

CITY OF MEMPHIS, TEXAS

FINANCIAL STATEMENTS AND INDEPENDENT AUDITOR'S REPORT

FOR THE YEAR ENDED SEPTEMBER 30, 2025

CITY OF MEMPHIS, TEXAS

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Independent Auditor's Report

Mayor and City Council
City of Memphis
721 Robertson
Memphis, Texas 79245

Members of the Council:

Report on the Audit of the Financial Statements

Opinions

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

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

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City of Memphis, Texas'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 of Memphis, Texas's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City of Memphis, Texas's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4-8; schedule of revenues, expenditures, changes in fund balance-budget and actual-general fund; schedule of revenues, expenditures and changes in fund balance-road and bridge fund; schedule of changes in net pension liability and related ratios; schedule of contributions and notes to schedule of contributions be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the schedule of revenues detail-budget and actual-general fund; schedule of revenues detail-budget and actual-road and bridge fund; schedule of expenditures detail-budget and actual-general fund; schedule of expenditures detail-budget and actual-road and bridge fund; and combining statement of revenues, expenditures and changes in fund balances-nonmajor government funds summary but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated February 9, 2026, on our consideration of the City of Memphis, Texas's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the **City of Memphis, Texas's** internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Memphis, Texas's internal control over financial reporting and compliance.

Foster, Lambert & Foard LLC

Foster, Lambert & Foard, LLC
February 9, 2026

CITY OF MEMPHIS, TEXAS

MANAGEMENT'S DISCUSSION AND ANALYSIS SEPTEMBER 30, 2025

The City operates under a Mayor-Council form of government and provides the following services as authorized by its charter; public safety (police and fire), highways and streets, sanitation, health and social services, culture and recreation, public improvements, planning and zoning, and general administrative services.

Discretely Presented Unit

Memphis Economic Development Corporation - The activities of the Memphis Economic Development Corporation are included in the City's accompanying financial statements as a component unit. This Corporation is a separate nonprofit governmental unit administered by a seven-member board and the City of Memphis serves as fiscal agent for the corporation. The City exercises significant oversight in approving budgets, corporate records, and accounting records of the Corporation.

Overview of the Financial Statement

Management's Discussion and Analysis introduces the City's basic financial statements. The basic financial statements include: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the financial statements. The City also includes in this report additional information to supplement the basic financial statements.

Government-wide Financial Statements

The City's annual report includes two government-wide financial statements. These statements provide both long-term and short-term information about the City's overall status. Financial reporting at this level uses a perspective similar to that found in the private sector with its basis in full accrual accounting and elimination or reclassification of internal activities.

The first of these government-wide statements is the Statement of Net Position. This is the City-wide statement of financial position presenting information that includes all of the City's assets and liabilities, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City as a whole is improving or deteriorating. Evaluation of the overall economic health of the City would extend to other nonfinancial factors such as diversification of the taxpayer base or the condition of City infrastructure in addition to the financial information provided in this report.

The second government-wide statement is the Statement of Activities which reports how the City's net position changed during the current fiscal year. All current year revenues and expenses are included regardless of when cash is received or paid. An important purpose of the design of the statement of activities is to show the financial reliance of the City's distinct activities or functions on revenues provided by the City's taxpayers.

Both government-wide financial statements distinguish governmental activities of the City that are principally supported by taxes and intergovernmental revenues, such as grants, from business-type activities that are intended to recover all or a significant portion of their costs through user fees and charges. Governmental activities include general government, public safety, public services, education, and culture and recreation. Business-type activities include water utilities, and solid waste management.

The City's financial reporting entity includes the funds of the City (primary government) and organizations for which the City is accountable (component units). Most of these legally separate organizations operate like City departments or are governed by a board of trustees wholly comprised of the City's Mayor and Council.

Fund Financial Statements

A fund is an accountability unit used to maintain control over resources segregated for specific activities or objectives. The City uses funds to ensure and demonstrate compliance with finance-related laws and regulations. Within the basic financial statements, fund financial statements focus on the City's most significant funds rather than the City as a whole. Major funds are separately reported while all others are combined into a single, aggregated presentation. Individual fund data for non-major funds is provided in the form of combining statements in a later section of this report.

Governmental funds-Most of the City's basic services are reported in governmental funds. These use modified accrual accounting (a method that measures the receipt and disbursement of cash and all other financial assets that can be readily converted to cash) and report balances that are available for future spending. The governmental fund statements provide a detailed short-term view of the City's general operations and the basic services it provides. We describe the differences between governmental activities (reported in the Statement of Net Assets and the Statement of Activities) and governmental funds in reconciliation schedules following each of the fund financial statements.

Proprietary funds-The City reports the activities for which it charges users (whether outside customers or other units of the City) in proprietary funds using the same accounting methods employed in the Statement of Net Position and the Statement of Activities. In fact, the City's enterprise funds (one category of proprietary funds) are the business-type activities reported in the government-wide statements but contain more detail and additional information, such as cash flows.

Notes to the Financial Statements

The accompanying notes to the financial statements provide information essential to a full understanding of the government-wide and fund financial statements. The notes to the financial statements begin immediately following the basic financial statements.

Other Information

Major funds are reported in the basic financial statements as discussed. Combining and individual statements and schedules for non-major funds are presented in a subsequent section of this report.

Financial Analysis

Net assets may serve, over time, as a useful indicator of a government's financial position. In the case of the City of Memphis, Texas, assets exceeded liabilities by \$4,731,846 at the close of this fiscal year.

Condensed Statement of Net Position

	Governmental Activities		Business-type Activities		Totals	
	2024	2025	2024	2025	2024	2025
Current and other assets	\$ 238,244	\$ 279,931	\$ 619,381	\$ 1,941,892	\$ 857,625	\$ 2,221,823
Capital assets	<u>1,634,121</u>	<u>1,481,847</u>	<u>2,690,517</u>	<u>2,905,105</u>	<u>4,324,638</u>	<u>4,386,952</u>
Total assets	<u>1,872,365</u>	<u>1,761,778</u>	<u>3,309,898</u>	<u>4,846,997</u>	<u>5,182,263</u>	<u>6,608,775</u>
Deferred outflows	<u>267,261</u>	<u>178,625</u>	<u>127,105</u>	<u>100,368</u>	<u>394,366</u>	<u>278,993</u>
Long-term liabilities	76,757	58,616	233,428	1,318,922	310,185	1,377,538
Other liabilities	<u>341,445</u>	<u>262,028</u>	<u>281,672</u>	<u>258,572</u>	<u>623,117</u>	<u>520,600</u>
	<u>418,202</u>	<u>320,644</u>	<u>515,100</u>	<u>1,577,494</u>	<u>933,302</u>	<u>1,898,138</u>
Deferred inflows	<u>153,183</u>	<u>165,045</u>	<u>73,685</u>	<u>92,739</u>	<u>226,868</u>	<u>257,784</u>
Net position:						
Invested in capital assets	1,515,996	1,411,296	2,470,517	1,595,248	3,986,513	3,006,544
Restricted	23	-	146,805	1,197,539	146,828	1,197,539
Unrestricted	<u>52,222</u>	<u>43,418</u>	<u>230,896</u>	<u>484,345</u>	<u>283,118</u>	<u>527,763</u>
Total net position	<u>\$1,568,241</u>	<u>\$1,454,714</u>	<u>\$ 2,848,218</u>	<u>\$ 3,277,132</u>	<u>\$ 4,416,459</u>	<u>\$ 4,731,846</u>

Analysis of the City's Operations – Governmental and Business-type activities decreased the City's net position by \$99,738. The key elements of this decrease are as follows:

Changes in Net Position

	Governmental Activities		Business-type Activities		Totals	
	2024	2025	2024	2025	2024	2025
Revenues:						
Program revenues:						
Charges for services	\$ 161,090	\$ 156,956	\$ 1,180,563	\$ 1,391,893	\$ 1,341,653	\$ 1,548,849
Operating grants and contributions	1,381	525	-	-	1,381	525
Capital grants and contributions	319,250	332,407	-	310,992	319,250	643,399
General revenues:						
Property taxes	334,506	350,615	-	-	334,506	350,615
Sales taxes	295,691	316,431	-	-	295,691	316,431
Franchise taxes	57,949	53,832	-	-	57,949	53,832
Other taxes	38,270	23,328	-	-	38,270	23,328
Investment income	29,668	24,450	13,968	60,478	43,636	84,928
Other	33,859	24,303	42,586	9,526	76,445	33,829
Total revenues	<u>1,271,664</u>	<u>1,282,847</u>	<u>1,237,117</u>	<u>1,772,889</u>	<u>2,508,781</u>	<u>3,055,736</u>
Expenses:						
General government	599,123	609,577	-	-	599,123	609,577
Street	262,561	249,491	-	-	262,561	249,491
Public safety:						
Police	363,261	395,196	-	-	363,261	395,196
Fire	124,385	130,241	-	-	124,385	130,241
Community building	31,433	29,967	-	-	31,433	29,967
Park	19,167	16,415	-	-	19,167	16,415
Cemetery	20,934	23,499	-	-	20,934	23,499
Swimming pool	54,858	33,453	-	-	54,858	33,453
Airport	24,152	33,971	-	-	24,152	33,971
City judge	104,452	92,740	-	-	104,452	92,740
Library	85,687	86,554	-	-	85,687	86,554
Water	-	-	554,206	639,934	554,206	639,934
Trash	-	-	364,300	387,812	364,300	387,812
Total expenses	<u>1,690,013</u>	<u>1,701,104</u>	<u>918,506</u>	<u>1,027,746</u>	<u>2,608,519</u>	<u>2,728,850</u>
Increase (decrease) in net position before transfers	(418,349)	(418,257)	318,611	745,143	(99,738)	326,886
Transfers	11,940	314,835	(11,940)	(314,835)	-	-
Increase (decrease) in net position	(406,409)	(103,422)	306,671	430,308	(99,738)	326,886
Prior period adjustment	-	(10,105)	-	(1,394)	-	(11,499)
Net position – beginning	<u>1,974,650</u>	<u>1,568,241</u>	<u>2,541,547</u>	<u>2,848,218</u>	<u>4,516,197</u>	<u>4,416,459</u>
Net position – ending	<u>\$ 1,568,241</u>	<u>\$ 1,454,714</u>	<u>\$ 2,848,218</u>	<u>\$ 3,277,132</u>	<u>\$ 4,416,459</u>	<u>\$ 4,731,846</u>

Financial Analysis of the Government's Funds

As discussed, governmental funds are reported in the fund statements with a short-term, inflow and outflow of spendable resources focus. This information is useful in assessing resources available at the end of the year in comparison with upcoming financing requirements. Governmental funds reported ending fund balances of \$187,099. Of this amount, \$187,099 is unreserved indicating availability for continuing City service requirements.

The total ending fund balances of governmental funds shows an increase of \$2,020 over the prior year. This increase is primarily the result of the events and programs described within the analysis of the City's governmental activities.

General Fund Budgetary Highlights

The general fund budget for fiscal year 2025 was approximately \$1,815,926.

The general fund budget complied with financial policies approved by the City Council and maintained core City services.

Capital Assets and Debt Administration

Capital Assets

The City's investment in capital assets for its government-wide activities as of September 30, 2025, amounts to \$4,386,952 (net of accumulated depreciation). This investment in capital assets includes land, buildings, equipment, and improvements.

Capital Assets at Year-end (Net of Depreciation)

	Governmental Activities		Business-type Activities		Totals	
	2024	2025	2024	2025	2024	2025
Land	\$ 84,500	\$ 84,500	\$ 248,317	\$ 248,317	\$ 332,817	\$ 332,817
Buildings and improvements	364,788	344,752	440,030	421,136	804,818	765,888
Vehicles	1,517	117	41,025	32,681	42,542	32,798
Infrastructure	1,105,726	1,010,667	1,696,706	1,951,488	2,802,432	2,962,155
Right-of-use	51,548	26,312	-	-	51,548	26,312
Equipment	<u>26,042</u>	<u>15,499</u>	<u>264,439</u>	<u>251,483</u>	<u>290,481</u>	<u>266,982</u>
Totals	<u>\$1,634,121</u>	<u>\$1,481,847</u>	<u>\$ 2,690,517</u>	<u>\$ 2,905,105</u>	<u>\$ 4,324,638</u>	<u>\$ 4,386,952</u>

This year's major additions included:

Business-type activities:	
25 Dumpsters	\$ 21,000
Water Line Relocation	307,492

Debt

At year-end, the City had \$286,577 of certificates of obligation and leases payables, as shown below:

Outstanding Debt, at Year-end

	Governmental Activities	Governmental Activities	Business- type Activities	Business- type Activities	Total	Total
	2024	2025	2024	2025	2024	2025
Leases payable	\$ 66,577	\$ 44,239	\$ -	\$ -	\$ 66,577	\$ 44,239
Certificates of obligation	-	-	220,000	1,309,857	220,000	1,309,857
Total	<u>\$ 66,577</u>	<u>\$ 44,239</u>	<u>\$ 220,000</u>	<u>\$ 1,309,857</u>	<u>\$ 286,577</u>	<u>\$ 1,354,096</u>

Economic Factors for Next Year

The City’s elected and appointed officials considered many factors when setting the fiscal-year 2024-2025 budget, and tax rates. The major source of City funds is state tax revenue, local property taxes, and franchise taxes. Our taxable value, for 2024, was \$87,204,905. Our tax rate is as follows:

M&O	\$.410888
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This compares with the tax rate of .397396 for the next fiscal year. The City has not added any major new programs or initiatives to the 2025-2026 budget and it is expected to be about the same as last year with the items noted above.

Request for Information

This financial report is designed to provide a general overview of the City’s finances for all those with an interest in the government’s finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the City Administrator, City of Memphis, Texas, 721 Robertson, Memphis, Texas 79245.

CITY OF MEMPHIS, TEXAS

STATEMENT OF NET POSITION

SEPTEMBER 30, 2025

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Memphis Economic Development Corporation
Assets				
Cash and cash equivalents	\$ 132,812	\$ 526,905	\$ 659,717	\$ 408,651
Receivables (net of allowances for uncollectibles)	125,294	107,918	233,212	936,195
Restricted assets:				
Cash and cash equivalents	10,000	1,307,069	1,317,069	-
Capital assets (net of accumulated depreciation):				
Land	84,500	248,317	332,817	1,849
Buildings and improvements	344,752	421,136	765,888	65,000
Equipment	15,499	251,483	266,982	-
Infrastructure	1,010,667	1,951,488	2,962,155	-
Vehicles	117	32,681	32,798	-
Right-of-Use leased assets	26,312	-	26,312	-
Other assets	11,825	-	11,825	-
Total assets	1,761,778	4,846,997	6,608,775	1,411,695
Deferred Outflows of Resources				
Pension-related outflows	178,114	100,081	278,195	-
OPEB-related outflows	511	287	798	-
Total deferred outflows of resources	178,625	100,368	278,993	-
Liabilities				
Accounts payable and other				
current liabilities	55,520	30,949	86,469	-
Accrued interest payable	-	2,056	2,056	-
Compensated absences -current	8,169	5,977	14,146	-
Customer deposits-payable from restricted assets	-	109,530	109,530	-
Lease payable-current	23,536	-	23,536	-
Certificate of obligation payable-current	-	165,143	165,143	-
Long-term liabilities				
Compensated absences	6,208	3,088	9,296	-
Lease payable	20,703	-	20,703	-
Certificate of obligation payable	-	1,144,714	1,144,714	-
Net pension liability	175,747	98,752	274,499	-
Net OPEB liability	30,761	17,285	48,046	-
Total liabilities	320,644	1,577,494	1,898,138	-
Deferred Inflows of Resources				
Pension-related inflows	155,731	87,505	243,236	-
OPEB-related inflows	9,314	5,234	14,548	-
Total deferred inflows of resources	165,045	92,739	257,784	-
Net Position				
Net investment in capital assets	1,411,296	1,595,248	3,006,544	-
Restricted for:				
Civic development projects	-	-	-	1,411,695
Capital projects	-	1,042,810	1,042,810	-
Landfill	-	154,729	154,729	-
Unrestricted	43,418	484,345	527,763	-
Total net position	\$ 1,454,714	\$ 3,277,132	\$ 4,731,846	\$ 1,411,695

The accompanying notes are an integral part of this statement.

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

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government				
Governmental activities:				
General government	\$ 609,577	\$ 5,525	\$ -	\$ 332,407
Street	249,491	-	-	-
Public safety:				
Police	395,196	44,448	-	-
Fire	130,241	-	525	-
Community building	29,967	-	-	-
Park	16,415	-	-	-
Cemetery	23,499	30,716	-	-
Swimming pool	33,453	14,026	-	-
Airport	33,971	8,000	-	-
City judge	92,740	54,241	-	-
Library	86,554	-	-	-
Total governmental activities	<u>1,701,104</u>	<u>156,956</u>	<u>525</u>	<u>332,407</u>
Business-type activities:				
Water and sewer	639,934	520,115	-	310,992
Trash	387,812	871,778	-	-
Total business-type activities	<u>1,027,746</u>	<u>1,391,893</u>	<u>-</u>	<u>310,992</u>
Total primary government	<u>\$ 2,728,850</u>	<u>\$ 1,548,849</u>	<u>\$ 525</u>	<u>\$ 643,399</u>
Component Unit				
Economic Development	<u>\$ 99,598</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

General revenues:
Property taxes
Sales taxes
Franchise taxes
Other taxes
Miscellaneous revenues
Unrestricted investment earnings
Transfers
Total general revenues and transfers
Change in net assets
Prior period adjustment
Net position - October 1
Net position - September 30

The accompanying notes are an integral part of this statement.

Net (Expense) Revenue and
Changes in Net Position

Primary Government			Component Unit
Governmental Activities	Business-type Activities	Total	Economic Development
\$ (271,645)	\$ -	\$ (271,645)	\$ -
(249,491)	-	(249,491)	-
(350,748)	-	(350,748)	-
(129,716)	-	(129,716)	-
(29,967)	-	(29,967)	-
(16,415)	-	(16,415)	-
7,217	-	7,217	-
(19,427)	-	(19,427)	-
(25,971)	-	(25,971)	-
(38,499)	-	(38,499)	-
(86,554)	-	(86,554)	-
<u>(1,211,216)</u>	<u>-</u>	<u>(1,211,216)</u>	<u>-</u>
-	191,173	191,173	-
-	483,966	483,966	-
<u>-</u>	<u>675,139</u>	<u>675,139</u>	<u>-</u>
<u>(1,211,216)</u>	<u>675,139</u>	<u>(536,077)</u>	<u>-</u>
-	-	-	<u>(99,598)</u>
350,615	-	350,615	-
316,431	-	316,431	105,477
53,832	-	53,832	-
23,328	-	23,328	-
24,303	9,526	33,829	300
24,450	60,478	84,928	53,665
314,835	(314,835)	-	-
<u>1,107,794</u>	<u>(244,831)</u>	<u>862,963</u>	<u>159,442</u>
(103,422)	430,308	326,886	59,844
(10,105)	(1,394)	(11,499)	-
1,568,241	2,848,218	4,416,459	1,351,851
<u>\$ 1,454,714</u>	<u>\$ 3,277,132</u>	<u>\$ 4,731,846</u>	<u>\$ 1,411,695</u>

The accompanying notes are an integral part of this statement.

CITY OF MEMPHIS, TEXAS

BALANCE SHEET GOVERNMENTAL FUNDS SEPTEMBER 30, 2025

	General Fund	Capital Projects Fund	Total Government Funds
ASSETS			
Cash and cash equivalents	\$ 132,812	\$ -	\$ 132,812
Receivables (net of allowances for uncollectibles)	125,294	-	125,294
Restricted assets:			
Cash and cash equivalents	10,000	-	10,000
Other assets	11,825	-	11,825
 Total assets	<u>\$ 279,931</u>	<u>\$ -</u>	<u>\$ 279,931</u>
 LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES			
Liabilities:			
Accounts payable and other current liabilities	\$ 55,520	\$ -	\$ 55,520
Total liabilities	<u>55,520</u>	<u>-</u>	<u>55,520</u>
 Deferred Inflows of Resources:			
Unavailable revenue - property taxes	<u>37,312</u>	<u>-</u>	<u>37,312</u>
 Fund balances:			
Unassigned	<u>187,099</u>	<u>-</u>	<u>187,099</u>
Total fund balances	<u>187,099</u>	<u>-</u>	<u>187,099</u>
 Total liabilities and fund balances	<u>\$ 279,931</u>	<u>\$ -</u>	<u>\$ 279,931</u>

The accompanying notes are an integral part of this statement.

CITY OF MEMPHIS, TEXAS
RECONCILIATION OF THE GOVERNMENTAL FUNDS
BALANCE SHEET TO THE STATEMENT OF NET POSITION
FOR THE YEAR ENDED SEPTEMBER 30, 2025

Total Fund Balances - Governmental Funds \$ 187,099

Capital assets used in governmental activities are not financial resources and therefore are not reported in governmental funds. Capital assets at year-end consist of:

Gross capital assets	\$ 4,365,691	
Related accumulated depreciation	<u>2,883,844</u>	1,481,847

The City's net pension liability and related deferred outflows and inflows related to its proportionate share of TMRS pension plans are not due and payable in the current period and are, therefore, not reported in the governmental funds financial statements. These items consist of:

Deferred outflows - pension related items	178,114	
Deferred inflows - pension related items	(155,731)	
Net pension liability	(175,747)	
Deferred outflows - OPEB related items	511	
Deferred inflows - OPEB related items	(9,314)	
Net pension liability - OPEB	<u>(30,761)</u>	(192,928)

Long-term liabilities are not due and payable in the current period and therefore not reported as liabilities in the funds. Long-term liabilities at year-end consist of:

Right-to-use lease liabilities	(44,239)	
Compensated absences	<u>(14,377)</u>	(58,616)

Property tax and fines receivable are not available to pay for current period expenditures and therefore are deferred in the funds. 37,312

Net Position of Governmental Activities \$ 1,454,714

The accompanying notes are an integral part of this statement.

CITY OF MEMPHIS, TEXAS

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

	General Fund	Capital Projects Fund	Government Funds
Revenues			
Taxes:			
Property	\$ 344,696	\$ -	\$ 344,696
Sales	316,431	-	316,431
Franchise	53,832	-	53,832
Other	23,328	-	23,328
Fines and forfeitures	98,689	-	98,689
Fees, licenses, and permits	3,815	-	3,815
Leases and rentals	3,845	-	3,845
Interest income	24,450	-	24,450
Intergovernmental revenues	50,000	280,143	330,143
Other income	77,699	-	77,699
Total revenues	996,785	280,143	1,276,928
Expenditures			
Current:			
General government	397,586	215,919	613,505
Street	179,383	-	179,383
Public safety:			
Police	397,563	-	397,563
Fire	98,637	-	98,637
Judge	92,448	-	92,448
Park	3,182	-	3,182
Cemetery	23,430	-	23,430
Airport	12,887	-	12,887
Swimming pool	33,453	-	33,453
Library	83,208	-	83,208
Community building	29,918	-	29,918
Debt service:			
Principal	10,620	-	10,620
Interest	2,804	-	2,804
Capital outlay	-	-	-
Total expenditures	1,365,119	215,919	1,581,038
Excess of revenues over (under) expenditures	(368,334)	64,224	(304,110)
Other financing sources (uses)			
Operating transfers (net)	370,377	(64,247)	306,130
Total other financing sources (uses)	370,377	(64,247)	306,130
Net change in fund balance	2,043	(23)	2,020
Fund balance - October 1	177,497	23	177,520
Prior period adjustment	7,559	-	7,559
Fund balance - September 30	\$ 187,099	\$ -	\$ 187,099

The accompanying notes are an integral part of this statement.

CITY OF MEMPHIS, TEXAS

RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES FOR THE YEAR ENDED SEPTEMBER 30, 2025

Total net change in fund balances - governmental funds		\$	2,020
<p>Capital outlays are reported in governmental funds as expenditures. However, in the Statement of Activities, the cost of those assets are allocated over their estimated useful lives as depreciation expense. The net difference between the two is as follows:</p>			
Capital outlay during the year	-		
Depreciation expense for the year	(152,274)		(152,274)
<p>The City participates in a defined benefit pension plan. Contributions to the plan are expenditures at the fund level when payments are due. At the government-wide level, pension expenses are recognized on an actuarial basis. Payments were more than the actuarial expense in the current year.</p>			
			5,426
<p>The City participates in an OPEB plan through TMRS. Contributions to the plan are expenditures at the fund level when payments are due. At the government wide level, OPEB expenses are recognized on an actuarial basis. Payments were less than the actuarial expense in the current year.</p>			
			(318)
<p>Repayment of long-term debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position. Current year long-term debt principal payments are summarized as follows:</p>			
Right-to-use lease liabilities	22,338		
Compensated absences	13,467		35,805
<p>Because property tax receivables will not be collected for several months after the County's fiscal year ends, they are not considered 'available' revenues and are deferred in the government funds. Unearned revenues increased by this amount this year.</p>			
			5,919
Change in net position of governmental activities			\$ (103,422)

The accompanying notes are an integral part of this statement.

CITY OF MEMPHIS, TEXAS

GENERAL FUND

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL FOR THE YEAR ENDED SEPTEMBER 30, 2025

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
Revenues				
Taxes:				
Property	\$ 378,261	\$ 378,261	\$ 344,696	\$ (33,565)
Sales	425,000	425,000	316,431	(108,569)
Franchise	65,000	65,000	53,832	(11,168)
Other	33,500	33,500	23,328	(10,172)
Fines and forfeitures	213,000	213,000	98,689	(114,311)
Fees, licenses, and permits	3,200	3,200	3,815	615
Leases and rentals	9,000	9,000	3,845	(5,155)
Interest income	20,000	20,000	24,450	4,450
Intergovernmental revenues	50,000	50,000	50,000	-
Other income	80,200	80,200	77,699	(2,501)
Total revenues	1,277,161	1,277,161	996,785	(280,376)
Expenditures				
Current:				
General government	470,845	470,845	397,586	73,259
Street	283,762	283,762	179,383	104,379
Public safety:				
Police	435,348	435,348	397,563	37,785
Fire	122,380	122,380	98,637	23,743
Judge	122,238	122,238	92,448	29,790
Park	5,048	5,048	3,182	1,866
Cemetery	30,605	30,605	23,430	7,175
Airport	154,632	154,632	12,887	141,745
Swimming pool	53,782	53,782	33,453	20,329
Library	91,811	91,811	83,208	8,603
Community building	30,475	30,475	29,918	557
Debt service:				
Principal	12,000	12,000	10,620	1,380
Interest	3,000	3,000	2,804	196
Total expenditures	1,815,926	1,815,926	1,365,119	449,231
Excess of revenues over expenditures	(538,765)	(538,765)	(368,334)	170,431
Other financing sources (uses)				
Operating transfers (net)	538,765	538,765	370,377	(168,388)
Net change in fund balance	-	-	2,043	2,043
Fund balance - October 1	177,497	177,497	177,497	-
Prior period adjustment	-	-	7,559	(7,559)
Fund balance - September 30	\$ 177,497	\$ 177,497	\$ 187,099	\$ (5,516)

The accompanying notes are an integral part of this statement.

CITY OF MEMPHIS, TEXAS

STATEMENT OF NET POSITION

PROPRIETARY FUND

SEPTEMBER 30, 2025

	Water and Sewer Fund <u>2025</u>
Assets	
Current assets:	
Cash and cash equivalents	\$ 526,905
Accounts receivable (net of allowance for uncollectible)	107,918
Total current assets	<u>634,823</u>
Noncurrent assets:	
Restricted cash and cash equivalents	1,307,069
Capital assets:	
Land	248,317
Buildings and improvements	1,006,124
Equipment	1,609,429
Vehicles	118,673
Plants and systems	2,676,125
Waste water permit	23,848
Less accumulated depreciation and amortization	<u>(2,777,411)</u>
Total capital assets (net of accumulated depreciation)	<u>2,905,105</u>
Total noncurrent assets	<u>4,212,174</u>
Total assets	<u>4,846,997</u>
Deferred Outflows of Resources	
Pension-related outflows	100,081
OPEB-related outflows	287
Total deferred outflows of resources	<u>100,368</u>
Liabilities	
Current liabilities:	
Accounts payable and other current liabilities	30,949
Accrued interest payable	2,056
Compensated absences-current	5,977
Certificate of obligation-current	170,000
Total current liabilities	<u>208,982</u>
Current liabilities payable from restricted assets:	
Customer deposits-payable from restricted assets	<u>109,530</u>
Noncurrent liabilities:	
Compensated absences	3,088
Certificate of obligation	1,139,857
Net pension liability	98,752
OPEB liability	17,285
Total noncurrent liabilities	<u>1,258,982</u>
Total liabilities	<u>1,577,494</u>
Deferred Inflows of Resources	
Pension-related inflows	87,505
OPEB-related inflows	5,234
Total deferred inflows of resources	<u>92,739</u>
Net Position	
Net Investment in capital assets	1,595,248
Restricted for capital projects	1,042,810
Restricted for landfill	154,729
Unrestricted	484,345
Total net position	<u>\$ 3,277,132</u>

The accompanying notes are an integral part of this statement.

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

	Business-type Activities - Enterprise Fund
	2025
Operating revenues:	
Charges for sales and services:	
Water	\$ 520,115
Sewer and refuse	713,315
Landfill gate fees	158,463
Rents	4,740
Total operating revenues	1,396,633
Operating expenses:	
Payroll costs	477,889
Office expenses	19,249
Maintenance and repairs	143,899
Supplies	13,936
Insurance	15,329
Utilities	78,234
Professional fees and special services	74,723
Travel and lodging	7,767
Depreciation and amortization	122,261
Miscellaneous	5,272
Total operating expenses	958,559
Operating income	438,074
Non-operating revenues (expenses):	
Interest income	60,478
Interest expense	(69,187)
Total non-operating revenues (expenses)	(8,709)
Income before contributions and transfers	429,365
Contributions and operating transfers:	
Capital contributions	315,778
Operating transfers (net)	(314,835)
Net contributions and operating transfers	943
Change in net assets	430,308
Total net position - October 1	2,848,218
Prior period adjustment	(1,394)
Total net position - September 30	\$ 3,277,132

The accompanying notes are an integral part of this statement.

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

	Proprietary Fund Type Water & Sewer <hr/> 2025 <hr/>
Cash flows from operating activities	
Receipts from customers and users	\$ 1,381,341
Payments to suppliers	(354,548)
Payments to employees	(472,915)
Net cash provided by operating activities	<hr/> 553,878 <hr/>
Cash flows provided by noncapital financing activities	
Operating transfers	<hr/> (314,835) <hr/>
Cash flows from capital and related financing activities	
Principal paid on long-term debt	(165,000)
Capital contributions	4,786
Loan proceeds	1,250,000
Purchase of fixed assets	(21,000)
Interest paid on debt	(67,538)
Net cash (used) by capital and related financing activities	<hr/> 1,001,248 <hr/>
Cash flows from investing activities	
Customer deposits	6,450
Interest on investments	60,478
Net cash provided by investing activities	<hr/> 66,928 <hr/>
Net increase in cash and cash equivalents	1,307,219
Cash and cash equivalents at beginning of year	<hr/> 526,755 <hr/>
Cash and cash equivalents at end of year	<hr/> \$ 1,833,974 <hr/>

The accompanying notes are an integral part of this statement.

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

	Proprietary Fund Type Water & Sewer <hr/> 2025 <hr/>
Reconciliation of operating income to net cash provided (used) by operating activities:	
Operating income	\$ 438,074
Adjustments to reconcile operating income to net cash provided (used) by operating activities:	
Depreciation and amortization	122,261
(Increase) decrease in current assets:	
Accounts receivable	(15,292)
Deferred outflows of resources	26,737
Increase (decrease) in current liabilities:	
Accounts payable	3,861
Deferred inflows of resources	19,054
Net OPEB liability	197
Net pension liability	(35,257)
Compensated absences	(5,757)
Net cash provided by operating activities	<u><u>\$ 553,878</u></u>

The accompanying notes are an integral part of this statement.

CITY OF MEMPHIS, TEXAS
 STATEMENT OF FIDUCIARY NET POSITION
 FIDUCIARY FUNDS
 FOR THE YEAR ENDED SEPTEMBER 30, 2025

	Revolving Loan Fund
	2025
Assets	
Receivables (net of allowances for uncollectibles)	\$ 406,182
Restricted assets:	
Cash and cash equivalents	102,081
Total assets	508,263
Net Position	
Restricted for:	
Civic development projects	508,263
Total net position	\$ 508,263

The accompanying notes are an integral part of this statement.

CITY OF MEMPHIS, TEXAS
 STATEMENT OF FIDUCIARY NET POSITION
 FIDUCIARY FUNDS
 FOR THE YEAR ENDED SEPTEMBER 30, 2025

	Revolving Loan Fund
	2025
Additions	
Interest income	\$ 9,807
Community development	-
Total additions	9,807
Deductions	
Community development	4,508
Total deduction	4,508
Change in net position	5,299
Net position - October 1	502,964
Net position - September 30	\$ 508,263

The accompanying notes are an integral part of this statement.

CITY OF MEMPHIS, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2025

A. Summary of Significant Accounting Policies

The financial statements of the City of Memphis, Texas, (City) have been prepared in conformity with accounting principles applicable to governmental units which are generally accepted in the United States of America. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles.

1. Reporting Entity

The City operates under a Council-Manager form of government and provides the following services as authorized by its charter: public safety (police and fire), highways and streets, sanitation, health and social services, culture and recreation, public improvements, planning and zoning, and general administrative services.

As required by generally accepted accounting principles, these financial statements present the City of Memphis (primary government) and its component units. The individual component units discussed below are included in the City's reporting entity because of the significance of its operational and financial relationship with the City. Each of the City's component units has a September 30th year-end.

Discretely Presented Component Units

Memphis Economic Development Corporation - The activities of the Memphis Economic Development Corporation are included in the City's accompanying financial statements as a component unit. This Corporation is a separate nonprofit governmental unit administered by a five-member board appointed by the City Council. The City exercises significant oversight in approving budgets, corporate records, and accounting records of the Corporation.

Further financial information for the City's component units can be obtained from the City's Administrative Offices.

2. Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of changes in net position) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

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

CITY OF MEMPHIS, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2025

Proprietary funds distinguish between operating revenues and expenses from nonoperating items. Operating revenues result from providing goods and services in connection with a proprietary fund's principal ongoing operations; they usually come from exchange or exchange-like transactions. All other revenues are nonoperating. Operating expenses can be tied specifically to the production of the goods and services, such as materials and labor and direct overhead. Other expenses are nonoperating.

3. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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

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

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

The government reports the following major governmental fund:

The general fund is the government's primary operating fund. It accounts all financial resources of the general government except for those required to be accounted for in other funds.

The government reports the following major proprietary fund:

Enterprise Fund is used to account for water and sewer service operations that are financed and operated in a manner similar to private business enterprises. The intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges, or where the governing body has decided the periodic determination of revenues earned, expenses incurred, or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes.

Other Fund Types

Fiduciary fund is used to account for the revolving loan fund providing financing for civic development projects for the benefit of individuals, private organizations or other governments.

CITY OF MEMPHIS, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2025

B. Assets, Liabilities, and Net Assets or Equity

1. Deposits and Investments

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.

Cash in the general and water and sewer funds is combined into one bank account in order to maximize investment opportunities. Although individual funds may experience temporary overdraft liabilities, a positive balance is maintained in combined cash.

All investments are recorded at fair value based on quoted market prices. Fair value is the amount at which a financial instrument could be exchanged in a current transaction between willing parties.

2. Receivables and Payables

Activities between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as "due to/from other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

3. Restricted assets

Restricted assets in the Water and Sewer Fund, Nonexpendable Trust Fund, and Capital Projects Fund are held for specific purposes in accordance with legal restrictions.

4. Capital Assets

Capital assets, which include land, buildings, equipment, improvements purchased or acquired, are carried at historical cost or estimated historical cost if historical cost is not available. Contributed assets are recorded at fair market value as of the date donated. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed. A capitalization threshold of \$5,000 is used for all capital assets.

GASB 34 requires infrastructure assets (e.g., roads, bridges, sidewalks, and similar items) to be capitalized and depreciated. The City has determined that the net value of infrastructure assets at October 1, 2003, would be immaterial to the government-wide financial statements. The City has elected not to include infrastructure assets as required by GASB 34 prior to October 1, 2003, but to record all subsequent additions.

Depreciation on capital assets is calculated on the straight-line basis over the following estimated useful lives:

Assets	Years
Buildings and improvements	20-50
Equipment	5-10
Infrastructure	10-40

CITY OF MEMPHIS, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2025

5. Fund Balances – Governmental Funds

Fund balances of the governmental funds are classified as follows:

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

Restricted Fund Balance – represents amounts that are constrained by external parties, constitutional provisions or enabling legislation.

Committed Fund Balance – represents amounts that can only be used for a specific purpose because of a formal action by the City Council. Committed amounts cannot be used for any other purpose unless the City Council removes those constraints by taking the same type of formal action. Committed fund balance amounts may be used for other purposes with appropriate due process by the City Council. Commitments are typically done through adoption and amendment of the budget. Committed fund balance amounts differ from restricted balances in that the constraints on their use do not come from outside parties, constitutional provisions, or enabling legislation.

Assigned Fund Balance – represents amounts which the City intends to use for a specific purpose, but that do not meet the criteria to be classified as restricted or committed. Intent may be stipulated by the City Council or by an official or body to which the City Council delegates the authority. Specific amounts that are not restricted or committed in a special revenue, capital projects, debt service or permanent fund are assigned for purposes in accordance with the nature of their fund type or the fund's primary purpose. Assignments within the General Fund conveys that the intended use of those amounts is for a specific purpose that is narrower than the general purposes of the City itself.

Unassigned Fund Balance – represents amounts which are unconstrained in that they may be spend for any purpose. Only the General Fund reports a positive unassigned fund balance. Other governmental funds might report a negative balance in this classification because of overspending for specific purposes for which amounts had been restricted, committed or assigned.

When an expenditure is incurred for a purpose for which both restricted and unrestricted fund balance is available, the City considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the City considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds.

6. Reclassifications

Certain amounts presented in the prior year data would have to be reclassified in order to be consistent with the current year's presentation.

C. Stewardship, Compliance, and Accountability

1. Budgetary Information

The official budget was prepared for adoption for the General Fund. The following procedures are followed in establishing the budgetary data reflected in the general purpose financial statements:

- a. Prior to the beginning of the fiscal year, the City prepares a budget for the succeeding fiscal year. The operating budget includes proposed expenditures and the means of financing them.

CITY OF MEMPHIS, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2025

- b. A meeting of the City Council is then called for the purpose of adopting the proposed budget. At least ten days' public notice of the meeting must have been given.
- c. Prior to the start of the fiscal year, the budget is legally enacted through passage of a resolution by the City Council.

Once a budget is approved, it can be amended only by approval of a majority of the members of the City Council. As required by law, such amendments are made before the fact, are reflected in the official minutes of the City Council and are not made after fiscal year end. During the year, the budget was amended as necessary. All budget appropriations lapse at year end.

D. Detailed Notes on All Funds

Cash includes demand deposits. The City is authorized to invest its funds under State law in obligations of the United States or its agencies, the State of Texas or its agencies, other obligations which are unconditionally guaranteed by the State of Texas or the United States, obligations of other governmental agencies with a bond rating of not less than AA or its equivalent, and certificates of deposit that are insured by Federal depository insurance and fully collateralized direct repurchase agreements. During the year ended September 30, 2025, the City did not own any investments other than those permitted by statute.

The City's bank deposits at September 30, 2025, were fully collateralized by federal deposit insurance coverage.

For purposes of the statements of cash flows, investments with an original maturity of three months or less when purchased are considered cash equivalents.

Deposits of the City can be exposed to risk that has the potential to result in losses. The following is an analysis of those risks:

- Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations.

The City will minimize credit risk by limiting investments to certain types of securities, pre-qualifying the financial institutions, broker/dealers, intermediaries, and advisers with which the City will do business, and diversifying the investment portfolio so that the impact of potential losses from any one type of security from any one individual issuer will be minimized. At year-end, the City was not significantly exposed to credit risk.

- Custodial credit risk occurs when deposits are not covered by depository insurance and the deposits are uncollateralized, collateralized with securities held by the pledging financial institution, or collateralized with securities held by the pledging of financial institution, or collateralized with securities held by the pledging of financial institutions trust department or agent but not in the City's name. At year-end, the City was not significantly exposed to custodial credit risk.
- Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer.

To eliminate risk of loss resulting from over-concentration of assets in a specific maturity, issuer, or class of securities, all cash and cash equivalent assets in all City funds shall be diversified by maturity, issuer, and class of security. At year-end, the City was not significantly exposed to concentration of credit risk related to deposits and investments.

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- Interest rate risk is the risk of interest rates changes adversely affecting the fair value of an investment.

The City will minimize interest rate risk by structuring the investment portfolio so that securities mature to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities on the open market prior to maturity. The City's policy is to not directly invest in securities maturity more than six (6) months from date of purchase. The City will also invest operating funds primarily in shorter-term securities, money market mutual funds, or similar investment pools and limits the average maturity of the portfolio. At year-end, the City was not exposed to interest rate risk.

E. Receivables

Primary Government

Receivables at September 30, 2025, consist of the following:

	General Fund	Water & Sewer Fund	Total
Taxes and assessments	\$ 144,555	\$ -	\$ 144,555
Customer-trade	<u>-</u>	<u>125,911</u>	<u>125,911</u>
Gross receivables	144,555	125,911	270,466
Less: Allowance for uncollectible accounts	<u>19,261</u>	<u>17,993</u>	<u>37,254</u>
Net total receivables	<u>\$ 125,294</u>	<u>\$ 107,918</u>	<u>\$ 233,212</u>

Discretely Presented Component Unit

Memphis Economic Development Corporation receivables at September 30, 2025, consist of the following:

Taxes and assessments	\$ 24,476
Interest	3,741
Loans	<u>907,978</u>
Net total receivables	<u>\$ 936,195</u>

Revolving Loan Fund Receivables

A loan in the amount of \$250,000 issued April 2016, annual interest rate of 2% per annum repayable in 120 months of \$2,300 per month, including both principal and interest, with the first payment being due June 2016, and the final installment due May 2026. The balance at September 30, 2025 is \$246,230.

A loan in the amount of \$140,000 issued April 2012, annual interest rate of 4% per annum repayable in 180 months of \$1,035 per month, including both principal and interest, with the first payment being due April 2013, and the final installment due May 2028. The balance at September 30, 2025 is \$45,802.

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A loan in the amount of \$60,000 issued August 2012, annual interest rate of 4% per annum repayable in 180 months of \$296 per month, including both principal and interest, with the first payment being due December 2012, and the final installment due December 2017. The balance at September 30, 2025 is \$15,975.

A loan in the amount of \$30,000 issued November 2016, annual interest rate of 2% per annum repayable in 60 months of \$400 per month, including both principal and interest, with the first payment being due December 2016, and the final installment due November 2021. The balance at September 30, 2025 is \$30,000.

A loan in the amount of \$75,000 issued February 2023, annual interest rate of 7% per annum repayable in 120 months of \$871 per month, including both principal and interest, with the first payment being due February 2023, and the final installment due January 2033. The balance at September 30, 2025 is \$57,734.

A loan in the amount of \$11,000 issued June 24, 2025, annual interest rate of 3.5% per annum repayable in 48 months of \$246 per month, including both principal and interest, with the first payment being due June 2025, and the final installment due June 2029. The balance at September 30, 2025 is \$10,357.

F. Property Taxes

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

The City is permitted by state law to levy taxes for general governmental services, and the payment of principal and interest on long-term debt. The tax rates to finance general governmental services for the year ended September 30, 2025, was \$.41088 per \$100 valuation.

G. Restricted Assets

Restricted assets in the Water and Sewer Fund and Nonexpendable Trust Fund, held for specific purposes in accordance with legal restrictions, are comprised of the following:

<u>Water and Sewer Fund:</u>	
For customer deposits	\$ 109,530
Landfill	154,729
Water line relocation	<u>1,042,810</u>
	<u>1,307,069</u>
 <u>General Fund:</u>	
Airport fund	<u>10,000</u>
 Total restricted assets	 <u>\$ 1,317,069</u>

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H. Plant, Equipment, and Depreciation

Activity for the year ended September 30, 2025, is as follows:

	Beginning Balance	Additions/ Transfers	Retirements/ Transfers	Ending Balance
Governmental activities:				
Capital assets, not being depreciated:				
Land	<u>\$ 84,500</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 84,500</u>
Capital assets, being depreciated:				
Buildings and improvements	1,399,569	-	-	1,399,569
Infrastructure	1,862,939	-	-	1,862,939
Right-to-use equipment	125,135	-	-	125,135
Equipment	<u>893,548</u>	<u>-</u>	<u>-</u>	<u>893,548</u>
Total capital assets, being depreciated:	<u>4,281,191</u>	<u>-</u>	<u>-</u>	<u>4,281,191</u>
Less accumulated depreciation for:				
Buildings and improvements	(1,034,781)	(20,036)	-	(1,054,817)
Infrastructure	(757,213)	(95,059)	-	(852,272)
Right-to-use equipment	(73,587)	(25,236)	-	(98,823)
Equipment	<u>(865,989)</u>	<u>(11,943)</u>	<u>-</u>	<u>(877,932)</u>
Total accumulated depreciation	<u>(2,731,570)</u>	<u>(152,274)</u>	<u>-</u>	<u>(2,883,844)</u>
Total capital assets, being depreciated, net	<u>1,549,621</u>	<u>(152,274)</u>	<u>-</u>	<u>1,397,347</u>
Governmental activities capital assets, net	<u>\$1,634,121</u>	<u>\$ (152,274)</u>	<u>\$ -</u>	<u>\$1,481,847</u>
Business-type activities:				
Capital assets, not being depreciated:				
Land	<u>\$ 248,317</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 248,317</u>
Capital assets, being depreciated:				
Building and systems	3,371,257	310,992	-	3,682,249
Equipment	<u>1,707,102</u>	<u>21,000</u>	<u>-</u>	<u>1,728,102</u>
Total capital assets, being depreciated:	<u>5,078,359</u>	<u>331,992</u>	<u>-</u>	<u>5,410,351</u>
Less accumulated depreciation for:				
Building and systems	(1,234,521)	(75,104)	-	(1,309,625)
Equipment	<u>(1,401,638)</u>	<u>(42,300)</u>	<u>-</u>	<u>(1,443,938)</u>
Total accumulated depreciation	<u>(2,636,159)</u>	<u>(117,404)</u>	<u>-</u>	<u>(2,753,563)</u>
Total capital assets, being depreciated, net	<u>2,442,200</u>	<u>214,588</u>	<u>-</u>	<u>2,656,788</u>
Business-type activities capital assets, net	<u>\$ 2,690,517</u>	<u>\$ 214,588</u>	<u>\$ -</u>	<u>\$ 2,905,105</u>

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

Governmental activities:	
General government	\$ 9,813
Street	69,165
Police	5,057
Fire	30,922
Park	13,233
Library	3,000
Airport	<u>21,084</u>
Total governmental activities	<u>\$ 152,274</u>
Business-type activities:	
Water and sewer	\$ 85,148
Trash	<u>32,256</u>
Total business-type activities	<u>\$ 117,404</u>

I. Long-Term Debt

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

	Balance at Beginning of Year	Increase	Decrease	Balance at End of Year	Due Within One Year
<u>Governmental activities:</u>					
Leases payable	\$ 66,577	\$ -	\$ 22,338	\$ 44,239	\$ 23,536
Compensated absences	<u>10,180</u>	<u>4,197</u>	<u>-</u>	<u>14,377</u>	<u>8,169</u>
Governmental activities long-term debt	<u>\$ 76,757</u>	<u>\$ 4,197</u>	<u>\$ 22,338</u>	<u>\$ 58,616</u>	<u>\$ 31,705</u>
 <u>Business-type activities:</u>					
Certificate of obligation	\$ 220,000	\$ -	\$ 5,000	\$ 215,000	\$ 5,000
2024 Bonds	-	1,284,000	160,000	1,124,000	165,000
Bond issuance costs	-	(34,000)	(4,857)	(24,286)	(4,857)
Compensated absences	<u>13,428</u>	<u>-</u>	<u>4,363</u>	<u>9,065</u>	<u>5,977</u>
Business-type activities long-term debt	<u>\$ 233,428</u>	<u>\$ 1,250,000</u>	<u>\$ 164,506</u>	<u>\$ 1,318,922</u>	<u>\$ 171,120</u>

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Certificate of Obligation Bonds payable at September 30, 2025, are comprised of the following individual issues:

	Range of Interest Rates	Final Maturity Date	Annual Serial Payments	Bonds Authorized	Bonds Outstanding At 9/30/25
2016 Revenue Bond	2.25%	03/01/56	\$4,000	<u>\$ 252,000</u>	<u>\$ 215,000</u>

The annual requirements to pay principal and interest on the City's certificates of obligation debt at September 30, 2025 are as follows:

Year Ending September 30,	Principal	Interest	Total
2026	\$ 5,000	\$ 4,781	\$ 9,781
2027	5,000	4,669	9,669
2028	5,000	4,556	9,556
2029	5,000	4,444	9,444
2030	5,000	4,331	9,331
2031-35	28,000	19,867	47,867
2036-40	31,000	16,526	47,526
2041-45	35,000	12,769	47,769
2046-50	40,000	8,550	48,550
2051-55	46,000	3,758	49,758
2056	<u>10,000</u>	<u>113</u>	<u>10,113</u>
Total	<u>\$ 215,000</u>	<u>\$ 84,364</u>	<u>\$ 299,364</u>

The City issued Certificates of Obligation, Series 2016, in the amount of \$252,000 in April 2016, to be used to pay for the water storage tank roof. The certificates are to be repaid over 40 years with the first installment due March 2017. The annual principal installments begin with the first installment of \$4,000 and varied to a final principal installment of \$10,000. Each annual principal installment is plus accrued interest. The interest rate is 2.25% per annum. The balance at September 30, 2025 is \$215,000. The City must establish a debt service reserve fund equal to at least one annual loan installment that accumulates at the rate of 10% of one annual payment per year for ten years or until the balance is equal to one annual payment. The loan covenants are in compliance.

Tax Note, Series 2024 payable at September 30, 2025, are comprised of the following individual issues:

	Range of Interest Rates	Final Maturity Date	Annual Serial Payments	Bonds Authorized	Bonds Outstanding At 9/30/24
2024 Tax Note	5.13%	09/15/31	\$159,000	<u>\$ 1,284,000</u>	<u>\$ 1,124,000</u>

The annual requirements to pay principal and interest on the City's certificates of obligation debt at September 30, 2025 are as follows:

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Year Ending September 30,	Principal	Interest	Total
2026	\$ 165,000	\$ 57,661	\$ 222,661
2027	173,000	49,197	222,197
2028	182,000	40,322	222,322
2029	191,000	30,985	221,985
2030	201,000	21,187	222,187
2031	<u>212,000</u>	<u>10,875</u>	<u>222,875</u>
Total	<u>\$ 1,124,000</u>	<u>\$ 210,227</u>	<u>\$ 1,334,227</u>

The City issued Tax Nots, Series 2024, in the amount of \$1,284,000 in October 2024, to be used to pay for the water line relocation. The notes are to be repaid over 7 years with the first installment due September 2025. The annual principal installments begin with the first installment of \$159,000 and varied to a final principal installment of \$212,000. Each annual principal installment is plus accrued interest. The interest rate is 5.13% per annum. The balance at September 30, 2025 is \$1,124,000.

Right-To-Use Lease Liabilities:

The City leased a 1997 Pumper on a lease/purchase agreement contract dated November 2021, in the amount of \$48,400. The contract is to be paid in 5 annual payments of \$10,620, including both principal and interest, with the first payment due November 2021, and the final payment due November 2025. The lease carries an interest rate of 3.76% per annum.

The City leased a 2024 Chevy Silverado on a lease/purchase agreement contract dated June 7, 2024, in the amount of \$ 44,883. The contract is to be paid in 3 annual payments of \$14,976, including both principal and interest, with the first payment due June 7, 2025, and the final payment due June 7, 2027. The lease carries an interest rate of 6.45% per annum.

Debt service requirements on the right-to-use lease liabilities payable at September 30, 2025, are as follows:

Year Ending September 30,	Principal	Interest	Total
2026	\$ 23,536	\$ 2,061	\$ 25,597
2027	<u>20,703</u>	<u>1,023</u>	<u>21,726</u>
Total	<u>\$ 44,239</u>	<u>\$ 3,084</u>	<u>\$ 47,323</u>

Leased equipment under capital leases in capital assets at September 30, 2025, had a net book value of \$26,312.

J. Pension Plan

Plan Description

The City of Memphis participates as one of 940 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

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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 comprehensive annual financial report (CAFR) that can be obtained at www.tmr.com.

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

Benefits Provided

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

At retirement, the benefit is calculated as if the sum of the employee's contributions, with interest, and the city-financed monetary credits with interest were used to purchase an annuity. Members may choose to receive their retirement benefit in one of seven 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.

Plan provisions for the City of Memphis were as follows:

Deposit rate:	7%
Matching ratio (to employee)	1.5 to 1
A member is vested after:	5 years
Service retirement eligibility	60/5, 0/20
Updated service credit	100% Repeating
Annuity increase (no retirees)	70% of CPI Repeating

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

Inactive employees or beneficiaries currently receiving benefits	10
Inactive employees entitled to but not yet receiving benefits	12
Active employees	<u>20</u>
Total	42

Contributions

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

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Employees for the City of Memphis were required to contribute 7% of their annual gross earnings during the fiscal year. The contribution rates for the City of Memphis were 11.75% and 12.48% in calendar years 2024 and 2025, respectively. The City's contributions to TMRS for the year ended September 30, 2025, were \$98,151, and were equal to the required contributions.

Net Pension Liability

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

Actuarial Assumptions

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

Inflation	2.5% per year
Overall payroll growth	2.65% per year, adjusted down for population declines, if any
Investment Rate of Return	6.75%, net of pension plan investment expense, including inflation

Salary increases were based on a service-related table. Mortality rates for active members are based on the PUB(10) mortality tables with the Public Safety table use for males and the General Employee table used for females. Mortality rates for healthy retirees and beneficiaries are based on the gender-distinct 2019 Municipal Retirees of Texas mortality tables. The rates for actives, health retirees and beneficiaries are projected on a fully generational basis by scale UMP to account for future mortality improvements. For disabled annuitants, the same mortality tables for healthy retirees is 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 Scale UMP to account for future mortality improvements subject to the floor.

The actuarial assumptions were developed primarily from the actuarial investigation of the experience of TMRS over the four year period from December 31, 2014 through December 31, 2018. There were adopted in 2019 and first used in the December 31, 2019 actuarial valuation. The post-retirement mortality assumption for Annuity Purchase Rate (APRs) is based on the Mortality Experience Investigation Study covering 2009 through 2011, and dated December 31, 2013. Plan assets are managed on a total return basis with an emphasis on both capital appreciation as well as the production of income, in order to satisfy the short-term and long-term funding needs of TMRS.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. In determining their best estimate of a recommended investment return assumption under the various alternative asset allocation portfolios, GRS focused on the area between (1) arithmetic mean (aggressive) without an adjustment for time (conservative) and (2) the geometric mean (conservative) with an adjustment for time (aggressive). The target allocation and best estimates of arithmetic real rates of return for each major asset class in fiscal year 2025 are summarized in the following table:

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Asset Class	Target Allocation	Long-Term Expected Real Rate of Return (Arithmetic)
Global Equity	35.0%	7.1%
Core Fixed Income	6.0%	5.0%
Non-Core Fixed Income	6.0%	6.8%
Other Private Markets	4.0%	7.3%
Private Debt	13.0%	8.2%
Infrastructure	6.0%	6.0%
Real Estate	12.0%	6.7%
Hedge Funds	5.0%	6.4%
Private Equity	13.0%	8.5%
Total	100.0%	

Discount Rate

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

	Total Pension Liability <u>(a)</u>	Plan Fiduciary Net Position <u>(b)</u>	Net Pension Liability <u>(a) – (b)</u>
Balance at 12/31/23	\$ 3,754,746	\$ 3,338,849	\$ 415,897
Changes for the year:			
Service cost	109,867		109,867
Interest	252,384		252,384
Change of benefit terms	-		-
Difference between expected and actual experience	(18,952)		(18,952)
Changes of assumptions	-		-
Contributions – employer		86,713	(86,713)
Contributions – employee		53,669	(53,669)
Net investment income		346,592	(346,592)
Benefit payments, including refunds of employee Contributions	(141,320)	(141,320)	-
Administrative expense		(2,225)	2,225
Other changes	-	(52)	52
Net changes	<u>201,979</u>	<u>343,377</u>	<u>(141,398)</u>
Balance at 12/31/2024	<u>\$ 3,956,725</u>	<u>\$ 3,682,226</u>	<u>\$ 274,499</u>

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

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

	<u>1% Decrease in Discount Rate (5.75%)</u>	<u>Discount Rate (6.75%)</u>	<u>1% Increase in Discount Rate (7.75%)</u>
City's net pension liability	\$ 738,415	\$ 274,499	\$ (117,663)

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

For the year ended September 30, 2025, the City recognized pension expense of \$100,258.

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

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual economic experience	\$ 19,456	\$ 12,461
Changes in actuarial assumptions	-	9,671
Difference between projected and actual investment earnings	184,909	221,104
Contributions subsequent to the measurement date	<u>73,830</u>	<u>-</u>
Total	<u>\$ 278,195</u>	<u>\$ 243,236</u>

\$73,830 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, 2025. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended September 30:	
2026	\$ 6,326
2027	32,391
2028	(53,345)
2029	<u>(24,243)</u>
Total	<u>\$ (38,871)</u>

K. Defined Other Post Employment Benefit Plan:

Plan Description

The City of Memphis participates in the Texas Municipal Retirement System (TMRS) defined benefit group-term life insurance plan known as the Supplemental Death Benefits Fund ("SDBF"). The SDBF is considered to be a single-employer plan. 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 retirees. 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

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considered another postemployment benefit (“OPEB”) and is a fixed amount of \$7,500. As the SDBF covers both active and retiree participants, with no segregation of assets, the SDBF is considered to be an unfunded OPEB plan (i.e. no assets are accumulated).

Benefits Provided

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.

Employees covered by benefit terms:

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

Inactive employees currently receiving benefits	6
Inactive employees entitled to but not yet receiving benefits	1
Active employees	<u>20</u>
Total	<u>27</u>

Contributions

The contribution rates for SDBF for the City of Memphis were .387% and .44% in calendar years 2025 and 2024, respectively. The City’s contributions to SDBF for the year ended September 30, 2025, were \$3,155, and were equal to the required contributions.

Actuarial Assumptions

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

Inflation	2.5%
Salary increases	3.6% to 11.85% including inflation
Discount rate*	4.08%
Retirees’ share of benefit-related costs	\$-
Administrative expenses	All administrative expenses are paid through the Pension Trust and accounted for under reporting requirements under GASB Statement No. 68.
Mortality rates – service retirees	2019 Municipal Retirees of Texas Mortality Tables. Male rates are multiplied by 103% and female rates are multiplied by 105%. The rates are projected on a fully generational basis by the most recent Scale MP-2021 (with immediate convergence).
Mortality rates – disabled retirees	2019 Municipal Retirees of Texas Mortality Tables with a 4 year set-forward for males and a 3 year set-forward for females. In addition, a 3.5% and 3% minimum mortality rate will be applied to reflect the impairment for younger members who become disabled for males and females, respectively. The rates are projected on a fully generational basis by the most recent Scale MP-2021 (with immediate convergence to account for future mortality improvements subject to the floor.

CITY OF MEMPHIS, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2025

*The discount rate was based on the Fidelity Index's "20-Year Municipal GO AA Index" rate as of December 31, 2024.

Discount Rate

The discount rate used to measure the OPEB liability was 4.05%. Because the plan is essentially a "pay-as-you-go" plan, the single discount rate is equal to the prevailing municipal bond rate. The projection of cash flows used to determine the discount rate assumed that contributions from the contributing employers are made at the statutorily required rates. Based on those assumptions, the OPEB plan's fiduciary net position was projected to not be able to make all future benefit payments of current plan members. Therefore, the municipal bond rate was applied to all periods of projected benefit payments to determine the total OPEB liability. The source of the municipal bond rate was fixed-income municipal bonds with 20 years to maturity that include only federally tax-exempt municipal bonds as reported in Fidelity Index's "20-Year Municipal GO AA Index" as of December 31, 2024.

Sensitivity of the OPEB liability to changes in the discount rate

The following presents the OPEB liability of the City, calculated using the discount rate of 4.08%, as well as what the City's 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 in Discount Rate <u>(3.08%)</u>	Discount Rate <u>(4.08%)</u>	1% Increase in Discount Rate <u>(5.08%)</u>
City's OPEB liability	\$ 56,198	\$ 48,046	\$ 41,396

Changes in the OPEB Liability

	Total OPEB Liability <u>(a)</u>
Balance at 12/31/2023	\$ <u>47,314</u>
Changes for the year:	
Service cost	3,680
Interest on Total OPEB Liability	1,831
Change of benefit terms	-
Difference between expected and actual experience	(1,283)
Changes of assumptions or other inputs	(2,346)
Benefit payments*	<u>(1,150)</u>
Net changes	<u>732</u>
Balance at 12/31/2024	<u>\$ 48,046</u>

*Due to the SDBF being considered an unfunded OPEB plan under GASB 78, benefit payments are treated as being equal to the employer's yearly contributions for retirees.

CITY OF MEMPHIS, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2025

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

For the year ended September 30, 2025, the City recognized OPEB expense of \$1,441.

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

	<u>Deferred Outflows of Resources</u>	<u>Deferred (Inflows) of Resources</u>
Differences between expected and actual economic experience	\$ -	\$ 4,993
Changes in actuarial assumptions	-	9,555
Contributions subsequent to the measurement date	<u>798</u>	<u>-</u>
Total	<u>\$ 798</u>	<u>\$ 14,548</u>

\$798 reported as deferred outflows of resources related to OPEB resulting from contributions subsequent to the measurement date will be recognized as a reduction of the OPEB liability for the year ending September 30, 2026. Other amounts reported as deferred outflows and inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ended September 30:	
2026	\$ (4,383)
2027	(4,690)
2028	(4,025)
2029	(1,450)
2030	-
Thereafter	-
Total	<u>\$ (14,548)</u>

L. Health Care Coverage

During the year ended September 30, 2025 the City paid the full medical insurance premium coverage on each of its participating employees. At each employee's discretion, they may also include their spouse or dependents and the employee pays this coverage by a payroll deduction. The City's share of employee health insurance is \$218,452.

M. Commitments and Contingencies

The City participates in 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 that the City has not complied with the rules and regulations governing the grants, refunds of any money received may be required and the collectibility of any related receivable may be impaired. In the opinion of the City, there are no significant contingent liabilities relating to compliance with the rules and regulations governing the respective grants; therefore, no provision has been recorded in the accompanying combined financial statements for such contingencies.

CITY OF MEMPHIS, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2025

N. Closure and Postclosure Care Cost

The City operates a landfill under the regulations of the Texas Commission on Environmental Quality, (TCEQ). The City filed a Subtitle D Arid closure and post-closure care cost estimate for Type I and exempt landfill. The City was approved to close the landfill under the terms and conditions with the financial assurance requirements.

The City applied to the TCEQ for a revised post-closure requirement. The TCEQ granted a revised cash balance to be set aside for the post-closure amount to be \$71,024 with an approved financial assurance from the City. The City has complied with the current regulations with a designated post-closure fund of \$154,729 and approved financial assurance requirement. This requirement is subject to change depending upon regulations set forth by TCEQ in future years.

O. Accumulated Unpaid Vacation and Sick Leave Benefits

At September 30, 2025, the City had accrued vacation leave and sick leave benefits of \$23,442.

P. Litigation

The City is a defendant from time to time in various lawsuits. In the opinion of the City's management, any liabilities resulting from such lawsuits will not have a material effect on the financial position of the City.

Q. Interfund Balances and Activities

Transfers To and From Other Funds

Transfers to and from other funds at September 30, 2025, consisted of the following:

Transfers From	Transfers To	Amount	Reason
Water Fund	General Fund	<u>\$ 314,835</u>	Fund operating deficits
Capital Projects	General Fund	<u>\$ 64,247</u>	City matching funds

R. Memphis Economic Development Corporation

In November 2020, the voters of the City of Memphis approved to move from a Type A Economic Development Corporation to a Type B.

S. Change in Accounting Principle

During the year ended September 30, 2025, the City adopted GASB Statement No. 101, Compensated Absences. This adoption led to recognizing an additional liability for leave that is estimated to be used or paid. The effect of reporting this change in accounting principles in the Statement of Net Position in a decrease in beginning net position of \$10,105 for the governmental activities and \$1,394 for the business-type activities.

CITY OF MEMPHIS, TEXAS
REQUIRED SUPPLEMENTARY INFORMATION

September 30, 2025

SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS

	<u>12/31/2015</u>	<u>12/31/2016</u>	<u>12/31/2017</u>	<u>12/31/2018</u>
Total pension liability				
Service Cost	\$ 49,751	\$ 55,292	\$ 55,494	\$ 60,342
Interest (on the Total Pension Liability)	143,435	142,631	149,174	156,462
Changes of benefit terms	-	-	-	-
Difference between expected and actual experience	(73,868)	(36,488)	(24,325)	(7,790)
Change of assumptions	5,822	-	-	-
Benefit payments, including refunds of employee contributions	<u>(61,380)</u>	<u>(66,497)</u>	<u>(62,701)</u>	<u>(86,899)</u>
Net change in Total Pension Liability	63,760	94,938	117,642	122,115
Total Pension Liability - Beginning	2,054,887	2,118,647	2,213,585	2,331,227
Total Pension Liability - Ending	<u><u>\$ 2,118,647</u></u>	<u><u>\$ 2,213,585</u></u>	<u><u>\$ 2,331,227</u></u>	<u><u>\$ 2,453,342</u></u>
Plan Fiduciary Net Position				
Contributions - Employer	\$ 32,026	\$ 27,674	\$ 24,342	\$ 23,793
Contributions - Employee	26,777	28,067	28,284	30,662
Net Investment Income	3,132	143,315	312,065	(76,439)
Benefit payments, including refunds of employee contributions	(61,380)	(66,497)	(62,701)	(86,899)
Administrative expense	(1,908)	(1,619)	(1,617)	(1,478)
Other	(94)	(87)	(82)	(77)
Net Change in Plan Fiduciary Net Position	<u>(1,447)</u>	<u>130,853</u>	<u>300,291</u>	<u>(110,438)</u>
Plan Fiduciary Net Position - Beginning	2,122,724	2,121,277	2,252,130	2,552,421
Plan Fiduciary Net Position - Ending	<u><u>\$ 2,121,277</u></u>	<u><u>\$ 2,252,130</u></u>	<u><u>\$ 2,552,421</u></u>	<u><u>\$ 2,441,983</u></u>
Net Pension Liability Ending (a)-(b)	\$ (2,630)	\$ (38,545)	\$ (221,194)	\$ 11,359
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	100.12%	101.74%	109.49%	99.54%
Covered Employee Payroll	\$ 535,534	\$ 561,335	\$ 565,683	\$ 613,236
Net Pension Liability as a Percentage of Covered Employee Payroll	-0.49%	-6.87%	-39.10%	1.85%

<u>12/31/2019</u>	<u>12/31/2020</u>	<u>12/31/2021</u>	<u>12/31/2022</u>	<u>12/31/2023</u>	<u>12/31/2024</u>
\$ 76,590	\$ 83,019	\$ 88,456	\$ 92,097	\$ 92,028	\$ 109,867
187,966	200,458	209,923	223,350	239,658	252,384
360,538	-	-	-	-	-
34,511	(20,886)	36,540	71,410	16,047	(18,952)
10,085	-	-	-	(24,787)	-
<u>(134,987)</u>	<u>(119,624)</u>	<u>(130,550)</u>	<u>(145,085)</u>	<u>(145,353)</u>	<u>(141,320)</u>
534,703	142,967	204,369	241,772	177,593	201,979
2,453,342	2,988,045	3,131,012	3,335,381	3,577,153	3,754,746
<u>\$ 2,988,045</u>	<u>\$ 3,131,012</u>	<u>\$ 3,335,381</u>	<u>\$ 3,577,153</u>	<u>\$ 3,754,746</u>	<u>\$ 3,956,725</u>

\$ 32,008	\$ 56,590	\$ 65,996	\$ 68,660	\$ 68,754	\$ 86,713
31,161	42,142	44,165	46,480	46,681	53,669
377,410	208,276	381,983	(240,118)	349,470	346,592
(134,987)	(119,624)	(130,550)	(145,085)	(145,353)	(141,320)
(2,133)	(1,348)	(1,768)	(2,079)	(2,225)	(2,225)
(65)	(53)	12	2,481	(15)	(52)
303,394	185,983	359,838	(269,661)	317,312	343,377
2,441,983	2,745,377	2,931,360	3,291,198	3,021,537	3,338,849
<u>\$ 2,745,377</u>	<u>\$ 2,931,360</u>	<u>\$ 3,291,198</u>	<u>\$ 3,021,537</u>	<u>\$ 3,338,849</u>	<u>\$ 3,682,226</u>

\$ 242,668	\$ 199,652	\$ 44,183	\$ 555,616	\$ 415,897	\$ 274,499
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91.88%	93.62%	98.68%	84.47%	88.92%	93.06%
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\$ 561,925	\$ 602,023	\$ 630,927	\$ 663,999	\$ 666,869	\$ 766,693
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43.19%	33.16%	7.00%	83.68%	62.37%	35.80%
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CITY OF MEMPHIS, TEXAS

REQUIRED SUPPLEMENTARY INFORMATION September 30, 2025

SCHEDULE OF CONTRIBUTIONS Last 10 Fiscal Years (will ultimately be displayed)

	12/31/2015	12/31/2016	12/31/2017	12/31/2018
Actuarially Determined Contribution	\$ 32,025	\$ 29,133	\$ 24,540	\$ 21,550
Contributions in relation to the actuarially determined contribution	32,025	29,045	24,594	21,550
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ 88</u>	<u>\$ (54)</u>	<u>\$ -</u>
Covered employee payroll	\$ 535,534	\$ 561,335	\$ 616,794	\$ 553,390
Contributions as a percentage of covered employee payroll	5.98%	5.19%	3.99%	3.89%

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	19 years (longest amortization ladder)
Asset Valuation Method	10 year smoothed market, 12% soft corridor
Inflation	2.50%
Salary Increases	3.60% to 11.85% including inflation
Investment Rate of Return	6.75%
Retirement Age	Experience-based table of rates that vary by age. Last updated for the 2023 valuation pursuant to an experience study of the period ending 2022.
Mortality	Post retirement: 2019 Municipal Retirees of Texas Mortality Tables. Male rates are multiplied by 103% and female rates are multiplied by 105%. The rates are projected on a fully generational basis by the most recent Scale MP-2021 (with immediate convergence). Pe-retirement: PUB (10) mortality tables, with the 110% of the Public Safety table used for males and the 100% of the General Employee table used for females. The rates are projected on a fully generational basis by the most recent Scale MP-2021 (with immediate convergence).

Other Information:

Notes There were no benefit changes during the year.

<u>12/31/2019</u>	<u>12/31/2020</u>	<u>12/31/2021</u>	<u>12/31/2023</u>	<u>12/31/2024</u>
\$ 60,762	\$ 65,745	\$ 69,288	\$ 86,321	\$ 98,151
60,488	65,745	69,288	86,321	98,151
<u>\$ 274</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 595,840	\$ 628,765	\$ 653,065	\$ 750,343	\$ 800,741
10.15%	10.46%	10.61%	11.50%	12.26%

CITY OF MEMPHIS, TEXAS

REQUIRED SUPPLEMENTARY INFORMATION September 30, 2025

SCHEDULE OF CHANGES IN OTHER POST EMPLOYMENT BENEFIT (OPEB) LIABILITY AND RELATED RATIOS Last 10 Fiscal Years (will ultimately be displayed)

	12/31/2017	12/31/2018	12/31/2019	12/31/2020
Total OPEB liability				
Service Cost	\$ 2,150	\$ 2,698	\$ 2,304	\$ 3,371
Interest on Total OPEB Liability	1,507	1,547	1,735	1,466
Changes of benefit terms	-	-	-	-
Difference between expected and actual experience	-	(783)	(5,873)	(3,542)
Change in assumptions or other inputs	3,230	(2,981)	8,156	7,742
Benefit payments*	(283)	(307)	(225)	(421)
Net change in OPEB Liability	6,604	174	6,097	8,616
Total Pension Liability - Beginning	38,946	45,550	45,724	51,821
Total Pension Liability - Ending	\$ 45,550	\$ 45,724	\$ 51,821	\$ 60,437
Covered Employee Payroll	\$ 565,683	\$ 613,236	\$ 561,925	\$ 602,023
OPEB Liability as a Percentage of Covered Employee Payroll	8.05%	7.46%	9.22%	10.04%

* Due to the SDBF being considered an unfunded OPEB plan under GASB 75, benefit payments are treated as being equal to the employer's yearly contributions for retirees.

<u>12/31/2021</u>	<u>12/31/2022</u>	<u>12/31/2023</u>	<u>12/31/2024</u>
\$ 4,290	\$ 3,785	\$ 2,334	\$ 3,680
1,243	1,131	1,858	1,831
-	-	-	-
(6,832)	1,181	(3,236)	(1,283)
1,677	(20,262)	2,055	(2,346)
(883)	(664)	(800)	(1,150)
(505)	(14,829)	2,211	732
60,437	59,932	45,103	47,314
<u>\$ 59,932</u>	<u>\$ 45,103</u>	<u>\$ 47,314</u>	<u>\$ 48,046</u>
\$ 630,927	\$ 663,999	\$ 666,869	\$ 766,693
9.50%	6.79%	7.09%	6.27%

CITY OF MEMPHIS, TEXAS

REQUIRED SUPPLEMENTARY INFORMATION September 30, 2025

SCHEDULE OF CITY'S OTHER POST EMPLOYMENT BENEFIT (OPEB) CONTRIBUTIONS Last 10 Fiscal Years (will ultimately be displayed)

	<u>12/31/2017</u>	<u>12/31/2018</u>	<u>12/31/2019</u>	<u>12/31/2020</u>
Actuarially Determined Contribution	\$ 308	\$ 236	\$ 371	\$ 769
Contributions in relation to the actuarially determined contribution	<u>308</u>	<u>236</u>	<u>371</u>	<u>769</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
 Covered employee payroll	 \$ 616,794	 \$ 553,390	 \$ 595,840	 \$ 628,765
 Contributions as a percentage of covered employee payroll	 0.05%	 0.04%	 0.06%	 0.12%

Summary of Actuarial Assumptions:

Inflation	2.50%
Salary increases	3.60% to 11.85 % including inflation
Discount rate *	4.08%
Retirees' share of benefit-related costs	\$ -
Administrative expenses	All administrative expenses are paid through the Pension Trust and accounted for under reporting requirements of GASB Statement No. 68.
Mortality rates - service retirees	2019 Municipal Retirees of Texas Mortality Tables. Male rates are multiplied by 103% and female rates are multiplied by 105%. The rates are projected on a fully generational basis by the most recent Scale MP-2021 (with immediate convergence).
Mortality rates - disabled retirees	2019 Municipal Retirees of Texas Mortality Tables with a 4 year-set forward for males and a 3 year set-forward for females. In addition, a 3.5% and 3% minimum mortality rate will be applied to reflect the impairment for younger members who become disabled for males and females, respectively. The rates are projected on a fully generational basis by the most recent Scale MP-2021 (with immediate convergence) to account for future mortality improvements subject to the floor.

* The discount rate was based on the Fidelity Index's "20-Year Municipal GA AA Index" rate as of December 31, 2024.

Note: The actuarial assumptions used in the December 31, 2024 valuation were based on the results of an actuarial experience study for the period ending December 31, 2022.

<u>12/31/2021</u>	<u>12/31/2022</u>	<u>12/31/2023</u>	<u>12/31/2024</u>
\$ 718	\$ 768	\$ 1,074	\$ 1,078
718	768	1,074	1,078
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 653,065	\$ 668,598	\$ 750,343	\$ 800,741
0.11%	0.11%	0.14%	0.13%

Denise Foster C.P.A.
Tracy Lambert C.P.A.
April Foard C.P.A.

330 Main, P.O. Box 7
Childress, Texas 79201 940-937-8681

Independent Auditor's Report

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*

Honorable Mayor and City Council
City of Memphis, Texas
Memphis, Texas 79245

Members of the City Council:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Memphis, Texas as of and for the year ended September 30, 2025, and the related notes to the financial statements, which collectively comprise the City of Memphis Texas's basic financial statements, and have issued our report thereon dated February 9, 2026.

Report on Internal Control Over Financial Reporting

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

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

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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Memphis, Texas'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 determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

Respectfully submitted,

A handwritten signature in cursive script that reads "Foster, Lambert & Foard LLC".

Foster, Lambert & Foard, L.L.C.
February 9, 2026

CITY OF MEMPHIS, TEXAS

SCHEDULE OF FINDINGS AND QUESTIONED COSTS FOR THE YEAR ENDED SEPTEMBER 30, 2025

I. Summary of the Auditor's Results:

Financial Statements:

- Type of auditor's report issued: **Unmodified.**
- Internal control over financial reporting:
 - Material weakness(es) identified: **None.**
 - Significant deficiencies(s) identified that are not considered to be material weaknesses: **None reported.**
- Noncompliance material to financial statements noted: **None.**

Federal Awards:

- Internal control over major programs:
 - Material weakness(es) identified: **Not applicable.**
 - Significant deficiencies(s) identified that are not considered to be material weaknesses: **Not applicable.**
- Type of auditor's report issued on compliance for major programs: **Not applicable.**
- Audit findings disclosed that are required to be reported in accordance with CFR Section 200.516(a): **Not applicable.**
- Identification of major programs: **None.**
- Dollar threshold used to distinguish between Type A and Type B programs: **\$1,000,000.**
- Auditee qualification as a low-risk auditee: **Not applicable.**

II. Financial Statement Findings:

None.

III. Federal Award Findings and Questioned Costs:

Not applicable.

CITY OF MEMPHIS, TEXAS

CORRECTIVE ACTION PLAN
FOR THE YEAR ENDED SEPTEMBER 30, 2025

N/A