Benefit payments, including refunds of participant contributions	(1,719)	(1,819)	(1,679)
<b>Net change in total OPEB liability</b>	<u>22,299</u>	<u>(3,927)</u>	<u>36,903</u>
<b>Total OPEB liability - beginning</b>	<u>\$ 124,461</u>	<u>\$ 146,760</u>	<u>\$ 142,833</u>
<b>Total OPEB liability - ending</b>	<u><u>\$ 146,760</u></u>	<u><u>\$ 142,833</u></u>	<u><u>\$ 179,736</u></u>
<b>Covered-employee payroll</b>	\$ 2,456,230	\$ 2,598,369	\$ 2,798,981
<b>Fund's OPEB liability as a percentage of covered-employee payroll</b>	5.98%	5.50%	6.42%

**Notes to schedule:**

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

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

	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<sup>1</sup>
\$	14,588	\$ 17,425	\$ 20,158	\$ 11,013	\$ 14,699	
	5,121	4,303	4,247	6,784	7,090	
	(14,642)	(8,743)	(1,649)	(407)	(5,568)	
	25,493	6,487	(75,204)	8,660	(8,805)	
	(1,600)	(4,488)	(5,799)	(6,802)	(7,915)	
	<u>28,960</u>	<u>14,984</u>	<u>(58,247)</u>	<u>19,248</u>	<u>(499)</u>	
\$	<u>179,736</u>	<u>\$ 208,696</u>	<u>\$ 223,680</u>	<u>\$ 165,433</u>	<u>\$ 184,681</u>	
\$	<u>208,696</u>	<u>\$ 223,680</u>	<u>\$ 165,433</u>	<u>\$ 184,681</u>	<u>\$ 184,182</u>	<sup>2</sup>
\$	2,701,526	\$ 2,640,152	\$ 2,640,152	\$ 3,239,194	\$ 3,768,992	
	7.73%	8.47%	6.27%	5.70%	4.89%	



***OTHER SUPPLEMENTARY INFORMATION  
COMBINING STATEMENTS AND  
INDIVIDUAL FUND SCHEDULES***



# ***NONMAJOR GOVERNMENTAL FUNDS***

## ***COURT TECHNOLOGY FUND***

The fund accounts for technology fees that are restricted by enabling legislation for the use of improving the City's court technology.

## ***COURT BUILDING FUND***

The fund accounts for security fees that are restricted by enabling legislation for the use of improving the City's court security.

## ***HOTEL MOTEL TAX FUND***

The fund accounts for funds derived from hotel and motel occupancy taxes and is legally restricted to promote tourism within the City.

## ***INDUSTRIAL PARK DEVELOPMENT***

The fund accounts for the funds restricted for development of the Industrial Park.

## ***PARK DEVELOPMENT***

The fund accounts for the funds restricted for development of parks.

## ***CEMETERY FUND***

The fund accounts for the funds restricted for the maintenance and operations of the cemetery.

## ***EXCHANGE EVENT CENTER***

The fund accounts for the funds restricted for development of the Exchange Event Center.

## ***GRANT FUND***

The fund accounts for the funds received from restricted grant funds.

## ***MCGREGOR PID***

The fund accounts for funds derived from property assessments within the district restricted for costs associated with the specific assessed area within the City.

## ***TIRZ #2***

The fund accounts for funds restricted for tax increment reinvestment zones.

## ***LOCAL MUNICIPAL JURY***

The fund accounts for security fees that are restricted by enabling legislation for the use of court juries.



**City of McGregor, Texas**  
**COMBINING BALANCE SHEET (Page 1 of 2)**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**September 30, 2025**

	Special Revenue Funds			
	Court Technology Fund	Court Building Security	Hotel Motel Tax Fund	Industrial Park Development
<b><u>Assets</u></b>				
Cash and cash equivalents	\$ 36,939	\$ 67,166	\$ 208,590	\$ 972,891
Receivables, net	-	-	3,667	-
<b>Total Assets</b>	<b>\$ 36,939</b>	<b>\$ 67,166</b>	<b>\$ 212,257</b>	<b>\$ 972,891</b>
<b><u>Liabilities</u></b>				
Accounts payable and accrued liabilities	\$ -	\$ -	\$ -	\$ 53,000
Due to other funds	-	-	-	-
<b>Total Liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>53,000</b>
<b><u>Deferred Inflows of Resources</u></b>				
Unavailable revenue	-	-	-	-
<b>Total Deferred Inflows of Resources</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b><u>Fund Balances</u></b>				
Restricted for:				
Community development	-	-	-	919,891
Municipal court	36,939	67,166	-	-
Tourism	-	-	212,257	-
Committed to:				
Parks	-	-	-	-
Cemetery	-	-	-	-
Unassigned	-	-	-	-
<b>Total Fund Balances</b>	<b>36,939</b>	<b>67,166</b>	<b>212,257</b>	<b>919,891</b>
<b>Total Liabilities, Deferred Inflows, and Fund Balances</b>	<b>\$ 36,939</b>	<b>\$ 67,166</b>	<b>\$ 212,257</b>	<b>\$ 972,891</b>

**City of McGregor, Texas**  
**COMBINING BALANCE SHEET (Page 2 of 2)**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**September 30, 2025**

	<b>Special Revenue Funds</b>			
	<b>Park</b>	<b>Cemetery</b>	<b>Exchange</b>	<b>Grant</b>
	<b>Development</b>	<b>Fund</b>	<b>Event</b>	<b>Fund</b>
			<b>Center</b>	
<b><u>Assets</u></b>				
Cash and cash equivalents	\$ 1,596,320	\$ 665,274	\$ -	\$ 72,701
Receivables, net	-	-	97,063	60,832
<b>Total Assets</b>	<b>\$ 1,596,320</b>	<b>\$ 665,274</b>	<b>\$ 97,063</b>	<b>\$ 133,533</b>
<b><u>Liabilities</u></b>				
Accounts payable and accrued liabilities	\$ 4,240	\$ 19	\$ 36,125	\$ 7,049
Due to other funds	-	-	66,925	-
<b>Total Liabilities</b>	<b>4,240</b>	<b>19</b>	<b>103,050</b>	<b>7,049</b>
<b><u>Deferred Inflows of Resources</u></b>				
Unavailable revenue	-	-	97,463	60,832
<b>Total Deferred Inflows of Resources</b>	<b>-</b>	<b>-</b>	<b>97,463</b>	<b>60,832</b>
<b><u>Fund Balances</u></b>				
Restricted for:				
Community development	-	-	-	65,652
Municipal court	-	-	-	-
Tourism	-	-	-	-
Committed to:				
Parks	1,592,080	-	-	-
Cemetery	-	665,255	-	-
Unassigned	-	-	(103,450)	-
<b>Total Fund Balances</b>	<b>1,592,080</b>	<b>665,255</b>	<b>(103,450)</b>	<b>65,652</b>
<b>Total Liabilities, Deferred Inflows, and Fund</b>				
<b>Balances</b>	<b>\$ 1,596,320</b>	<b>\$ 665,274</b>	<b>\$ 97,063</b>	<b>\$ 133,533</b>

**Special Revenue Funds**

<b>McGregor PID</b>	<b>Local Truancy Prevention</b>	<b>Local Municipal Jury</b>	<b>TIRZ #2</b>	<b>Total</b>
\$ 62,688	\$ 26,778	\$ 535	\$ -	\$ 3,709,882
-	-	-	-	161,562
<u>\$ 62,688</u>	<u>\$ 26,778</u>	<u>\$ 535</u>	<u>\$ -</u>	<u>\$ 3,871,444</u>
\$ -	\$ -	\$ -	\$ -	\$ 100,433
-	-	-	98,800	165,725
-	-	-	98,800	266,158
-	-	-	-	158,295
-	-	-	-	158,295
62,688	26,778	535	-	1,075,544
-	-	-	-	104,105
-	-	-	-	212,257
-	-	-	-	1,592,080
-	-	-	-	665,255
-	-	-	(98,800)	(202,250)
<u>62,688</u>	<u>26,778</u>	<u>535</u>	<u>(98,800)</u>	<u>3,446,991</u>
<u>\$ 62,688</u>	<u>\$ 26,778</u>	<u>\$ 535</u>	<u>\$ -</u>	<u>\$ 3,871,444</u>



# City of McGregor, Texas

## COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES (Page 1 of 4)

### NONMAJOR GOVERNMENTAL FUNDS

For the Year Ended September 30, 2025

	Special Revenue Funds			
	Court Technology Fund	Court Building Security	Hotel Motel Tax Fund	Industrial Park Development
<b>Revenues</b>				
Property tax	\$ -	\$ -	\$ -	\$ -
Contributions and donations	-	-	-	-
Hotel occupancy taxes	-	-	19,921	-
Charges for services	-	-	-	-
Intergovernmental	-	-	-	-
Fines and forfeitures	4,950	5,861	-	-
Investment income	-	-	-	1,029
Other revenue	-	-	-	-
<b>Total Revenues</b>	4,950	5,861	19,921	1,029
<b>Expenditures</b>				
Current:				
Administrative services	-	-	-	71,662
Community services	11,534	-	-	-
Capital outlay	-	-	-	208,642
<b>Total Expenditures</b>	11,534	-	-	280,304
<b>Revenues Over (Under) Expenditures</b>	(6,584)	5,861	19,921	(279,275)

# City of McGregor, Texas

## COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES (Page 2 of 4)

### NONMAJOR GOVERNMENTAL FUNDS

For the Year Ended September 30, 2025

	Special Revenue Funds			
	Park Development	Cemetery Fund	Event Center	Grant Fund
<b>Revenues</b>				
Property tax	\$ -	\$ -	\$ -	\$ -
Contributions and donations	75,000	-	-	-
Hotel occupancy taxes	-	-	-	-
Charges for services	375,000	10,950	158,680	-
Intergovernmental	-	-	-	17,450
Fines and forfeitures	-	5,100	-	-
Investment income	-	77,531	-	17,435
Other revenue	-	-	15,274	-
<b>Total Revenues</b>	450,000	93,581	173,954	34,885
<b>Expenditures</b>				
Current:				
Administrative services	-	33,880	235,065	78,282
Community services	147,348	-	-	-
Capital outlay	22,736	-	-	-
<b>Total Expenditures</b>	170,084	33,880	235,065	78,282
<b>Revenues Over (Under) Expenditures</b>	279,916	59,701	(61,111)	(43,397)

**Special Revenue Funds**

McGregor PID	Truancy Prevention	Municipal Jury	TIRZ #2	Total
\$ 18,065	\$ -	\$ -	\$ -	\$ 18,065
-	-	-	-	75,000
-	-	-	-	19,921
-	-	-	-	544,630
-	-	-	-	17,450
-	5,659	113	-	21,683
-	-	-	-	95,995
-	-	-	-	15,274
<u>18,065</u>	<u>5,659</u>	<u>113</u>	<u>-</u>	<u>808,018</u>
-	-	-	13,185	432,074
-	-	-	-	158,882
-	-	-	-	231,378
<u>-</u>	<u>-</u>	<u>-</u>	<u>13,185</u>	<u>822,334</u>
<u>18,065</u>	<u>5,659</u>	<u>113</u>	<u>(13,185)</u>	<u>(14,316)</u>



# City of McGregor, Texas

## COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES (Page 3 of 4)

### NONMAJOR GOVERNMENTAL FUNDS

For the Year Ended September 30, 2025

	Special Revenue Funds			
	Court Technology Fund	Court Building Security	Hotel Motel Tax Fund	Industrial Park Development
<b><u>Other Financing Sources (Uses)</u></b>				
Transfers in	-	-	-	-
Transfers (out)	-	-	-	(2,035,973)
Sale of assets	-	-	-	18,740
<b>Total Other Financing Sources (Uses)</b>	-	-	-	(2,017,233)
<b>Net Change in Fund Balances</b>	(6,584)	5,861	19,921	(2,296,508)
Beginning fund balances (as previously presented)	43,523	61,305	192,336	-
Change within financial reporting entity (major to nonmajor)	-	-	-	3,216,399
Beg. fund balances (as adjusted)	43,523	61,305	192,336	3,216,399
<b>Ending Fund Balances</b>	\$ 36,939	\$ 67,166	\$ 212,257	\$ 919,891

**City of McGregor, Texas**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES,**  
**AND CHANGES IN FUND BALANCES (Page 4 of 4)**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**For the Year Ended September 30, 2025**

	<u>Special Revenue Funds</u>			
	<u>Park Development</u>	<u>Cemetery Fund</u>	<u>Event Center</u>	<u>Grant Fund</u>
<b><u>Other Financing Sources (Uses)</u></b>				
Transfers in	924,593	-	-	-
Transfers (out)	-	-	-	(230,349)
Sale of assets	-	-	-	-
<b>Total Other Financing Sources (Uses)</b>	<u>924,593</u>	<u>-</u>	<u>-</u>	<u>(230,349)</u>
<b>Net Change in Fund Balances</b>	1,204,509	59,701	(61,111)	(273,746)
Beginning fund balances (as previously presented)	387,571	605,554	(42,339)	339,398
Change within financial reporting entity (major to nonmajor)	-	-	-	-
Fund balances (as adjusted)	387,571	605,554	(42,339)	339,398
<b>Ending Fund Balances</b>	<u>\$ 1,592,080</u>	<u>\$ 665,255</u>	<u>\$ (103,450)</u>	<u>\$ 65,652</u>

**Special Revenue Funds**

<b>McGregor PID</b>	<b>Truancy Prevention</b>	<b>Municipal Jury</b>	<b>TIRZ #2</b>	<b>Total</b>
-	-	-	-	924,593
-	-	-	-	(2,266,322)
-	-	-	-	18,740
-	-	-	-	(1,322,989)
18,065	5,659	113	(13,185)	(1,337,305)
44,623	21,119	422	(85,615)	1,567,897
-	-	-	-	3,216,399
44,623	21,119	422	(85,615)	4,784,296
<b>\$ 62,688</b>	<b>\$ 26,778</b>	<b>\$ 535</b>	<b>\$ (98,800)</b>	<b>\$ 3,446,991</b>

**City of McGregor, Texas**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCE - BUDGET AND ACTUAL**  
**HOTEL MOTEL TAX FUND**  
**For the Year Ended September 30, 2025**

	<u>Original &amp; Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
<b><u>Revenues</u></b>			
Hotel occupancy taxes	\$ 20,000	\$ 19,921	\$ (79)
<b>Total Revenues</b>	<u>20,000</u>	<u>19,921</u>	<u>(79)</u>
<b><u>Expenditures</u></b>			
Current:			
Administrative services	10,200	-	10,200
Community services	9,800	-	9,800
<b>Total Expenditures</b>	<u>20,000</u>	<u>-</u>	<u>20,000</u>
<b>Net Change in Fund Balances</b>	<u>\$ -</u>	<u>19,921</u>	<u>\$ 19,921</u>
Beginning fund balances		<u>192,336</u>	
<b>Ending Fund Balances</b>		<u>\$ 212,257</u>	

Notes to Other Supplementary Information

1. Annual budgets are adopted on a basis consistent with generally accepted accounting principles.

**City of McGregor, Texas**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCE - BUDGET AND ACTUAL**  
**COURT TECHNOLOGY FUND**  
**For the Year Ended September 30, 2025**

	Original & Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b><u>Revenues</u></b>			
Fines and forfeitures	\$ 4,500	\$ 4,950	\$ 450
<b>Total Revenues</b>	4,500	4,950	450
 <b><u>Expenditures</u></b>			
Current:			
Community services	4,500	11,534	(7,034)
<b>Total Expenditures</b>	4,500	11,534	(7,034) *
<b>Net Change in Fund Balances</b>	\$ -	(6,584)	\$ (6,584)
Beginning fund balances		43,523	
<b>Ending Fund Balances</b>		\$ 36,939	

Notes to Other Supplementary Information

1. Annual budgets are adopted on a basis consistent with generally accepted accounting principles.

\* Expenditures exceeded appropriations at the legal level of control.

**City of McGregor, Texas**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCE - BUDGET AND ACTUAL**  
**COURT BUILDING SECURITY**  
**For the Year Ended September 30, 2025**

	<u>Original &amp; Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
<b><u>Revenues</u></b>			
Fines and forfeitures	\$ 6,000	\$ 5,861	\$ (139)
<b>Total Revenues</b>	6,000	5,861	(139)
<b>Net Change in Fund Balances</b>	\$ 6,000	5,861	\$ (139)
Beginning fund balances		61,305	
<b>Ending Fund Balances</b>		\$ 67,166	

Notes to Other Supplementary Information

1. Annual budgets are adopted on a basis consistent with generally accepted accounting principles.

**City of McGregor, Texas**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCE - BUDGET AND ACTUAL**  
**CEMETERY FUND**  
**For the Year Ended September 30, 2025**

	Original & Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b><u>Revenues</u></b>			
Fines and forfeitures	\$ 5,050	\$ 5,100	\$ 50
Charges for service	-	10,950	10,950
Other revenue	10,000	-	(10,000)
Investment income	60,000	77,531	17,531
<b>Total Revenues</b>	75,050	93,581	18,531
 <b><u>Expenditures</u></b>			
Current:			
Administrative services	75,050	33,880	41,170
<b>Total Expenditures</b>	75,050	33,880	41,170
<b>Net Change in Fund Balances</b>	\$ -	59,701	\$ 59,701
Beginning fund balances		605,554	
<b>Ending Fund Balances</b>		\$ 665,255	

Notes to Other Supplementary Information

1. Annual budgets are adopted on a basis consistent with generally accepted accounting principles.

**City of McGregor, Texas**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCE - BUDGET AND ACTUAL**  
**EXCHANGE EVENT CENTER**  
**For the Year Ended September 30, 2025**

	<b>Original &amp; Final Budget</b>	<b>Actual</b>	<b>Variance with Final Budget Positive (Negative)</b>
<b><u>Revenues</u></b>			
Charges for services	\$ 142,587	\$ 158,680	\$ 16,093
Miscellaneous income	17,600	15,274	(2,326)
<b>Total Revenues</b>	160,187	173,954	13,767
 <b><u>Expenditures</u></b>			
Current:			
Administrative services	214,559	235,065	(20,506)
<b>Total Expenditures</b>	214,559	235,065	(20,506) *
<b>Revenues Over (Under) Expenditures</b>	(54,372)	(61,111)	(6,739)
 <b><u>Other Financing Sources (Uses)</u></b>			
Transfers in	54,372	-	(54,372)
<b>Total Other Financing Sources (Uses)</b>	54,372	-	(54,372)
<b>Net Change in Fund Balances</b>	\$ -	(61,111)	\$ (61,111)
Beginning fund balances		(42,339)	
<b>Ending Fund Balances</b>		\$ (103,450)	

Notes to Other Supplementary Information

1. Annual budgets are adopted on a basis consistent with generally accepted accounting principles.

\* Expenditures exceeded appropriations at the legal level of control.

**City of McGregor, Texas**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCE - BUDGET AND ACTUAL**  
**INDUSTRIAL PARK DEVELOPMENT**  
**For the Year Ended September 30, 2025**

	<u>Original &amp; Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
<b><u>Revenues</u></b>			
Investment income	\$ 1,300	\$ 1,029	\$ (271)
<b>Total Revenues</b>	<u>1,300</u>	<u>1,029</u>	<u>(271)</u>
<b><u>Expenditures</u></b>			
Current:			
Administrative services	71,117	71,662	(545)
Capital outlay	1,018,282	208,642	809,640
<b>Total Expenditures</b>	<u>1,089,399</u>	<u>280,304</u>	<u>809,095</u>
<b>Revenues Over (Under) Expenditures</b>	<u>(1,088,099)</u>	<u>(279,275)</u>	<u>808,824</u>
<b><u>Other Financing Sources (Uses)</u></b>			
Transfers (out)	(2,034,799)	(2,035,973)	(1,174)
Sale of assets	-	18,740	18,740
<b>Total Other Financing Sources (Uses)</b>	<u>(2,034,799)</u>	<u>(2,017,233)</u>	<u>17,566</u>
<b>Net Change in Fund Balances</b>	<u>\$ (3,122,898)</u>	<u>(2,296,508)</u>	<u>\$ 826,390</u>
Beginning fund balances		<u>3,216,399</u>	
<b>Ending Fund Balances</b>		<u>\$ 919,891</u>	

Notes to Other Supplementary Information

1. Annual budgets are adopted on a basis consistent with generally accepted accounting principles.

**City of McGregor, Texas**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCE - BUDGET AND ACTUAL**  
**PARK DEVELOPMENT**  
**For the Year Ended September 30, 2025**

	Original & Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b><u>Revenues</u></b>			
Contributions and donations	\$ 31,000	\$ 75,000	\$ 44,000
Charges for services	100,000	375,000	275,000
<b>Total Revenues</b>	131,000	450,000	319,000
 <b><u>Expenditures</u></b>			
Current:			
Community services	776,628	147,348	629,280
Capital outlay	224,593	22,736	201,857
<b>Total Expenditures</b>	1,001,221	170,084	831,137
<b>Revenues Over (Under) Expenditures</b>	(870,221)	279,916	1,150,137
 <b><u>Other Financing Sources (Uses)</u></b>			
Transfers in	924,593	924,593	-
Transfers (out)	(54,372)	-	54,372
<b>Total Other Financing Sources (Uses)</b>	870,221	924,593	54,372
<b>Net Change in Fund Balances</b>	\$ -	1,204,509	\$ 1,204,509
Beginning fund balances		387,571	
<b>Ending Fund Balances</b>		\$ 1,592,080	

Notes to Other Supplementary Information

1. Annual budgets are adopted on a basis consistent with generally accepted accounting principles.

**City of McGregor, Texas**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCE - BUDGET AND ACTUAL**  
**GRANT FUND**  
**For the Year Ended September 30, 2025**

	<u>Original &amp; Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
<b><u>Revenues</u></b>			
Intergovernmental	\$ 450,000	\$ 17,450	\$ (432,550)
Investment income	-	17,435	17,435
<b>Total Revenues</b>	<u>450,000</u>	<u>34,885</u>	<u>(415,115)</u>
<b><u>Expenditures</u></b>			
Current:			
Administrative services	450,000	78,282	371,718
<b>Total Expenditures</b>	<u>450,000</u>	<u>78,282</u>	<u>371,718</u>
<b>Revenues Over (Under) Expenditures</b>	<u>-</u>	<u>(43,397)</u>	<u>(43,397)</u>
<b><u>Other Financing Sources (Uses)</u></b>			
Transfers (out)	-	(230,349)	(230,349)
<b>Total Other Financing Sources (Uses)</b>	<u>-</u>	<u>(230,349)</u>	<u>(230,349)</u>
<b>Net Change in Fund Balances</b>	<u>\$ -</u>	<u>(273,746)</u>	<u>\$ (273,746)</u>
Beginning fund balances		<u>339,398</u>	
<b>Ending Fund Balances</b>		<u>\$ 65,652</u>	

Notes to Other Supplementary Information

1. Annual budgets are adopted on a basis consistent with generally accepted accounting principles.

**City of McGregor, Texas**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCE - BUDGET AND ACTUAL**  
**TRUANCY PREVENTION**  
**For the Year Ended September 30, 2025**

	Original & Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b><u>Revenues</u></b>			
Fines and forfeitures	\$ 6,000	\$ 5,659	\$ (341)
<b>Total Revenues</b>	6,000	5,659	(341)
<b>Revenues Over (Under) Expenditures</b>	6,000	5,659	(341)
<b>Net Change in Fund Balances</b>	\$ 6,000	5,659	\$ (341)
Beginning fund balances		21,119	
<b>Ending Fund Balances</b>		\$ 26,778	

Notes to Other Supplementary Information

1. Annual budgets are adopted on a basis consistent with generally accepted accounting principles.

**City of McGregor, Texas**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCE - BUDGET AND ACTUAL**  
**MUNICIPAL JURY**  
**For the Year Ended September 30, 2025**

	<u>Original &amp; Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
<b><u>Revenues</u></b>			
Fines and forfeitures	\$ 120	\$ 113	\$ (7)
<b>Total Revenues</b>	120	113	(7)
<b>Revenues Over (Under) Expenditures</b>	120	113	(7)
<b>Net Change in Fund Balances</b>	\$ 120	113	\$ (7)
Beginning fund balances		422	
<b>Ending Fund Balances</b>		\$ 535	

Notes to Other Supplementary Information

1. Annual budgets are adopted on a basis consistent with generally accepted accounting principles.



**City of McGregor, Texas**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCE - BUDGET AND ACTUAL**  
**DEBT SERVICE FUND**  
**For the Year Ended September 30, 2025**

	<b>Original &amp; Final Budget</b>	<b>Actual</b>	<b>Variance with Final Budget Positive (Negative)</b>
<b><u>Revenues</u></b>			
Property taxes	\$ 2,069,077	\$ 2,211,894	\$ 142,817
Investment income	1,000	5,066	4,066
<b>Total Revenues</b>	<b>2,070,077</b>	<b>2,216,960</b>	<b>146,883</b>
<b><u>Expenditures</u></b>			
Current:			
Administrative services	3,000	2,525	475
Debt Service:			
Principal	1,360,000	755,000	605,000
Interest and fiscal charges	707,077	564,340	142,737
<b>Total Expenditures</b>	<b>2,070,077</b>	<b>1,321,865</b>	<b>748,212</b>
<b>Revenues Over (Under) Expenditures</b>	<b>-</b>	<b>895,095</b>	<b>895,095</b>
<b><u>Other Financing Sources (Uses)</u></b>			
Transfers (out)	-	(747,736)	(747,736)
<b>Total Other Financing Sources (Uses)</b>	<b>-</b>	<b>(747,736)</b>	<b>(747,736)</b>
<b>Net Change in Fund Balance</b>	<b>\$ -</b>	<b>147,359</b>	<b>\$ 147,359</b>
Beginning fund balance		(11,105)	
<b>Ending Fund Balance</b>		<b>\$ 136,254</b>	

Notes to Other Supplementary Information

1. Annual budgets are adopted on a basis consistent with generally accepted accounting principles

**City of McGregor, Texas**  
**BALANCE SHEET**  
**DISCRETELY PRESENTED COMPONENT UNIT**  
**September 30, 2025**

		<u>MEDC</u>
<b><u>Assets</u></b>		
Cash and cash equivalents	\$	4,667,962
Receivables, net		105,174
<b>Total Current Assets</b>		<u>4,773,136</u>
 <b><u>Liabilities</u></b>		
<b><u>Current Liabilities</u></b>		
Accounts payable and accrued liabilities		13,215
<b>Total Liabilities</b>		<u>13,215</u>
 <b><u>Fund Balances</u></b>		
Restricted for:		
Economic development		4,759,921
<b>Total Fund Balance</b>		<u>4,759,921</u>
<b>Total Liabilities and Fund Balance</b>	\$	<u><u>4,773,136</u></u>

# City of McGregor, Texas

## RECONCILIATION OF THE BALANCE SHEET TO THE STATEMENT OF NET POSITION DISCRETELY PRESENTED COMPONENT UNIT

September 30, 2025

<b>Fund Balance</b>	\$ 4,759,921
<b>Adjustments for the Statement of Net Position:</b>	
Capital assets used in governmental activities are not current financial resources and, therefore, not reported in the governmental funds.	
Capital assets - non-depreciable	1,459,264
Capital assets - net depreciable	19,206
Some liabilities, including bonds payable and deferred charges, are not reported as liabilities in the governmental funds.	
Accrued interest	(147,761)
Compensated absences	(59,916)
Bond premium	(188,702)
Non-current liabilities due in more than one year	(3,770,000)
<b>Net Position of the Discretely Presented Component Unit</b>	<u><u>\$ 2,072,012</u></u>

# City of McGregor, Texas

## STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE DISCRETELY PRESENTED COMPONENT UNIT

For the Year Ended September 30, 2025

	<u>MEDC</u>
<b><u>Revenues</u></b>	
Sales taxes	\$ 648,786
Investment income	103,258
Other revenues	105,376
<b>Total Revenues</b>	<u>857,420</u>
<b><u>Expenditures</u></b>	
General government	449,472
Transfers to the City	146,163
Debt service:	
Bond issuance costs	99,961
<b>Total Expenditures</b>	<u>695,596</u>
<b>Excess of Revenues Over (Under) Expenditures</b>	<u>161,824</u>
<b><u>Other Financing Sources (Uses)</u></b>	
Bond issuance	3,770,000
Premium on bond issuance	191,901
<b>Total Other Financing Sources (Uses)</b>	<u>3,961,901</u>
<b>Net Change in Fund Balance</b>	4,123,725
Beginning fund balance	636,196
<b>Ending Fund Balance</b>	<u>\$ 4,759,921</u>

**City of McGregor, Texas**  
**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,**  
**AND CHANGES IN FUND BALANCE OF THE DISCRETELY PRESENTED**  
**COMPONENT UNIT TO THE STATEMENT OF ACTIVITIES**  
**For the Year Ended September 30, 2025**

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

Net changes in fund balance	\$	4,123,725
-----------------------------	----	-----------

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.

Depreciation expense		(1,342)
----------------------	--	---------

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.

Compensated absences		(58,513)
----------------------	--	----------

Accrued interest		(147,761)
------------------	--	-----------

The issuance of long-term debt (e.g., bonds, leases, certificates of obligation) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when they are first issued; whereas, these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.

Bond issuance		(3,770,000)
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Premium on current year bond issuance		(191,900)
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Amortization of bond premium		3,198
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<b>Change in Net Position of the Discretely Presented Component Unit</b>	<b>\$</b>	<b>(42,593)</b>
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**City of McGregor, Texas**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCE - BUDGET AND ACTUAL**  
**DISCRETELY PRESENTED COMPONENT UNIT**  
**For the Year Ended September 30, 2025**

	<b>Original &amp; Final Budget</b>	<b>Actual</b>	<b>Variance with Final Budget Positive (Negative)</b>
<b><u>Revenues</u></b>			
Sales taxes	\$ 875,000	\$ 648,786	\$ (226,214)
Other revenue	95,110	105,376	10,266
Investment income	18,000	103,258	85,258
<b>Total Revenues</b>	988,110	857,420	(130,690)
<b><u>Expenditures</u></b>			
Current:			
General government	841,947	449,472	392,475
Debt Service:			
Transfers to the City	146,163	146,163	-
Bond issuance costs	-	99,961	(99,961)
<b>Total Expenditures</b>	988,110	695,596	292,514
<b>Revenues Over (Under) Expenditures</b>	-	161,824	161,824
<b><u>Other Financing Sources (Uses)</u></b>			
Proceeds from sale of assets	-	3,770,000	3,770,000
Premium on bond issuance	-	191,901	191,901
<b>Total Other Financing Sources (Uses)</b>	-	3,961,901	3,961,901
<b>Net Change in Fund Balance</b>	\$ -	4,123,725	\$ 4,123,725
Beginning fund balance		636,196	
<b>Ending Fund Balance</b>		\$ 4,759,921	

Notes to Other Supplementary Information

1. Annual budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP).

## STATISTICAL SECTION

This part of the City's annual comprehensive financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the City's overall financial health.

<b>Contents</b>	<b>Page</b>
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Financial Trends	118
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*These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.*

Revenue Capacity	129
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*These schedules contain information to help the reader assess the City's most significant local revenue source, property tax.*

Debt Capacity	139
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*These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.*

Demographic and Economic Information	149
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*These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.*

Operating Information	152
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*These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.*

# City of McGregor, Texas

## NET POSITION BY COMPONENT

Last Ten Fiscal Years  
(accrual basis of accounting)  
(Unaudited)

	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
<b>Governmental activities</b>				
Net Investment in capital assets	\$ 4,297,188	\$ 4,105,894	\$ 10,029,806	\$ 7,950,696
Restricted	2,488,879	917,996	920,645	729,072
Unrestricted	1,438,751	1,978,952	975,592	2,177,597
<b>Total governmental activities net position</b>	<u>\$ 8,224,818</u>	<u>\$ 7,002,842</u>	<u>\$ 11,926,043</u>	<u>\$ 10,857,365</u>
<b>Business-type activities</b>				
Net Investment in capital assets	\$ 14,939,638	\$ 16,189,001	10,523,268	12,720,355
Unrestricted	(213,450)	(253,657.00)	1,436,211	1,543,141
<b>Total business-type activities net position</b>	<u>\$ 14,726,188</u>	<u>\$ 15,935,344</u>	<u>\$ 11,959,479</u>	<u>\$ 14,263,496</u>
<b>Primary government</b>				
Net Investment in capital assets	\$ 19,236,826	\$ 20,294,895	\$ 20,553,074	\$ 20,671,051
Restricted	2,488,879	917,996	920,645	729,072
Unrestricted	1,225,301	1,725,295	2,411,803	3,720,738
<b>Total primary government net position</b>	<u>\$ 22,951,006</u>	<u>\$ 22,938,186</u>	<u>\$ 23,885,522</u>	<u>\$ 25,120,861</u>

Source: Annual Financial Reports.

<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
\$ 7,492,708	\$ 7,182,107	\$ 5,678,193	\$ 2,977,445	\$ 6,778,756	\$ 9,584,506
922,015	1,247,350	2,720,535	3,005,121	3,919,125	3,599,895
<u>3,033,375</u>	<u>4,300,749</u>	<u>5,304,116</u>	<u>9,017,338</u>	<u>8,411,746</u>	<u>7,948,294</u>
<u>\$ 11,448,098</u>	<u>\$ 12,730,206</u>	<u>\$ 13,702,844</u>	<u>\$ 14,999,904</u>	<u>\$ 19,109,627</u>	<u>\$ 21,132,695</u>
14,945,781	15,982,861	15,843,179	16,010,013	16,102,882	16,215,235
<u>2,080,488</u>	<u>2,757,124</u>	<u>3,332,673</u>	<u>3,920,016</u>	<u>4,896,738</u>	<u>5,116,873</u>
<u>\$ 17,026,269</u>	<u>\$ 18,739,985</u>	<u>\$ 19,175,852</u>	<u>\$ 19,930,029</u>	<u>\$ 20,999,620</u>	<u>\$ 21,332,108</u>
\$ 22,438,489	\$ 23,164,968	\$ 21,521,372	\$ 18,987,458	\$ 22,881,638	\$ 25,799,741
922,015	1,247,350	2,720,535	3,005,121	3,919,125	3,599,895
<u>5,113,863</u>	<u>7,057,873</u>	<u>8,636,789</u>	<u>12,937,354</u>	<u>13,308,484</u>	<u>13,065,167</u>
<u>\$ 28,474,367</u>	<u>\$ 31,470,191</u>	<u>\$ 32,878,696</u>	<u>\$ 34,929,933</u>	<u>\$ 40,109,247</u>	<u>\$ 42,464,803</u>

# City of McGregor, Texas

## CHANGES IN NET POSITION

Last Ten Fiscal Years (Unaudited)

(accrual basis of accounting)

	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
<b>Expenses</b>				
Governmental activities:				
Administrative services	\$ 1,223,412	\$ 1,157,753	\$ 248,231	\$ 1,290,089
Community services	422,317	538,399	637,790	495,933
Development services	132,723	187,700	501,075	171,753
Emergency services	1,417,828	1,429,388	1,446,600	1,528,149
Financial services	190,523	195,514	213,879	228,632
Municipal services	1,553,159	1,358,182	1,880,715	1,145,928
Interest on long term debt	43,998	693,699	573,709	332,933
<b>Total governmental activities expenses</b>	<b>4,983,960</b>	<b>5,560,635</b>	<b>5,501,999</b>	<b>5,193,417</b>
Business-type activities:				
Water and wastewater	3,180,944	3,254,065	3,454,763	3,758,980
Executive Airport	276,748	277,360	309,258	312,462
Rachael Arms Apartments	199,688	126,124	-	-
Interest and fiscal charges	-	-	-	353,046
<b>Total business-type activities expenses</b>	<b>3,657,380</b>	<b>3,657,549</b>	<b>3,764,021</b>	<b>4,424,488</b>
<b>Total primary government expenses</b>	<b>\$ 8,641,340</b>	<b>\$ 9,218,184</b>	<b>\$ 9,266,020</b>	<b>\$ 9,617,905</b>
<b>Program Revenues</b>				
Governmental activities:				
Fees, Fines, and Charges for Services:				
Administrative services	\$ 429,016	\$ 324,532	\$ 189,724	\$ 526,601
Community services	119,622	101,102	223,280	-
Development services	21,546	7,364	1,596	-
Emergency services	56,398	120,773	54,218	-
Municipal services	60,404	109,542	55,795	144,782
Land leases	1,152,840	1,175,469	1,180,818	1,149,996
Operating grants and contributions	-	-	-	173,675
Capital grants and contributions	-	-	-	-
<b>Total governmental activities program revenues</b>	<b>1,839,826</b>	<b>1,838,782</b>	<b>1,705,431</b>	<b>1,995,054</b>
Business-type activities:				
Charges for services:				
Utilities	3,656,173	4,209,307	4,313,098	4,669,348
Executive Airport	247,856	249,239	240,955	210,235
Rachael Arms Apartments	246,367	102,041	-	-
Operating grants and contributions	-	-	-	49,998
Capital grants and contributions	76,992	50,000	34,178	-
<b>Total business-type activities program revenues</b>	<b>4,227,388</b>	<b>4,610,587</b>	<b>4,588,231</b>	<b>4,929,581</b>
<b>Total primary government program revenues</b>	<b>\$ 6,067,214</b>	<b>\$ 6,449,369</b>	<b>\$ 6,293,662</b>	<b>\$ 6,924,635</b>

	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
\$	1,287,466	\$ 1,629,524	\$ 1,749,945	\$ 1,924,333	\$ 2,109,632	\$ 2,965,715
	507,068	445,998	678,307	769,482	813,400	956,187
	170,719	150,474	178,303	849,725	678,258	784,211
	1,551,376	1,548,277	1,700,255	1,707,627	2,053,888	2,285,266
	229,546	187,523	147,447	130,375	209,626	271,326
	1,103,704	1,079,978	1,257,969	1,376,654	1,230,462	1,418,109
	336,933	305,336	726,018	1,046,349	881,873	849,517
	<u>5,186,812</u>	<u>5,347,110</u>	<u>6,438,244</u>	<u>7,804,545</u>	<u>7,977,139</u>	<u>9,530,331</u>
	3,684,626	4,092,103	4,539,127	4,808,925	4,854,869	5,749,193
	299,724	394,583	431,978	426,480	478,930	488,839
	-	-	-	-	-	-
	291,633	269,821	197,001	141,173	160,335	145,582
	<u>4,275,983</u>	<u>4,756,507</u>	<u>5,168,106</u>	<u>5,376,578</u>	<u>5,494,134</u>	<u>6,383,614</u>
\$	<u>9,462,795</u>	<u>\$ 10,103,617</u>	<u>\$ 11,606,350</u>	<u>\$ 13,181,123</u>	<u>\$ 13,471,273</u>	<u>\$ 15,913,945</u>
\$	368,804	\$ 624,288	\$ 548,886	\$ 1,235,757	\$ 866,316	\$ 872,169
	-	-	-	-	-	-
	-	-	-	-	-	-
	-	-	-	-	-	300,759
	144,890	147,310	199,649	176,787	196,974	218,739
	1,191,216	925,258	949,121	952,955	1,016,361	865,207
	150,365	808,961	872,530	190,990	248,170	299,736
	150,000	320,000	-	-	-	-
	<u>2,005,275</u>	<u>2,825,817</u>	<u>2,570,186</u>	<u>2,556,489</u>	<u>2,327,821</u>	<u>2,556,610</u>
	4,774,311	5,011,536	5,140,421	5,690,941	5,772,686	7,092,264
	221,614	255,918	276,403	297,540	310,435	301,134
	-	-	-	-	-	-
	53,798	23,000	42,935	-	17,690	70,394
	-	781,937	-	-	-	-
	<u>5,049,723</u>	<u>6,072,391</u>	<u>5,459,759</u>	<u>5,988,481</u>	<u>6,100,811</u>	<u>7,463,792</u>
\$	<u>7,054,998</u>	<u>\$ 8,898,208</u>	<u>\$ 8,029,945</u>	<u>\$ 8,544,970</u>	<u>\$ 8,428,632</u>	<u>\$ 10,020,402</u>

# City of McGregor, Texas

## CHANGES IN NET POSITION

Last Ten Fiscal Years (Unaudited)

(accrual basis of accounting)

	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
<b>Net (Expense) Revenue</b>				
Governmental Activities	\$ (3,144,134)	\$ (3,721,853)	\$ (3,796,568)	\$ (3,198,363)
Business-type Activities	570,008	953,038	824,210	505,093
<b>Total Primary government net expense</b>	<u>\$ (2,574,126)</u>	<u>\$ (2,768,815)</u>	<u>\$ (2,972,358)</u>	<u>\$ (2,693,270)</u>
<b>General Revenues</b>				
<b>and Other Changes in Net Position</b>				
Governmental Activities:				
Taxes:				
Property taxes	\$ 1,931,277	\$ 2,012,269	\$ 2,195,430	\$ 2,352,875
Sales taxes	806,115	794,137	788,941	753,605
Franchise taxes	348,688	349,614	353,102	405,508
Other taxes	22,213	32,989	25,960	-
Investment earnings	91,018	116,256	153,830	220,567
Gain on sale/retirement of capital assets	2,030	1,512	78,591	9,026
Miscellaneous	762,960	124,958	345,555	116,027
Transfers	390,113	506,894	(1,198,027)	(1,727,923)
<b>Total Governmental Activities</b>	<u>4,354,414</u>	<u>3,938,629</u>	<u>2,743,382</u>	<u>2,129,685</u>
Business-type Activities:				
Investment earnings	426	3,013	6,757	12,542
Gain on sale/retirement of capital assets	422,767	752,699	-	-
Miscellaneous	6,300	7,300	7,700	58,459
Transfers	(390,113)	(506,894)	1,198,984	1,727,923
<b>Total Business-type Activities</b>	<u>39,380</u>	<u>256,118</u>	<u>1,213,441</u>	<u>1,798,924</u>
<b>Total Primary Government</b>	<u>\$ 4,393,794</u>	<u>\$ 4,194,747</u>	<u>\$ 3,956,823</u>	<u>\$ 3,928,609</u>
<b>Change in Net Position</b>				
Governmental Activities	\$ 1,210,280	\$ 216,776	\$ (1,053,186)	\$ (1,068,678)
Business-type Activities	609,388	1,209,156	2,037,651	2,304,017
<b>Total Primary Government</b>	<u>\$ 1,819,668</u>	<u>\$ 1,425,932</u>	<u>\$ 984,465</u>	<u>\$ 1,235,339</u>

Source: Annual Financial Reports.

<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
\$ (3,181,537)	\$ (2,521,293)	\$ (3,868,058)	\$ (5,248,056)	\$ (5,649,318)	\$ (6,973,721)
773,740	1,315,884	291,653	611,903	606,677	1,080,178
<u>\$ (2,407,797)</u>	<u>\$ (1,205,409)</u>	<u>\$ (3,576,405)</u>	<u>\$ (4,636,153)</u>	<u>\$ (5,042,641)</u>	<u>\$ (5,893,543)</u>
\$ 2,646,444	\$ 2,793,131	\$ 2,817,468	\$ 3,330,812	\$ 3,941,024	\$ 4,911,275
814,149	888,446	1,136,821	1,678,881	1,642,465	1,302,065
373,413	375,820	414,993	531,600	466,424	678,904
-	-	-	-	-	-
167,020	21,511	221,832	1,220,640	1,368,901	920,568
-	-	-	-	2,849,736	24,994
198,599	35,094	470,389	258,972	180,335	187,919
(427,355)	(310,601)	40,630	42,236	(338,708)	971,064
<u>3,772,270</u>	<u>3,803,401</u>	<u>5,102,133</u>	<u>7,063,141</u>	<u>10,110,177</u>	<u>8,996,789</u>
15,063	2,098	9,703	60,114	100,574	63,993
-	-	-	-	-	1,666
60,788	85,133	175,141	124,396	128,862	157,715
427,355	310,601	(40,630)	(42,236)	338,708	(971,064)
<u>503,206</u>	<u>397,832</u>	<u>144,214</u>	<u>142,274</u>	<u>568,144</u>	<u>(747,690)</u>
<u>\$ 4,275,476</u>	<u>\$ 4,201,233</u>	<u>\$ 5,246,347</u>	<u>\$ 7,205,415</u>	<u>\$ 10,678,321</u>	<u>\$ 8,249,099</u>
\$ 590,733	\$ 1,282,108	\$ 1,234,075	\$ 1,815,085	\$ 4,460,859	\$ 2,023,068
1,276,946	1,713,716	435,867	754,177	1,174,821	332,488
<u>\$ 1,867,679</u>	<u>\$ 2,995,824</u>	<u>\$ 1,669,942</u>	<u>\$ 2,569,262</u>	<u>\$ 5,635,680</u>	<u>\$ 2,355,556</u>

**City of McGregor, Texas**  
**FUND BALANCES, GOVERNMENTAL FUNDS**  
**Last Ten Fiscal Years**  
**(modified accrual basis of accounting)**  
**(Unaudited)**

	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
<b>General Fund</b>					
Reserved	\$ -	\$ -	\$ -	\$ -	\$ -
Nonspendable	-	-	-	1,475	27,195
Unreserved	-	-	-	-	-
Unassigned	2,466,488	3,412,771	1,496,561	1,549,572	2,158,504
<b>Total general fund</b>	<u>\$ 2,466,488</u>	<u>\$ 3,412,771</u>	<u>\$ 1,496,561</u>	<u>\$ 1,551,047</u>	<u>\$ 2,185,699</u>
<b>All Other Governmental Funds</b>					
Nonspendable	\$ -	\$ -	\$ -	\$ -	\$ 1,063
Unreserved, reported in:					
Special revenue funds	-	-	-	-	-
Capital projects fund	-	-	-	-	-
Restricted for					
Debt service fund	136,235	126,736	131,071	131,993	144,836
Special revenue funds	365,715	791,260	1,288,230	597,079	777,179
Capital projects fund	6,864,511	5,959,341	6,535,759	3,791,688	1,933,993
Committed	-	-	-	577,702	636,641
Unassigned	-	-	-	-	(13,251)
<b>Total all other govt. funds</b>	<u>\$ 7,366,461</u>	<u>\$ 6,877,337</u>	<u>\$ 7,955,060</u>	<u>\$ 5,098,462</u>	<u>\$ 3,480,461</u>

Source: Annual Financial Reports

<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
\$ -	\$ -	\$ -	\$ -	\$ -
3,000	818,254	841,590	550	2,821
-	-	-	-	-
<u>2,875,664</u>	<u>4,250,917</u>	<u>4,574,847</u>	<u>4,765,940</u>	<u>5,527,813</u>
<u>\$ 2,878,664</u>	<u>\$ 5,069,171</u>	<u>\$ 5,416,437</u>	<u>\$ 4,766,490</u>	<u>\$ 5,530,634</u>
\$ -	\$ -	\$ -	\$ -	\$ 2,985
-	-	-	-	-
-	-	-	-	-
165,517	49,200	39,813	-	136,254
1,081,833	1,829,745	2,123,718	3,919,125	5,898,819
1,161,221	16,895,820	20,901,002	13,872,048	1,391,906
662,424	861,489	1,006,309	993,125	2,257,335
(32,414)	(64,856)	(156,420)	(139,059)	(202,250)
<u>\$ 3,038,581</u>	<u>\$ 19,571,398</u>	<u>\$ 23,914,422</u>	<u>\$ 18,645,239</u>	<u>\$ 9,485,049</u>

**City of McGregor, Texas**  
**CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS**  
**Last Ten Fiscal Years (Unaudited)**  
**(modified accrual basis of accounting)**

	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
<b>REVENUES:</b>				
Taxes	\$ 3,015,170	\$ 3,189,009	\$ 3,337,472	\$ 3,525,185
Administrative fees	164,287	26,516	36,692	-
Licenses and permits	87,373	48,912	92,183	88,180
Contributions and donations	-	-	-	25,245
Leases	1,152,840	1,175,469	1,180,818	1,139,665
Intergovernmental	-	-	-	148,430
Charges for services	-	-	-	438,421
Fines and forfeitures	288,993	315,253	176,326	158,632
Investment income	91,018	94,593	153,830	220,567
Miscellaneous	357,937	372,052	677,289	38,991
<b>Total Revenues</b>	<u>5,157,618</u>	<u>5,221,804</u>	<u>5,654,610</u>	<u>5,783,316</u>
<b>EXPENDITURES:</b>				
Administrative services	866,674	903,537	936,441	1,044,190
Community services	406,706	511,052	615,292	464,602
Development services	129,350	187,700	252,891	176,742
Emergency services	1,299,886	1,307,839	1,329,047	1,433,899
Financial services	185,643	195,514	213,879	235,257
Municipal services	748,004	1,011,915	867,047	926,913
Capital outlay	1,590,079	2,427,049	3,991,234	1,834,749
Debt Service:				
Principal retirement	988,092	753,858	916,654	462,691
Interest and fiscal charges	294,942	673,075	609,363	364,524
Administrative charges	72,645	97,433	149,252	-
<b>Total Expenditures</b>	<u>6,582,021</u>	<u>8,068,972</u>	<u>9,881,100</u>	<u>6,943,567</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>(1,424,403)</u>	<u>(2,847,168)</u>	<u>(4,226,490)</u>	<u>(1,160,251)</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in	1,025,601	2,448,915	1,522,652	331,442
Transfers out	(635,488)	(1,942,021)	(2,720,679)	(2,059,365)
Sale of capital assets	-	-	-	9,026
Insurance recoveries	-	-	-	77,036
Debt Proceeds	7,329,163	2,635,000	4,105,000	-
Premium on bond issuance	-	162,433	169,052	-
<b>Total Other Financing Sources (Uses)</b>	<u>7,719,276</u>	<u>3,304,327</u>	<u>3,076,025</u>	<u>(1,641,861)</u>
<b>NET CHANGE IN FUND BALANCES</b>	<u>\$ 6,294,873</u>	<u>\$ 457,159</u>	<u>\$ (1,150,465)</u>	<u>\$ (2,802,112)</u>
<b>Debt service as a percentage of noncapital expenditures</b>	35.3%	25.3%	25.9%	16.1%

Source: Annual Financial Reports

	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
\$	3,832,175	\$ 4,046,031	\$ 4,387,205	\$ 5,541,293	\$ 5,999,858	\$ 6,856,511
	-	-	-	-	-	-
	86,150	123,071	83,014	728,909	175,820	311,204
	502	325	75,188	41,227	100,207	75,291
	1,170,043	941,357	1,058,083	952,955	858,814	865,207
	299,863	808,636	797,342	149,763	147,963	163,613
	282,654	399,667	459,372	506,848	613,407	943,744
	146,722	149,658	199,649	176,787	196,974	218,739
	167,020	21,511	221,832	1,220,640	1,368,901	920,568
	86,082	35,094	112,137	49,470	175,335	187,919
	<u>6,071,211</u>	<u>6,525,350</u>	<u>7,393,822</u>	<u>9,367,892</u>	<u>9,637,279</u>	<u>10,542,796</u>
	1,068,166	1,290,940	1,423,383	1,614,683	1,901,496	2,470,717
	441,968	386,725	544,995	650,010	754,753	996,588
	171,174	103,662	28,305	763,116	459,617	512,362
	1,405,033	1,437,323	1,425,820	1,528,717	1,983,545	2,101,387
	229,843	190,451	131,761	129,142	217,296	275,643
	858,534	834,410	1,004,049	1,135,475	1,109,581	1,107,080
	1,731,793	904,978	1,030,327	3,919,428	9,871,381	10,470,107
	470,852	478,886	596,657	738,000	1,049,000	1,095,000
	362,359	336,288	320,435	501,796	954,275	915,317
	-	-	436,632	159,023	-	-
	<u>6,739,722</u>	<u>5,963,663</u>	<u>6,942,364</u>	<u>11,139,390</u>	<u>18,300,944</u>	<u>19,944,201</u>
	<u>(668,511)</u>	<u>561,687</u>	<u>451,458</u>	<u>(1,771,498)</u>	<u>(8,663,665)</u>	<u>(9,401,405)</u>
	293,498	185,523	160,871	185,357	407,135	4,615,627
	(720,853)	(496,124)	(120,241)	(650,502)	(745,843)	(3,644,563)
	-	-	422,236	267,927	2,986,236	34,295
	112,517	-	-	2,585	5,000	-
	-	-	-	6,550,000	-	-
	-	-	17,809,000	609,023	-	-
	<u>(314,838)</u>	<u>(310,601)</u>	<u>18,271,866</u>	<u>6,964,390</u>	<u>2,652,528</u>	<u>1,005,359</u>
\$	<u>(983,349)</u>	<u>\$ 251,086</u>	<u>\$ 18,723,324</u>	<u>\$ 5,192,892</u>	<u>\$ (6,011,137)</u>	<u>\$ (8,396,046)</u>
	16.7%	15.9%	15.0%	17.1%	23.1%	21.2%



**City of McGregor, Texas**  
**TAX REVENUES BY SOURCE, GOVERNMENTAL FUNDS**  
**Last Ten Fiscal Years**  
**(Unaudited)**

<u>Year</u>	<u>Property</u>	<u>Sales &amp; Hotel-Motel</u>	<u>Franchise</u>	<u>Total</u>
2016	\$ 1,838,154	\$ 828,328	\$ 348,688	\$ 3,015,170
2017	2,012,269	824,895	349,614	3,186,779
2018	2,195,388	812,217	353,102	3,360,707
2019	2,366,072	780,667	378,900	3,525,639
2020	2,644,613	814,149	373,413	3,832,175
2021	2,781,427	1,362,427	331,212	4,475,066
2022	2,835,391	1,185,229	366,585	4,387,205
2023	3,330,812	1,678,881	531,600	5,541,293
2024	3,898,808	1,642,465	458,585	5,999,858
2025	4,867,703	1,302,065	686,743	6,856,511

**Source:** Annual Financial Reports.

# City of McGregor, Texas

## ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY

Last Ten Fiscal Years

(Unaudited)

Fiscal Year	Tax Year	Estimated Market Value		Less: Tax-Exempt Property
		Real Property	Personal Property	
2016	2015	\$ 288,347,670	\$ 127,408,930	\$ 112,857,097
2017	2016	311,646,499	126,618,740	101,345,296
2018	2017	325,810,971	129,619,510	114,416,686
2019	2018	369,842,588	139,597,140	114,774,165
2020	2019	402,333,192	159,884,770	135,082,011
2021	2020	420,307,235	170,703,310	126,869,765
2022	2021	459,092,380	173,449,090	132,421,899
2023	2022	560,977,737	198,546,950	159,663,024
2024	2023	641,192,561	245,766,960	172,978,324
2025	2024	697,138,758	354,857,988	160,961,964

**Source:** McLennan County Appraisal District

<b>Total Taxable Assessed Value</b>	<b>Total Direct Tax Rate</b>
302,899,503	\$ 0.595000
336,919,943	0.595000
341,013,795	0.594010
394,665,563	0.594010
427,135,951	0.601413
464,140,780	0.578945
500,119,571	0.546945
599,861,663	0.543591
713,981,197	0.530016
891,034,782	0.531392



# City of McGregor, Texas

## *DIRECT AND OVERLAPPING PROPERTY TAX RATES (per \$100 of assessed value)*

Last Ten Fiscal Years

(Unaudited)

Fiscal Year	City Direct Rates			Overlapping Rates			
	Operating/ General Rate	General Obligation Debt Service	Total Direct	McGregor Independent School District	Midway Independent School District	McLennan County	McLennan Community College
2016	\$ 0.40747	\$ 0.18753	\$ 0.59500	\$ 1.35500	\$ 1.32000	\$ 0.52529	\$ 0.14972
2017	0.39641	0.19859	0.59500	1.33380	1.32000	0.52529	0.14890
2018	0.41071	0.18330	0.59401	1.33000	1.32000	0.50529	0.15035
2019	0.41370	0.18031	0.59401	1.33000	1.32000	0.48529	0.14770
2020	0.40946	0.19196	0.60141	1.27610	1.12500	0.48529	0.14770
2021	0.40470	0.17425	0.57895	1.16728	1.23640	0.46872	0.14978
2022	0.39233	0.15461	0.54694	1.11297	1.16430	0.42500	0.14978
2023	0.31414	0.22945	0.54359	0.87512	0.93920	0.32981	0.12851
2024	0.27827	0.25175	0.53002	1.15469	0.93690	0.31981	0.13197
2025	0.28975	0.24164	0.53139	1.15690	0.93690	0.33481	0.13197

**Source:** McLennan County Appraisal District

**Note:**

A typical property tax bill would consist of the City, School District, Community College, and County taxes.

**City of McGregor, Texas**  
**PRINCIPAL PROPERTY TAX PAYERS**  
**Current Year and Nine Years Ago**  
**(Unaudited)**

<u>Taxpayer</u>	2025		
	<b>Taxable Assessed Value</b>	<b>Rank</b>	<b>Percentage of Total City Taxable Assessed Value *</b>
Knauf Insulation	\$ 188,977,252	1	21.21%
Space X Company	60,381,730	2	6.78%
Messer Gas	58,749,280	3	6.59%
Ferguson Enterprises	36,338,379	4	4.08%
Ferguson Enterprises	20,916,550	5	2.35%
Merit Fabricators LLC	17,750,000	6	1.99%
Allied Fabricators, LLC	15,546,933	7	1.74%
Fubakaze Holdings LLC	10,033,150	8	1.13%
ONCOR Electric Delivery Co LLC	8,912,548	9	1.00%
Spirit Realty LP	7,447,900	10	0.84%
<b>Total</b>	<b>\$ 425,053,722</b>		<b>47.70%</b>
 * Total Assessed Value at September 30, 2024:	 \$ 891,034,782		

Source: McLennan County Appraisal District

<u>Taxpayer</u>	2016		
	<b>Taxable Assessed Value</b>	<b>Rank</b>	<b>Percentage of Total City Taxable Assessed Value *</b>
Ferguson Enterprises	\$ 57,032,701	1	18.83%
Space X Company	25,277,330	2	8.35%
Land O'Lakes Purina Feed LLC	4,614,600	3	1.52%
John McClaren Chevrolet	4,039,630	4	1.33%
Transtech Fabrications, LLC	3,812,410	5	1.26%
De Lage Landen Operation Services, LLC	3,511,160	6	1.16%
First National Bank of McGregor	3,314,330	7	1.09%
Waco Tx Realty LLC	3,125,420	8	1.03%
Oncor Electricity Delivery	3,118,760	9	1.03%
Automotive Properties LP	2,956,650	10	0.98%
<b>Total</b>	<b>\$ 110,802,991</b>		<b>36.58%</b>
* Total Assessed Value at September 30, 2015:	\$ 302,899,503		

**City of McGregor, Texas**  
**PROPERTY TAX LEVIES AND COLLECTIONS**  
**Last Ten Fiscal Years**  
**(Unaudited)**

Fiscal Year	Taxes Levied Within the Fiscal Year of the Levy	Adjustments to Levy in Subsequent Years	Adjusted Taxes Levied for the Fiscal Year	Collected Within the Fiscal Year of the Levy	
				Amount	Percentage of Levy
2016	\$ 1,835,042	\$ (15,372)	\$ 1,819,670	\$ 1,786,487	97.35%
2017	2,009,296	(708)	2,008,588	1,962,491	97.67%
2018	2,180,419	(720)	2,179,699	2,142,383	98.02%
2019	2,346,442	151	2,346,593	2,309,523	98.26%
2020	2,613,352	(2,360)	2,610,992	2,566,579	98.21%
2021	2,734,269	(1,205)	2,733,064	2,693,454	98.51%
2022	2,801,042	(4,210)	2,796,832	2,760,823	98.56%
2023	3,338,399	(18,409)	3,319,990	3,255,719	97.52%
2024	3,934,572	(76,232)	3,858,340	3,796,120	96.48%
2025	4,803,924	(1,934)	4,801,990	4,739,797	98.67%

**Source:** McLennan County Tax Office

Collections in Subsequent Years	Total Collections	
	Amount	Percentage of Levy
\$ 31,105	\$ 1,817,592	99.89%
43,574	2,006,065	99.87%
34,402	2,176,785	99.87%
32,615	2,342,138	99.81%
39,138	2,605,717	99.80%
32,624	2,726,078	99.74%
28,614	2,789,437	99.74%
51,522	3,307,241	99.62%
38,034	3,834,154	99.37%
-	4,739,797	98.70%



**City of McGregor, Texas**  
***DIRECT AND OVERLAPPING SALES TAX RATES***  
**Last Ten Fiscal Years**  
**(Unaudited)**

<b>Fiscal Year</b>	<b>McGregor City Direct Rate</b>	<b>McGregor EDC Rate</b>	<b>McLennan County Rate</b>	<b>State Rate</b>	<b>Combined Rate</b>
2016	1.00%	0.50%	0.50%	6.25%	8.25%
2017	1.00%	0.50%	0.50%	6.25%	8.25%
2018	1.00%	0.50%	0.50%	6.25%	8.25%
2019	1.00%	0.50%	0.50%	6.25%	8.25%
2020	1.00%	0.50%	0.50%	6.25%	8.25%
2021	1.00%	0.50%	0.50%	6.25%	8.25%
2022	1.00%	0.50%	0.50%	6.25%	8.25%
2023	1.00%	0.50%	0.50%	6.25%	8.25%
2024	1.00%	0.50%	0.50%	6.25%	8.25%
2025	1.00%	0.50%	0.50%	6.25%	8.25%

**Source:** Texas Comptroller of Public Accounts.

**City of McGregor, Texas**  
**RATIO OF OUTSTANDING DEBT BY TYPE**  
**Last Ten Fiscal Years**  
**(Unaudited)**

<b>Fiscal Year</b>	<b>Governmental Activities</b>		
	<b>Combination Tax and Revenue Certificates of Obligation</b>	<b>Other Debt Obligations</b>	<b>Notes Payable</b>
2016	\$ 14,228,691	\$ -	\$ 550,052
2017	16,795,053	-	420,651
2018	10,911,468	-	306,347
2019	10,494,798	-	231,395
2020	10,040,867	-	185,543
2021	9,576,916	-	141,657
2022	26,066,965	835,000	-
2023	32,459,216	817,000	-
2024	31,379,901	788,000	-
2025	30,260,516	753,000	-

**Source:** Annual Financial Reports

**Business-Type Activities**

<b>Combination Tax and Revenue Certificates of Obligation</b>	<b>General Obligation Refunding Bonds</b>	<b>Notes Payable</b>	<b>Leases</b>	<b>Total Primary Government</b>	<b>Percentage of Personal Income</b>	<b>Per Capita</b>
\$ -	\$ -	\$ 187,746	\$ 49,770	\$ 15,016,259	16.23%	\$ 2,978
-	-	158,907	34,209	17,408,820	18.95%	3,453
9,323,564	-	129,040	15,849	20,686,268	20.51%	4,091
8,729,094	-	98,871	-	19,554,158	18.77%	3,821
8,185,949	-	73,963	-	18,486,322	17.25%	3,630
5,647,809	2,010,000	-	-	17,376,382	16.07%	3,378
5,202,858	1,800,000	-	-	33,904,823	21.89%	5,883
4,718,429	1,585,000	-	-	39,579,645	22.75%	6,614
4,243,278	1,365,000	-	-	37,776,179	18.62%	6,691
3,721,896	1,145,000	-	-	35,880,412	15.79%	6,362



**City of McGregor, Texas**  
**RATIO OF GENERAL BONDED DEBT OUTSTANDING**  
**Last Ten Fiscal Years**  
**(Unaudited)**

Fiscal Year	General Bonded Debt Outstanding			Percentage of Actual Taxable Value of Property	Per Capita
	General Obligation Bonds	Less: Amounts Available in Debt Service Fund	Total		
2014	\$ 8,441,443	\$ 72,342	\$ 8,369,101	3.29%	\$ 1,666
2015	7,917,004	75,968	7,841,036	2.77%	\$ 1,555
2016	14,228,691	136,235	14,092,456	4.65%	2,795
2017	16,795,053	121,518	16,673,535	4.95%	3,307
2018	20,235,032	137,458	20,097,574	5.89%	3,975
2019	19,223,892	131,993	19,091,899	4.84%	3,730
2020	18,226,816	144,836	18,081,980	4.23%	3,550
2021	15,224,725	165,517	15,059,208	3.24%	2,928
2022	31,269,823	49,200	31,220,623	6.24%	5,867
2023	37,177,645	39,813	37,137,832	6.19%	6,444
2024	35,623,179	-	35,623,179	4.99%	5,953
2025	33,982,412	136,254	33,846,158	3.80%	5,995

**Source:** Annual Financial Reports.



# City of McGregor, Texas

## DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT

As of September 30, 2025

(Unaudited)

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable</u>	<u>Estimated Share of Overlapping Debt</u>
<b>Debt repaid with property taxes</b>			
Coryell County	\$ 6,385,000	0.250%	\$ 15,963
McGregor Independent School District	95,847,418	83.12%	79,668,374
McLennan County	108,375,000	3.09%	3,348,788
McLennan Community College	34,020,000	3.09%	1,051,218
Midway Independent School District	146,150,000	0.34%	496,910
Oglesby Independent School District	9,325,000	7.82%	729,215
Subtotal, overlapping debt	\$ 400,102,418		85,310,467
<b>City of McGregor (direct debt)</b>			31,013,516
<b>Total direct and overlapping debt</b>			\$ 116,323,983

**Note:** The percentage of overlapping debt applicable is estimated using taxable assessed values that were obtained from the McLennan County Appraisal District. Applicable percentages were estimated by determining the portion of the taxing authorities' taxable assessed values that are within the City's boundaries and dividing it by the taxing authorities' total taxable assessed values. (Texas Municipal Reports TMR #1909)

**Source:** Municipal Advisory Council of Texas

**City of McGregor, Texas**  
**LEGAL DEBT MARGIN INFORMATION**  
**Last Ten Fiscal Years**  
**(Unaudited)**

	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Annual debt requirement limit	\$ 7,479,506	\$ 8,183,279	\$ 8,525,345	\$ 9,866,639
Total net debt applicable to limit	<u>92,982</u>	<u>493,549</u>	<u>587,384</u>	<u>771,681</u>
Legal debt margin	<u>\$ 7,386,524</u>	<u>\$ 7,689,730</u>	<u>\$ 7,937,961</u>	<u>\$ 9,094,958</u>
Total net debt applicable to the limit as a percentage of debt limit	1.24%	6.03%	6.89%	7.82%

**Source:** Annual Financial Reports.

<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
\$ 10,678,399	\$ 12,634,278	\$ 12,634,278	\$ 14,996,542	\$ 17,849,530	\$ 22,275,870
<u>764,826</u>	<u>767,547</u>	<u>812,197</u>	<u>1,198,478</u>	<u>765,530</u>	<u>774,230</u>
<u>\$ 9,913,573</u>	<u>\$ 11,866,731</u>	<u>\$ 11,822,081</u>	<u>\$ 13,798,064</u>	<u>\$ 17,084,000</u>	<u>\$ 21,501,640</u>
7.2%	6.1%	6.4%	8.0%	4.3%	3.5%

**Legal Debt Margin Calculation for Fiscal Year 2024**

Assessed value	\$ 891,034,782
Debt limit (\$2.50 per \$100 valuation)	22,275,870
Debt applicable to limit:	
2003, 2016, portion of 2017, and 2018A Certificates of Obligation - principal & int.	<u>774,230</u>
Legal debt margin	<u>\$ 21,501,640</u>



**City of McGregor, Texas**  
**DEMOGRAPHIC AND ECONOMIC STATISTICS**  
**Last Ten Calendar Years**  
**(Unaudited)**

Year	City of	McLennan Co.	McLennan Co.	Median	McGregor ISD	McLennan Co.
	McGregor	Personal	Per Capita		School	Unemployment
	Estimated	Income	Personal	Age (2)	Enrollment (4)	Rate (5)
	Population (1)	(thousands of	Income (2)			
		dollars) (2)				
2016	5,042	91,879	18,223	31.4	1,425	3.9%

Year	City of	City of McGregor	City of	Median	McGregor ISD	City of
	McGregor	Personal	McGregor		School	McGregor
	Estimated	Income	Per Capita	Age (3)	Enrollment (4)	Unemployment
	Population (1)	(thousands of	Personal			Rate (5)
		dollars) (2)	Income (2)			
2017	5,056	100,870	19,951	34.3	1,461	5.3%
2018	5,118	104,151	20,350	34.3	1,421	2.9%
2019	5,093	107,197	21,048	34.7	1,493	2.7%
2020	5,144	108,132	21,021	35.7	1,504	2.3%
2021	5,321	135,611	25,486	35.7	1,478	2.3%
2022	5,763	154,898	26,878	35.2	1,492	3.4%
2023	5,984	173,961	29,071	35.2	1,494	3.0%
2024	5,646	202,844	35,927	35.0	1,532	3.0%
2025	5,640	227,258	40,294	36.0	1,527	4.1%

**Sources:** (1) U.S. Census Bureau (2015-2023); Heart of Texas Council of Governments (2024-2025)  
(2) U.S. Census Bureau (2015-2023); Heart of Texas Council of Governments (2024-2025)  
(4) McGregor Independent School District  
(5) Texas Workforce Commission (2024); U.S. Census Bureau (2019);  
Greater Waco Chamber of Commerce (2017; 2024); US Bureau of Labor Statistics (2025)

# City of McGregor, Texas

## PRINCIPAL EMPLOYERS

Current Year and Ten Years Ago

(Unaudited)

2025

<u>Employer</u>	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total City Employment</u>
Space Exploration, Inc.	630	1	14.89%
McGregor ISD	284	2	6.71%
The Trane Company	190	3	4.49%
Knauf	171	4	4.04%
Coral Rehab	98	5	2.32%
Behlen	80	6	1.89%
Ferguson Enterprises	71	7	1.68%
City of McGregor	69	8	1.63%
Jim Turner	58	9	1.37%
Look Trailers	55	10	1.30%
Total	<u>1,706</u>		<u>40.33%</u>
City Total	<u>4,230</u>		

**Source:** US Census Bureau and MEDC

**Note:** Percentages based on assumed total city employment of 75% of total population

2016

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<u>Employer</u>	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total City Employment</u>
C3 Customer Connect Channels	700	1	18.51%
Space Exploration Inc	600	2	15.87%
McGregor ISD	258	3	6.82%
The Trane Company	214	4	5.66%
Westview Manor	123	5	3.25%
Ferguson Enterprises	120	6	3.17%
Lark	95	7	2.51%
Behlen	84	8	2.22%
Brookshire Brothers	62	9	1.64%
Trans Tech	49	10	1.30%
Total	<u>2,305</u>		<u>60.95%</u>
City Total	<u>3,782</u>		

**City of McGregor, Texas**  
**FULL-TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES BY**  
**FUNCTION/PROGRAM**  
**Last Ten Fiscal Years**  
**(Unaudited)**

<u>Function/Program</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
Administrative services	4	4	2.5	2.5	2.5	2.5
Community services	6.5	7	8	8	8	8.5
Development services	1	2	2	2	2	1
Emergency services	18	18	18	18	18	18
Financial services	2	2	2	2	2	2
Municipal services	9	9	11.5	11.5	8	9
Water	7	7	6.5	6.5	6.25	6
Sewer	5	5	5	5	5.75	6
MEDC	2	2	2	2	2	2
Airport	1	1	2	2	1	1
The Exchange	-	-	-	1	1	1
Rachael Arms Apartments	<u>1.5</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total	<u><u>57</u></u>	<u><u>57</u></u>	<u><u>59.5</u></u>	<u><u>60.5</u></u>	<u><u>56.5</u></u>	<u><u>57</u></u>

Source: City Records

<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
2.5	2	2	3
8.5	9.5	9.5	9.5
2.5	2.5	3	3
18	18	18	19
2	2	3	3
9	9	11	11
6	6	7.5	7.5
6	7	7	8
2	2	2	2
0.5	0.5	1.5	1.5
1	1.5	2.5	2
-	-	-	-
<u>58</u>	<u>60</u>	<u>67</u>	<u>69.5</u>

**City of McGregor, Texas**  
**OPERATING INDICATORS BY FUNCTION**  
**Last Ten Fiscal Years**  
**(Unaudited)**

<u>Function/Program</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
Development Services						
Building permits	455	482	426	475	438	558
Building inspections	863	925	640	905	682	561
Code enforcement inspections	440	451	456	294	295	175
Emergency Services						
Adult arrests	228	162	153	135	56	51
Juvenile arrests	3	18	8	6	3	1
Crimes cleared/closed	126	103	68	28	118	15
Animals impounded	102	214	201	135	106	28
Fire Investigations*	-	-	-	13	3	1
Fire Inspections*	-	-	-	15	15	12
Municipal Services						
Streets repaired (Blocks)	52	72	23	21	29	10
Potholes repaired	65	48	47	53	500	500
Water						
Water leaks repaired	44	68	110	76	59	58
New service connections	11	16	33	68	46	59
Reconnections	293	3	6	-	6	2
Daily average consumption	959,723	963,899	1,032,616	840,258	883,004	1,329,681
Wastewater						
Sewer mains cleaned in footage	16,625	9,500	11,925	15,820	9,181	8,800

**Source:** City Departments.

<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
433	409	362	350
845	365	900	1,340
285	280	277	270
69	107	83	68
5	7	6	2
124	138	9	2
82	95	137	106
1	1	0	0
6	4	4	4
12	4	8	11
950	800	850	400
74	39	26	56
71	40	17	28
240	2	3	4
967,793	1,089,465	830,789	1,199,371
6,500	2,712	4,009	30,000

**City of McGregor, Texas**  
**CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM**  
**Last Ten Fiscal Years**  
**(Unaudited)**

<u>Function/Program</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
<b>Community Services</b>						
Parks (acres)	86	113	113	113	113	115
Playgrounds	4	4	4	4	4	4
Splashpad	-	-	-	-	-	-
Swimming Pools	1	1	1	1	1	1
Tennis Courts	1	1	1	1	1	1
Basketball Courts	3	3	3	3	3	3
Senior Center	1	1	1	1	1	1
<b>Emergency Services</b>						
Police Stations	1	1	1	1	1	1
Police and Animal Control Vehicles	11	11	11	13	13	13
Fire Stations	2	2	2	2	2	2
<b>Municipal Services</b>						
Streets- Paved (miles)	67	67	68	68	68	68
Traffic signals	3	3	4	4	4	4
Signs Replaced*	41	51	45	59	24	20
<b>Water</b>						
Water Mains (miles)	61	62	56	56	61	62
Fire Hydrants	155	168	184	184	186	189
Storage capacity (thousands of gallons)	1,725	1,725	2,375	2,375	2,375	2,375
<b>Wastewater</b>						
Sanitary Sewers (miles)	62	63	63	63	63	63
Treatment capacity (thousands of gallons)	1,100	1,100	1,100	1,100	1,100	1,100

**Source:** City Departments. \*Data adjusted, prior years reflected streets paved/repaved during the year opposed to total infrastructure.

<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
115	117	117	142
4	4	4	4
-	1	1	1
1	1	1	1
1	1	1	1
3	3	3	3
1	1	1	1
1	1	1	1
13	14	18	18
2	2	2	2
68	*68	*68	70
4	4	4	4
26	166	35	42
62	64	64	67
190	198	259	284
2,375	2,375	2,375	2,375
63	63	65	68
1,100	1,100	1,100	1,100

