

ANNUAL FINANCIAL REPORT  
City of Nolanville, Texas  
*Fiscal year ended September 30, 2025*



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# **CITY OF NOLANVILLE, TEXAS**

## **ANNUAL FINANCIAL REPORT**

**FOR THE FISCAL YEAR ENDED**

**SEPTEMBER 30, 2025**





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**City of Nolanville, Texas**  
For the fiscal year ended September 30, 2025

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## **Financial Section**

For the fiscal year ended  
September 30, 2025



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## INDEPENDENT AUDITOR'S REPORT

To the City Council  
City of Nolanville, Texas

### Report on the Audit of the Financial Statements

#### *Opinions*

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

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

#### *Basis for Opinions*

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

#### *Emphasis of Matter*

A restatement was necessary to correct the beginning balance of Governmental activities for a capital asset in prior year which resulted in a decrease to governmental unrestricted net position of approximately \$254,450. See Note B. "Prior Period Adjustment" footnote.

A restatement was necessary to correct the beginning balance of Nolanville Economic Development Corporation ("EDC"), activities for capital assets in prior year which resulted in an increase to EDC unrestricted net position of approximately \$344,347. See Note B. "Prior Period Adjustment" footnote.

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

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

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

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

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.

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

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

***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 3–8 and 46–49 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

***Supplementary Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The accompanying combining and individual nonmajor fund financial statements, budgetary comparison on pages 53-57, and schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated March 16, 2026, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City's internal control over financial reporting and compliance.

*Vail + Park, P.C.*

Frisco, Texas

March 16, 2026

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

As management of the City of Nolanville, Texas (the "City"), we offer readers of the City of Nolanville's financial statements this narrative overview and analysis of the financial activities of the City of Nolanville, Texas for the fiscal year ("FY") ended September 30, 2025. We encourage readers to consider the information presented here in conjunction with the City's financial statements.

**FINANCIAL HIGHLIGHTS**

- Total net position for the City of Nolanville at the close of FY24 is \$18,655,323. The unrestricted net position at the close of FY25 is \$3,268,311 and may be used to meet the City's ongoing obligations to citizens and creditors.
- The City's total net position increased by \$2,459,371 (15%) during fiscal year 2025.
- The General Fund's unassigned fund balance of \$3,101,946 is equivalent to 80% of the total 2024 General Fund expenditures.

**USING THIS ANNUAL REPORT**

This annual report consists of a series of financial statements. The government-wide financial statements include the Statement of Net Position and Statement of Activities. These provide information about the activities of the City as a whole and present a long-term view of the City's financial condition. They reflect the flow of total economic resources in a manner similar to the financial reports of a private-sector business.

Fund financial statements report the City's operations in more detail than the government-wide statements by providing information about the City's most significant funds. Governmental fund statements tell how services were financed in the short term, as well as what resources remain for future spending. They reflect the flow of current financial resources and supply the basis for funding requests and appropriations from the State.

The notes to the financial statements provide narrative explanations or additional data needed for full disclosures for the government-wide statements and the fund financial statements.

**Reporting the City as a Whole – Government-Wide Financial Statements**

**The Statement of Net Position and the Statement of Activities**

Government-wide financial statements provide an analysis of the City's overall financial condition and operation. The primary objective of these statements is to show whether the City's financial condition has improved or deteriorated because of the year's activities.

The Statement of Net Position includes all the City's assets, deferred inflows of resources, deferred outflows of resources, and liabilities while the Statement of Activities includes all the revenue and expenses generated by the City's operations during the year. Government-wide statements utilize the accrual basis of accounting, which is the same method used by most private-sector companies. All of the current year's revenue and expenses are taken into account regardless of when cash is received or paid.

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

The City's revenue is divided into the following categories: 1) charges for services, 2) operating grants and contributions, and 3) general revenues not associated with any specific program function. All of the City's assets are reported whether they serve the current or future years. Liabilities are also reported regardless of whether they must be paid in the current or future years.

These two statements report the City's net position and change in them. The City's net position provides one measure of the City's financial health or financial position. Over time, increases or decreases in the City's net position are one indicator of whether its financial health is improving or deteriorating. To fully assess the overall health of the City however, non-financial factors should also be considered, such as changes in the City's request for services from citizens and the condition of the City's facilities.

The Statement of Net Position and the Statement of Activities report two kinds of activities, as well as two component units.

**Governmental Type Activities** – City services such as police, fire protection, municipal court, parks, street maintenance, economic development and city administration are reported here. City property taxes and charges for services finance most of these activities.

**Discretely Presented Component Units**—The Nolanville Economic Development Corporation are reported in separate columns since it meets the requirements for discrete presentation in the financial statements.

**Reporting the City's Most Significant Funds**

**Fund Financial Statements**

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

**Governmental Funds** – The City reports most of its basic services in governmental funds. Governmental funds use the modified accrual basis of accounting (a method that measures the receipt and disbursement of cash and other financial assets that can be readily converted to cash) and they report balances that are available for future spending. Governmental fund statements provide a detailed short-term view of the City's general operations and the basic services it provides. We describe the accounting differences between governmental activities, which are reported in the Statement of Net Position and the Statement of Activities and governmental funds in the reconciliation schedules.

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

The table below provides a summary of the City's net position on September 30, 2025 and 2024.

**TABLE I**  
**NET POSITION**

	<b>Governmental Activities</b>	
	<b>2025</b>	<b>2024</b>
		<b>restated</b>
Current and other assets	\$ 4,263,109	\$ 3,997,558
Capital assets, net of accumulated depreciation	17,528,586	15,582,326
Total assets	21,791,695	19,579,884
Deferred outflows of resources	67,191	74,878
Current payables & other liabilities	955,821	965,793
Long-term bonds and leases payable	2,197,491	2,435,660
Total liabilities	3,153,312	3,401,453
Deferred inflows of resources	50,251	57,357
Net assets		
Net investment in capital asset	15,014,895	12,909,786
Restricted	343,403	922,514
Unrestricted	3,297,025	2,363,652
Total net position	\$ 18,655,323	\$ 16,195,952

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

The table below provides a summary of the changes in the City's net position for the years ended September 30, 2025 and 2024.

**TABLE II**  
**CHANGES IN NET POSITION**

	<b>Governmental Activities</b>	
	<b>2025</b>	<b>2024</b>
Revenues:		<b>restated</b>
Program revenues		
Charges for services	\$ 453,379	\$ 600,881
Operating grants and contributions	2,350	558,587
Capital grants and contributions	2,229,713	-
General revenues		
Property taxes	2,685,382	2,424,992
Franchise taxes	228,128	1,669,449
Sales taxes	1,387,821	274,252
Interest	159,809	207,508
Payment from component unit	55,000	-
Miscellaneous	222,907	220,255
Total revenues	<u>7,424,489</u>	<u>5,955,924</u>
Expenses:		
General government	1,262,945	1,356,182
Public safety	1,093,803	1,131,467
Public works	1,539,886	1,813,550
Parks and Recreation	962,338	304,523
Interest on long term debt	106,146	59,323
Total expenses	<u>4,965,118</u>	<u>4,665,045</u>
Increase (decrease) in net position	2,459,371	1,290,879
Net position - beginning, as restated	16,195,952	15,941,502
Prior period adjustment	-	(254,450)
Net position - ending	<u>\$ 18,655,323</u>	<u>\$ 16,195,952</u>

**GOVERNMENT-WIDE FINANCIAL ANALYSIS**

Net position serves as one useful indicator of a government's financial position. In the case of the City, net position totaled \$18,655,323 at the close of FY25. Net position increased from the prior year's balance by \$2,459,371 (15%) during fiscal year 2025. This increase is primarily a result of greater than expected property tax and franchise tax.

Unrestricted net position – the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements – increased by \$904,659 (38%) during 2025.

Eighty percent (81%) of the City's net position is invested in capital assets; land, buildings, streets, vehicles, electronic equipment, and infrastructure, less any outstanding debt used to acquire these assets. The City uses capital assets to provide services to the citizens they serve; consequently, these assets are not available for future spending.

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

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

**Governmental Funds**

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

As the City completed the year 2025, its governmental funds, as presented in the balance sheet, reported a combined fund balance of \$3,519,585. Approximately 90% of this total amount is the unassigned fund balance, which is available for spending at the City's discretion. The remaining fund balances are restricted, assigned, or committed as further explained in the notes to the financial statements.

The General Fund is the chief operating fund of the City. At the end of the current period, the unassigned fund balance of the General Fund totaled \$3,101,946. As a measure of the General Fund's liquidity, it may be useful to compare the unassigned fund balance to total General Fund expenditures. The unassigned fund balance represents 80% of total FY24 General Fund expenditure.

The City's General Fund's revenues and other financing sources were \$4,330,078, while total expenditures and other financing uses were \$3,875,906. The General Fund had a net increase in fund balance of \$454,172.

**Other Analysis of the City's Funds**

**Budget versus Actual for the General Fund:**

For the required supplemental information of budget versus actual report shown on, the statement reflects a positive budget variance of \$453,352. The largest contributing factor was that the City budgeted for considerably less revenue than was actually incurred.

**CAPITAL ASSET AND DEBT ADMINISTRATION**

**Capital Assets**

The City's investment (net of depreciation) in capital assets for all activities as of September 30, 2025, is \$17,528,586 compared to \$15,582,323 at September 30, 2024. This is a net increase in capital assets of \$1,946,263 and is mostly attributable to additions in fiscal year 2025.

**Long-term Debt**

At September 30, 2025, the City had total bonded debt and contractual obligations outstanding of \$2,385,630. This is a decrease of \$339,370 from the prior year, due to timely principal payments on bonds and contractual obligations.

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

**GENERAL FUND BUDGETARY HIGHLIGHTS**

The General Fund reported a total unfavorable budget variance of \$453,352 before transfers. While revenues exceeded expectations by \$544,295, expenditures surpassed budgeted amounts by \$90,943. The variance in expenditures is primarily attributable to fire department repairs and maintenance costs incurred during fiscal year 2025.

**ECONOMIC FACTORS**

The budget reflects the positive financial condition of the City, and the ongoing mission of the Nolanville City Council to provide cost-effect programs and responsive services to enhance the quality of life in Nolanville. The City accomplishes this through the utilization of sound fiscal policy directives and a conservative approach in revenue and expenditure forecasting.

The Mayor and City Council are committed to maintaining and improving the overall well-being of the City of Nolanville and improving services provided to their public citizens.

**REQUESTS FOR INFORMATION**

The financial report is designed to provide our citizens, customers, investors and creditors with a general overview of the City's finances. If you have questions about this report or need any additional information, contact City Hall at 101 N. 5th Street, Nolanville, Texas 76559.



## **Basic Financial Statements**

For the fiscal year ended  
September 30, 2025



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**City of Nolanville, Texas  
Statement of Net Position  
September 30, 2025**

	<b>Primary Government</b>	<b>Component Unit</b>
	<b>Governmental Activities</b>	<b>Nolanville Economic Development Corporation</b>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 3,812,828	\$ 353,271
Receivables (net of allowance for uncollectibles)	450,281	39,740
Capital assets (accumulated depreciation/amortization):		
Non-depreciable	216,543	184,004
Capital assets, net of accumulated depreciation/amortization	17,312,043	231,239
Total capital assets	<u>17,528,586</u>	<u>415,243</u>
Total assets	<u>21,791,695</u>	<u>808,254</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
Deferred outflow - pension related	55,358	-
Deferred outflow - OPEB related	5,417	-
Deferred charge on refunding	6,416	-
Total deferred outflows of resources	<u>67,191</u>	<u>-</u>
<b>TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>	<u><u>\$ 21,858,886</u></u>	<u><u>808,254</u></u>
<b>LIABILITIES</b>		
Current liabilities:		
Accounts payable	357,516	12,266
Accrued liabilities	43,635	-
Other liabilities	125,314	-
Interest payable	24,889	-
Non-current liabilities:		
Due within one year	365,430	-
Due in more than one year (net of unamortized bond premium)	2,197,491	-
Net Pension liability	4,517	-
Total OPEB liability	34,520	-
Total liabilities	<u>3,153,312</u>	<u>12,266</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Deferred inflow - pension related	42,642	-
Deferred inflows - OPEB	7,609	-
Total deferred inflow of resources	<u>50,251</u>	<u>-</u>
<b>TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES</b>	<u><u>3,203,563</u></u>	<u><u>12,266</u></u>
<b>NET POSITION</b>		
Net investment in capital assets	15,014,895	415,243
Restricted	343,403	380,745
Unrestricted	3,297,025	-
<b>TOTAL NET POSITION</b>	<u><u>\$ 18,655,323</u></u>	<u><u>\$ 795,988</u></u>

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

**City of Nolanville, Texas**  
**Statement of Activities**  
**For the Year Ended September 30, 2025**

Program Activities	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets	
		Fees, Fines and Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government	Component Unit
					Governmental Activities	Nolanville Economic Development Corporation
<b>Primary government:</b>						
Governmental activities:						
General government	\$ 1,262,944	\$ -	\$ -	\$ 2,229,713	\$ 966,769	\$ -
Municipal court	1,012,117	200,009	-	-	(812,108)	-
Public safety	1,093,803	-	2,350	-	(1,091,453)	-
Public works	527,769	207,155	-	-	(320,614)	-
Parks and Recreation	962,338	46,215	-	-	(916,123)	-
Interest expense	106,146	-	-	-	(106,146)	-
Total governmental activities	<u>4,965,117</u>	<u>453,379</u>	<u>2,350</u>	<u>2,229,713</u>	<u>(2,279,675)</u>	<u>-</u>
Total Primary Government	<u>\$ 4,965,117</u>	<u>\$ 453,379</u>	<u>\$ 2,350</u>	<u>\$ 2,229,713</u>	<u>\$ (2,279,675)</u>	<u>\$ -</u>
<b>Component units:</b>						
Nolanville EDC	257,621	-	-	-	-	(257,621)
Total Component Units	<u>\$ 257,621</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (257,621)</u>
Change in net position						
General revenues:						
Property taxes					\$ 2,685,382	\$ -
Sales taxes					1,387,821	277,450
Franchise fees					228,128	-
Interest					159,809	16,137
Payment from component unit					55,000	-
Miscellaneous					222,907	82,528
Total general revenues and transfers					<u>4,739,047</u>	<u>376,115</u>
Change in net position					2,459,372	118,494
Beginning Net Position, restated					16,195,952	677,494
Net position - ending					<u>\$ 18,655,324</u>	<u>\$ 795,988</u>

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

**City of Nolanville, Texas**  
**Balance Sheet**  
**Governmental Funds**  
**September 30, 2025**

	<u>General Fund</u>	<u>Capital Projects Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>ASSETS</b>				
Cash and cash equivalents	\$ 3,224,316	\$ 362,767	\$ 225,745	\$ 3,812,828
Receivables (net of allowance for uncollectibles)				
Property taxes	63,881	-	11,119	75,000
Sales and beverage taxes	158,959	-	39,740	198,699
Franchise fees	16,631	-	-	16,631
Municipal court	21,974	-	-	21,974
Federal grants	-	135,161	-	135,161
Other	2,816	-	-	2,816
Total assets	<u>3,488,577</u>	<u>497,928</u>	<u>276,604</u>	<u>4,263,109</u>
<b>LIABILITIES</b>				
Accounts payable	257,141	90,560	9,814	357,515
Accrued liabilities	43,635	-	-	43,635
Other liabilities	-	-	125,314	125,314
Total liabilities	<u>300,776</u>	<u>90,560</u>	<u>135,128</u>	<u>526,464</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Unavailable revenue-Property Taxes	63,881	-	11,118	74,999
Unavailable revenue-Municipal court	21,974	-	-	21,974
Unavailable revenue-Grant Revenue	-	120,086	-	120,086
Total deferred inflows of resources	<u>85,855</u>	<u>120,086</u>	<u>11,118</u>	<u>217,059</u>
<b>FUND BALANCES</b>				
Restricted for:				
Debt service	-	-	33,560	33,560
Capital improvements	-	287,282	-	287,282
Court security and technology	-	-	22,561	22,561
Committed to:				
Special revenue	-	-	45,072	45,072
TIRZ	-	-	-	-
Unrestricted	3,101,946	-	29,164	3,131,110
Total fund balances	<u>3,101,946</u>	<u>287,282</u>	<u>130,357</u>	<u>3,519,585</u>
Total liabilities, deferred inflows, and fund balances	<u>\$ 3,488,577</u>	<u>\$ 497,928</u>	<u>\$ 276,603</u>	<u>\$ 4,263,108</u>

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

**City of Nolanville, Texas**  
**Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position**  
**Governmental Funds**  
**September 30, 2025**

Amounts reported for governmental activities in the statement of net position are different

Fund balance - total governmental funds		\$	3,519,585
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.			216,543
			17,312,043
Long-term liabilities, including bonds payable, are not due and payable in the current period, and, therefore, are not reported in the funds.			
Non-current liabilities due in one year	(365,430)		
Non-current liabilities due in more than one year	(2,020,200)		
Compensated absences	(122,823)		
Subscription liability	(47,286)		
RTU lease liability	(7,182)		
Net Pension liability	(4,517)		
OPEB liability	(34,520)		
Accrued interest	(24,889)		
			(2,626,847)
Other long-term liabilities are not recognized as current period revenues and, are deferred in the funds.			
Deferred outflows Pension	55,358		
Deferred inflows Pension	(42,642)		
Deferred outflows -OPEB	5,417		
Deferred inflows-OPEB	(7,609)		
Deferred charge on refunding	6,416		
Deferred inflows of resources: Unavailable revenue-Property Taxes	74,999		
Deferred inflows of resources: Unavailable revenue-Court Revenue	21,974		
Deferred inflows of resources: Unavailable Revenue-Grant Revenue	120,086		
			233,999
Net position of governmental activities		<u>\$</u>	<u>18,655,323</u>

**City of Nolanville , Texas**  
**Statement of Revenues, Expenditures and Changes in Fund Balance**  
**Governmental Funds**  
**For the Year Ended September 30, 2025**

	<u>General Fund</u>	<u>Capital Projects Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>REVENUES</b>				
Taxes:				
Property	\$ 2,200,599	\$ -	\$ 448,775	\$ 2,649,374
Sales and beverage	1,110,371	-	277,450	1,387,821
Franchise fees	228,128	-	-	228,128
Municipal court fines	167,689	-	-	167,689
Building permits and fees	185,885	-	-	185,885
Court technology and security fees	-	-	10,346	10,346
Park development fees	1,115	-	45,100	46,215
Sanitation services	21,270	-	-	21,270
Contributions	2,350	-	-	2,350
Federal grants	-	2,022,327	87,300	2,109,627
Interest	146,104	13,451	254	159,809
Miscellaneous	211,567	-	11,340	222,907
Payments from component unit	55,000	-	-	55,000
Total revenues	<u>4,330,078</u>	<u>2,035,778</u>	<u>880,565</u>	<u>7,246,421</u>
<b>EXPENDITURES</b>				
Current:				
General government	987,771	-	159,461	1,147,232
Municipal court	1,012,117	-	-	1,012,117
Public safety	899,168	-	-	899,168
Public works	500,504	-	-	500,504
Parks and recreation	283,849	-	2,195	286,044
Capital outlay:				
Public safety	65,828	-	34,500	100,328
General government	-	2,632,614	23,110	2,655,724
Culture and recreation	102,033	-	-	102,033
Debt service:				
Principal retirement	21,406	-	346,216	367,622
Interest and fiscal charges	3,230	-	71,327	74,557
Total expenditures	<u>3,875,906</u>	<u>2,632,614</u>	<u>636,809</u>	<u>7,145,329</u>
Excess (deficiency) of revenues over (under) expenditures	<u>454,172</u>	<u>(596,836)</u>	<u>243,756</u>	<u>101,092</u>
Net change in fund balances	454,172	(596,836)	243,756	101,092
Fund balances - beginning	2,647,774	884,118	(113,399)	3,418,493
Fund balances - ending	<u>\$ 3,101,946</u>	<u>\$ 287,282</u>	<u>\$ 130,357</u>	<u>\$ 3,519,585</u>

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

**City of Nolanville, Texas**  
**Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds**  
**to the Statement of Activities**  
**September 30, 2025**

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

Net change in fund balances - total governmental funds	\$	101,092
Capital outlays are not reported as expenses in the Statement of Activities.		2,910,411
The depreciation of capital assets used in governmental activities is not reported in the funds.		(964,148)
Certain property tax ,court revenues and grant are unavailable in the funds. This is the change in the amounts.		178,066
Repayment of bond principal is an expenditure in the funds but is not an expense in the Statement of Activities.		342,870
(Increase) decrease in accrued interest from beginning of period to end of period and amortization of bond premium and discount.		(6,837)
Some liabilities, including compensated absences, lease liability, and subscription liability are not reported as liabilities in the governmental funds.		(120,133)
Pension and other postemployment benefits net expense are not reported in governmental funds		18,051
Change in net position of governmental activities	<u>\$</u>	<u>2,459,372</u>

**City of Nolanville, Texas**  
NOTES TO THE FINANCIAL STATEMENTS  
September 30, 2025

**I. SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the Government-wide 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. Governmental activities 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 the legally separate component units for which the primary government is financially accountable.

**B. Reporting Entity**

The City is a home rule city in Bell County, Texas which operates under a council-manager form of government and provides services, such as public safety (police and fire), highways and streets, public improvements, planning and zoning, judicial, general administrative and other services.

The accounting policies of the City conform to generally accepted accounting principles issued by the Governmental Accounting Standards Board which is the recognized financial accounting standard-setting body for governmental entities. The notes to the financial statements are an integral part of the City's financial statements.

The City's (primary government) financial statements include its component units. The accompanying basic financial statements comply with the provisions of the GASB Statement No. 14, "The Financial Reporting Entity," in that financial statements include all organizations, activities, functions, and component units for which the City (the "primary government") is financially accountable. Financial accountability is defined as the appointment of a voting majority of a legally separate organization's governing body and either (1) the City's ability to impose its will over the organization, or (2) the potential that the organization will provide a financial benefit to or impose a financial burden on the City. Additionally, the primary government may be financially accountable if an organization is fiscally dependent on the primary government regardless of whether the organization has a separately elected governing board, a governing board appointed by a higher level of government, or a jointly appointed board. Accordingly, the City has included the following:

**Discretely Presented Component Units**

*Nolanville Economic Development Corporation*

The Nolanville Economic Development Corporation ("EDC") is a separate organization that is considered a component unit of the primary government. It has a separate board of directors and does not meet any of the criteria for blending and therefore is discretely presented. The EDC's financial statements are presented on the full accrual basis of accounting. Copies of the EDC's financial statements may be obtained by contacting the finance department of the City. The EDC was created by the City to enhance the economic development of the Nolanville community.

**City of Nolanville, Texas**  
NOTES TO THE FINANCIAL STATEMENTS  
September 30, 2025

**Basis of Presentation – Government-wide**

While separate government-wide and fund financial statements are presented, they are interrelated. The governmental activities column incorporates data from governmental funds. Separate financial statements are provided for governmental funds and proprietary funds.

The discretely presented component unit, Nolanville Economic Development Corporation, 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 in lieu of taxes where the amounts are reasonably equivalent in value to the interfund services provided. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

**C. Basis of Presentation – Fund Financial Statements**

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

The City reports the following major governmental funds:

The General Fund is used to account for all financial transactions not properly includable in other funds. The principal sources of revenue include local property taxes, sales and franchise taxes, licenses and permits, and fines and forfeitures. Expenditures include general government, public safety, public works, and culture and recreation.

The Capital Project Fund is used to account for the acquisition and construction of the government's major capital facilities.

During operations, the City 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 are eliminated so that only the net amount is included as internal balances in the governmental 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.

**City of Nolanville, Texas**  
NOTES TO THE FINANCIAL STATEMENTS  
September 30, 2025

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

The government-wide statements of net position and statements of activities are accounted for on a flow of economic resources measurement focus, accrual basis of accounting. With this measurement focus, all assets and all liabilities associated with the operations of these activities are included on the balance sheet.

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental funds and component units are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements of these funds present increases (i.e., revenues and other financing resources) and decreases (i.e., expenditures and other financing uses) in net current assets.

The City utilizes the modified accrual basis of accounting in the governmental fund type and component units. Under the modified accrual basis of accounting, revenues are recognized in the accounting period when they are susceptible to accrual (i.e., when they are measurable and available). Measurable means the amount of the transaction can be determined and available means collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues available if they are collected within 60 days of the end of the current period. Revenues susceptible to accrual include charges for services and interest on temporary investments.

Property taxes, sales taxes, franchise taxes, and interest associated with the current period are all considered to be susceptible to accrual and so have been recognized as revenues of the current period. Other receipts and other taxes become measurable and available when cash is received by the government and are recognized as revenue at that time.

Under modified accrual accounting, expenditures are recognized in the accounting period in which the liability is incurred, if measurable, except for interest on general long-term debt, which is recognized when due.

The statements of net position and statements of activities are presented on the accrual basis of accounting. Under this method of accounting, revenues are recognized in the accounting period in which they are earned, and expenses in the accounting period in which they are incurred.

Generally, the effect of interfund activity has been eliminated from the government-wide financial statements.

**E. Budgetary Policy and Control**

Budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America and are used as a management control device. For management purposes, the City adopts budgets for all funds. An annual budget is legally adopted by the General Fund and Capital Project Fund. The City maintains budgetary controls to ensure compliance with legal provisions embodied in the appropriated budget approved by the City Council. The level of budgetary control (that is, the level at which expenditures cannot legally exceed the appropriated amount) for the operating budget is within a fund. Budgeted amounts presented are the original adopted budget and the budget as further amended by the City Council (if amended).

**City of Nolanville, Texas**  
NOTES TO THE FINANCIAL STATEMENTS  
September 30, 2025

*Continuing Appropriations*

The unexpended and unencumbered appropriations, which are available and recommended for continuation to the following fiscal year, are approved by the City Council for carryover. These commitments are reported as a designation of fund balance. Encumbered appropriations lapse at year-end but are recommended to the City Council for carryover. There were no unexpended and unencumbered appropriations at year-end.

**F. Use of Estimates**

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

**G. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance**

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.

Nonnegotiable certificates of deposit are carried at amortized cost. The government investment pools, TexPool operate in accordance with state laws and regulations. Investments in external pools are carried at either net position value or amortized cost, as determined by each pool's individual investment valuation method and whether there is a readily determinable fair value of the pool as of the City's fiscal year-end. In instances where pools transact at amortized cost, such as TexPool, no readily determinable fair value is deemed available.

2. 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 noncurrent 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."

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

All trade receivables are shown net of an allowance for uncollectible accounts.

**City of Nolanville, Texas**  
NOTES TO THE FINANCIAL STATEMENTS  
September 30, 2025

3. Property taxes

The appraisal of property within the City is the responsibility of the Bell County Appraisal Districts as required by legislation passed by the Texas Legislature. Each Appraisal District is required under such legislation to assess all property within the Appraisal District on the basis of 100% of its appraised value and is prohibited from applying any assessment ratios. The value of property within the appraisal district must be reviewed every five years; however, the City may, at its own expense, require annual reviews of appraised values. The City may challenge appraised values established by the appraisal district through various appeals and, if necessary, legal action.

The City's property tax is levied and recorded as a receivable each October 1, on the assessed value listed as of the prior January 1, for all real and business property located in the City. Taxes are delinquent on February 1 following the October 1 levy date. A statutory lien becomes effective on all property with unpaid taxes as of January 1 of the year following the assessment.

*Nolanville Tax Increment Financing (TIRZ)*

On November 2, 2023, the City Council approved Ordinance No. Z 23-11 establishing the Nolanville Tax Increment Reinvestment Zone in accordance with the Tax Increment Financing Act, Texas Tax Code, Chapter 311. This fund is an account into which the City deposits the County increment, the City tax increment, and all accrued interest earned on the fund. During the fiscal year, a total of \$27,994 in revenue was recognized in this account from the City and County. These amounts are accounted for in a separate special revenue fund.

4. Inventories and prepaid items

All inventories are valued at cost using the first-in/first-out (FIFO) method. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

5. Subscription assets

Subscription assets are initially recorded at the initial measurement of the subscription liability, plus subscription payments made at or before the commencement of the subscription-based information technology arrangement (SBITA) term, less any SBITA vendor incentives received from the SBITA vendor at or before the commencement of the SBITA term, plus capitalizable initial implementation costs. Subscription assets are amortized on a straight-line basis over the shorter of the SBITA term or the useful life of the underlying IT asset.

**City of Nolanville, Texas**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**September 30, 2025**

6. Capital assets

Capital assets, which include land, buildings and improvements, machinery and equipment and infrastructure assets (e.g., city hall building, community center, park infrastructure, 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 \$2,500 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. Major outlays for capital assets and improvements are capitalized as projects are constructed.

Depreciation and amortization of capital assets are estimated using the straight-line method over estimated useful lives and are charged as an expense against operations. Accumulated depreciation and amortization are reported for governmental activities. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend the assets' lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

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 lives:

Buildings	15 – 50 years
Machinery and equipment	7 – 10 years
Furniture and fixtures	7 – 10 years
Infrastructure	10 – 50 years

7. Deferred outflows/inflows of resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. A deferred outflow of resources is reported for deferred pension and OPEB balances which are amortized over future periods.

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 position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The government has one type of item, which arises only under a modified accrual basis of accounting, which 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 several sources, including, property taxes, court fines, and special assessments. A deferred inflow of resources is also reported for deferred pension and OPEB balances which are amortized over future periods.

**City of Nolanville, Texas**  
NOTES TO THE FINANCIAL STATEMENTS  
September 30, 2025

7. Deferred outflows/inflows of resources (continued)

The government reports deferred charges on refunding reported in the government-wide statement of net position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred as an outflow or inflow and amortized over the shorter of the life of the refunded or refunding debt.

8. Compensated absences

The City provides employees with various forms of paid leave, including vacation leave, sick leave, and other forms of compensated time off. Under GASB Statement No. 101, Compensated Absences, a liability is recognized when leave is attributable to past service, accumulates, and is probable of either being used for time off or paid to the employee.

The liability is measured using the pay rate expected to apply when the leave is taken or paid. The liability also includes salary-related payments directly associated with the leave, such as employer payroll taxes and retirement contributions. The City evaluates historical usage patterns to determine the probability that leave will be used or paid

9. Subscription liabilities

The City contracts for noncancellable subscriptions of information technology software. The City recognizes a subscription liability and an intangible subscription asset (subscription asset) in the government-wide financial statements. The City recognizes subscription liabilities with an initial, individual value of \$5,000 or more. At the commencement of a subscription, the City measures the subscription liability at the present value of payments expected to be made during the subscription term. Subsequently, the subscription liability is reduced by the principal portion of subscription payments made.

10. Unearned revenue

Funds received in advance for which all eligibility requirements have not been met are considered unearned revenue.

11. 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.

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

**City of Nolanville, Texas**  
NOTES TO THE FINANCIAL STATEMENTS  
September 30, 2025

11. Long-term obligations (continued)

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 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.

12. Leases

Lessee

The City recognizes a lease liability and intangible right-to-use lease assets in the government-wide financial statements.

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

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

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

The City monitors changes in circumstances that would require a re-measurement of its leases and will remeasure the lease assets and liabilities if certain changes occur that are expected to significantly affect the amount of the lease liability.

Lease assets are reported with other capital assets and lease liabilities are reported with long-term debt on the Statement of Net Position.

**City of Nolanville, Texas**  
NOTES TO THE FINANCIAL STATEMENTS  
September 30, 2025

13. Net position flow assumption

Net position represents the difference between assets and deferred outflows of resources, and liabilities and deferred inflows of resources on the government-wide financial statements. Net position is classified in the following categories:

- Net Investment in Capital Assets – This amount consists of capital assets net of accumulated depreciation and reduced by outstanding debt that is attributed to the acquisition, construction, or improvement of the assets.
- Restricted Net Position – This amount is restricted by creditors, grantors, contributors or law and regulations of other governments.
- Unrestricted Net Position – This amount is the net position that does not meet the definition of “net investment in capital assets” or “restricted net position”.

14. Fund balance flow assumptions

Sometimes the City 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 balances 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.

15. Fund balance policies

Fund balance is divided into five classifications based primarily on the extent to which the City is bound to observe constraints imposed upon the use of the resources in the governmental funds. The classifications are as follows:

*Non-spendable fund balances* category includes amounts that cannot be spent because they are not in spendable form, or legally or contractually required to be maintained intact. The “not in spendable form” criterion includes items that are not expected to be converted to cash. It also includes the long-term amount of loans receivable, as well as property acquired for resale, unless the use of the proceeds from the collection of those receivables or from the sale of those properties is restricted, committed, or assigned.

*Restricted fund balances* are reported as restricted when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or is imposed by law through constitutional provisions.

*Committed fund balance* classification includes amounts that can be used only for the specific purposes imposed by a formal action (resolution) of the City Council. Those committed amounts cannot be used for any other purpose unless the City Council removes or changes the specified use by taking the same type of action (resolution) it employed to previously commit those amounts.

**City of Nolanville, Texas**  
NOTES TO THE FINANCIAL STATEMENTS  
September 30, 2025

Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

Assigned amounts in the assigned fund balance classification are intended to be used by the City for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the General Fund, assigned fund balance represents the remaining amount that is not restricted or committed. Assigned amounts in the General Fund represent intended uses established by the City Council.

Unassigned fund balances are the residual classification for the General Fund and include all spendable amounts not contained in the other classifications. In other governmental funds, the unassigned classifications are used only to report a deficit balance resulting from overspending for specific purposes for which amounts had been restricted, committed, or assigned.

**H. Pension and Other Post-Employment Benefits (OPEB)**

The City has a retirement (pension) post-employment benefits plan with Texas Municipal Retirement System (TMRS) covering substantially all employees. It is the City's policy to record the cost for such plan on the accrual basis (see Note IV).

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

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.

**City of Nolanville, Texas**  
NOTES TO THE FINANCIAL STATEMENTS  
September 30, 2025

**I. GASB Pronouncements Implemented by the City**

During the fiscal year ended September 30, 2025, the City implemented the following Governmental Accounting Standards Board (GASB) pronouncements:

*GASB Statement No. 101 – Compensated Absences*

This Statement improves accounting and financial reporting for compensated absences by clarifying the recognition criteria for a liability (when leave is earned and attributable to past service, the employee has a right to receive compensation, and payment is probable), measurement guidance, including the use of a “more likely than not” threshold for certain types of leave, and required disclosures. It replaces GASB Statement No. 16.

The City applied GASB Statement No. 101 retrospective as of the beginning of the fiscal year. Implementation resulted in no material effect on the City’s beginning net position, financial position, or results of operations for the year ended September 30, 2025.

*GASB Statement No. 102 – Certain Risk Disclosures*

This Statement requires disclosure of concentrations or constraints (e.g., significant revenue sources, investment concentrations, or debt covenants) that make the government vulnerable to the risk of a substantial impact if a related event occurs within 12 months of the financial statement date, provided (1) the concentration or constraint is known to management and (2) a related event has occurred, has begun to occur, or is more likely than not to begin to occur within that 12-month period.

The City evaluated its concentrations and constraints as of September 30, 2025, and determined that no disclosures were required under this Statement.

**Pronouncements Not Yet Implemented**

The City has evaluated the following recently issued GASB pronouncements and determined they will be implemented in future periods (none have a material effect expected at this time):

**GASB Statement No. 103-Financial Reporting Model Improvements** (effective for fiscal years beginning after June 15, 2025)

**GASB Statement No. 104- Disclosure of Certain Capital Assets** (effective for fiscal years beginning after June 15, 2025)

These pronouncements will be implemented in the fiscal year ending September 30, 2026 (or later, as applicable).

**City of Nolanville, Texas**  
NOTES TO THE FINANCIAL STATEMENTS  
September 30, 2025

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

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

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

**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.” A reconciliation has been presented in the basic financial statements.

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

**A. Deposits and Investments**

*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 AAA-m, or equivalent, by at least one nationally recognized rating service.

**City of Nolanville, Texas**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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**A. Deposits and Investments (continued)**

*Custodial credit risk deposits* - In the case of deposits, this is the risk that in the event of a bank failure, the City's deposits may not be returned to it. State statutes require that all deposits in financial institutions be insured or fully collateralized by U.S. government obligations or its agencies and instrumentalities or direct obligations of Texas or its agencies and instrumentalities that have a market value of not less than the principal amount of the deposits. The City's investment policy requires funds on bank deposits at the depository bank to be collateralized by securities with a collective market value (market value of the principal and accrued interest) of at least 102%. As of September 30, 2025, the market values of pledged securities and FDIC exceeded bank balances.

TexPool is an external investment pool operated by the Texas Comptroller of Public Accounts and is not SEC registered. The Texas Interlocal Cooperation Act and the Texas Public Funds Investments Act provide for the creation of public funds investment pools and permit eligible governmental entities to jointly invest their funds in authorized investments. The State Comptroller has established an advisory board composed both of participants in TexPool and of other persons who do not have a business relationship with TexPool. The Advisory Board members review the investment policy and management fee structure.

**B. Receivables**

Receivables as of year-end for the City's individual major funds, and nonmajor funds in the aggregate, including the applicable allowance for uncollectible accounts, are as follows:

	Governmental Funds			Total Governmental Funds	Economic Development Corporation
	General Fund	Capital Projects	Nonmajor Governmental Funds		
Receivables:					
Property taxes	\$ 63,881	-	\$ 11,119	\$ 75,000	\$ -
Sales taxes	158,959	-	39,740	198,699	39,740
Franchise fees	16,631	-	-	16,631	-
Municipal court	21,974	-	-	21,974	-
Grant	-	135,161	-	135,161	-
Other	2,816	-	-	2,816	-
Gross receivables	264,261	135,161	50,859	450,281	39,740
Less: allowance for uncollectible	-	-	-	-	-
Net total receivables	<u>\$ 264,261</u>	<u>\$ 135,161</u>	<u>\$ 50,859</u>	<u>\$ 450,281</u>	<u>\$ 39,740</u>

**City of Nolanville, Texas**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**September 30, 2025**

**C. Capital Assets**

Capital asset activity for the primary government for the year ended September 30, 2025 are as follows:

<b>Governmental activities:</b>	September 30, 2024	Increases	Decreases	September 30, 2025
	As restated			
Capital assets not being depreciated:				
Land	\$ 64,500	\$ -	\$ -	\$ 64,500
Construction in progress	549,353	2,690,224	(3,087,534)	152,043
Total capital assets not being depreciated	613,853	2,690,224	(3,087,534)	216,543
Capital assets being depreciated/amortized:				
Buildings	2,891,597	65,828	-	2,957,425
Equipment	1,097,940	-	-	1,097,940
Furniture & Fixtures	57,663	6,300	-	63,963
Street Improvements	12,301,875	3,087,534	-	15,389,409
Vehicles	1,431,403	-	-	1,431,403
Parks & Improvements	3,885,629	95,733	-	3,981,362
Subscription Assets	36,679	43,247	-	79,926
Right to Used Leased Assets	-	9,079	-	9,079
Total capital assets being depreciated/amortized	21,702,786	3,307,721	-	25,010,507
Less: accumulated depreciation/amortization				
Buildings	(659,100)	(87,782)	-	(746,882)
Equipment	(927,066)	(76,629)	-	(1,003,695)
Furniture & Fixtures	(39,034)	(2,628)	-	(41,662)
Street Improvements	(3,485,593)	(379,524)	-	(3,865,117)
Vehicles	(1,011,122)	(154,753)	-	(1,165,875)
Parks & Improvements	(605,065)	(246,152)	-	(851,217)
Subscription Assets	(7,336)	(14,544)	-	(21,880)
Right to Used Leased Assets	-	(2,136)	-	(2,136)
Total accumulated depreciation/amortization	(6,734,316)	(964,148)	-	(7,698,464)
Total capital assets being depreciated/amortized, net	14,968,470	2,343,573	-	17,312,043
Total governmental activities, net	\$ 15,582,323	\$ 5,033,797	\$ (3,087,534)	\$ 17,528,586

Capital asset activity for the discretely presented component units for the year ended September 30, 2025 are as follows:

<b>EDC activities:</b>	September 30, 2024,	Increases	Decreases	September 30, 2025
	as restated			
Capital assets not being depreciated:				
Land	\$ 184,004	\$ -	\$ -	\$ 184,004
Construction in progress	1,280	-	(1,280)	-
Total capital assets not being depreciated	185,284	-	(1,280)	184,004
Capital assets being depreciated/amortized:				
Buildings	34,606	-	-	34,606
Equipment	13,925	-	-	13,925
Land Improvements	11,504	-	-	11,504
Street Improvements	177,323	1,280	-	178,603
Parks & Improvements	41,637	-	-	41,637
Total capital assets being depreciated/amortized	278,995	1,280	-	280,275
Less: accumulated depreciation/amortization				
Buildings	(5,378)	(1,730)	-	(7,108)
Equipment	(13,925)	-	-	(13,925)
Land Improvements	(2,868)	(625)	-	(3,493)
Street Improvements	(14,585)	(5,953)	-	(20,538)
Parks & Improvements	(2,584)	(1,388)	-	(3,972)
Total accumulated depreciation/amortization	(39,340)	(9,696)	-	(49,036)
Total capital assets being depreciated/amortized, net	239,655	(8,416)	-	231,239
Total EDC activities, net	\$ 424,939	\$ (8,416)	\$ (1,280)	\$ 415,243

**City of Nolanville, Texas**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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**C. Capital Assets (continued)**

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

<b>Governmental activities:</b>	
General government	\$ 52,553
Public safety	168,975
Public works	14,000
Culture ad recreation	609,657
P&R	118,963
Total governmental depreciation/amortization expense	\$ 964,148

**D. Long-term Debt**

The following is a summary of outstanding debt for the year ended September 30, 2025. In general, the City uses the debt service fund to liquidate certain governmental long-term liabilities.

Description	Interest Rate	Original Balance	Year-end Balance
<b>General Obligation Bonds:</b>			
2016 General Obligation Refunding Bonds	1.73%	\$ 1,945,000	\$ 400,000
2020 Certificates of Obligation	1.68%	\$ 1,500,000	\$ 1,040,000
<b>Note Payables:</b>			
2023 State Infrastructure Bank Loan	3.56%	\$ 1,000,000	\$ 945,630

During the year ended September 30, 2025, the following changes occurred in liabilities reported as governmental:

	Balance September 30, 2024,	Increases	Decreases	Balance September 30, 2025	Due Within One Year
<b>Governmental activities:</b>					
2020 Certificates of Obligation	\$ 1,135,000	\$ -	\$ (95,000)	\$ 1,040,000	\$ 95,000
2016 General Obligation Refunding Bonds	590,000	-	(190,000)	400,000	200,000
2023 State Infrastructure Bank Loan	1,000,000	-	(54,370)	945,630	56,588
Deferred charge on refunding/Unamortized premium	(13,253)	-	6,837	(6,416)	-
Total bonded indebtedness	2,711,747	-	(332,533)	2,379,214	351,588
Compensated absences	56,067	66,756	-	122,823	-
Subscription liability	29,343	44,166	(26,223)	47,286	11,481
Lease Liability	-	9,211	(2,029)	7,182	2,361
Total Governmental Obligations	\$ 2,797,157	\$ 120,133	\$ (360,785)	\$ 2,556,505	\$ 365,430

**City of Nolanville, Texas**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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**D. Long-term Debt (continued)**

The City of Nolanville issues general obligation bond and notes to provide funds for the acquisition and construction of major capital facilities. General obligation bond have been issued for both governmental and business-type activities. These issues are direct obligations and pledge the full faith and credit of the City.

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

	Principal	Interest
2026	\$ 351,588	\$ 62,196
2027	358,897	54,787
2028	161,300	47,242
2029	163,801	43,089
2030	171,404	36,966
2031 - 2036	999,348	136,395
2037 - 2038	172,876	11,046
	\$ 2,379,214	\$ 391,721

**E. Subscription Based Information Technology Arrangement (SBITA)**

The City has subscription based IT arrangements to conduct its operations, the terms of which expire 2024 through 2029. The measurement of the subscription liabilities is based on the present value of subscription payments expected to be paid during the subscription term, such as fixed payments, variable payments that depend on an index or rate, variable payments that are fixed in substance, residual value guarantee payments that are fixed in substance, and any subscription incentives payable.

	Balance as of October 1, 2024	Additions	Reductions	Balance as of September 30, 2025	Interest Paid	Current	Long Term
<b>GOVERNMENTAL ACTIVITIES:</b>							
Subscription Liability							
Software							
Body Cameras	\$ 29,343	\$ -	\$ 6,846	\$ 22,497	\$ 2,028	\$ 7,305	\$ 15,192
Tickets on the Go FLEX	-	44,166	19,377	24,789	2,898	4,176	20,613
Total Software Subscription Liability	29,343	44,166	26,223	47,286	4,926	11,481	35,805
Total Subscription Liability	\$ 29,343	\$ 44,166	\$ 26,223	\$ 47,286	\$ 4,926	\$ 11,481	\$ 35,805

**City of Nolanville, Texas**  
**NOTES TO THE FINANCIAL STATEMENTS**  
September 30, 2025

**E. Subscription Based Information Technology Arrangement (SBITA) (continued)**

<b>GOVERNMENTAL ACTIVITIES:</b>	Balance as of October 1, 2024	Additions	Reductions	Balance as of September 30, 2025
Subscription Assets				
Software				
Body Cameras	\$ 36,679	\$ -	\$ -	\$ 36,679
Tickets on the Go FLEX	-	43,247		43,247
Total Software Subscription Assets	36,679	43,247	-	79,926
<b>Total Subscription Assets</b>	<b>36,679</b>	<b>43,247</b>	<b>-</b>	<b>79,926</b>
Subscription Accumulated Amortization				
Software				
Body Cameras	7,336	7,336	-	14,672
Tickets on the Go FLEX	-	7,208	-	7,208
Total Software Subscription Accumulated Amortization	7,336	14,544	-	21,880
Total Subscription Accumulated Amortization	7,336	14,544	-	21,880
Total General Fund Subscription Assets, Net	\$ 29,343	\$ 28,703	\$ -	\$ 58,046

**F. Lease Liability**

The City, as lessee, has entered into lease agreements for equipment with various third-party lessors to support its operations. These leases have remaining terms that expire during fiscal year 2029. Any expired lease agreements are continued on a month- to-month basis and are therefore excluded from GASB 87 lease accounting.

Lease liabilities are measured at the present value of lease payments expected to be made during the remaining lease term. Lease payments include fixed payments, variable payments that depend on an index or rate (or that are fixed in substance), residual value guarantee payments that are fixed in substance, and any lease incentives receivable by the City.

As of September 30, 2025, the City’s lease liability totaled \$7,182. The future principal and interest payments for these lease liabilities as of September 30, 2025 are as follows:

Beginning Balance	Additions	Retirements	Ending Balance	Interest
\$ -	\$ 9,211	\$ (2,029)	\$ 7,182	\$ 332
<u>\$ -</u>	<u>\$ 9,211</u>	<u>\$ (2,029)</u>	<u>\$ 7,182</u>	<u>\$ 332</u>

Fiscal Year	Principal	Interest	Total
2026	2,112	249	2,361
2027	2,198	163	2,361
2028	2,287	73	2,360
2029	585	4	589
<b>Total</b>	<b>7,182</b>	<b>489</b>	<b>7,671</b>

**City of Nolanville, Texas**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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**IV. RETIREMENT COMMITMENTS**

**Texas Municipal Retirement Systems**

**A. Plan Description**

The City participates as one of 938 plans in the nontraditional, joint contributory, hybrid defined benefit pension plan administered by the Texas Municipal Retirement System (TMRS). TMRS is an agency created by the State of Texas and administered in accordance with the TMRS Act, Subtitle G, Title 8, Texas Government Code (the TMRS Act) as an agent multiple-employer retirement system for municipal employees in the State of Texas. The TMRS Act places the general administration and management of the System with a six-member Board of Trustees. Although the Governor, with the advice and consent of the Senate, appoints the Board, TMRS is not fiscally dependent on the State of Texas.

TMRS’s defined benefit pension plan is a tax-qualified plan under Section 401 (a) of the Internal Revenue Code. TMRS issues a publicly available annual comprehensive financial report (ACFR) that can be obtained at [www.tmr.com](http://www.tmr.com). All eligible employees of the City are required to participate in TMRS.

**B. Benefits**

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 of 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 benefits in one of seven payment options.

Members may also choose to receive a portion of their benefit as a Partial Lump Sum Distribution in an amount equal to 12, 24, or 36 monthly payments, which cannot exceed 75% of the member’s deposits and interest.

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

	2024
Inactive employees or beneficiaries currently receiving benefits	5
Inactive employees entitled to but not yet receiving benefits	23
Active employees	25
Total	53

**City of Nolanville, Texas**  
NOTES TO THE FINANCIAL STATEMENTS  
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**C. 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 (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 were required to contribute 5% of their annual gross earnings during the calendar year. The contribution rates for the City were 5.02% and 5.02% in calendar years 2025 and 2024, respectively. The City's contributions to TMRS for the year ended September 30, 2025, were \$72,032.

**D. Net Pension Liability**

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

***Actuarial Assumptions:***

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

Inflation	2.50% per year
Overall payroll growth	3.60% to 11.85% per year, adjusted down for population declines, if any
Investment Rate of Return	6.75%, net of pension plan investment expense, including inflation

Salary increases are based on a service-related table. Mortality rates for active members are based on the PUB (10) mortality tables with 110% of the Public Safety table used for males and 100% of the General Employee table used for females. Mortality rates for healthy retirees and beneficiaries are based on the Gender-distinct 2019 Municipal Retirees of Texas mortality tables. Male rates are multiplied by 103% and female rates are multiplied by 105%. The rates for actives, healthy retirees and beneficiaries are projected on a fully generational basis by the most recent Scale MP-2021 to account for future mortality improvements. For disabled annuitants, the same mortality tables for healthy retirees are used with a 4- year set-forward for males and a 3-year set-forward for females. In addition, a 3.5% and 3.0% minimum mortality rate is applied, for males and females respectively, to reflect the impairment for younger members who become disabled. The rates are projected on a fully generational basis by the most recent Scale MP2021 to account for future mortality improvements subject to the 3% floor.

**City of Nolanville, Texas**  
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***Actuarial Assumptions (continued):***

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

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return (Arithmetic)</u>
Global Equity	35%	7.10%
Core Fixed Income	6%	5.00%
Non-Core Fixed Income	6%	6.80%
Hedge Funds	5%	6.40%
Private Equity	13%	8.50%
Private Debt	13%	8.20%
Real Estate	12%	6.70%
Infrastructure	6%	6.00%
Other Private Markets	4%	7.30%
Total	<u>100.0%</u>	

**Discount Rate:**

The discount rate used to measure the Total Pension Liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that 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 Nolanville, Texas**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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***Changes in the Net Pension Liability:***

	Changes in the Net Pension Liability		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balance at 12/31/2023	\$ 637,548	\$ 618,599	\$ 18,949
Changes for the year:			
Service cost	141,376	-	141,376
Interest	46,512	-	46,512
Difference between expected and actual experience	5,414	-	5,414
Changes in assumptions	-	-	-
Contributions - employer	-	70,468	(70,468)
Contributions - employee	-	72,949	(72,949)
Net investment income	-	64,739	(64,739)
Benefit payments, including refunds of employee contributions	(38,332)	(38,332)	-
Administrative expense	-	(412)	412
Other changes	-	(10)	10
Net changes	<u>154,970</u>	<u>169,402</u>	<u>(14,432)</u>
Balance at 12/31/2024	<u>\$ 792,518</u>	<u>\$ 788,001</u>	<u>\$ 4,517</u>

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

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

	Sensitivity of the Net Pension Liability to Changes in the Discount Rate		
	1% Decrease in Discount Rate	Discount Rate	1% Increase in Discount Rate
	(5.75%)	(6.75%)	(7.75%)
City's net pension liability	\$ 138,503	\$ 4,517	\$ (103,427)

***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.tMrs.com](http://www.tMrs.com).

**City of Nolanville, Texas**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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**E. Pension Expense and Deferred Outflows and Inflows of Resources Related to Pensions**

For the year ended September 30, 2025, the City recognized pension expense of \$50,659. At September 30, 2025, the City reported deferred outflows and inflows of resources related to pensions from the following sources:

	Schedule of Deferred Outflows and Inflows of Resources	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ -	\$ 379
Changes in actuarial assumptions	-	13,576
Difference between projected and actual investment earnings	-	28,687
Contributions subsequent to the measurement date	55,358	-
Total	\$ 55,358	\$ 42,642

\$55,358 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability for the year ending September 30, 2026. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended December 31	Amount
2025	\$ (18,039)
2026	(8,771)
2027	(11,247)
2028	(4,585)
2029	-
Thereafter	-
Total	\$ (42,642)

**Other Post-Employment Benefits (OPEB) Plan**

**A. Plan Description**

Texas Municipal Retirement System (“TMRS”) administers a defined benefit group-term life insurance plan 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. Employers 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 City has elected to participate in the SDBF for its active members including retirees. As the SDBF covers both active and retiree participants, with no segregation of assets, the SDBF is considered to be an unfunded single-employer OPEB plan (i.e. no assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75) for City reporting.

**City of Nolanville, Texas**  
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**B. Benefits Provided**

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). The death benefit for retirees is considered another post-employment benefit (“OPEB”) and is a fixed amount of \$7,500. At the December 31, 2024 valuation and measurement date, the following employees were covered by the benefit terms:

	2024
Inactive Employees or Beneficiaries Currently Receiving Benefits	5
Inactive Employees Entitled to but Not Yet Receiving Benefits	6
Active Employees	25
	36

**C. Contributions**

The member 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.

Contributions are made monthly based on the covered payroll of employee members of the participating member city. The contractually required contribution rate is determined annually for each city. The rate is based on the mortality and service experience of all employees covered by the SDBF and the demographics specific to the workforce of the city. There is a one-year delay between the actuarial valuation that serves as the basis for the employer contribution rate and the calendar year when the rate goes into effect. The funding policy of this plan is to assure that adequate resources are available to meet all death benefit payments for the upcoming year.

Contribution rates to the SDBF for the City were 0.19% and 0.17% for calendar years 2024 and 2025 respectively. The City’s contributions to the SDBF for the year ended September 30, 2025, were \$1,874.

**City of Nolanville, Texas**  
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**D. Total OPEB Liability**

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

***Actuarial Assumptions:***

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

Inflation	2.50%
Overall payroll growth	3.60% to 11.85% including inflation
Discount rate	4.08%
Retirees' share of benefit-related costs	\$0
Administrative expenses	All administrative expenses are paid through the Pension Trust and accounted for under reporting requirements of 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 RP2000 Combined Healthy Mortality Tables with Blue Collar Adjustment, with male rates multiplied by 109% and female rates multiplied by 103%. The rates are projected on a fully generational basis by scale BB to account for future mortality improvements. For disabled annuitants, the gender distinct RP2000 Combined Healthy Mortality Tables with Blue Collar Adjustment are used with males rates multiplied by 109% and female rates multiplied by 103% with a 3-year set forward for both males and females. In addition, a 3% minimum mortality rate is applied to reflect the impairment for younger members who become disabled. The rates are projected on a fully generational basis by scale BB to account for future mortality improvements subject to the 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.

**City of Nolanville, Texas**  
**NOTES TO THE FINANCIAL STATEMENTS**  
September 30, 2025

***Changes in Total OPEB Liability:***

		Increase/(Decrease)
		Total OPEB Liability
Balance at 12/31/2023	\$	31,883
Changes for the Year:		
Service Cost		3,210
Interest on Total OPEB Liability 1,103		1,254
Differences between expected and actual experience		1,158
Changes in assumptions or other inputs		(2,547)
Benefit Payments		(438)
Balance at 12/31/2024	\$	34,520

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

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

	1% Decrease 3.08%	Discount Rate 4.08%	1% Increase 5.08%
City's total OPEB liability	\$43,769	\$34,520	\$27,677

**E. OPEB Expense and Deferred Outflows and Inflows of Resources Related to OPEB**

For the year ended September 30, 2025, the City recognized OPEB expense of \$4,267. At September 30, 2025, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected & Actual Economic Experience (net of current year amortization)	\$ 2,533	\$ -
Changes in Actuarial Assumptions	-	7,609
Contributions Subsequent to the Measurement Date	2,884	-
Total	\$ 5,417	\$ 7,609

The \$2,884 reported as deferred outflows of resources related to OPEB resulting from changes in assumptions and other inputs will reduce the Total OPEB liability during the year ending September 30, 2026.

**City of Nolanville, Texas**  
**NOTES TO THE FINANCIAL STATEMENTS**  
September 30, 2025

**E. OPEB Expense and Deferred Outflows and Inflows of Resources Related to OPEB**  
**(continued)**

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

Year Ended December 31,	Amount
2025	\$ (561)
2026	(731)
2027	(601)
2028	(1,472)
2029	(1,630)
Thereafter	(81)
Total	<u>\$ (5,076)</u>

**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, business interruption, errors and omissions, injuries to employees, employee health benefits, and other claims of various natures. The City participates in the Texas Municipal League Intergovernmental Risk Pool (Pool) which provides protection against risks of loss. Premiums are paid to the Pool which retains the risk of loss beyond the City’s policy deductibles. Any losses reported but unsettled or incurred and not reported, are believed to be insignificant to the City’s general purpose financial statements.

**B. Prior Period Adjustments**

During the year ended September 30, 2025, management identified the following errors in previously reported capital asset balances.

- The previously reported beginning balance of Economic Development Corporation (EDC) capital assets was understated because the audited FYE 9/30/23 balances were inadvertently omitted from the FYE 9/30/24 roll forward. This adjustment increased net capital assets.
- During the year ended September 30, 2025, management identified that costs incurred in the prior fiscal year related to the Smart Museum Remodel had been incorrectly capitalized as Construction in Progress (“CIP”) capital assets. The City has no ownership or control over the Smart Museum; therefore, these costs do not meet the capitalization criteria under GASB Statement No. 34. A prior-period adjustment has been recorded to remove the asset and reclassify the costs as expenditures/expenses in the appropriate prior period. This adjustment decreased net capital assets.
- Two capital projects completed in the prior fiscal year remained in Construction in Progress instead of being reclassified to the appropriate depreciable capital asset categories and depreciated. The adjustment removes the projects from CIP, adds them to depreciable assets (gross), and records the accumulated depreciation that should have been recognized through September 30, 2024. This adjustment decreased net capital assets.

**City of Nolanville, Texas**  
**NOTES TO THE FINANCIAL STATEMENTS**  
September 30, 2025

**B. Prior Period Adjustments (continued)**

The effects of the prior period adjustment are as follows:

Description	Amount
Net Position of EDC, as originally reported	\$ 343,147
Increase in capital assets	334,347
Net Position of EDC activities, as restated	\$ 677,494
Governmental Activities- Government-wide	Amount
Net Position, as originally reported	\$ 16,450,402
Decreases in capital assets	(254,450)
Net Position, as restated	\$ 16,195,952

**B. Excess of Expenditures Over Appropriations**

For the year ended September 30, 2025, the General Fund exceeded appropriations at the legal level of control in the amount of \$90,643. Management has implemented procedures to ensure future compliance

**C. Subsequent Events**

Management has evaluated subsequent events through the date on which the financial statements were available to be issued. The City is subject to various claims and legal proceedings arising in the normal course of operations. In the opinion of management and the City Attorney, the ultimate disposition of these matters will not have a material adverse effect on the City's financial position, results of operations, or cash flows.

Significant pending matters include:

**Eminent Domain Condemnation (2024 Fire Station):** Former property owners are challenging the compensation awarded and paid by the City for property acquired via eminent domain. The case remains pending in the relevant court, with a final hearing scheduled for January 2027. Management, in consultation with legal counsel, believes the original valuation was fair and does not consider additional liability probable or reasonably estimable under GASB Statement No. 62. Accordingly, no accrual has been recorded.

**Floodplain Violations Enforcement:** The City initiated action against certain property owners for violations under Texas Local Government Code Chapters 54 and 217, seeking temporary and permanent injunctive relief. The matter is pending in the relevant court, with discovery ongoing. Legal counsel assesses a favorable outcome as likely, with associated costs expected to be minimal and immaterial. As this represents a potential gain contingency, no amounts have been recognized under GASB Statement No. 62.



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## **Required Supplementary Information**

For the fiscal year ended  
September 30, 2025



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**City of Nolanville, Texas**  
**General Fund**  
**Schedule of Revenues, Expenditures and Changes in Fund Balances - Budgetary and Actual**  
**For the Year Ended September 30, 2025**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Taxes:				
Property	\$ 2,143,649	\$ 2,143,649	\$ 2,200,599	\$ 56,950
Sales and beverage	1,082,054	1,082,054	1,110,371	28,317
Franchise	222,500	222,500	228,128	5,628
Municipal court fines	173,000	173,000	167,689	(5,311)
Building permits and fees	106,630	106,630	185,885	79,255
Sanitation services	-	-	21,270	21,270
Contributions	-	-	2,350	2,350
Park development fees	1,250	1,250	1,115	(135)
Interest	24,000	24,000	146,104	122,104
Payments from component unit	-	-	55,000	55,000
Miscellaneous	32,700	32,700	211,567	178,867
Total revenues	<u>3,785,783</u>	<u>3,785,783</u>	<u>4,330,078</u>	<u>544,295</u>
<b>EXPENDITURES</b>				
Current:				
General government	854,784	854,784	987,771	(132,987)
Municipal court	1,022,277	1,022,277	1,012,117	10,160
Public safety	890,605	890,605	899,168	(8,563)
Public works	715,079	715,079	500,504	214,575
Parks and recreation	152,218	152,218	283,849	(131,631)
Capital outlay:				
Public safety	-	-	65,828	(65,828)
Culture and recreation	150,000	150,000	102,033	47,967
Debt service:				
Principal retirement	-	-	21,406	(21,406)
Interest	-	-	3,230	(3,230)
Total expenditures	<u>3,634,963</u>	<u>3,634,963</u>	<u>3,875,906</u>	<u>(90,943) *</u>
Excess (deficiency) of revenues over (under) expenditures	<u>150,820</u>	<u>150,820</u>	<u>454,172</u>	<u>453,352</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Total other financing sources and uses	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	150,820	150,820	454,172	453,352
Fund balances - beginning	2,647,774	2,647,774	2,647,774	-
Fund balances - ending	<u>\$ 2,798,594</u>	<u>\$ 2,798,594</u>	<u>\$ 3,101,946</u>	<u>\$ 453,352</u>

Notes to Required Supplementary Information

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

**City of Nolanville, Texas**  
**Required Supplementary Information**  
**Schedule of Changes in Net Pension Liability and Related Ratios**  
**Texas Municipal Retirement System**  
**Last Ten Measured Years**

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
<b>A. Total pension liability</b>										
Service cost	\$ 29,816	\$ 32,551	\$ 34,407	\$ 41,572	\$ 46,265	\$ 56,265	\$ 86,704	\$ 96,138	\$ 111,912	\$ 141,376
Interest	7,456	9,592	12,107	14,405	17,036	21,312	28,366	33,204	39,601	46,512
Change of benefit terms	-	-	-	-	-	-	31,716	-	-	-
Difference between expected and actual experience	(3,724)	2,346	(5,941)	(8,211)	3,237	(4,168)	(32,077)	(24,386)	(27,785)	5,415
Changes of assumptions	5,929	-	-	-	(54)	-	-	-	(717)	-
Benefit payments, including refunds of employee contributions	(5,030)	(5,477)	(10,838)	(9,381)	(12,888)	(3,397)	(28,276)	(3,797)	(32,364)	(38,332)
<b>Net Change in Total Pension Liability</b>	<b>34,447</b>	<b>39,012</b>	<b>29,735</b>	<b>38,385</b>	<b>53,596</b>	<b>70,012</b>	<b>86,433</b>	<b>101,159</b>	<b>90,647</b>	<b>154,971</b>
Total Pension Liability - Beginning	94,122	128,569	167,581	197,316	235,701	289,297	359,309	445,742	546,901	637,548
<b>Total Pension Liability - Ending (a)</b>	<b>\$ 128,569</b>	<b>\$ 167,581</b>	<b>\$ 197,316</b>	<b>\$ 235,701</b>	<b>\$ 289,297</b>	<b>\$ 359,309</b>	<b>\$ 445,742</b>	<b>\$ 546,901</b>	<b>\$ 637,548</b>	<b>\$ 792,519</b>
<b>B. Plan Fiduciary Net Position</b>										
Contributions - employer	\$ 7,326	\$ 9,340	\$ 11,296	\$ 14,166	\$ 16,035	\$ 18,322	\$ 17,913	\$ 51,402	\$ 57,897	\$ 70,468
Contributions - employee	23,330	24,735	25,909	30,931	34,578	43,215	46,168	51,301	58,839	72,949
Net investment income	80	5,427	15,853	(4,699)	29,097	19,377	43,302	(30,021)	55,774	64,739
Benefit payments, including refunds of employee contributions	(5,030)	(5,477)	(10,838)	(9,381)	(12,888)	(3,397)	(28,276)	(3,797)	(32,364)	(38,332)
Administrative expense	(49)	(61)	(82)	(90)	(162)	(125)	(200)	(259)	(353)	(412)
Other changes	(2)	(3)	(4)	(5)	(4)	(5)	3	309	(2)	(10)
<b>Net Change in Plan Fiduciary Net Position</b>	<b>25,655</b>	<b>33,961</b>	<b>42,134</b>	<b>30,922</b>	<b>66,656</b>	<b>77,387</b>	<b>78,910</b>	<b>68,935</b>	<b>139,791</b>	<b>169,402</b>
Plan Fiduciary Net Position - Beginning	54,249	79,904	113,865	155,998	186,922	253,580	330,965	409,873	478,810	618,602
<b>Plan Fiduciary Net Position - Ending (b)</b>	<b>79,904</b>	<b>113,865</b>	<b>155,999</b>	<b>186,920</b>	<b>253,578</b>	<b>330,967</b>	<b>409,875</b>	<b>478,808</b>	<b>618,601</b>	<b>788,004</b>
<b>C. Net Pension Liability - Ending (a) - (b)</b>	<b>\$ 48,665</b>	<b>\$ 53,716</b>	<b>\$ 41,317</b>	<b>\$ 48,779</b>	<b>\$ 35,717</b>	<b>\$ 28,344</b>	<b>\$ 35,869</b>	<b>\$ 68,091</b>	<b>\$ 18,946</b>	<b>\$ 4,514</b>
<b>D. Plan Fiduciary Net Position as a Percentage of Total Pension Liability</b>	62.15%	67.95%	79.06%	79.30%	87.65%	92.11%	91.95%	87.55%	97.03%	99.43%
<b>E. Covered Employee Payroll</b>	\$ 466,601	\$ 494,696	\$ 518,178	\$ 618,629	\$ 691,557	\$ 864,293	\$ 923,368	\$ 1,026,014	\$ 1,176,780	\$ 1,458,988
<b>F. Net Pension Liability as a Percentage of Covered Employee Payroll</b>	10.43%	10.86%	7.97%	7.89%	5.16%	3.28%	3.88%	6.64%	1.61%	0.31%

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

**City of Nolanville, Texas**  
**Required Supplementary Information**  
**Schedule of Changes in Total OPEB Liability and Related Ratios**  
**Texas Municipal Retirement System**  
**Last Ten Measured Years**

	2024	2023	2022	2021	2020	2019	2018	2017
<b>Total OPEB liability</b>								
Service Cost	\$ 3,210	\$ 2,118	\$ 3,283	\$ 2,678	\$ 2,074	\$ 2,074	\$ 2,227	\$ 1,710
Interest (on the Total OPEB Liability)	1,254	1,103	852	768	733	683	567	493
Differences between expected and actual experience	1,158	193	(828)	2,392	1,861	(453)	444	-
Changes in assumptions or other inputs	(2,547)	2,477	(21,545)	2,017	6,954	6,037	(1,837)	1,700
Benefit payments	(438)	(353)	(205)	(277)	(86)	(69)	(62)	(52)
<b>Net Change in Total OPEB Liability</b>	<u>2,637</u>	<u>5,538</u>	<u>(18,443)</u>	<u>7,578</u>	<u>11,536</u>	<u>8,272</u>	<u>1,339</u>	<u>3,851</u>
<b>Total OPEB Liability - Beginning</b>	<u>31,882</u>	<u>26,344</u>	<u>44,787</u>	<u>37,209</u>	<u>25,673</u>	<u>17,401</u>	<u>16,062</u>	<u>12,211</u>
<b>Total OPEB Liability - Ending (a)</b>	<u>\$ 34,519</u>	<u>\$ 31,882</u>	<u>\$ 26,344</u>	<u>\$ 44,787</u>	<u>\$ 37,209</u>	<u>\$ 25,673</u>	<u>\$ 17,401</u>	<u>\$ 16,062</u>
<b>Covered Payroll</b>	\$ 1,458,988	\$ 1,176,780	\$ 1,026,014	\$ 923,368	\$ 864,293	\$ 691,557	\$ 618,629	\$ 518,178
<b>Total OPEB Liability as a Percentage of Covered Payroll</b>	2.37%	2.71%	2.57%	4.85%	4.31%	3.71%	2.81%	3.10%

**NOTES TO SCHEDULE OF TOTAL OPEB LIABILITY**

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 presented .

**City of Nolanville, Texas  
Required Supplementary Information  
Schedule of Contributions  
Texas Municipal Retirement System  
Last Ten Fiscal Years**

	2015	2016	2017	2018	2019	2020	2021	2023	2024	2025
Actuarially Determined Contribution	9,049	8,374	13,519	15,275	17,329	17,847	18,954	55,269	70,741	75,992
Contributions in relation to the actuarially determined contribution	(9,049)	(8,374)	(13,519)	(15,275)	(17,329)	(17,847)	(18,954)	(55,269)	(70,741)	(75,992)
Contribution deficiency (excess)	-	-	-	-	-	-	-	-	-	-
Covered employee payroll	500,850	508,296	596,794	660,442	800,011	896,842	1,003,267	1,117,907	1,404,921	1,513,776
Contributions as a percentage of covered employee payroll	1.81%	1.65%	2.27%	2.31%	2.17%	1.99%	1.89%	4.94%	5.04%	5.02%

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

Notes to Schedule of Contributions

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 (longest amortization ladder)
Asset Valuation Method	10 Year smoothed market; 12% soft corridor
Inflation	2.50%
Salary Increases	3.60% to 11.85% including inflation
Investment Rate of Return	6.75%
Retirement Age	Experience-based table of rates that vary by age. Last updated for the 2023 valuation pursuant to
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

Other Information:

Notes There were no benefit changes during the year.



## **Combining Nonmajor Fund Financial Statements**

For the fiscal year ended  
September 30, 2025



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

	Special Revenue Funds								Total
	Crossing Guard Fund	Court Technology Fund	Court Security Fund	Public Safety Fund	Street Maintenance Fund	Grants Fund	Debt Service Fund	TIRZ	Nonmajor Governmental Funds
<b>ASSETS</b>									
Cash and cash equivalents	\$ 23,413	\$ 6,841	\$ 15,720	-	\$ 80,685	36,813	\$ 33,559	28,714	\$ 225,745
Sales and beverage taxes receivable	-	-	-	-	39,740	-	11,119	-	50,859
Total assets	<u>23,413</u>	<u>6,841</u>	<u>15,720</u>	<u>-</u>	<u>120,425</u>	<u>36,813</u>	<u>44,678</u>	<u>28,714</u>	<u>276,604</u>
<b>LIABILITIES AND FUND BALANCES</b>									
Liabilities:									
Accounts payable	7,055	-	-	-	1,655	1,105	-	-	9,815
Other liabilities	-	-	-	803	-	124,511	-	-	125,314
Total liabilities	<u>7,055</u>	<u>-</u>	<u>-</u>	<u>803</u>	<u>1,655</u>	<u>125,616</u>	<u>-</u>	<u>-</u>	<u>135,129</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>									
Unavailable revenue	-	-	-	-	-	-	11,118	-	11,118
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>11,118</u>	<u>-</u>	<u>11,118</u>
Fund balances:									
Restricted for:									
Court security and technology	-	6,841	15,720	-	-	-	-	-	22,561
Debt service	-	-	-	-	-	-	33,560	-	33,560
TIRZ	-	-	-	-	-	-	-	28,714	28,714
Committed for:									
Special revenue	16,358	-	-	-	-	-	-	-	16,358
Unassigned	-	-	-	(803)	118,770	(88,803)	-	-	29,164
Total fund balances	<u>16,358</u>	<u>6,841</u>	<u>15,720</u>	<u>(803)</u>	<u>118,770</u>	<u>(88,803)</u>	<u>33,560</u>	<u>28,714</u>	<u>130,357</u>
Total liabilities and fund balances	<u>\$ 23,413</u>	<u>\$ 6,841</u>	<u>\$ 15,720</u>	<u>\$ -</u>	<u>\$ 120,425</u>	<u>\$ 36,813</u>	<u>\$ 44,678</u>	<u>\$ 28,714</u>	<u>\$ 276,604</u>

City of Nolanville, Texas  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balance**  
**Nonmajor Governmental Funds**  
**For the Year Ended September 30, 2025**

	<b>Special Revenue Funds</b>							<b>Total Nonmajor Governmental Funds</b>	
	<b>Crossing Guard Fund</b>	<b>Court Technology Fund</b>	<b>Court Security Fund</b>	<b>Public Safety Fund</b>	<b>Street Maintenance Fund</b>	<b>Grants Fund</b>	<b>Debt Service Fund</b>	<b>TIRZ</b>	
<b>REVENUES</b>									
Property tax	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 420,781	\$ 27,994	\$ 448,775
Sales and beverage	-	-	-	-	277,450	-	-	-	277,450
Court technology and security fees	-	4,679	5,517	-	-	-	-	-	10,196
Park development fees	-	-	-	-	-	45,100	-	-	45,100
Municipal court fines	150	-	-	-	-	-	-	-	150
Grant	-	-	-	-	-	87,300	-	-	87,300
Interest	-	-	-	-	-	-	-	254	254
Miscellaneous	2,000	-	-	-	-	8,874	-	466	11,340
	<u>2,150</u>	<u>4,679</u>	<u>5,517</u>	<u>-</u>	<u>277,450</u>	<u>141,274</u>	<u>420,781</u>	<u>28,714</u>	<u>880,565</u>
<b>EXPENDITURES</b>									
Current:									
General government	-	-	-	-	149,972	4,906	4,583	-	159,461
Parks and recreation	-	-	-	-	-	2,195	-	-	2,195
Capital outlay:									
General government	-	-	-	-	-	23,110	-	-	23,110
Public safety	-	-	-	-	-	34,500	-	-	34,500
Debt service:									
Principal retirement	-	-	-	-	-	6,846	339,370	-	346,216
Interest	-	-	-	-	-	2,028	69,299	-	71,327
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>149,972</u>	<u>73,585</u>	<u>413,252</u>	<u>-</u>	<u>636,809</u>
Excess (deficiency) of revenues over (under) expenditures	<u>2,150</u>	<u>4,679</u>	<u>5,517</u>	<u>-</u>	<u>127,478</u>	<u>67,689</u>	<u>7,529</u>	<u>28,714</u>	<u>243,756</u>
<b>OTHER FINANCING SOURCES (USES)</b>									
Total other financing sources and uses	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	2,150	4,679	5,517	-	127,478	67,689	7,529	28,714	243,756
Fund balances - beginning	14,208	2,162	10,203	(803)	(8,708)	(156,492)	26,031	-	(113,399)
Fund balances - ending	<u>\$ 16,358</u>	<u>\$ 6,841</u>	<u>\$ 15,720</u>	<u>\$ (803)</u>	<u>\$ 118,770</u>	<u>\$ (88,803)</u>	<u>\$ 33,560</u>	<u>\$ 28,714</u>	<u>\$ 130,357</u>



## **Budgetary Comparison Information**

For the fiscal year ended  
September 30, 2025



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**City of Nolanville, Texas**  
**Capital Projects Fund**  
**Schedule of Revenues, Expenditures and Changes in Fund Balances - Budgetary and Actual**  
**For the Year Ended September 30, 2025**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Interest	\$ -	\$ -	\$ 13,451	\$ 13,451
Grant revenue	-	-	2,022,327	2,022,327
Total revenues	<u>-</u>	<u>-</u>	<u>2,035,778</u>	<u>2,035,778</u>
<b>EXPENDITURES</b>				
Capital outlay:				
General government	<u>1,000,000</u>	<u>1,000,000</u>	<u>2,632,614</u>	<u>(1,632,614) *</u>
Total expenditures	<u>1,000,000</u>	<u>1,000,000</u>	<u>2,632,614</u>	<u>(1,632,614)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,000,000)</u>	<u>(1,000,000)</u>	<u>(596,836)</u>	<u>403,164</u>
Net change in fund balances	(1,000,000)	(1,000,000)	(596,836)	403,164
Fund balances - beginning	884,118	884,118	884,118	-
Fund balances - ending	<u>\$ (115,882)</u>	<u>\$ (115,882)</u>	<u>\$ 287,282</u>	<u>\$ 403,164</u>

Notes to Required Supplementary Information

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



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## **Compliance and Internal Control Section**

For the fiscal year ended  
September 30, 2025



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Memberships:

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

To the City Council  
City of Nolanville, Texas

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of City of Nolanville, Texas (the “City”), as of and for the year ended September 30, 2025, and the related notes to the financial statements, which collectively comprise City’s basic financial statements and have issued our report thereon dated September 30, 2025.

**Report on Internal Control over Financial Reporting**

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

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and responses, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity’s financial statements will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies described in the accompanying schedule of findings and responses as items 2025-002 and 2025-003 to be material weaknesses.

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiency described in the accompanying schedule of findings and responses as item 2025-001 to be a significant deficiency.

**Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether City’s financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under Government Auditing Standards, and which are described in the accompanying schedule of findings and responses as items.

**City of Nolanville, Texas Response to Findings**

Government Auditing Standards requires the auditor to perform limited procedures on the City’s response to the findings identified in our audit and described in the accompanying schedule of findings and responses. City’s response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

**Purpose of This Report**

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

Handwritten signature in black ink that reads "Vail + Park, P.C." The signature is written in a cursive, flowing style.

Frisco, Texas

March 16, 2026

**City of Nolanville**  
**Schedule of Findings and Responses**  
**For the Year Ended September 30, 2025**

**Significant Deficiency: 2025-01: Subscription-based Information Technology Arrangements (SBITA)**

**Condition:** We noted that the City did not properly implement the requirements of GASB 96. This is a recurring finding.

**Cause:** The City has not established and implemented formal policies and procedures to identify, review, and evaluate software subscription contracts for applicability and capitalization under GASB 96.

**Criteria:** The City is responsible for implementing the requirements of GASB Statement No. 96, Subscription-Based Information Technology Arrangements.

**Effect:** Proper implementation of these controls will ensure that subscription assets, liabilities, and related amortization/expenses are accurately recorded and reported in the financial statements in accordance with GAAP.

**Recommendation:** We recommend that the City review its software subscription contracts to assess whether they fall within the scope of GASB 96. This process should include a detailed evaluation of each contract's components to determine whether capitalization of the contract costs is appropriate under the standard.

**City's Response:** Management acknowledges the findings and recognizes the importance of implementing GASB 96. The City will begin evaluating its software subscription contracts to determine applicability under the standard. This will include a thorough review of contract elements and components to assess capitalization requirements. Management also plans to provide relevant training to staff and establish ongoing review procedures to ensure continued compliance.

**Material Weakness: 2025-02: Internal Controls over Inadequate Retention of Construction in Progress (CIP) Completion Documentation**

**Condition:** We noted inadequate retention of documentation to support the completion of construction in progress (CIP) projects.

**Cause:** The City has not established and implemented procedures to ensure proper retention of CIP completion documentation.

**Criteria:** Governments should maintain sufficient documentation to support the completion of CIP projects to ensure assets are capitalized timely and depreciation begins when the asset is placed into service, in accordance with generally accepted accounting principles (GAAP).

**Effect:** These procedures will ensure timely capitalization of assets and accurate depreciation in future reporting periods.

**Recommendation:** We recommend that management implement and enforce procedures to properly retain CIP completion documentation. This will help ensure timely capitalization of assets and accurate depreciation in future reporting periods.

**City's Response:** Management agrees with the recommendation and will develop procedures to ensure proper retention of CIP completion documentation going forward.

**Material Weakness: 2025-03: Inadequate Project Management and Construction in Progress (CIP) Tracking**

**Condition:** We noted inadequate project management and tracking procedures for construction in progress (CIP) projects, including projects not being monitored individually and new projects being commingled or confused with old, ongoing, or completed projects.

**Cause:** The City has not established and implemented a comprehensive project management and CIP tracking system or standardized procedures.

**Criteria:** The City should maintain effective project management and tracking procedures for its projects to ensure each project is monitored individually, related budgets and expenditures are accurately tracked and controlled, and new projects are clearly distinguished and not commingled or confused with old, ongoing, or completed projects. Proper tracking is necessary for effective oversight, timely and accurate financial reporting, prevention of budget overruns or misallocations, and compliance with generally accepted accounting principles (GAAP) and sound internal control practices.

**Effect:** These improvements will enhance accountability, support accurate capitalization and reporting of capital assets, and reduce the risk of errors in project and budget management.

**Recommendation:** We recommend that management implement and enforce a comprehensive project management and CIP tracking system. The system should assign unique identifiers to each project and maintain separate records for status, budgets, expenditures, and timelines; establish clear protocols to prevent combining or confusing new projects with old or completed ones; require regular reconciliations and management reviews of project budgets and progress; and provide appropriate training for staff responsible for CIP oversight. These improvements will enhance accountability, support accurate capitalization and reporting of capital assets, and reduce the risk of errors in project and budget management.

**City's Response:** Management acknowledges the findings and recognizes the importance of strong project management and CIP tracking. Management agrees with the recommendation and will develop and implement improved procedures and systems to ensure each CIP project is properly tracked separately, new projects are distinctly managed from old projects, and related budgets are accurately monitored and controlled going forward.

**City of Nolanville**  
**Summary Schedule of Prior Audit Findings**  
**For the Year Ended September 30, 2025**

**Finding No. 2024-01: Subscription-based Information Technology Arrangements (SBITA)**

**Type of Finding:** Significant Deficiency

**Criteria:** The City did not properly implement the requirements of GASB 96.

**Recommendations:** We recommend that the City review its software subscription contracts to assess whether they fall within the scope of GASB 96. This process should include a detailed evaluation of each contract's components to determine whether capitalization of the contract costs is appropriate under the standard.

**Conclusion:** Unresolved. See 2025-01.

**Finding No. 2024-02: Lack of Procedures to Reconcile Deferred Revenue**

**Type of Finding:** Significant Deficiency

**Criteria:** The City currently lacks formal procedures to reconcile deferred revenue accounts with current-year governmental revenues.

**Recommendations:** We recommend that management establish and perform regular reconciliations of deferred revenue balances against supporting schedules and contractual documentation. This will help ensure accurate financial reporting and alignment with applicable accounting standards.

**Conclusion:** Resolved.



Memberships:

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM  
AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

To the City Council  
City of Nolanville, Texas

**Report on Compliance for Each Major Federal Program**

***Opinion on Each Major Federal Program***

We have audited City of Nolanville, Texas (the "City"), compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of City's major federal programs for the year ended September 30, 2025. City's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2025.

***Basis for Opinion on Each Major Federal Program***

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with 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 opinion on compliance for each major federal program. Our audit does not provide a legal determination of the City's compliance with the compliance requirements referred to above.

***Responsibilities of Management for Compliance***

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to City's federal programs.

***Auditor's Responsibilities for the Audit of Compliance***

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the City's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the City's compliance with the requirements of each major federal program as a whole.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 City's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.

***Auditor's Responsibilities for the Audit of Compliance (continued)***

- Obtain an understanding of the City's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

**Report on Internal Control over Compliance**

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Vail + Park, P.C.

Frisco, Texas  
March 16, 2026

**CITY OF NOLANVILLE**  
Schedule of Expenditures of Federal Awards  
For the Year Ended September 30, 2025

<u>Federal Grantor/Pass Through Agency/Federal Program</u>	<u>Federal Assistance Number</u>	<u>Pass-through Grantor's Number</u>	<u>Federal Expenditures</u>
<b>U.S DEPARTMENT OF TRANSPORTATION</b>			
<b>Pass-through Texas Department of Transportation</b>			
Safe Streets and Roads for All	20.939	N/A	\$ 18,500
Safe Routes to School	20.205	N/A	16,000
Highway Planning & Construction	20.205	0909-36-184; 30280	2,141,413
<b>Total U. S. Department of Transportation</b>			<u>2,175,913</u>
<b>U.S. ENVIRONMENTAL PROTECTION AGENCY</b>			
<b>Pass through Texas Commission on Environmental Quality</b>			
Nolan Creek Watershed Protection Plan Implementation Low Impact Development and Outreach	66.460	24-50217	23,110
<b>Total U. S. Environmental Protection Agency</b>			<u>23,110</u>
<b>Total Expenditures of Federal Awards</b>			<u>\$ 2,199,023</u>

**City of Nolanville, Texas**  
*Notes to the Schedule of Expenditures of Federal Awards*  
Fiscal Year Ended September 30, 2025

**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS:**

**1. GENERAL**

The accompanying Schedule of Expenditures of Federal Awards (the “Schedule”) presents the federal award activity of the City of Nolanville, Texas (the “City”) for the year ended September 30, 2025. All federal awards received directly from federal agencies, as well as federal awards passed through other government agencies, are included in the scope of the federal single audit.

The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the City, it is not intended to and does not present the financial position, changes in net position, or cash flows of the City.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The Schedule is prepared on the accrual basis of accounting. Expenditures reported in the Schedule may differ from amounts reported in the related financial reports submitted to grantor agencies because accruals that would not be included until the next reporting period are recognized in the Schedule.

The City neither recovers indirect costs unless expressly allowed by each award, nor does the City utilize the 15% de minimis indirect cost rate allowed under the Uniform Guidance.

**3. COMMITMENT AND CONTINGENCIES**

The City participates in several federal grant programs, which are governed by various rules and regulations of the grantor agencies. Costs charged to the respective grant programs are subject to audit and adjustment by the grantor agencies. Therefore, to the extent the City has not complied with the rules and regulations governing the grants, refunds of any money received may be required, and the collectability of any related receivable at September 30, 2025 may be impaired. In the opinion of management, there are no significant contingent liabilities related to noncompliance with the rules and regulations governing the grants.

**4. PASS-THROUGH AWARDS**

Certain federal awards are received by the City as a subrecipient (pass-through) from other governmental entities. These awards are identified in the Schedule by the name of the pass-through entity and the identifying award number (when available). The major pass-through award for the year includes the Texas Department of Transportation (ALN 20.205).

**City of Nolanville, Texas**  
*Schedule of Findings and Questioned Costs*  
 For the Year Ended September 30, 2025

**SECTION I – SUMMARY OF AUDITOR’S RESULTS**

Financial Statements

Type of auditor’s reports issued:	UNMODIFIED
Internal control over financial reporting:	
• Significant deficiencies identified?	YES
• Significant deficiencies identified that are considered to be a material weakness?	YES
Noncompliance material to the financial statements noted?	NO

Federal Awards

Internal control over major programs:	
• Significant deficiencies identified?	NO
• Significant deficiencies identified that are considered to be a material weakness?	NO
Type of auditor’s report issued on compliance for major programs:	UNMODIFIED
Any audit findings disclosed that are required to be reported in accordance with Title 2 U.S. CFR Part 200 Uniform Guidance Subpart F?	NO

Identification of major program:

<u>ALN</u>	<u>Name of Federal Program</u>
20.205	Highway Planning & Construction

Dollar threshold to distinguish between Type A and Type B programs:	\$1,000,000
Auditee qualified as a low-risk auditee?	NO

## **SECTION II – FINANCIAL STATEMENT FINDINGS**

The financial statement findings identified during the audit are presented below and are required to be reported in accordance with Government Auditing Standards (Yellow Book). Detailed descriptions of each finding, including Condition, Cause, Criteria, Effect, Recommendation, and City’s Response, are presented in the accompanying Schedule of Findings and Responses for the year ended September 30, 2025.

### **Significant Deficiency**

2025-01: Subscription-based Information Technology Arrangements (SBITA) (Recurring finding)

### **Material Weakness**

2025-02: Internal Controls over Inadequate Retention of Construction in Progress (CIP) Completion Documentation

### **Material Weakness**

2025-03: Inadequate Project Management and Construction in Progress (CIP) Tracking

## **SECTION III – FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS**

There are no matters to report in this section.