

# HONDO

THIS IS GOD'S COUNTRY

## REGULAR CITY COUNCIL MEETING

March 23, 2026 at 6:00 PM

City Council Chambers  
1600 Avenue M, Hondo, TX

### AGENDA

Notice is hereby given that a Regular City Council Meeting of the governing body of the City of Hondo will be held MARCH 23, 2026, at 6:00 p.m. in the City Council Chambers, City Hall at 1600 Avenue M, Hondo, Texas, for the purpose of discussing matters incident and related to the City of Hondo.

The public may also access the meeting remotely through video/conference from your computer, tablet or smartphone at: <https://boxcast.tv/channel/aetaajdf64jalxx20o9a>

Persons may submit questions or comments about items on the agenda by email to: [jschneider@hondo-tx.org](mailto:jschneider@hondo-tx.org). Questions or comments submitted by email must be received by the city at least 1 hour prior to the scheduled start of the meeting in order to be presented to the City Council during the meeting.

The following items will be discussed, to-wit:

1. CALL TO ORDER.
2. QUORUM CHECK.
3. INVOCATION.
4. PLEDGE OF ALLEGIANCE.
5. CITIZENS'/PUBLIC COMMENTS  
*Persons who desire to address the City of Hondo City Council will be received at this time. Those persons wishing to speak should complete a Public Comment Form and submit it to the City Secretary prior to the meeting. If the speaker wishes to comment on a particular agenda item, then the speaker should indicate such item(s) on the form. Public comment is limited to 3 minutes per speaker. Speakers must conduct themselves in a civil manner. In accordance with the Texas Open Meetings Act, the City of Hondo City Council cannot deliberate or take action on items not listed on the meeting agenda.*

### PRESENTATION

6. NEXTQUEST: MANAGE, TRACK, AND FULFILL RECORDS REQUESTS EFFICIENTLY WITH AN ALL-IN-ONE PUBLIC RECORDS REQUEST PORTAL. (CHIEF SOZA)

## **CONSENT**

The Consent Agenda is considered self-explanatory and will be enacted by the Council with one motion. There will be no separate discussion of these items unless they are removed from the Consent Agenda upon the request of the Mayor or a Council Member.

7. **CONSIDERATION AND POSSIBLE ACTION ON THE APPROVAL OF THE MARCH 9, 2026, REGULAR CITY COUNCIL MEETING MINUTES.**
8. **DISCUSS AND CONSIDER ACTION TO APPROVE AN AMENDED RESOLUTION NO. 476-26, AUTHORIZING THE SUBMISSION OF AN APPLICATION FOR FINANCIAL ASSISTANCE TO THE OFFICE OF THE GOVERNOR FOR THE HONDO POLICE DEPARTMENT – UVALDE 2026 OPERATION STONEGARDEN PROJECT, TO INCLUDE THE DESIGNATION OF A GRANTEE FINANCIAL OFFICER.**

## **OTHER BUSINESS**

9. **DISCUSS AND CONSIDER ACTION TO ACCEPT THE ANNUAL COMPREHENSIVE FINANCIAL AUDIT REPORT FOR FISCAL YEAR 2025  
(CHRIS HILL, CHIEF FINANCE OFFICER AND PATTILLO, BROWN & HILL, L.L.P. CPA FIRM)**
10. **DISCUSS AND CONSIDER ACTION TO APPROVE ONE OR MORE RENOVATION PROPOSALS FOR THE RICK TAYLOR RECREATION CENTER, INCLUDING THE FOYER, BATHROOMS, AND SHOWERS, IN AN AMOUNT NOT TO EXCEED \$39,004.00, AND AUTHORIZE THE CITY MANAGER TO EXECUTE ANY NECESSARY DOCUMENTS RELATED TO THE APPROVED WORK.**
11. **DISCUSS AND CONSIDER ACTION TO AUTHORIZE CONTINUED PARTICIPATION IN THE TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS (TDHCA) HOME PROGRAM AND APPROVE FUNDING FOR UP TO TWO (2) ADDITIONAL HOMES IN AN AMOUNT NOT TO EXCEED \$30,000.00, SUBJECT TO AVAILABLE FUNDING.**
12. **DISCUSS AND CONSIDER ACTION TO APPROVE A PROPOSAL FROM CEMSITES FOR CEMETERY RECORD MANAGEMENT SOFTWARE AND RELATED SERVICES, AND AUTHORIZE THE CITY MANAGER TO NEGOTIATE AN AGREEMENT.**
13. **DISCUSS AND CONSIDER ACTION TO APPROVE FUNDING FOR REPAIRS TO THE CITY OF HONDO SWIMMING POOL IN AN AMOUNT NOT TO EXCEED \$89,500.00.**
14. **ADJOURN.**

I hereby certify that the above Notice of Regular City Council Meeting of the governing body of the City of Hondo was posted on the bulletin board in City Hall, 1600 Avenue M, Hondo, Texas, at a place convenient and readily accessible to the public at all times on March 17, 2026, at 5:00 p.m.

**ATTEST:**

Julie Schneider  
City Secretary

*The City Council of the City of Hondo reserves the right to convene in Executive Session in accordance with the Texas Open Meetings Act, Texas Government Code: Section 551.071 (Consultations with Attorney), Section 551.072 (Deliberations*

*about Real Property), Section 551.074 (Personnel Matters), Section 551.076 (Deliberations about Security Devices), or Section 551.087 (Deliberations Regarding Economic Development Negotiations) on any of the above items.*

**NOTICE OF ASSISTANCE AT PUBLIC MEETINGS**

The City of Hondo City Council Meetings is available to all persons regardless of disability. If you require special assistance, contact the City Secretary forty-eight (48) hours prior to the meeting time at 830-426-3378.

[IGNORE\_INDENT]

CITY OF HONDO  
REGULAR CITY COUNCIL MEETING MINUTES  
March 9, 2026  
City Council Chambers  
1600 Avenue M  
Hondo, Texas

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**1. CALL TO ORDER**

Mayor **McAnelly** called the meeting to order at **6:00 p.m.**

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**2. QUORUM**

**Present:** Mayor **McAnelly**; Mayor Pro Tem **Ytuarte**; Councilmembers **Brett Williams, BJ McCollum, Rachel Ramirez, Makenna Lange.**

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**3. INVOCATION**

The invocation was delivered by **J Paul Bruhn, Methodist Church.**

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**4. PLEDGE OF ALLEGIANCE**

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**5. CITIZENS' / PUBLIC COMMENTS**

Persons who desire to address the City of Hondo City Council may do so at this time. Those wishing to speak must complete a Public Comment Form and submit it to the City Secretary prior to the meeting. Public comments are limited to **three (3) minutes per speaker**. In accordance with the **Texas Open Meetings Act**, the City Council cannot deliberate or take action on items not listed on the agenda.

**Speakers:**

- **George Berry** addressed the Council regarding the cost of the sports complex, estimated at over \$100,000. Mr. Berry shared concerns about the need for a backflow device in the irrigation system.

**Action:**

No action was taken.

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## PRESENTATIONS

6. Chief Soza presented information regarding the 2025 racial profiling report, showing 7,082 traffic stops with no complaints of racial profiling.

Discussion followed.

**Action:**

Discussion only; no action taken.

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## CONSENT AGENDA

The Consent Agenda is considered self-explanatory and will be enacted by the Council with one motion. There will be no separate discussion of these items unless they are removed from the Consent Agenda upon the request of the Mayor or a Council Member.

**Motion:**

Councilmember **Ytuarte** moved to approve Items 7-10 on the Consent Agenda.

The motion was seconded by Councilmember **Ramirez**.

**Vote:** Motion **passed unanimously**.

7. CONSIDERATION AND APPROVAL OF FEBRUARY 9, 2026, REGULAR CITY COUNCIL MINUTES. (JULIE SCHNEIDER, CITY SECRETARY)

8. CONSIDERATION AND APPROVAL OF FEBRUARY 23, 2026, REGULAR CITY COUNCIL MINUTES. (JULIE SCHNEIDER, CITY SECRETARY)

9. CONSIDERATION AND APPROVAL OF ORDINANCE NO. 1317-02-26 OF THE CITY OF HONDO, TEXAS, REZONING APPROXIMATELY 0.112 ACRES OF LAND LOCATED AT 1002 17TH STREET, HONDO, MEDINA COUNTY, TEXAS, BEING A PORTION OF LOTS 15 AND 16, BLOCK 8, CITY OF HONDO, AS RECORDED IN VOLUME 1, PAGE 127 OF THE PLAT RECORDS OF MEDINA COUNTY, TEXAS, FROM CENTRAL BUSINESS DISTRICT (CBD) TO RESIDENTIAL TWO (R-2) DISTRICT; PROVIDING FINDINGS OF FACT; DECLARING COMPLIANCE WITH CHAPTER 211 OF THE TEXAS LOCAL GOVERNMENT CODE AND APPLICABLE NOTICE AND HEARING REQUIREMENTS; PROVIDING A REPEALER AND SEVERABILITY CLAUSE; AND ESTABLISHING AN EFFECTIVE DATE.

10. CONSIDERATION AND APPROVAL OF THE APPOINTMENT OF DANIEL WEBER TO THE AIRPORT ADVISORY BOARD TO FILL THE CURRENT VACANCY. (MAYOR MCANELLY)

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## OTHER BUSINESS

11. CONSIDERATION AND APPROVAL OF RESOLUTION NO. 478-26 AUTHORIZING THE CITY MANAGER TO NEGOTIATE AND EXECUTE A PROFESSIONAL SERVICES AGREEMENT WITH NEWGEN STRATEGIES & SOLUTIONS, LLC FOR THE FY 2026 WATER AND WASTEWATER RATE STUDY IN AN AMOUNT NOT TO EXCEED \$35,000.00; AND

PROVIDING FOR AN EFFECTIVE DATE. (JOHN NARON, CITY MANAGER)

**John Naron, City Manager**, explains the need for the study, the expected cost of \$35,000, and the importance of planning for future infrastructure needs. Mr. Naron also explains that the contract will not be completed until the services are done, and any changes would need to be brought back to the council for approval.

**Council Member Ytuarte** raises concerns about the potential for the cost to exceed \$35,000 and the need for council approval if it does.

**Mike McCann, City Attorney**, reassures the council that the agreement includes a cap of \$35,000 and that any additional costs would require council approval.

**Motion:**

Councilmember **Williams** moved to **approve Resolution No. 478-26**.

The motion was seconded by Councilmember **McCollum**.

**Vote:** Motion **passed unanimously**.

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**ADJOURNMENT**

**12. Adjourn**

There being no further business, Councilmember Ytuarte moved to adjourn; seconded by Councilmember Ramirez. The meeting was adjourned at 6:20 p.m.

**Passed and approved this 23rd day of March 2026.**

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John McAnelly, Jr.  
Mayor

ATTEST:

**Julie Schneider**  
City Secretary



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## City Council Communication

**Title:** DISCUSS AND CONSIDER ACTION TO APPROVE AN AMENDED RESOLUTION NO. 476-26, AUTHORIZING THE SUBMISSION OF AN APPLICATION FOR FINANCIAL ASSISTANCE TO THE OFFICE OF THE GOVERNOR FOR THE HONDO POLICE DEPARTMENT – UVALDE 2026 OPERATION STONEGARDEN PROJECT, TO INCLUDE THE DESIGNATION OF A GRANTEE FINANCIAL OFFICER.

**Date:** March 23, 2026      **From:**

**INFORMATION:**

**FINANCIAL IMPACT:**

**STAFF RECOMMENDATION:**

**MOTION:**

**ATTACHMENTS:**

1. 476-26 Stonegarden Project - AMENDED

**STAFF CONTACTS:**

**RESOLUTION NO. 476-26 (AMENDED)**

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF HONDO, TEXAS, AUTHORIZING THE SUBMISSION OF AN APPLICATION FOR FINANCIAL ASSISTANCE TO THE OFFICE OF THE GOVERNOR FOR THE HONDO POLICE DEPARTMENT – UVALDE 2026 OPERATION STONEGARDEN PROJECT.**

**WHEREAS**, the Hondo City Council finds it in the best interest of the citizens of Hondo, Texas that the Hondo Police Department – Uvalde 2026 Operation Stonegarden Project be operated for Fiscal Year 2026–2027; and

**WHEREAS**, the Hondo City Council agrees to provide applicable matching funds for the said project as required by the Office of the Governor grant application; and

**WHEREAS**, the Hondo City Council agrees that in the event of loss or misuse of the Office of the Governor funds, the Hondo City Council assures that the funds will be returned to the Office of the Governor in full; and

**WHEREAS**, the Hondo City Council designates Justin Soza, Chief of Police, as the grantee’s authorized official, who is given the power to apply for, accept, reject, alter, or terminate the grant on behalf of the applicant agency; and

**WHEREAS**, the Hondo City Council designates Chris Hill, Chief Finance Officer, as the grantee’s financial officer. The financial officer is given the power to submit financial and/or programmatic reports and to make authorized modifications to the grant on behalf of the applicant agency;

**NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF HONDO, TEXAS:**

**Section 1.** The City Council hereby approves submission of the grant application for the Hondo Police Department – Uvalde 2026 Operation Stonegarden Project to the Office of the Governor and further authorizes the designated authorized official and financial officer identified above to carry out the duties described herein.

**PASSED AND APPROVED this \_\_\_ day of \_\_\_\_\_, 2026.**

\_\_\_\_\_  
John McAnelly, Mayor

ATTEST:

\_\_\_\_\_  
Julie Schneider, City Secretary

Grant Number: 5042702





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## City Council Communication

**Title:** DISCUSS AND CONSIDER ACTION TO ACCEPT THE ANNUAL COMPREHENSIVE FINANCIAL AUDIT REPORT FOR FISCAL YEAR 2025  
(CHRIS HILL, CHIEF FINANCE OFFICER AND PATTILLO, BROWN & HILL, L.L.P. CPA FIRM)

**Date:** March 23, 2026      **From:** Chris Hill, Chief Finance Officer

**INFORMATION:**

We are pleased to present the Annual Comprehensive Financial Report of the City of Hondo, Texas (the City) for the fiscal year ended September 30, 2025. State law requires that local governments publish a complete set of financial statements presented in conformity with generally accepted accounting principles in the United States of America (U.S. GAAP) and audited in accordance with generally accepted auditing standards in the United States of America by a firm of licensed certified public accountants. Pursuant to that requirement, we hereby issue the annual comprehensive financial report of the City of Hondo for the fiscal year ended September 30, 2025.

The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion that the City of Hondo’s financial statements for the fiscal year ended September 30, 2025, are fairly presented in conformity with U.S. GAAP. The independent auditor’s report is presented as the first component of the financial section of this report.

**FINANCIAL IMPACT:**

N/A

**STAFF RECOMMENDATION:**

Approve the Annual Comprehensive Financial Report for the fiscal year ended September 30, 2025.

**MOTION:**

Motion to Approve the Annual Comprehensive Financial Report for the fiscal year ended September 30, 2025.

**ATTACHMENTS:**

1. Annual Comprehensive Financial Report 2025
2. Required Communication with Governance 2025

**STAFF CONTACTS:**

Chris Hill  
Chief Finance Officer  
chill@hondo-tx.org

**CITY OF HONDO, TEXAS**  
**ANNUAL COMPREHENSIVE FINANCIAL REPORT**  
**FISCAL YEAR ENDED SEPTEMBER 30, 2025**



**Prepared by: Finance Department**



**CITY OF HONDO, TEXAS**

ANNUAL COMPREHENSIVE FINANCIAL REPORT

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## **INTRODUCTORY SECTION**

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## City of Hondo

1600 Avenue M • Hondo, Texas 78861 • (830) 426-3378 • (830) 426-5189 fax

March 23, 2026

To the Honorable Mayor, City Council, and the Citizens of City of Hondo:

We are pleased to present the Annual Comprehensive Financial Report of the City of Hondo, Texas (the City) for the fiscal year ended September 30, 2025. State law requires that local governments publish a complete set of financial statements presented in conformity with generally accepted accounting principles in the United States of America (U.S. GAAP) and audited in accordance with generally accepted auditing standards in the United States of America by a firm of licensed certified public accountants. Pursuant to that requirement, we hereby issue the annual comprehensive financial report of the City of Hondo for the fiscal year ended September 30, 2025.

This report consists of management's representations concerning the finances of the City of Hondo. Consequently, management assumes full responsibility for the completeness and reliability of all the information presented in this report. To provide a reasonable basis for making these representations, management of the City of Hondo has established a comprehensive internal control framework that is designed both to protect the government's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the City of Hondo's financial statements in conformity with U.S. GAAP. Because the cost of internal controls should not outweigh their benefits, the City of Hondo comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

The City of Hondo's financial statements have been audited by Pattillo, Brown & Hill, L.L.P., a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City of Hondo for the fiscal year ended September 30, 2025, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation.

The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion that the City of Hondo's financial statements for the fiscal year ended September 30, 2025, are fairly presented in conformity with U.S. GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

GAAP requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement MD&A and should be read in conjunction with it. The City of Hondo's MD&A can be found immediately following the report of the independent auditors.

### **Profile of the Government**

The City of Hondo, incorporated in 1942, is located approximately 40 miles west of San Antonio, Texas. The City of Hondo occupies approximately 9.6 square miles of land. The City of Hondo is empowered to levy a property tax on both real and personal properties located within its boundaries. It also is empowered by state statute to extend its corporate limits by annexation, which occurs periodically when deemed appropriate by the governing body. The City has operated under the council-manager form of government.

Policymaking and legislative authority are vested in a City Council consisting of the Mayor and five councilmembers. The City Council is responsible for establishing public policy on City matters by the passage of appropriate ordinances and resolutions. The City Manager is responsible for overseeing the day-to-day operations of the government, implementing policy established by City Council, and for appointing the heads of the various departments. The City provides a full range of services, including police and fire protection, the construction and maintenance of streets, recreational facilities, cultural events, airport operations, water, electric, sanitation and sewer services.

### **Factors Affecting Financial Condition**

The information presented in the financial statements is perhaps best understood when it is considered from the broader perspective of the specific environment within which the City of Hondo operates.

### **Local Economy**

Hondo is a community west of San Antonio. The major local employers of the City are the County, School District and City itself. The remaining workforce commutes to the San Antonio and surrounding area. The City (through the Economic Development Corporation) is working to expand the South Texas Regional Training Center to offer job training. At the same time, the City is actively marketing undeveloped land to businesses. The City anticipates the additional skilled workforce and available real estate will attract new employers.

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

The City continues to long-range plan for its aging infrastructure during the budget process every year. Recently, a shift took place with capital planning to a more long-range focus with infrastructure plans. Job growth and sales tax growth has also led to an increase in services provided for the residents which also impacts long-range planning with personnel. Growth will undoubtedly hit the City of Hondo soon as continued expansion of the San Antonio metro takes place and the City is focused on addressing its infrastructure going forward.

### **Financial Information**

#### **Internal Control**

Management is responsible for establishing and maintaining internal controls designed to ensure that assets of the City are protected from loss, theft or misuse and to provide adequate accounting information compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles for local governments as prescribed by the Governmental Accounting Standards Board (GASB), the Financial Accounting Standards Board (FASB) and the American Institute of Certified Public Accountants (AICPA). The internal control system is designed to provide reasonable, but not absolute assurance that these objectives are met. The concept of reasonable assurance recognizes that the cost of an internal control should not exceed the benefits derived from the internal control. The City utilizes financial accounting software which is designed with a system of internal controls. These controls are continually being reevaluated to provide reasonable, but not absolute, assurances.

#### **Budget Controls**

The City also utilizes budgetary controls. Legally expenditures cannot exceed the appropriated amount. The objective of these budgetary controls is to ensure compliance with the adopted budget approved by the City Council as mandated by the city charter and state law. The levels of budgetary control are established at the department basis and at the fund level. The legal level of which management cannot overspend the budget without the approval of the governing body is at the fund level. Staff believes these controls help monitor and direct approved expenditures to a level within the budget parameters which directly results in a strong financial performance.

#### **Financial Results**

Assets and fund balances continue to grow as the City grows and financial results remain strong. Staff closely monitors and plans the amount of issuance to keep steady debt ratios per capita, per revenue, and per operations tax rate to the debt tax rate. Examples of these ratios can be found in the Statistical Section of the report (as listed in the table of contents). A more detailed summary of the City's Financial Performance is available in the Management's Discussion and Analysis section (as listed in the table of contents).

## **Independent Audit**

An independent audit is performed every year of the general ledger, accounts, financial records, and transactions of all city departments. The audit is completed by an independent certified public accounting firm selected by the City Council. The City is in compliance with this requirement and the independent auditor's report by Pattillo, Brown & Hill, L.L.P. Certified Public Accountants, has been included in this report.

## **Acknowledgements**

The preparation of this report would not have been possible without the efficient and dedicated services of the entire staff of the Finance Department. We would like to express our appreciation to all members of the department who assisted and contributed to the preparation of this report. In conclusion, we would have none of the success we have enjoyed without the assistance of each staff member, as well as the support and strategic direction from the Mayor and the City Council during the strategic planning, pre-budget, and budget approval process.

Respectfully submitted,



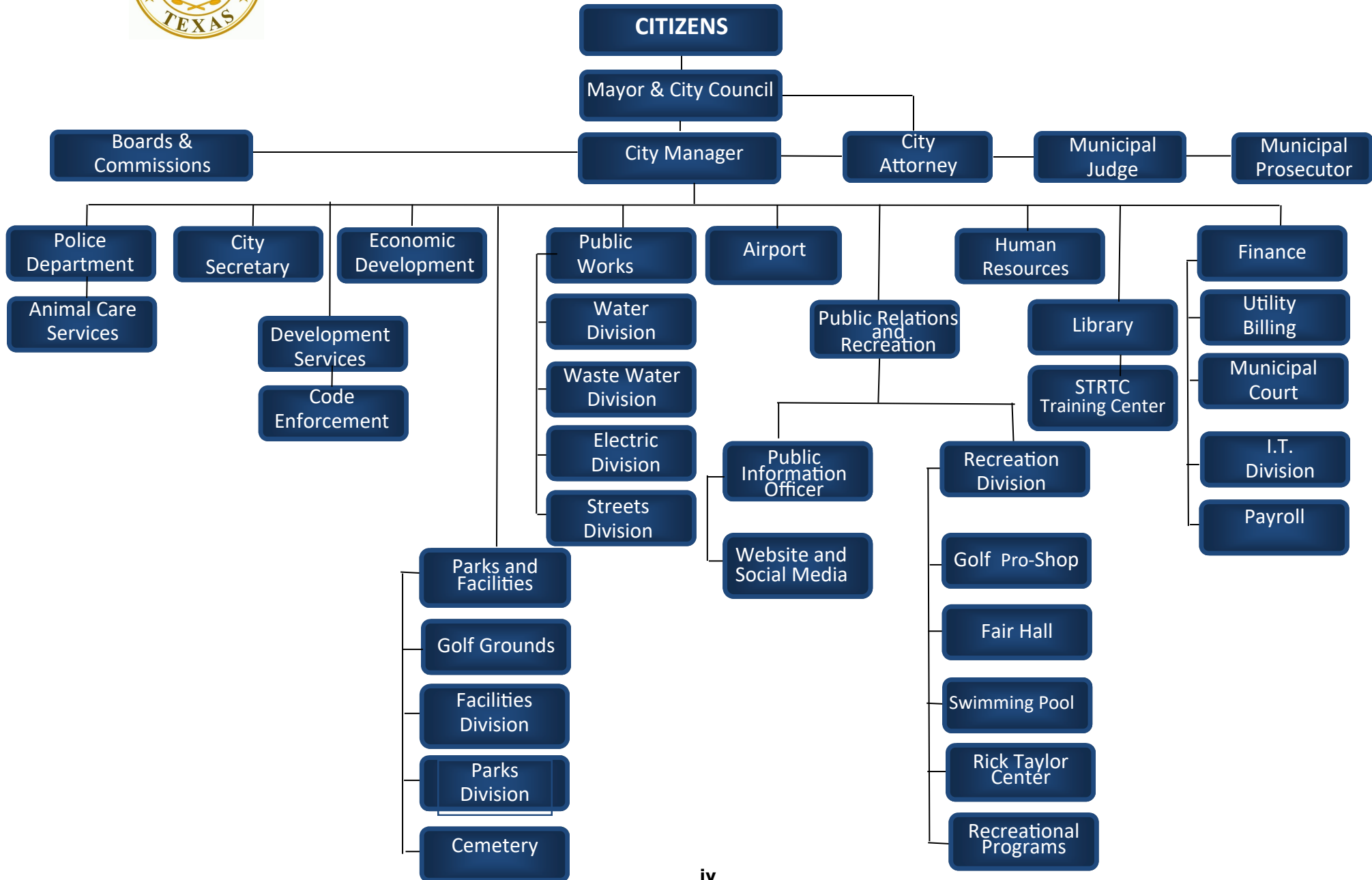
John Naron  
City Manager



Chris Hill  
Chief Financial Officer



# CITY OF HONDO ORGANIZATIONAL CHART



**CITY OF HONDO, TEXAS**

PRINCIPAL OFFICIALS

SEPTEMBER 30, 2025

**CITY OFFICIALS**

Mayor ..... John McAnelly

Council Members.....

Jose "Porky" Ytuarte

Brett Williams

Rachel Ramirez

Makenna Lange

City Manager ..... John Naron

## **FINANCIAL SECTION**

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## INDEPENDENT AUDITOR’S REPORT

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

### Report on the Audit of the Financial Statements

#### Opinions

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

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

#### Basis for Opinions

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

#### Emphasis of Matter – Accounting Change

As discussed in Note I to the basic financial statements, during the year ended September 30, 2025, the City implemented Governmental Accounting Standards Board (GASB) Statement No. 101, *Compensated Absences*. Our opinions are not modified with respect to this matter.

#### Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City’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 GAAS 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 GAAS and *Government Auditing Standards*, we:

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

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

### ***Required Supplementary Information***

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

### **Supplementary Information**

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

### **Other Information Included in the Annual Comprehensive Financial Report**

Management is responsible for the other information included in the annual comprehensive financial report (ACFR). The other information comprises the introductory section and statistical section but does not include the financial statements and our auditor's report thereon. Our opinions on the financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon. In connection with our audit of the financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated March 23, 2026, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of 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's internal control over financial reporting and compliance.

*Pattillo, Brown & Hill, L.L.P.*

Waco, Texas  
March 23, 2026

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**MANAGEMENT'S  
DISCUSSION AND ANALYSIS**

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## MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of the City of Hondo's annual financial report presents our discussion and analysis of the City's financial performance during the fiscal year ended September 30, 2025. Please read it in conjunction with the City's financial statements, which follow this section.

### FINANCIAL HIGHLIGHTS

- The City's total combined net position was \$58,193,392 at September 30, 2025.
- The City's governmental activities increased net position by \$1,534,214, as total revenues and transfers exceeded expenses. The total cost of the City's governmental programs increased 1.0% from the prior year due primarily to increased spending in public safety and public works.
- The City's business-type activities increased net position by \$2,084,660, as operating revenues and other revenues exceeded expenses. The total cost of the City's business-type activities increased 5.96% from the prior year due primarily to the implementation of GASB 101, *Compensated Absences*, which increased payroll liabilities.
- The General Fund reported a fund balance of \$5,808,846, a decrease of \$661,759. This decrease was due to increased expenditures in public safety and public works. Capital outlay also increased \$692,261 for purchases of additional capital assets.

### OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of three parts—*management's discussion and analysis* (this section), the *basic financial statements*, and *required supplementary information*. The basic financial statements include two kinds of statements that present different views of the City:

- The first two statements are *government-wide financial statements* that provide both *long-term* and *short-term* information about the City's overall financial status.
- The remaining statements are *fund financial statements* that focus on *individual parts* of the government, reporting the City's operations in more detail than the government-wide statements.
- The *governmental funds* statements tell how *general government* services were financed in the *short-term* as well as what remains for future spending.
- *Proprietary fund* statements offer *short-* and *long-term* financial information about the activities the government operates *like businesses*.

The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. The statements are followed by a section of required supplementary information that further explains and supports the information in the financial statements.

The remainder of this overview section of management's discussion and analysis explains the structure and contents of each of the statements.

**Government-Wide Statements** – The government-wide statements report information about the City as a whole using accounting methods similar to those used by private-sector companies. The statement of net position includes all of the government's assets and liabilities. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The two government-wide statements report the City's net position and how it has changed. Net position—the difference between the City's assets and liabilities—is one way to measure the City's financial health or position.

- Over time, increases or decreases in the City's net position are an indicator of whether its financial health is improving or deteriorating, respectively.
- To assess the overall health of the City, one needs to consider additional non-financial factors such as changes in the City's tax base.

- The government-wide financial statements of the City include the Governmental activities. Most of the City's basic services are included here, such as general government, public safety, streets, economic development, culture and recreation, and interest on long-term debt. Property taxes and charges for services finance most of these activities.
- The government-wide financial statements also include the Business-type activities, which consist of operations that are intended to recover all or a significant portion of their costs through user fees and charges. These activities include the City's electric utility, water and sewer, airport, and sanitation services.

**Fund Financial Statements** – The fund financial statements provide more detailed information about the City's most significant funds— not the City as a whole. Funds are accounting devices that the City uses to keep track of specific sources of funding and spending for particular purposes. Some funds are required by State law and by bond covenants. The City Council establishes other funds to control and manage money for particular purposes or to show that it is properly using certain taxes and grants.

The City has the following kinds of funds:

- *Governmental funds* – Most of the City's basic services are included in governmental funds, which focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental fund statements provide a detailed short-term view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs. Because this information does not encompass the additional long-term focus of the government-wide statements, we provide additional information on the subsequent page, which explains the relationship (or differences) between them.
- *Proprietary funds* – Services for which the City charges customers a fee are generally reported in proprietary funds. Proprietary funds, like the government-wide statements, provide both long-term and short-term financial information.

## FINANCIAL ANALYSIS OF THE CITY AS A WHOLE

The City's combined net position was \$58,193,392 at September 30, 2025. (See Figure A-1).

**Figure A-1  
City's Net Position**

	Governmental Activities		Business-type Activities		Totals	
	2025	2024	2025	2024	2025	2024
Current and other assets	\$ 12,510,498	\$ 14,457,969	\$ 23,634,874	\$ 24,675,286	\$ 36,145,372	\$ 39,133,255
Capital assets	19,257,448	17,454,449	34,139,595	32,758,296	53,397,043	50,212,745
Total assets	<u>31,767,946</u>	<u>31,912,418</u>	<u>57,774,469</u>	<u>57,433,582</u>	<u>89,542,415</u>	<u>89,346,000</u>
Deferred outflows of resources	635,465	964,103	209,544	321,097	845,009	1,285,200
Long-term liabilities	10,063,768	10,827,018	15,872,519	16,730,063	25,936,287	27,557,081
Other liabilities	909,018	2,009,788	1,543,402	2,251,035	2,452,420	4,260,823
Total liabilities	<u>10,972,786</u>	<u>12,836,806</u>	<u>17,415,921</u>	<u>18,981,098</u>	<u>28,388,707</u>	<u>31,817,904</u>
Deferred inflows of resources	258,510	188,596	3,546,815	3,836,964	3,805,325	4,025,560
Net position:						
Net investment in capital assets	12,320,908	10,203,355	27,307,155	26,416,511	39,628,063	36,619,866
Restricted	4,403,482	4,416,620	-	-	4,403,482	4,416,620
Unrestricted	<u>4,447,725</u>	<u>5,231,144</u>	<u>9,714,122</u>	<u>8,520,106</u>	<u>14,161,847</u>	<u>13,751,250</u>
Total net position	<u>\$ 21,172,115</u>	<u>\$ 19,851,119</u>	<u>\$ 37,021,277</u>	<u>\$ 34,936,617</u>	<u>\$ 58,193,392</u>	<u>\$ 54,787,736</u>

Note: during the current year, the City adopted new accounting guidance for compensated absences with the adoption of GASB Statement No. 101, *Compensated Absences*. The information above for 2025 has been restated to reflect this change, but in accordance with GASB pronouncements, 2024 was not adjusted above.

### Governmental Activities

- Property tax rates for the fiscal year ending September 30, 2025, increased from \$0.4730 to \$0.4800, which along with increasing property values led to an increase in ad valorem tax revenue of 16.4%.

- Sales tax collections increased 10.4% to \$2,308,148. Inflation and changes in consumer spending contribute to the fluctuations from year to year.
- Expenses increased slightly overall by \$159,325 or 1.3% in the governmental activities mostly due to the changes in estimates for net pension liability, OPEB liabilities, and compensated absences.

### Business-Type Activities

- Expenses increased by an average of 6.05%. The largest expense increases occurred in the electric utility fund.
- Total revenues from all business-type activities increased from the prior year by \$2,291,663, or 12.0%, primarily for increases in charges for services and capital grants and contributions.

**Figure A-2  
Changes in City's Net Position**

	Governmental Activities		Business-type Activities		Totals	
	2025	2024	2025	2024	2025	2024
<b>Revenues:</b>						
Program revenues:						
Charges for services	\$ 1,606,412	\$ 1,158,573	\$ 18,993,441	\$ 17,940,512	\$ 20,599,853	\$ 19,099,085
Operating grants and contributions	1,557,104	920,061	-	-	1,557,104	920,061
Capital grants and contributions	17,736	105,797	624,038	405,401	641,774	511,198
General revenues:						
Property tax	2,449,881	2,104,636	-	-	2,449,881	2,104,636
Sales tax	2,308,148	2,090,172	-	-	2,308,148	2,090,172
Other taxes	170,270	186,169	-	-	170,270	186,169
Investment earnings	669,105	834,357	302,840	303,352	971,945	1,137,709
Gain on sale of assets	-	-	1,070,000	-	1,070,000	-
Miscellaneous	151,332	149,547	372,231	421,622	523,563	571,169
Total revenues	<u>8,929,988</u>	<u>7,549,312</u>	<u>21,362,550</u>	<u>19,070,887</u>	<u>30,292,538</u>	<u>26,620,199</u>
<b>Expenses:</b>						
General government	3,245,027	4,250,244	-	-	3,245,027	4,250,244
Public safety	3,471,124	3,144,028	-	-	3,471,124	3,144,028
Judicial	136,739	157,446	-	-	136,739	157,446
Public works	2,736,470	2,107,025	-	-	2,736,470	2,107,025
Culture and recreation	2,665,528	2,501,390	-	-	2,665,528	2,501,390
Interest on long-term debt	254,171	227,638	-	-	254,171	227,638
Electric utility	-	-	7,416,554	7,006,334	7,416,554	7,006,334
Water and sewer	-	-	3,598,390	3,224,602	3,598,390	3,224,602
Airport	-	-	1,565,311	1,619,935	1,565,311	1,619,935
Sanitation	-	-	1,584,350	1,517,534	1,584,350	1,517,534
Total expenses	<u>12,509,059</u>	<u>12,387,771</u>	<u>14,164,605</u>	<u>13,368,405</u>	<u>26,673,664</u>	<u>25,756,176</u>
Increases in net position before transfers	(3,579,071)	(4,838,459)	7,197,945	5,702,482	3,618,874	864,023
Transfers	5,113,285	5,427,309	(5,113,285)	(5,427,309)	-	-
Change in net position	1,534,214	588,850	2,084,660	275,173	3,618,874	864,023
Net position, beginning	19,851,119	19,262,269	34,936,617	34,661,444	54,787,736	53,923,713
Restatement	\$ (213,218)	\$ -	\$ -	\$ -	\$ (213,218)	\$ -
Net position, ending	<u>\$ 21,172,115</u>	<u>\$ 19,851,119</u>	<u>\$ 37,021,277</u>	<u>\$ 34,936,617</u>	<u>\$ 58,193,392</u>	<u>\$ 54,787,736</u>

### FINANCIAL ANALYSIS OF THE CITY'S FUNDS

- The General Fund decreased its fund balance by \$661,759. Expenditures increased in most functions in fiscal year 2025 primarily due to capital projects ongoing and recognizing increased payroll liabilities under the new compensated absences standard.
- The 2024 Bonds Fund reported a fund balance of \$621,311, a decrease of \$173,350, at year end as bond proceeds continued to be used for ongoing capital improvement projects.
- All of the proprietary funds generated sufficient operating revenues to cover operating expenses and debt service.

### Budgetary Highlights

- General Fund actual revenues fell short of budgeted amounts by \$767,662, mostly due to decreases in revenue from licenses, permits, and intergovernmental sources.
- General Fund expenditures were \$917,358 under budget. A large portion of the savings was from expenditures in general government and capital outlay coming in significantly lower than expected.
- The General Fund balance decreased \$661,759 compared to the final balanced budget, primarily due to the unexpected decrease in revenues mentioned earlier.

**CAPITAL ASSETS AND DEBT ADMINISTRATION**

**Capital Assets** – As of September 30, 2025, the City had invested \$53,397,043 in a broad range of capital assets, including land, equipment, buildings, vehicles, and right to use. Significant changes in fiscal year 2025 included \$2,603,493 of additions to construction in progress related to ongoing capital projects under governmental activities and the business-type utility funds. (See Figure A-4). More detailed information about the City’s capital assets is presented in note V to the financial statements.

**Figure A-4  
City's Capital Assets**

	Governmental Activities		Business-type Activities		Totals	
	2025	2024	2025	2024	2025	2024
Land	\$ 628,148	\$ 628,148	\$ 2,284,449	\$ 2,284,449	\$ 2,912,597	\$ 2,912,597
Water rights	-	-	199,541	199,541	199,541	199,541
Construction in progress	5,498,811	4,186,597	5,727,417	5,546,729	11,226,228	9,733,326
Buildings and improvement:	10,526,618	10,526,618	19,304,209	19,164,586	29,830,827	29,691,204
Infrastructure	18,505,473	17,971,220	30,125,324	28,400,250	48,630,797	46,371,470
Vehicles and equipment	5,681,361	4,892,551	3,423,456	2,809,281	9,104,817	7,701,832
Right to use	163,435	117,513	89,377	89,377	252,812	206,890
Accumulated depreciation	(21,746,398)	(20,868,198)	(27,014,178)	(25,735,917)	(48,760,576)	(46,604,115)
<b>Total</b>	<b>\$ 19,257,448</b>	<b>\$ 17,454,449</b>	<b>\$ 34,139,595</b>	<b>\$ 32,758,296</b>	<b>\$ 53,397,043</b>	<b>\$ 50,212,745</b>

**Long Term Debt** – The City had bonds, tax notes, leases, and compensated absences payable at year end as outlined in Figure A-5. No new bonds were issued during the fiscal year. More detailed information about the City’s debt is presented in note VII to the financial statements.

**Table A-5  
City's Long-Term Debt**

	Governmental Activities		Business-type Activities		Totals	
	2025	2024	2025	2024	2025	2024
Bonds payable	\$ 6,161,271	\$ 6,672,979	\$ 14,989,438	\$ 15,747,677	\$ 21,150,709	\$ 22,420,656
Tax notes	1,440,000	1,665,000	105,000	130,000	1,545,000	1,795,000
Leases	112,611	15,240	21,365	41,702	133,976	56,942
Compensated absences	433,715	101,147	124,865	20,471	558,580	121,618
<b>Total</b>	<b>\$ 8,147,597</b>	<b>\$ 8,454,366</b>	<b>\$ 15,240,668</b>	<b>\$ 15,939,850</b>	<b>\$ 23,388,265</b>	<b>\$ 24,394,216</b>

Note that the above table reflects the City’s implementation of GASB Statement No. 101, *Compensated Absences*, for 2025 and 2024. The liability now includes the estimated portion of accumulated sick leave that will be paid in future years. The other portion of compensated absences related to vacation payable was not significantly affected by GASB 101 because all vacation leave vests and is paid upon termination; thus, those amounts were already reported under existing standards.

**ECONOMIC FACTORS AND NEXT YEAR’S BUDGETS AND RATES**

The 2025–2026 fiscal year reflects the City of Hondo’s continued commitment to sustainable growth, infrastructure improvements, and sound financial management. Strategic investments and ongoing infrastructure enhancements support economic development while ensuring the city remains well-positioned to serve the long-term interests of residents and the business community.

**Business Growth and Expansion:** The City of Hondo continues to see strong interest from businesses seeking to expand or establish operations within the community. During the year, the city and the Hondo Economic Development Corporation (EDC) have placed increased focus on marketing the South Texas Regional Airport as one of the community’s most significant economic assets. The EDC has made substantial investments in a targeted marketing campaign to promote the airport for emerging aviation technologies, including electric vertical takeoff and landing (eVTOL) aircraft. City leadership and economic development partners have also engaged with San Antonio International Airport to encourage regional collaboration and explore opportunities that support future aviation development and economic growth.

The recent acquisition of Hondo Railway by Pinsky Railroad Company represents another important development for the community’s transportation infrastructure. Pinsky has expressed a strong commitment to making significant investments in the local rail system and has already acquired additional property to support future rail expansion, allowing for additional track development and the ability to serve new customers. These investments are expected to strengthen Hondo’s position as a competitive logistics and distribution hub.

Existing businesses have also continued to grow. James Avery has expanded its workforce by approximately 25 percent to support increased demand and stronger sales. Boise Cascade continues hiring and ramping up operations as construction progresses on its distribution facility. These developments, combined with continued inquiries from prospective businesses, reflect sustained interest in Hondo as a location for long-term investment.

**Community and Small Business Development:** The City of Hondo remains committed to supporting local businesses and enhancing the quality of life for residents. The Façade Improvement Grant Program, created in partnership with the Hondo Economic Development Corporation, has seen strong participation from downtown businesses since its launch. Several property owners have taken advantage of the program to improve storefronts and building exteriors, contributing to the beautification of the downtown district, and creating a more welcoming environment for residents and visitors. These improvements have strengthened the visual appeal and economic vitality of Hondo’s historic downtown area.

Access to capital for local entrepreneurs has expanded through a partnership between the Hondo Economic Development Corporation and Lift Fund. Through the Hondo 0% Interest Rate Loan Program, small business owners now have greater access to affordable financing to start, expand, or invest in improvements to their operations. The program provides an important resource for local entrepreneurs seeking to grow while maintaining the strength and diversity of Hondo’s small business community.

The Economic Development Corporation continues to support local commerce through the Open Rewards program, which incentivizes residents and visitors to shop locally and supports Hondo businesses. Participation in the program has encouraged greater engagement with local retailers and service providers while reinforcing the City’s commitment to strengthening the businesses already operating in the community. Through initiatives such as façade improvements, small business financing, and local shopping incentives, Hondo continues to invest in the long-term success of its local business community.

**Planning for Future Growth:** Regional population projections continue to indicate significant long-term growth throughout South Texas. According to the Texas Water Development Board, the San Antonio region is expected to grow from approximately 3 million residents in 2020 to more than 5.2 million by 2070. As a neighboring community with strong transportation assets and available land for development, Hondo is preparing for increased demand for housing, utilities, infrastructure, and public services. Strategic planning and responsible investment will ensure the city is positioned to accommodate growth while preserving the character and quality of life that make Hondo unique.

Financial stewardship remains a central priority for the City. Hondo continues to maintain a conservative financial approach, including the goal of preserving reserves equivalent to at least ninety days of operating expenses. This policy provides stability during economic fluctuations while allowing the City to respond to opportunities that support infrastructure improvements and long-term economic development.

The current fiscal year reflects continued progress across multiple areas of the community. Investments in infrastructure, transportation assets such as the airport and rail system, and support for both existing and emerging businesses are strengthening the City’s economic foundation. Programs supporting small businesses and downtown revitalization further reinforce Hondo’s commitment to balanced and sustainable growth.

Hondo continues to attract interest from businesses and residents seeking opportunities in a well-managed community. With careful planning, strong partnerships, and responsible financial management, the City remains well-positioned to guide this growth in a way that benefits the entire community for years to come.

**Next Year’s Budget & Rates:** The preliminary taxable value for FY2025-26 is \$569,877,802 which is an increase of \$53,778,509 (10.42%) from last year's certified total of \$516,099,293. This increase includes approximately \$7.8 million in new construction. A combined tax rate of \$0.48 per \$100 was approved for FY 2025-26, with \$0.3122 allocated to the General Fund for maintenance and operations (M&O) and \$0.1678 allocated to debt service. The proposed rate is the same as the FY 2024-25 adopted tax rate. The \$0.1678 rate allocated to debt service will generate \$882,694. The \$0.3122 rate City of Hondo FY 2025-2026 Budget allocated to M&O will generate \$1,779,159. The proposed rate is .0123 cents above the no-new-revenue rate of \$0.4677 and .0085 cents below the voter-approval rate of \$0.4885.

## **CONTACTING THE CITY’S FINANCIAL MANAGEMENT**

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the City’s finances and to demonstrate the City’s accountability for the money it receives. If you have questions about this report or need additional financial information, contact City Hall at (830) 426-3378 or visit the City’s website at [www.hondo-tx.org](http://www.hondo-tx.org).

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**BASIC  
FINANCIAL STATEMENTS**

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

	Primary Government		
	Governmental Activities	Business-type Activities	Total
<b>ASSETS</b>			
Current assets:			
Cash and cash equivalents	\$ 8,975,849	\$ 6,883,408	\$ 15,859,257
Investments	10,090,609	-	10,090,609
Receivables, net:			
Accounts	829,143	4,763,122	5,592,265
Taxes	136,632	-	136,632
Internal balances	(7,640,484)	7,640,484	-
Due from other governments	117,051	-	117,051
Lease receivable	-	3,565,956	3,565,956
Interest receivable	-	5,509	5,509
Inventory	-	606,260	606,260
Prepaid expenses	1,698	-	1,698
Total current assets	<u>12,510,498</u>	<u>23,464,739</u>	<u>35,975,237</u>
Noncurrent assets:			
Restricted assets:			
Cash and investments	-	170,135	170,135
Capital assets (net of accumulated depreciation):			
Non-depreciable	6,126,959	8,211,407	14,338,366
Depreciable	<u>13,130,489</u>	<u>25,928,188</u>	<u>39,058,677</u>
Total noncurrent assets	<u>19,257,448</u>	<u>34,309,730</u>	<u>53,567,178</u>
Total assets	<u>31,767,946</u>	<u>57,774,469</u>	<u>89,542,415</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred outflows related to pensions	617,461	203,607	821,068
Deferred outflows related to OPEB -SDBF	<u>18,004</u>	<u>5,937</u>	<u>23,941</u>
Total deferred outflows of resources	<u>635,465</u>	<u>209,544</u>	<u>845,009</u>
<b>LIABILITIES</b>			
Current liabilities:			
Accounts payable	681,560	810,184	1,491,744
Accrued liabilities	152,201	170,303	322,504
Interest payable	27,699	94,743	122,442
Unearned revenue	47,558	24,972	72,530
Customer deposits	-	443,200	443,200
Long-term liabilities:			
Due in one year:			
Bonds payable	525,000	845,000	1,370,000
Tax maintenance notes	305,000	25,000	330,000
Leases	35,905	11,155	47,060
Compensated absences	86,743	24,973	111,716
Total OPEB liability - SDBF	7,936	2,616	10,552
Due in more than one year:			
Bonds payable	5,315,000	14,144,438	19,459,438
Bonds premium	321,271	-	321,271
Tax maintenance notes	1,135,000	80,000	1,215,000
Leases	76,706	10,210	86,916
Compensated absences	346,972	99,892	446,864
Total OPEB liability - SDBF	251,383	82,894	334,277
Net pension liability	<u>1,656,852</u>	<u>546,341</u>	<u>2,203,193</u>
Total liabilities	<u>10,972,786</u>	<u>17,415,921</u>	<u>28,388,707</u>

The accompanying notes are an integral part of these financial statements.

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

	Primary Government		
	Governmental Activities	Business-type Activities	Total
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred inflows related to pensions	\$ 191,513	\$ 63,150	\$ 254,663
Deferred inflows related to OPEB - SDBF	66,997	22,091	89,088
Deferred inflows related to leases	-	3,461,574	3,461,574
Total deferred inflows of resources	<u>258,510</u>	<u>3,546,815</u>	<u>3,805,325</u>
<b>NET POSITION</b>			
Net investment in capital assets	12,320,908	27,307,155	39,628,063
Restricted for:			
Nonexpendable perpetual care trust	565,355	-	565,355
Debt service	196,347	-	196,347
Economic development	3,466,833	-	3,466,833
Police, municipal court, and library	8,531	-	8,531
Tourism development	166,416	-	166,416
Unrestricted	<u>4,447,725</u>	<u>9,714,122</u>	<u>14,161,847</u>
Total net position	<u>\$ 21,172,115</u>	<u>\$ 37,021,277</u>	<u>\$ 58,193,392</u>

**CITY OF HONDO, TEXAS**

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED SEPTEMBER 30, 2025

Functions/Programs	Expenses	Program Revenue		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary government:				
Governmental activities:				
General government	\$ 3,245,027	\$ 412,579	\$ 993,982	\$ -
Public safety	3,471,124	380,329	553,802	-
Judicial	136,739	557,773	-	-
Culture and recreation	2,665,528	255,731	9,320	17,736
Public works	2,736,470	-	-	-
Interest on long-term debt	254,171	-	-	-
Total governmental activities	<u>12,509,059</u>	<u>1,606,412</u>	<u>1,557,104</u>	<u>17,736</u>
Business-type activities:				
Electric Utility	7,416,554	10,493,354	-	-
Water and Sewer	3,598,390	5,542,115	-	18,000
Airport	1,565,311	1,272,817	-	606,038
Sanitation	1,584,350	1,685,155	-	-
Total business-type activities	<u>14,164,605</u>	<u>18,993,441</u>	<u>-</u>	<u>624,038</u>
Total primary government	<u>\$ 26,673,664</u>	<u>\$ 20,599,853</u>	<u>\$ 1,557,104</u>	<u>\$ 641,774</u>

General revenues and transfers:

  Taxes:

    Property

    Sales

    Other

  Unrestricted investment income

  Miscellaneous

  Gain on sale of assets

  Transfers

    Total general revenues and transfers

Change in net position before special items

Net position - beginning

Change in accounting principle

Net position - beginning, as restated

Net position - ending

Net (Expense) Revenue and Changes in Net Position

Primary Government

<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
\$ (1,838,466)	\$ -	\$ (1,838,466)
(2,536,993)	-	(2,536,993)
421,034	-	421,034
(2,382,741)	-	(2,382,741)
(2,736,470)	-	(2,736,470)
(254,171)	-	(254,171)
<u>(9,327,807)</u>	<u>-</u>	<u>(9,327,807)</u>
-	3,076,800	3,076,800
-	1,961,725	1,961,725
-	313,544	313,544
-	100,805	100,805
<u>-</u>	<u>5,452,874</u>	<u>5,452,874</u>
<u>\$ (9,327,807)</u>	<u>\$ 5,452,874</u>	<u>\$ (3,874,933)</u>
\$ 2,449,881	\$ -	\$ 2,449,881
2,308,148	-	2,308,148
170,270	-	170,270
669,105	302,840	971,945
151,332	372,231	523,563
-	1,070,000	1,070,000
5,113,285	(5,113,285)	-
<u>10,862,021</u>	<u>(3,368,214)</u>	<u>7,493,807</u>
1,534,214	2,084,660	3,618,874
19,851,119	34,936,617	54,787,736
(213,218)	-	(213,218)
<u>19,637,901</u>	<u>34,936,617</u>	<u>54,574,518</u>
<u>\$ 21,172,115</u>	<u>\$ 37,021,277</u>	<u>\$ 58,193,392</u>

**CITY OF HONDO, TEXAS**

BALANCE SHEET  
GOVERNMENTAL FUNDS

SEPTEMBER 30, 2025

	General	2024 Bonds	Nonmajor Governmental Funds	Total Governmental Funds
<b>ASSETS</b>				
Cash and cash equivalents	\$ 6,099,721	\$ 1,390,736	\$ 1,485,392	\$ 8,975,849
Investments	-	7,598,246	2,492,363	10,090,609
Receivables (net of allowances for uncollectibles):				
Accounts	603,315	-	225,828	829,143
Taxes	94,559	-	42,073	136,632
Due from other governments	117,051	-	-	117,051
Due from other funds	69,039	-	729,871	798,910
Prepaid items	1,698	-	-	1,698
Total assets	<u>6,985,383</u>	<u>8,988,982</u>	<u>4,975,527</u>	<u>20,949,892</u>
<b>LIABILITIES</b>				
Accounts payable	562,321	84,308	34,931	681,560
Accrued liabilities	150,921	-	1,280	152,201
Due to other funds	156,031	8,283,363	-	8,439,394
Unearned revenue	2,250	-	45,308	47,558
Total liabilities	<u>871,523</u>	<u>8,367,671</u>	<u>81,519</u>	<u>9,320,713</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Unavailable revenue - property taxes	87,200	-	38,320	125,520
Unavailable revenue - court fines	217,814	-	-	217,814
Total deferred inflows of resources	<u>305,014</u>	<u>-</u>	<u>38,320</u>	<u>343,334</u>
<b>FUND BALANCES</b>				
Nonspendable:				
Prepaid items	1,698	-	-	1,698
Perpetual care trust	-	-	565,355	565,355
Restricted for:				
Debt service	-	-	185,726	185,726
Economic development	-	-	3,466,833	3,466,833
Police department	-	-	8,531	8,531
Tourism development	-	-	166,416	166,416
Capital projects	-	621,311	156,031	777,342
Committed for:				
South TX regional training center	-	-	312,470	312,470
Other	-	-	2,019	2,019
Assignment for:				
Blue Santa program	29,386	-	-	29,386
Unassigned	5,777,762	-	(7,693)	5,770,069
Total fund balances	<u>5,808,846</u>	<u>621,311</u>	<u>4,855,688</u>	<u>11,285,845</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 6,985,383</u>	<u>\$ 8,988,982</u>	<u>\$ 4,975,527</u>	<u>\$ 20,949,892</u>

The accompanying notes are an integral part of these financial statements.

**CITY OF HONDO, TEXAS**

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

SEPTEMBER 30, 2025

Total fund balances - governmental funds balance sheet	\$ 11,285,845
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Capital assets used in governmental activities are not reported in the funds.	19,257,448
Certain receivables will not be collected soon enough to pay for the current period's expenditures and are, therefore, reported as deferred inflows of resources in the funds:	
Property taxes	87,200
Property tax penalties and interest	38,320
Court fines and fees	217,814
Accrued bond interest is not due and payable in the current period and, therefore, is not reported in the funds.	(27,699)
Long-term liabilities and deferred losses on bond refundings, reported as deferred outflows of resources, are not due and payable in the current period and, therefore, are not reported in the funds. A summary of these items are as follows:	
Long-term liabilities:	
Bonds payable	(5,840,000)
Tax notes payable	(1,440,000)
Bonds premium	(321,271)
Compensated absences	(433,715)
Deferred outflows of resources:	
Leases	(112,611)
The governmental activities have a net pension liability of \$1,656,852, deferred outflows related to pensions of \$617,461, and deferred inflows related to pensions of \$191,513. These items are not payable in the current period and therefore are not reported in the governmental funds balance sheet.	(1,230,904)
The total OPEB liability and related deferred inflows and outflows are not included in the fund financial statements.	<u>(308,312)</u>
Net position of governmental activities	<u>\$ 21,172,115</u>

**CITY OF HONDO, TEXAS**

STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS

FOR THE YEAR ENDED SEPTEMBER 30, 2025

	<u>General</u>	<u>General Capital Projects Fund</u>	<u>2024 Bonds</u>
<b>REVENUES</b>			
Property tax	\$ 1,631,068		\$ -
Sales tax	1,538,765		-
Other taxes	77,716		-
Licenses and permits	188,678		-
Intergovernmental	885,882		-
Charges for services	568,306		-
Fines and forfeitures	557,992		-
Investment income	271,413		271,016
Miscellaneous	48,231		-
Total revenues	<u>5,768,051</u>		<u>271,016</u>
<b>EXPENDITURES</b>			
Current:			
General government	2,340,039		-
Public safety	3,207,609		-
Judicial	137,399		-
Culture and recreation	2,477,314		-
Public works	2,638,374		-
Capital outlay	1,413,285		688,626
Debt service:			
Principal	29,080		-
Interest	482		-
Total expenditures	<u>12,243,582</u>		<u>688,626</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>(6,475,531)</u>		<u>(417,610)</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Issuance of leases	126,451		-
Transfers in	5,764,993		244,260
Transfers out	(156,031)		-
Insurance recoveries	78,359		-
Total other financing sources and uses	<u>5,813,772</u>		<u>244,260</u>
<b>NET CHANGE IN FUND BALANCES</b>	<u>(661,759)</u>		<u>(173,350)</u>
<b>FUND BALANCES, BEGINNING, AS PREVIOUSLY REPORTED</b>	<u>6,470,605</u>	<u>378,459</u>	<u>794,661</u>
<b>FUND BALANCE ADJUSTMENTS</b>			
Change within the reporting entity	<u>-</u>	<u>(378,459)</u>	<u>-</u>
<b>FUND BALANCES, BEGINNING, AS RESTATED</b>	<u>6,470,605</u>	<u>-</u>	<u>794,661</u>
<b>FUND BALANCES, ENDING</b>	<u>\$ 5,808,846</u>	<u>\$ -</u>	<u>\$ 621,311</u>

The accompanying notes are an integral part of these financial statements.

Nonmajor Governmental Funds	Total Governmental Funds
\$ 810,879	\$ 2,441,947
769,383	2,308,148
92,554	170,270
-	188,678
666,699	1,552,581
165,281	733,587
-	557,992
126,676	669,105
24,742	72,973
<u>2,656,214</u>	<u>8,695,281</u>
664,736	3,004,775
-	3,207,609
-	137,399
50,625	2,527,939
-	2,638,374
378,459	2,480,370
713,440	742,520
<u>293,415</u>	<u>293,897</u>
<u>2,100,675</u>	<u>15,032,883</u>
<u>555,539</u>	<u>(6,337,602)</u>
-	126,451
428,176	6,437,429
(1,168,113)	(1,324,144)
-	78,359
<u>(739,937)</u>	<u>5,318,095</u>
(184,398)	(1,019,507)
<u>4,661,627</u>	<u>12,305,352</u>
<u>378,459</u>	<u>-</u>
<u>5,040,086</u>	<u>12,305,352</u>
<u>\$ 4,855,688</u>	<u>\$ 11,285,845</u>

**CITY OF HONDO, TEXAS**

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

FOR THE YEAR ENDED SEPTEMBER 30, 2025

Net change in fund balances - total governmental funds	\$ (1,019,507)
Amounts reported for governmental activities in the Statement of Activities are different because:	
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation. This is the amount of capital outlay recorded in the current period.	2,761,728
Depreciation on capital assets is reported in the Statement of Activities but does not require the use of current financial resources. Therefore, depreciation is not reported as expenditures in the governmental funds.	(958,047)
The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to decrease net position.	(682)
Repayment of bond and other debt principal is an expenditure in the governmental funds, but repayment reduces long-term liabilities in the Statement of Net Position.	742,520
Issuance of debt	(126,451)
Amortization of:	
Premium on bond issuance	23,268
Interest is accrued in the government-wide financial statements but not at the fund level. This represents the change in the accrual during the period.	16,458
Current year changes in certain long-term liabilities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.	
Compensated absences liability	(119,350)
Net OPEB liability	(2,476)
Net Pension liability	60,405
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	<u>156,348</u>
Change in net position of governmental activities	<u>\$ 1,534,214</u>

**CITY OF HONDO, TEXAS**

STATEMENT OF NET POSITION  
 PROPRIETARY FUNDS

SEPTEMBER 30, 2025

	Business-type Activities - Enterprise Funds				
	Water and Sewer	Electric Utility	Airport	Sanitation	Total
<b>ASSETS</b>					
Current assets:					
Cash and cash equivalents	\$ 2,556,951	\$ 2,787,577	\$ 1,071,174	\$ 467,706	\$ 6,883,408
Receivables, net	1,529,543	2,920,521	160,943	152,115	4,763,122
Lease receivable	-	-	3,565,956	-	3,565,956
Interest receivable	-	-	5,509	-	5,509
Due from other funds	7,730,280	547,815	5,268	-	8,283,363
Inventory	244,050	339,704	22,506	-	606,260
Total current assets	<u>12,060,824</u>	<u>6,595,617</u>	<u>4,831,356</u>	<u>619,821</u>	<u>24,107,618</u>
Noncurrent assets:					
Restricted cash and investments	170,135	-	-	-	170,135
Capital assets:					
Nondepreciable	6,260,971	140,816	1,809,620	-	8,211,407
Depreciable	<u>12,248,991</u>	<u>1,255,939</u>	<u>12,423,258</u>	-	<u>25,928,188</u>
Total noncurrent assets	<u>18,680,097</u>	<u>1,396,755</u>	<u>14,232,878</u>	-	<u>34,309,730</u>
Total assets	<u>30,740,921</u>	<u>7,992,372</u>	<u>19,064,234</u>	<u>619,821</u>	<u>58,417,348</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>					
Deferred outflows related to pensions	108,190	60,010	35,407	-	203,607
Deferred outflows related to OPEB - SDBF	<u>3,155</u>	<u>1,750</u>	<u>1,032</u>	-	<u>5,937</u>
Total deferred outflows of resources	<u>111,345</u>	<u>61,760</u>	<u>36,439</u>	-	<u>209,544</u>

The accompanying notes are an integral part of these financial statements.

**CITY OF HONDO, TEXAS**

STATEMENT OF NET POSITION  
 PROPRIETARY FUNDS

SEPTEMBER 30, 2025

	Business-type Activities - Enterprise Funds				
	Water and Sewer	Electric Utility	Airport	Sanitation	Total
<b>LIABILITIES</b>					
Current liabilities:					
Accounts payable	\$ 71,561	\$ 699,688	\$ 29,990	\$ 8,945	\$ 810,184
Accrued liabilities	19,257	11,706	6,240	133,100	170,303
Due to other funds	-	-	642,879	-	642,879
Accrued interest payable	87,780	4,994	1,969	-	94,743
Unearned revenue	-	17,663	7,309	-	24,972
Customer deposits	112,895	330,305	-	-	443,200
Noncurrent liabilities:					
Due in one year:					
Bonds payable	715,000	95,000	35,000	-	845,000
Tax maintenance notes	-	25,000	-	-	25,000
Leases	4,896	-	6,259	-	11,155
Compensated absences	12,784	7,855	4,334	-	24,973
Total OPEB liability - SDBF	1,390	771	455	-	2,616
Total current liabilities	<u>1,025,563</u>	<u>1,192,982</u>	<u>734,435</u>	<u>142,045</u>	<u>3,095,025</u>
Due in more than one year:					
Bonds payable	13,258,433	620,066	265,939	-	14,144,438
Tax maintenance notes	-	80,000	-	-	80,000
Leases	10,210	-	-	-	10,210
Compensated absences	51,138	31,420	17,334	-	99,892
Total OPEB liability - SDBF	44,047	24,432	14,415	-	82,894
Net pension liability	290,309	161,025	95,007	-	546,341
Total noncurrent liabilities	<u>13,654,137</u>	<u>916,943</u>	<u>392,695</u>	<u>-</u>	<u>14,963,775</u>
Total liabilities	<u>14,679,700</u>	<u>2,109,925</u>	<u>1,127,130</u>	<u>142,045</u>	<u>18,058,800</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Deferred inflows related to					
to pensions	33,556	18,612	10,982	-	63,150
Deferred inflows related to OPEB - SDBF	11,739	6,511	3,841	-	22,091
Lease related	-	-	3,461,574	-	3,461,574
Total deferred inflows of resources	<u>45,295</u>	<u>25,123</u>	<u>3,476,397</u>	<u>-</u>	<u>3,546,815</u>
<b>NET POSITION</b>					
Net investment in capital assets	12,251,703	1,124,504	13,930,948	-	27,307,155
Unrestricted	<u>3,875,568</u>	<u>4,794,580</u>	<u>566,198</u>	<u>477,776</u>	<u>9,714,122</u>
Total net position	<u>\$ 16,127,271</u>	<u>\$ 5,919,084</u>	<u>\$ 14,497,146</u>	<u>\$ 477,776</u>	<u>\$ 37,021,277</u>

**CITY OF HONDO, TEXAS**

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

FOR THE YEAR ENDED SEPTEMBER 30, 2025

	Business-type Activities - Enterprise Funds				
	Water and Sewer	Electric Utility	Airport	Sanitation	Total
<b>OPERATING REVENUES</b>					
Charges for services:					
Utility service	\$ 5,542,115	\$ 10,493,354	\$ 31,112	\$ 1,685,155	\$ 17,751,736
Fuel sales	-	-	677,162	-	677,162
Rentals and leases	-	-	564,543	-	564,543
Miscellaneous	192,535	163,419	-	16,277	372,231
Total operating revenues	<u>5,734,650</u>	<u>10,656,773</u>	<u>1,272,817</u>	<u>1,701,432</u>	<u>19,365,672</u>
<b>OPERATING EXPENSES</b>					
Personnel services	1,270,911	725,190	418,734	-	2,414,835
Materials and supplies	549,365	501,806	370,462	-	1,421,633
Contractual services	674,730	5,994,211	262,356	1,584,350	8,515,647
Depreciation	616,106	161,716	500,439	-	1,278,261
Total operating expenses	<u>3,111,112</u>	<u>7,382,923</u>	<u>1,551,991</u>	<u>1,584,350</u>	<u>13,630,376</u>
<b>OPERATING INCOME (LOSS)</b>	<u>2,623,538</u>	<u>3,273,850</u>	<u>(279,174)</u>	<u>117,082</u>	<u>5,735,296</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>					
Investment income	199,813	76,393	1,173	25,461	302,840
Gain on sale of assets	-	-	1,070,000	-	1,070,000
Interest expense	(487,278)	(33,631)	(13,320)	-	(534,229)
Total nonoperating revenues (expenses)	<u>(287,465)</u>	<u>42,762</u>	<u>1,057,853</u>	<u>25,461</u>	<u>838,611</u>
<b>INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS AND TRANSFERS</b>	<u>2,336,073</u>	<u>3,316,612</u>	<u>778,679</u>	<u>142,543</u>	<u>6,573,907</u>
Capital contributions - Intergovernmental	18,000	-	606,038	-	624,038
Transfers in	741,389	-	64,747	-	806,136
Transfers out	(2,501,106)	(3,013,338)	(229,477)	(175,500)	(5,919,421)
Total capital contributions and transfers	<u>(1,741,717)</u>	<u>(3,013,338)</u>	<u>441,308</u>	<u>(175,500)</u>	<u>(4,489,247)</u>
<b>CHANGE IN NET POSITION</b>	594,356	303,274	1,219,987	(32,957)	2,084,660
<b>TOTAL NET POSITION, BEGINNING</b>	<u>15,532,915</u>	<u>5,615,810</u>	<u>13,277,159</u>	<u>510,733</u>	<u>34,936,617</u>
<b>TOTAL NET POSITION, ENDING</b>	<u>\$ 16,127,271</u>	<u>\$ 5,919,084</u>	<u>\$ 14,497,146</u>	<u>\$ 477,776</u>	<u>\$ 37,021,277</u>

The accompanying notes are an integral part of these financial statements.

**CITY OF HONDO, TEXAS**

**STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS**

FOR THE YEAR ENDED SEPTEMBER 30, 2025

	Business-type Activities - Enterprise Funds				
	Water and Sewer	Electric Utility	Airport	Sanitation	Total
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>					
Cash received from customers	\$ 5,474,475	\$ 10,662,117	\$ 1,265,457	\$ 1,700,162	\$ 19,102,211
Cash paid to employees	(1,225,151)	(698,079)	(406,095)	-	(2,329,325)
Cash paid to suppliers for goods and services	(1,552,782)	(6,298,231)	(978,479)	(1,697,953)	(10,527,445)
Net cash provided (used) by operating activities	<u>2,696,542</u>	<u>3,665,807</u>	<u>(119,117)</u>	<u>2,209</u>	<u>6,245,441</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>					
Capital grants	18,000	-	606,038	-	624,038
Principal repayment on long-term debt	(600,249)	(85,000)	(34,648)	-	(719,897)
Interest and related fees paid on long-term debt	(631,766)	(42,040)	(17,082)	-	(690,888)
Proceeds from the sale of assets	-	-	1,070,000	-	1,070,000
Acquisition and construction of capital assets	(2,385,035)	-	(274,525)	-	(2,659,560)
Net cash provided (used) by capital and related financing activities	<u>(3,599,050)</u>	<u>(127,040)</u>	<u>1,349,783</u>	<u>-</u>	<u>(2,376,307)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
Interest received on investments and cash equivalents	<u>199,813</u>	<u>76,393</u>	<u>1,173</u>	<u>25,461</u>	<u>302,840</u>
Net cash provided (used) by investing activities	<u>199,813</u>	<u>76,393</u>	<u>1,173</u>	<u>25,461</u>	<u>302,840</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>					
Payments in lieu of taxes and transfers	(158,546)	(3,013,338)	(164,730)	(175,500)	(3,512,114)
Net cash provided (used) by noncapital financing activities	<u>(158,546)</u>	<u>(3,013,338)</u>	<u>(164,730)</u>	<u>(175,500)</u>	<u>(3,512,114)</u>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	(861,241)	601,822	1,067,109	(147,830)	659,860
<b>CASH AND CASH EQUIVALENTS, BEGINNING</b>	<u>3,588,327</u>	<u>2,185,755</u>	<u>4,065</u>	<u>615,536</u>	<u>6,393,683</u>
<b>CASH AND CASH EQUIVALENTS, ENDING</b>	<u>\$ 2,727,086</u>	<u>\$ 2,787,577</u>	<u>\$ 1,071,174</u>	<u>\$ 467,706</u>	<u>\$ 7,053,543</u>

The accompanying notes are an integral part of these financial statements.

**CITY OF HONDO, TEXAS**

STATEMENT OF CASH FLOWS  
 PROPRIETARY FUNDS  
 (Continued)

FOR THE YEAR ENDED SEPTEMBER 30, 2025

	Business-type Activities - Enterprise Funds				
	Water and Sewer	Electric Utility	Airport	Sanitation	Total
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>					
Operating income	\$ 2,623,538	\$ 3,273,850	\$ (279,174)	\$ 117,082	\$ 5,735,296
Adjustments to reconcile operating income to net cash provided (used) by operating activities:					
Depreciation	616,106	161,716	500,439	-	1,278,261
(Increase) decrease in:					
Accounts receivable	(254,495)	26,838	(77,432)	(1,270)	(306,359)
Interest receivable	-	-	670	-	670
Lease receivable	-	-	293,820	-	293,820
Inventories	(97,952)	7,546	6,786	-	(83,620)
Deferred outflows of resources	59,069	32,511	19,973	-	111,553
Interfund receivables	-	-	194,590	-	194,590
Increase (decrease) in:					
Accounts payable	(230,735)	190,240	(352,447)	(246,703)	(639,645)
Accrued liabilities	3,431	976	1,088	133,100	138,595
Unearned revenue	-	(3,318)	(106,429)	-	(109,747)
Customer deposits	(5,680)	(18,176)	-	-	(23,856)
Deferred inflows of resources	11,961	6,682	(308,792)	-	(290,149)
Net OPEB liability	168	161	(118)	-	211
Net pension liability	(83,806)	(45,932)	(28,835)	-	(158,573)
Compensated absences	54,937	32,713	16,744	-	104,394
Total adjustments	<u>73,004</u>	<u>391,957</u>	<u>160,057</u>	<u>(114,873)</u>	<u>510,145</u>
Net cash provided by operating activities	<u>\$ 2,696,542</u>	<u>\$ 3,665,807</u>	<u>\$ (119,117)</u>	<u>\$ 2,209</u>	<u>\$ 6,245,441</u>

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# CITY OF HONDO, TEXAS

## NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2025

### I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Hondo, Texas ("City") was incorporated in 1942 under the provisions of the State of Texas. The City operates under a Home Rule Charter adopted May 12, 2007. The financial statements of the City have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles.

#### A. Reporting Entity

The accompanying financial statements present the City and its component units, entities for which the City is considered to be financially accountable. Blended component units, although legally separate entities, are, in substance, part of the City's operations and are appropriately presented as funds of the primary government. Discretely presented component units, on the other hand, are reported in a separate column in the government-wide financial statements to emphasize they are legally separate from the City.

Based on these criteria, the financial information of the following entity has been blended within the financial statements.

#### **Blended Component Unit**

The City exerts significant control over the Economic Development Corporation (EDC), a legally separate entity. The EDC uses the taxing authority of the City and provides services almost exclusively to the City and its constituents. This poses a significant benefit to the City. The Component Unit's governing body is substantially the same as the governing body of the primary government. The City Council appoints all members of the Board, approves the Budget, and is charged with hiring and firing of EDC employees. In addition, management of the City has operational responsibility for the component unit. The City is entitled to and can otherwise access all of the resources of the EDC. This qualifies the EDC as a component unit, which is recorded as a separate Special Revenue Fund of the City, using the blended method described in the previous paragraph. The EDC collects a ½ cent sales tax to promote economic growth in the City of Hondo. The EDC does not issue separate financial statements.

#### B. Government-wide Fund Financial Statements

The basic financial statements include both government-wide (based on the City as a whole) and fund financial statements. The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units. 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 government-wide statement of activities demonstrates the degree to which the direct expenses of a functional category (Public Safety, Culture and Recreation, Public Works, etc.) 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 fund-based financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements. All of the City's proprietary funds are all major funds. GASB Statement No. 34 sets forth minimum criteria (percentage of assets, liabilities, revenues or expenditures/expenses of either fund category for the governmental and enterprise combined) for the determination of major funds. The non-major funds are aggregated in a separate column in the fund financial statements. The non-major funds are detailed in the combining section of this report.

The government-wide focus is more on the sustainability of the City as an entity and the change in aggregate financial position resulting from the activities of the fiscal period. The focus of the fund financial statements is on the major individual funds of the governmental and business-type categories, as well as the component unit. Each presentation provides valuable information that can be analyzed and compared to enhance the usefulness of the information.

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

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. 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 level 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 City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. In applying the susceptible to accrual concept to intergovernmental revenue, the legal and contractual requirements of the numerous individual programs are used as guidance. Generally, monies must be expended on a specific purpose or project before any amounts will be paid to the City; therefore, revenues are recognized based upon the expenditures recorded. Ad valorem taxes are recognized as revenues in the year for which they are levied. Sales taxes, other taxes, charges for services and fines are recognized as revenue as earned, when measurable and available. Licenses, permits, and miscellaneous revenues (except earnings on investments) are recorded as revenues when received in cash because they are generally not measurable until actually received. Investment earnings are recorded as earned since they are measurable and available.

All proprietary funds are accounted for using the economic resources measurement focus and the accrual basis of accounting. With this measurement focus, all assets, deferred outflows of resources, liabilities and deferred inflows of resources associated with the operation of these funds are included on the statement of net position. Proprietary fund-type operating statements present increases (e.g., revenues) and decreases (e.g., expenses) in net position. Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the City's enterprise funds are charges to customers for sales and services. Operating expenses for the enterprise funds include the personnel services, materials and supplies, contractual services, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

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

Further, certain activity occurs during the year involving transfers of resources between funds. In fund financial statements, these amounts are reported at gross amounts as transfers in/out. While reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Transfers between the funds included in governmental activities are eliminated so that only the net amount is included as transfers in the governmental activities column. Similarly, balances between the funds included in business-type activities are eliminated so that only the net amount is included as transfers in the business-type activities column. However, interfund services provided and used are not eliminated in the process of consolidation.

### **Governmental Funds**

The focus of governmental fund measurement (in the fund financial statements) is upon determination of financial position and changes in financial position (sources, uses, and balances of financial resources) rather than upon net income. The following is a description of the major governmental funds of the City:

The City reports the following major governmental funds:

The **General Fund** is the general operating fund of the City and is always classified as a major fund. The General Fund is used to account for all financial resources except those required to be accounted for in another fund. Major revenue sources include property taxes, sales taxes, and payments in lieu of taxes from proprietary funds. Primary expenditures are for general administration, public safety, recreation, and public works.

The **2024 Bonds Fund** is used to account for financial resources to be used for the acquisition or major construction of major capital facilities approved with 2024 Bonds.

### **Proprietary Funds**

The focus of proprietary fund measurement is upon determination of operating income, changes in net position, financial position, and cash flows, which is similar to businesses. The following is a description of the major proprietary funds of the City:

The **Electric Utility Fund** accounts for the City owned electric distribution system and is in charge of the electrical supply to the City's customers.

The **Water and Sewer Fund** accounts for the activities associated with providing water and sewer utility services primarily to residents of the City of Hondo.

The **Airport Fund** accounts for transactions related to the South Texas Regional Airport at Hondo and those related to the property given to the City by the War Assets Department in 1948, i.e. the Old Army Airfield.

The **Sanitation Utility Fund** accounts for the activities associated with providing sanitation utility services to customers.

## **D. Assets, liabilities, deferred outflows/inflows of resources, and net position/fund balance**

### ***1. Cash and cash equivalents and restricted cash***

The City's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition.

Cash is reported as restricted only if the restriction on the cash is narrower than the purpose of the fund as a whole. For the City, these balances generally consist of the cemetery trust and unspent bond proceeds for specific projects.

Proceeds from the sale of burial plots are permanently restricted in the Perpetual Care permanent fund. The principal may not be spent for any purpose. Earnings on these balances may be used to maintain the cemetery.

Restricted cash reported in the Water and Sewer Fund represents unspent 2017 Series bond proceeds, which are restricted for plant improvements. The cash is held in an escrow account controlled by the Texas Water Development Board and is released on a reimbursement basis.

## 2. *Investments*

State statutes authorize the City to invest in (a) obligations of the United States or its agencies and instrumentalities; (b) direct obligations of the State of Texas or its agencies; (c) other obligations, the principal and interest of which are unconditionally guaranteed or insured by the State of Texas or the United States; (d) obligations of states, agencies, counties, cities, and other political subdivisions of any state having been rated as to investment quality by a nationally recognized investment rating firm and having received a rating of not less than A or its equivalent; (e) certificates of deposit by state and national banks domiciled in this state that are (i) guaranteed or insured by the Federal Deposit Insurance Corporation, or its successor; or, (ii) secured by obligations that are described by (a) - (e). Statutes also allow investing in local government investment pools organized and rated in accordance with the Interlocal Cooperation Act, whose assets consist exclusively of the obligations of the United States or its agencies and instrumentalities and repurchase assessments involving those same obligations. Earnings from these investments are added to each account monthly or quarterly. Investments are carried at fair market value except for certificates of deposit and qualifying external investment pools which are carried at amortized cost.

## 3. *Property Taxes and Other Receivables*

Property taxes are levied based on taxable value at January 1 prior to September 30 and become due October 1, 2024 and past due after January 31, 2025. Accordingly, receivables and revenues for property taxes are reflected on the government-wide statement based on the full accrual method of accounting. Property tax receivables for prior years' levy are shown net of an allowance for uncollectibles in the General and Debt Service funds.

Assessed values are established by the Medina County Appraisal District at 100% of estimated market value. Assessed values are reduced by lawful exemptions to arrive at taxable values. A revaluation of all property is required to be completed every four (4) years.

The City is permitted by the Constitution of the State of Texas to levy taxes up to \$2.50 per \$100 of taxable assessed valuation for all governmental purposes. The combined tax rate to finance general governmental services, including the payment of principal and interest on tax value. The City may not adopt a tax rate that exceeds the effective tax rate calculated in accordance with the Texas Property Tax Code without holding two public hearings. The Property Tax Code subjects an increase in the proposed tax rate to a referendum election, if petitioned by registered voters, when the effective tax rate increase is more than eight percent (8%) of the previous year's maintenance and operations tax rate.

Accounts receivable from other governments includes amounts due from grantors for approved grants for specific programs and reimbursements for services performed by the City. Program grants are recorded as receivables and revenues at the time all eligibility requirements established by the provider have been met.

Reimbursements for services performed are recorded as receivables and revenues when they are earned in the government-wide statements. Included are fines and costs assessed by court action and billable services for certain contracts. Revenues received in advance of the costs being incurred are recorded as deferred revenue in the fund statements. Receivables are shown net of an allowance for uncollectible accounts.

## 4. *Inventories and Prepaid Items*

Inventories are valued at average cost on a first-in, first-out basis. Inventories in the General Fund are recorded using the consumption method (i.e., recorded as an expenditure when used rather than when purchased).

Prepaid items are payments made by the City in the current year to provide services occurring in the subsequent fiscal year. A corresponding portion of fund balance is shown as nonexpendable in governmental funds to indicate it is not available for other subsequent expenditures. Prepaid items are defined as payments that benefit future periods. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

5. *Capital Assets*

Capital assets, which include land, buildings and improvements, equipment, infrastructure and right to use assets, are reported in the applicable governmental or business type activities column in the government-wide financial statements. Capital assets such as equipment are defined as assets with a cost of \$5,000 or more and a useful life in excess of 1 year. Infrastructure assets include City-owned streets, sewer, sidewalks, curbs, and utilities. Capital assets are recorded at historical costs if purchased or constructed. Donated works of art and capital assets received in a service concession arrangement are reported at acquisition value.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Interest has not been capitalized during the construction period on property, plant and equipment.

Capital assets are depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings and improvements	10 - 40
Streets, utilities, and infrastructure	10 - 60
Furniture, fixtures, and vehicles	5 - 30
Right to use - vehicles and equipment	2 - 5

6. *Deferred Inflows and Outflows of Resources*

In addition to assets, the statement of net position and/or balance sheet will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents acquisition of net assets that applies to future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City has the following items that qualify for reporting in this category.

- Differences between expected and actual economic experience for the City’s pension plan– These effects on the pension liability are deferred and amortized over a closed period equal to the average of the expected remaining service lives of all employees that are provided with benefits through the pension plan (active employees and inactive employees).
- Changes in actuarial assumptions and other inputs included in determining the pension and OPEB liability – This difference is deferred and recognized over the estimated average remaining lives of all members determined as of the measurement date.
- Pension and OPEB contributions after measurement date – These contributions are deferred and recognized in the following fiscal year.

In addition to liabilities, the balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents a consumption of net assets that applies to future period(s) and, therefore, will not be recognized as an inflow of resources (revenue) until that time. The City has one type of item that arises only under the modified accrual basis of accounting that qualifies for reporting in this category. Accordingly, the item, unavailable revenue, is reported only in the governmental funds balance sheet. The City has unavailable revenue associated with property taxes, grants, and court fines.

In addition, the City has deferred inflows of resources which are required to be reported on the Statements of Net Position under the full accrual basis of accounting. Deferred inflows of resources reported in the Statements of Net Position are as follows:

- Differences between expected and actual economic experience for the City's pension and OPEB plan – These effects on the total pension liability are deferred and amortized over a closed period equal to the average of the expected remaining service lives of all employees that are provided with benefits through the pension and OPEB plan (active employees and inactive employees).
- Changes in actuarial assumptions and other inputs included in determining the OPEB liability – This difference is deferred and recognized over the estimated average remaining lives of all members determined as of the measurement date.
- Difference in projected and actual earnings on pension assets – This difference is deferred and amortized over a closed five-year period.
- Unavailable revenue – Receivables not collected soon enough to pay or the current period's expenditures. This item arises only under the modified accrual basis of accounting.
- Deferred inflows related to leases for its lessor transactions. These amounts offset the receivable related to the lease and will be recognized systematically in future years over the life of the lease.

#### *7. Compensated Absences*

Full-time employees earn vacation leave at varying rates depending on the length of service. No more than 80 hours may be carried over annually based on the employee's anniversary date. Accumulated vacation leave is paid on termination up to 120 hours. Full-time employees earn sick leave at 10 hours per month up to a maximum of 320 hours. Unused sick leave is not paid upon termination.

A liability is recorded for leave that has been earned and is attributable to services already rendered, and for which it is more likely than not that the City will make payments or otherwise settle the obligation through cash payments, paid leave, or other means.

#### *8. Long-term Debt*

In the government-wide financial statements, and proprietary funds in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds. Bonds payable are reported net of the applicable bond premium or discount.

In the fund financial statements, governmental funds recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds, are reported as debt service expenditures.

## 9. *Leases*

The City has entered into various lease agreements as either lessee or lessor. Key estimates and judgments related to leases include how the City determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments.

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

The City monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability or lease asset.

## 10. *Pensions*

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

## 11. *Other Postemployment Benefits (OPEB)*

The total OPEB liability (and related deferred inflows and outflows of resources) and OPEB expense of the TMRS supplemental death benefits fund, have been determined on the same basis as they are reported by TMRS.

The total OPEB liability (and related deferred inflows and outflows of resources) and OPEB expense of the retiree insurance plan, have been determined on the economic resources measurement focus. There are no trusts for these plans as they are pay as you go. On the government-wide and proprietary statements, a liability is recorded for the present value of future benefits. In the governmental funds, a liability is recorded only to the extent benefits are due and payable.

## 12. *Fund Balance Classification*

The governmental fund financial statements present fund balances based on classifications that comprise a hierarchy that is based primarily on the extent to which the City is bound to honor constraints on the specific purposes for which amounts in the respective governmental funds can be spent. The classifications used in the governmental fund financial statements are as follows:

- **Nonspendable:** This classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) are legally or contractually required to be maintained intact. Nonspendable items are not expected to be converted to cash or are not expected to be converted to cash within the next year.
- **Restricted:** This classification includes amounts for which constraints have been placed on the use of the resources either (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation.

- Committed: This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by ordinance of the City Council. These amounts cannot be used for any other purpose unless the City Council removes or changes the specified use by taking the same type of action that was employed when the funds were initially committed. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements.
- Assigned: Amounts in the assigned fund balance classification are intended to be used by the City for specific purposes but do not meet the criteria to be classified as committed. The City Council has, by resolution, authorized the City Manager and Finance Director to assign fund balance. The City Council may also assign fund balance as it does when appropriating fund balance to cover the gap between estimated revenue and appropriations in the subsequent year's budget. Unlike commitments, assignments generally only exist temporarily. In other words, additional action does not normally have to be taken for the removal of an assignment.
- Unassigned: This classification includes the residual fund balance for the General Fund. The unassigned classification also includes negative residual fund balance of any other governmental fund that cannot be eliminated by offsetting of assigned fund balance amounts.

13. *Fund balance flow assumptions*

When an expenditure is incurred for purposes 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.

14. *Net position flow assumption*

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

15. *Change in Accounting Principle*

During fiscal year 2025, the City adopted the following new accounting guidance:

GASB Statement No. 101, *Compensated Absences* – The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. Accordingly, the cumulative effect of the accounting change has been recognized in a restatement of beginning net position.

**II. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

**A. Budgetary Compliance**

For the year ended September 30, 2025, expenditures exceeded appropriations in the following departments:

- General Fund – General Government – Blue Santa by \$3,960
- General Fund – Public Safety – Police by \$61,265
- General Fund – Culture and Recreation – Golf by \$73,313

- General Fund – Public Works – Buildings and grounds by \$26,471
- General Fund – Debt Service – Principal and Interest by \$29,562

These excess expenditures were funded by greater than anticipated revenues and/or available fund balance.

### III. DEPOSITS AND INVESTMENTS

#### A. Deposits

The City’s funds are required to be deposited and invested under the terms of a depository contract. The depository bank deposits for safekeeping and trust with the City’s agent bank approved pledge securities in an amount sufficient to protect City funds on a day-to-day basis during the period of the contract. The pledge of approved securities is waived only to the extent of the depository bank’s dollar amount of Federal Deposit Insurance Corporation (“FDIC”) insurance. At September 30, 2025, the carrying amount of the City’s deposits were fully collateralized.

#### B. Investments

The City’s investments at September 30, 2025 consist of \$10,090,609 in certificates of deposit covered by pledged securities from the City’s depository. The certificates are reported at amortized cost.

#### C. Analysis of Specific Deposit and Investment Risks

GASB Statement No. 40 requires determination as to whether the City was exposed to the following specific investment risks at year end and if so, the reporting of certain related disclosures. The City has reviewed its risk exposure and does not believe it is exposed to significant credit risk, custodial credit risk, or concentration of credit risk.

### IV. RECEIVABLES

Amounts other than leases receivable are aggregated into a single accounts receivable (net of allowance for doubtful accounts) line for certain funds and aggregated columns. Below is the detail of receivables for the major funds and the nonmajor governmental funds in the aggregate, including the applicable allowances for doubtful accounts:

	General	Nonmajor Governmental	Total
Property Taxes	\$ 153,217	\$ 68,172	\$ 221,389
Sales and Mixed Beverage	331,565	165,359	496,924
Franchise Fees	15,659	-	15,659
Hotel Occupancy	-	26,227	26,227
Court Fines	806,171	-	806,171
Other Receivables	38,277	34,242	72,519
Less Allowance for Uncollectibles	<u>(647,015)</u>	<u>(26,099)</u>	<u>(673,114)</u>
Total	<u>\$ 697,874</u>	<u>\$ 267,901</u>	<u>\$ 965,775</u>

Below is the detail of receivables for the proprietary funds in the aggregate, including the applicable allowances for doubtful accounts:

	Water and Sewer	Electric Utility	Airport	Sanitation	Total
Sales Taxes	\$ -	\$ 38,699	\$ -	\$ 10,051	\$ 48,750
Customer Charges	1,540,088	3,051,921	185,473	155,932	4,933,414
Other Receivables	113	6,718	-	-	6,831
Less Allowance for Uncollectibles	<u>(10,658)</u>	<u>(176,817)</u>	<u>(24,530)</u>	<u>(13,868)</u>	<u>(225,873)</u>
Total	<u>\$ 1,529,543</u>	<u>\$ 2,920,521</u>	<u>\$ 160,943</u>	<u>\$ 152,115</u>	<u>\$ 4,763,122</u>

**Leases Receivable**

The primary objective of GASB 87, Leases, is to enhance the relevance and consistency of information about governments' leasing activities. This statement establishes a single model for lease accounting based on the principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources.

A summary of the City's lease receivables as of September 30, 2025 is as follows:

Purpose of Lease	Interest Rate	Amount of Initial Lease Receivable	Interest Current Year	Reductions Current Year	Amounts Receivable 9/30/25
Right to Use:					
Land	0.632%-1.8710%	\$ 262,608	\$ 1,907	\$ 69,247	\$ 126,516
Buildings	0.213%-1.8710%	<u>3,673,821</u>	<u>61,106</u>	<u>224,577</u>	<u>3,439,440</u>
Totals		<u>\$ 3,936,429</u>	<u>\$ 63,013</u>	<u>\$ 293,824</u>	<u>\$ 3,565,956</u>

Future principal and interest to be received are as follows:

Year Ending September 30,	Principal	Interest
2026	\$ 297,997	\$ 58,839
2027	230,384	54,600
2028	176,545	51,239
2029	179,515	48,269
2030	182,535	45,249
2031 - 2035	934,750	179,587
2036 - 2040	838,526	100,424
2041 - 2045	346,407	52,209
2046 - 2050	<u>379,297</u>	<u>18,270</u>
Total	<u>\$ 3,565,956</u>	<u>\$ 608,686</u>

**V. CAPITAL ASSETS**

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

**Primary Government**

	Beginning Balance	Additions	Transfers and Retirements	Ending Balance
<b>Governmental activities:</b>				
Capital assets, not being depreciated:				
Land	\$ 628,148	\$ -	\$ -	\$ 628,148
Construction in progress	<u>4,186,597</u>	<u>1,312,214</u>	<u>-</u>	<u>5,498,811</u>
Total assets not being depreciated	<u>4,814,745</u>	<u>1,312,214</u>	<u>-</u>	<u>6,126,959</u>
Capital assets, being depreciated:				
Buildings and improvements	10,526,618	-	-	10,526,618
Infrastructure	17,971,220	534,253	-	18,505,473
Vehicles and equipment	4,892,551	788,810	-	5,681,361
Right to use - vehicles and equipment	<u>117,513</u>	<u>126,451</u>	<u>(80,529)</u>	<u>163,435</u>
Total capital assets being depreciated	<u>33,507,902</u>	<u>1,449,514</u>	<u>(80,529)</u>	<u>34,876,887</u>
Less accumulated depreciation:				
Buildings and improvements	(4,278,170)	(264,952)	-	(4,543,122)
Infrastructure	(13,335,149)	(167,074)	-	(13,502,223)
Vehicles and equipment	(3,153,158)	(498,205)	-	(3,651,363)
Right to use - vehicles and equipment	<u>(101,721)</u>	<u>(27,816)</u>	<u>79,847</u>	<u>(49,690)</u>
Total accumulated depreciation	<u>(20,868,198)</u>	<u>(958,047)</u>	<u>79,847</u>	<u>(21,746,398)</u>
Total capital assets being depreciated, net	<u>12,639,704</u>	<u>491,467</u>	<u>(682)</u>	<u>13,130,489</u>
Governmental activities capital assets, net	<u>\$ 17,454,449</u>	<u>\$ 1,803,681</u>	<u>\$ (682)</u>	<u>\$ 19,257,448</u>
	Beginning Balance	Additions	Transfers and Retirements	Ending Balance
<b>Business-type activities:</b>				
Capital assets, not being depreciated:				
Land	\$ 2,284,449	\$ -	\$ -	\$ 2,284,449
Water rights	199,541	-	-	199,541
Construction in progress	<u>5,546,729</u>	<u>1,291,279</u>	<u>(1,110,591)</u>	<u>5,727,417</u>
Total assets not being depreciated	<u>8,030,719</u>	<u>1,291,279</u>	<u>(1,110,591)</u>	<u>8,211,407</u>
Capital assets, being depreciated:				
Buildings and improvements	19,164,586	139,623	-	19,304,209
Infrastructure	27,976,510	1,075,424	1,073,390	30,125,324
Vehicles and equipment	3,233,020	190,436	-	3,423,456
Right to use	<u>89,377</u>	<u>-</u>	<u>-</u>	<u>89,377</u>
Total capital assets being depreciated	<u>50,463,493</u>	<u>1,405,483</u>	<u>1,073,390</u>	<u>52,942,366</u>
Less accumulated depreciation:				
Buildings and improvements	(9,188,653)	(442,255)	-	(9,630,908)
Infrastructure	(14,032,758)	(527,009)	-	(14,559,767)
Vehicles and equipment	(1,958,472)	(288,981)	-	(2,247,453)
Right to use	<u>(556,034)</u>	<u>(20,016)</u>	<u>-</u>	<u>(576,050)</u>
Total accumulated depreciation	<u>(25,735,917)</u>	<u>(1,278,261)</u>	<u>-</u>	<u>(27,014,178)</u>
Total capital assets being depreciated, net	<u>24,727,576</u>	<u>127,222</u>	<u>1,073,390</u>	<u>25,928,188</u>
Business-type activities capital assets, net	<u>\$ 32,758,295</u>	<u>\$ 1,418,501</u>	<u>\$ (37,201)</u>	<u>\$ 34,139,595</u>

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

<b>Governmental activities:</b>	
General government	\$ 245,824
Public safety	241,187
Public works	229,143
Culture and recreation	<u>241,893</u>
Total depreciation expense - governmental activities	<u>\$ 958,047</u>
<b>Business-type activities:</b>	
Electric utility	\$ 161,716
Water and sewer	616,106
Airport	<u>500,439</u>
Total depreciation expense - business-type activities	<u>\$ 1,278,261</u>

**VI. INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS**

The composition of interfund balances as of September 30, 2025, is as follows:

**Due to/from Other Funds**

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General	Airport	\$ 69,039
Nonmajor Governmental	Airport	573,840
Nonmajor Governmental	General	156,031
Water & Sewer	2024 Bonds	7,730,280
Electric Fund	2024 Bonds	547,815
Airport	2024 Bonds	<u>5,268</u>
		<u>\$ 9,082,273</u>

Interfund balances for all of the funds are created by short-term deficiencies in cash position in the individual fund. It is anticipated that the balances will be repaid in one year or less.

**Interfund Transfers**

Interfund transfers during the year ending September 30, 2025 were as follows:

<u>Transfer In</u>	<u>Transfer Out</u>	<u>Amount</u>	<u>Purpose</u>
General Fund	Economic Development	\$ 30,000	City shared services
General Fund	Perpetual Care	45,000	Cemetery maintenance
General Fund	Fair Hall & Livestock	22,669	General administration
General Fund	Water & Sewer	2,436,359	General administration
General Fund	Electric Utility	3,013,338	General administration
General Fund	Airport	42,127	General administration
General Fund	Sanitation	175,500	General administration
2024 Bonds	Debt Service	56,910	Debt Service
2024 Bonds	Airport	187,350	Capital Projects
Nonmajor	General Fund	156,031	Capital Projects
Nonmajor	Nonmajor	272,145	General administration
Water and Sewer	Nonmajor	741,389	Grant related
Airport	Water and Sewer	<u>64,747</u>	General administration
		<u>\$ 7,243,565</u>	

**VII. LONG-TERM LIABILITIES**

The following is a summary of long-term liability transactions of the City for the year ended September 30, 2025:

	Balance 10/1/2024	Increases	Reductions	Balance 9/30/2025	Due Within One Year
<b>Governmental activities:</b>					
General obligation bonds -					
Private placement	\$ 613,440	\$ -	\$ (238,440)	\$ 375,000	\$ 185,000
Certificates of obligation -					
Private placement	4,530,000	-	(170,000)	4,360,000	250,000
Certificates of obligation -					
Competitive	765,000	-	(10,000)	755,000	25,000
Sales tax refunding bonds	420,000	-	(70,000)	350,000	65,000
Bond premium	344,539	-	(23,268)	321,271	-
Tax maintenance notes	1,665,000	-	(225,000)	1,440,000	305,000
Leases	15,240	126,451	(29,080)	112,611	35,905
Compensated absences	314,365	119,350	-	433,715	86,743
Total governmental long-term liabilities	<u>\$ 8,667,584</u>	<u>\$ 245,801</u>	<u>\$ (765,788)</u>	<u>\$ 8,147,597</u>	<u>\$ 952,648</u>
<b>Business-type activities:</b>					
General obligation bonds -					
Private placement	\$ 564,560	\$ -	\$ (184,560)	\$ 380,000	\$ 185,000
Certificates of obligation -					
Private placement	4,440,000	-	(330,000)	4,110,000	335,000
Certificates of obligation -					
Competitive	9,990,000	-	(160,000)	9,830,000	325,000
Bond premium	753,117	-	(83,679)	669,438	-
Tax maintenance notes	130,000	-	(25,000)	105,000	25,000
Leases	41,702	-	(20,337)	21,365	11,155
Compensated absences	20,471	104,394	-	124,865	24,973
Total business-type long-term liabilities	<u>\$ 15,939,850</u>	<u>\$ 104,394</u>	<u>\$ (803,576)</u>	<u>\$ 15,240,668</u>	<u>\$ 906,128</u>

**Accrued Compensated Absences**

Accrued compensated absences are payable from the fund responsible for the employee’s compensation. The liability attributed to governmental activities at September 30, 2025, is generally payable from the General Fund. Net change in the liability is presented above.

**Net Pension Liability and Total Other Post Employment Benefit (OPEB) Liabilities**

When these liabilities are liquidated for governmental activities, the General Fund will be primarily responsible.

**Bonds Payable**

The City issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. General obligation bonds have been issued for both governmental and business-type activities.

*General Obligation Refunding Bonds, Series 2014*

The City issued \$1,672,000 in general obligation bonds in May 2014 to refund the majority of the Certificates of Obligation, Series 2005. The debt service on the 2014 series will be paid in the same ratio as the series 2005 bonds: 63% General Fund and 37% Water/Sewer utility. The bonds mature serially through February 1, 2025 and bear interest at rates between 0.95% and 3.15%. These bonds were privately placed through local banks and contain no subjective acceleration clauses, events of default with finance-related consequences, or termination events with finance-related consequences.

*Combination Tax and Limited Pledge Revenue Certificates of Obligation, Series 2015*

In December 2015, the City issued \$3,450,000 in bonds: \$2.03 million for library construction to be repaid with property taxes and \$1.42 million for water utility improvements to be repaid with excess utility revenues. The bonds mature serially through August 1, 2035 and bear interest of 0.67% and 3.62%. These bonds were privately placed through local banks and contain no subjective acceleration clauses, events of default with finance-related consequences, or termination events with finance-related consequences.

*General Obligation Refunding Bonds, Series 2016*

In November 2016, the City issued \$2,635,000 in bonds to refund series 2007. All of the funds originally involved in the 2007 bonds are to service the same percentage of the 2016 bonds: General Fund (Debt Service) (27%), Electric Utility (22%), Water/Sewer Utility (22%), Airport (7%) and Economic Development Corporation (22%). The bonds mature serially through February 1, 2027 and bear interest at rates between 0.963% and 2.012%. These bonds were privately placed through local banks and contain no subjective acceleration clauses, events of default with finance-related consequences, or termination events with finance-related consequences.

*Combination Tax and Subordinate Lien Revenue Certificates of Obligation, Series 2017*

In January 2017, the City issued \$5,470,000 in bonds through the Texas Water Development Board's Drinking Water State Revolving Fund for water and sewer plant improvements. The bonds will be serviced by the Water & Sewer Fund, mature serially through August 1, 2036 and bear interest at rates between 0.11% and 2.92%. The proceeds are held in an escrow account and released by the TWDB upon approved outlay requests. The unspent proceeds are reported as restricted cash on the Statement of Net Position. These bonds were privately placed through the Texas TWDB and contain no subjective acceleration clauses, events of default with finance-related consequences, or termination events with finance-related consequences.

*Combination Tax and Limited Pledge Revenue Certificates of Obligation, Series 2021*

In September 2021, the City issued \$3,725,000 in bonds to reconstruct streets and to be repaid with property taxes. The bonds mature serially through February 1, 2041 and bear interest at a rate of 3.00%. These bonds were privately placed through local banks and contain no subjective acceleration clauses, events of default with finance-related consequences, or termination events with finance-related consequences.

*Sales Tax Revenue Refunding Bonds, Taxable Series 2021*

In October 2021, the City (through the Economic Development Corporation) issued \$615,000 in bonds to fully refund the Sales Tax Revenue Bonds, Series 2010. The debt service on the 2021 series will be paid in the same ratio as the series 2010 bonds: 100% Economic Development Corporation. The bonds mature serially through February 1, 2030 and bear interest at rate of 2.00%. These bonds were privately placed through local banks and contain no subjective acceleration clauses, events of default with finance-related consequences, or termination events with finance-related consequences.

*Tax Maintenance Notes, Series 2022*

In March 2022, the City issued \$685,000 in bonds to finance the purchase of vehicles, machinery and equipment for various City purposes, such as animal control, information technology and costs associated with the City's Public Works Department and to be repaid with property taxes. The bonds mature serially through February 1, 2029 and bear interest at a rate between 1.07% and 1.89%. These bonds were privately placed through local banks and contain no subjective acceleration clauses, events of default with finance-related consequences, or termination events with finance-related consequences.

*Tax Maintenance Notes, Series 2022A*

In October 2022, the City issued \$1,455,000 in tax notes to finance the costs associated with acquiring and equipping vehicles for various City purposes, including police, security applications and communications hardware, including radios, IT systems equipment and renovation of City Hall, which includes judicial facilities, and AMI meters for the City's utility system and to be repaid with property taxes. The bonds mature serially through February 1, 2029 and bear interest at a rate between 3.06% and 3.29%. These bonds were privately placed through local banks and contain no subjective acceleration clauses, events of default with finance-related consequences, or termination events with finance-related consequences.

*Combination Tax and Revenue Certificates of Obligation, Series 2024*

In February 2024, the City issued \$10,755,000 in bonds to finance the construction of street improvements, City facilities, including the City's existing Fair Hall and airport, extending the City's utility system, acquiring real property, and renovating community parks. The bonds mature serially through February 1, 2044 and bear interest rates between 4% and 5%.

*Changes in Bonds Payable*

	Balance 10/1/2024	Reductions	Balance 9/30/2025	Due Within One Year
<b>Governmental activities:</b>				
Bonds payable				
2014 Series - private placement	\$ 118,440	\$ (118,440)	\$ -	\$ -
2015 Series - private placement	1,000,000	(80,000)	920,000	80,000
2016 Series - private placement	495,000	(120,000)	375,000	185,000
2021 Series - private placement	3,950,000	(160,000)	3,790,000	235,000
2022 Series - private placement	500,000	(95,000)	405,000	100,000
2022A Series - private placement	1,165,000	(130,000)	1,035,000	205,000
2024 Series - competitive	765,000	(10,000)	755,000	25,000
Total governmental activities	<u>\$ 7,993,440</u>	<u>\$ (713,440)</u>	<u>\$ 7,280,000</u>	<u>\$ 830,000</u>
<b>Business-type activities:</b>				
Bonds payable				
2014 Series - private placement	\$ 69,560	\$ (69,560)	\$ -	\$ -
2015 Series - private placement	870,000	(70,000)	800,000	70,000
2016 Series - private placement	495,000	(115,000)	380,000	185,000
2017 Series - private placement	3,570,000	(260,000)	3,310,000	265,000
2022A Series - private placement	130,000	(25,000)	105,000	25,000
2024 Series - competitive	9,990,000	(160,000)	9,830,000	325,000
Total business-type activities	<u>\$ 15,124,560</u>	<u>\$ (699,560)</u>	<u>\$ 14,425,000</u>	<u>\$ 870,000</u>

The annual requirements to amortize all private placement long-term debt and obligations outstanding as of September 30, 2024, including interest payments, are as follows:

Year Ending September 30,	Governmental Activities - Private Placement	
	Principal	Interest
2026	\$ 805,000	\$ 176,931
2027	1,035,000	162,542
2028	640,000	133,766
2029	655,000	114,380
2030	355,000	99,590
2031-2035	1,550,000	356,455
2036-2040	1,220,000	133,500
2041-2045	265,000	3,975
Total	<u>\$ 6,525,000</u>	<u>\$ 1,181,139</u>

<u>Governmental Activities - Competitive</u>		
Year Ending September 30,	<u>Principal</u>	<u>Interest</u>
2026	\$ 25,000	\$ 33,575
2027	25,000	32,325
2028	30,000	30,950
2029	30,000	29,450
2030	30,000	27,950
2031-2035	175,000	115,125
2036-2040	225,000	67,175
2041-2045	<u>215,000</u>	<u>17,500</u>
Total	<u>\$ 755,000</u>	<u>\$ 354,050</u>

<u>Business-type Activities - Private Placement</u>		
Year Ending September 30,	<u>Principal</u>	<u>Interest</u>
2026	\$ 545,000	\$ 121,027
2027	560,000	56,550
2028	375,000	102,129
2029	390,000	92,800
2030	370,000	83,231
2031-2035	2,010,000	261,403
2036-2040	<u>345,000</u>	<u>19,935</u>
Total	<u>\$ 4,595,000</u>	<u>\$ 737,075</u>

<u>Business-type Activities - Competitive</u>		
Year Ending September 30,	<u>Principal</u>	<u>Interest</u>
2026	\$ 325,000	\$ 436,975
2027	340,000	420,350
2028	355,000	402,975
2029	375,000	384,725
2030	395,000	365,475
2031-2035	2,305,000	1,500,875
2036-2040	2,925,000	875,575
2041-2045	<u>2,810,000</u>	<u>230,800</u>
Total	<u>\$ 9,830,000</u>	<u>\$ 4,617,750</u>

### **Leases Payable**

The primary objective of this GASB 87, Leases, is to enhance the relevance and consistency of information about governments' leasing activities. This statement establishes a single model for lease accounting based on the principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources. For additional information, refer to the disclosures below.

A summary of the governmental and business-type lease payables as of September 30, 2025, is as follows:

<u>Purpose of Lease - Governmental</u>	<u>Interest Rate</u>	<u>Initial Year of Lease</u>	<u>Amount of Initial Lease Liability</u>	<u>Interest Current Year</u>	<u>Amounts Outstanding 9/30/25</u>
Right to Use:					
Golf Cart Lease Amendment 2025	2.822%	2025	\$ 109,141	\$ 1,206	\$ 96,216
NeoPost Postage Machine New	0.328%	2024	10,591	26	8,482
Xerox Development Services Printer	5.000%	2024	6,719	249	3,128
Xerox Printers/Copiers	2.093%	2022	36,985	207	4,785
Totals				<u>\$ 1,688</u>	<u>\$ 112,611</u>

<u>Purpose of Lease - Business-type</u>	<u>Interest Rate</u>	<u>Initial Year of Lease</u>	<u>Amount of Initial Lease Liability</u>	<u>Interest Current Year</u>	<u>Amounts Outstanding 9/30/25</u>
Right to Use:					
Airport Refueler	0.475%	2021	\$ 55,704	\$ 60	\$ 5,493
Xerox Printers/ Copiers	2.093%	2022	12,328	69	1,596
NeoPost Mail Sorter Lease Copy	0.248%	2024	19,344	42	14,276
Totals				<u>\$ 171</u>	<u>\$ 21,365</u>

A lease payments maturity are as follows:

<u>Year Ending September 30,</u>	<u>Governmental Activities - Leases</u>	
	<u>Principal</u>	<u>Interest</u>
2026	\$ 35,905	\$ 2,509
2027	28,738	1,661
2028	29,506	893
2029	18,462	158
Total	<u>\$ 112,611</u>	<u>\$ 5,221</u>

<u>Year Ending September 30,</u>	<u>Business-type Activities - Leases</u>	
	<u>Principal</u>	<u>Interest</u>
2026	\$ 11,155	\$ 48
2027	4,076	22
2028	4,086	11
2029	2,048	2
Total	<u>\$ 21,365</u>	<u>\$ 83</u>

### VIII. DEFINED BENEFIT PENSION PLAN

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

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

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

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

#### ***Employees covered by benefit terms***

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

Inactive employees or beneficiaries currently receiving benefits	90
Inactive employees entitled to but not yet receiving benefits	121
Active employees	113
Total	<u>324</u>

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

Employees for the City were required to contribute 7% of their annual compensation during the fiscal year. The contribution rates for the City were 14.09% and 13.99% in the calendar years 2024 and 2025, respectively. The City’s contributions to TMRS for the year ended September 30, 2025, were \$943,011, and were equal to the required contributions.

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

**Actuarial assumptions:**

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

Inflation	2.50% per year
Overall payroll growth	2.75% per year, adjusted down for population declines
Investment Rate of Return	6.75%, net of pension plan investment expense, including inflation

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

The actuarial assumptions were developed primarily from the actuarial investigation of the experience of TMRS over the four-year period from December 31, 2018 to December 31, 2022. The assumptions were adopted in 2023 and first used in the December 31, 2023 actuarial valuation. The post-retirement mortality assumption for Annuity Purchase Rates (APRs) is based on the Mortality Experience Investigation Study covering 2009 through 2011 and dated December 31, 2013. Plan assets are managed on a total return basis with an emphasis on both capital appreciation as well as the production of income 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 by best estimate ranges of expected returns for each major asset class. The long-term expected rate of return is determined by weighting the expected return for each major asset class by the respective target asset allocation percentage. The target allocation and best estimates of the expected return for each major asset class in fiscal year 2025 are summarized in the following table:

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

**Changes in the Net Pension Liability**

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability/(Asset) (a) - (b)
Balance at 12/31/2023	\$ 21,939,910	\$ 19,118,448	\$ 2,821,462
Changes for the year:			
Service cost	1,136,973	-	1,136,973
Interest	1,482,590	-	1,482,590
Change of benefit terms	-	-	-
Difference between expected and actual experience	123,816	-	123,816
Contributions - employer	-	929,231	(929,231)
Contributions - employee	-	461,648	(461,648)
Net investment income	-	1,983,808	(1,983,808)
Benefit payments, including refunds of employee contributions	(1,088,193)	(1,088,193)	-
Administrative expense	-	(12,740)	12,740
Other changes	-	(299)	299
Net changes	<u>1,655,186</u>	<u>2,273,455</u>	<u>(618,269)</u>
Balance at 12/31/2024	<u>\$ 23,595,096</u>	<u>\$ 21,391,903</u>	<u>\$ 2,203,193</u>

Sensitivity of the Net Pension Liability to changes in the discount rate:

The following represents 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 or 1-percentage-point higher than the current rate:

	1% Decrease in Discount Rate (5.75%)	Discount Rate (6.75%)	1% Increase in Discount Rate (7.75%)
City's net pension asset	\$ 5,855,367	\$ 2,203,193	\$ 734,175

**Pension Plan Fiduciary Net Position**

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

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

For the year ended September 30, 2025, the City recognized pension expense of \$858,423.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 100,549	\$ 184
Changes in actuarial assumptions	-	51,509
Difference between projected and actual investment earnings	-	202,970
Contributions subsequent to the measurement date	<u>720,519</u>	<u>-</u>
Total	<u>\$ 821,068</u>	<u>\$ 254,663</u>

\$720,519 reported as deferred outflows of resources related to pension resulting from contributions subsequent to the measurement date will be recognized as an increase of the net pension asset for the year ending September 30, 2026. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

For the Year Ended September 30,	
2026	\$ 32,827
2027	254,317
2028	(302,594)
2029	(138,663)

**Defined Other Post-Employment Benefit Plans**

**TMRS Supplemental Death Benefits Fund**

**Plan Description.** The City voluntarily participates in the Texas Municipal Retirement System Supplemental Death Benefits Fund (TMRS SDBF). The SDBF is a single-employer defined benefit Other Postemployment Benefit (OPEB) plan as defined by GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75. It is established and administered in accordance with the TMRS Act identically to the City’s pension plan.

**Benefits Provided.** The SDBF provides group-term life insurance to City employees who are active members in TMRS, including or not including retirees. The City Council opted into this program via an ordinance, and may terminate coverage under, and discontinue participation in, the SDBF by adopting an ordinance before November 1 of any year to be effective the following January 1.

Payments from this fund are similar to group-term life insurance benefits and are paid to the designated beneficiaries upon the receipt of an approved application for payment. The death benefit for active employees provides a lump-sum payment approximately equal to the employee’s annual salary (calculated based on the employee’s actual earnings for the 12-month period preceding the month of death). The death benefit for retirees is considered an other employment benefit and is a fixed amount of \$7,500.

The number of employees currently covered by the benefit terms is as follows:

Inactive employees or beneficiaries currently receiving benefits	66
Inactive employees entitled to but not yet receiving benefits	17
Active members	<u>113</u>
Total	<u>196</u>

**Contributions.** The City contributes to the SDBF at a contractually required rate as determined by an annual actuarial valuation, which was 0.34% for 2024 and 0.32% for 2025, of which 0.16%, respectively, represented the retiree-only portion for each year, as a percentage of annual covered-employee payroll. 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 prefund retiree term life insurance during employees' entire careers. The City's contributions to the SDBF for the years ended September 30, 2024 and 2025 were \$10,214 and \$10,767 respectively, representing contributions for both active and retiree coverage, which equaled the required contributions each year.

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

Inflation rate	2.50% per annum
Discount rate	4.08
Projected salary increases	3.60% to 11.85% including inflation

Administrative expenses for the SDBF are paid through the TMRS Pension Trust Fund and are wholly accounted for under the provisions of GASB Statement No. 68. Salary increases were based on a service-related table.

Mortality rates for active members, retirees, and beneficiaries were based on the 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). For disabled annuitants, the 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 is applied to reflect the impairment for younger members who became 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 actuarial assumptions used in the December 31, 2023 valuation were based on the results of an actuarial experience study for the period ending December 31, 2022.

**Discount Rate.** The SDBF program is treated as an unfunded OPEB plan because the SDBF trust covers both active employees and retirees, and the assets are not segregated for these groups. As such, a single discount rate of 4.08% was used to measure the total OPEB liability. Because the plan is essentially a "pay-as-you-go" plan, the single discount rate is equal to the prevailing municipal bond rate. 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, 2023.

**Discount Rate Sensitivity Analysis.** The following schedule shows the impact of the total OPEB liability if the discount rate used was 1% less than and 1% greater than the discount rate that was used (4.08%) in measuring the total OPEB liability.

	<u>1% Decrease in Discount Rate (3.08%)</u>	<u>Discount Rate (4.08%)</u>	<u>1% Increase in Discount Rate (5.08%)</u>
City's total OPEB liability	\$ 408,541	\$ 344,829	\$ 294,544

**OPEB Liability, Expense, and Deferred Outflows of Resources Related to OPEB.** The City's total OPEB liability of \$344,829 was measured as of December 31, 2024 and was determined by an actuarial valuation as of that date. For the year ended September 30, 2025, the City recognized OPEB expense of \$13,065. There were no changes of benefit terms that affected measurement of the Total OPEB Liability during the measurement period.

**Changes in the Total OPEB Liability**

	<u>Increase (Decrease Total OPEB Liability (a)</u>
Balance at 12/31/2023	\$ 341,403
Changes for the year:	
Service cost	21,763
Interest	13,082
Difference between expected and actual experience	(2,691)
Changes of assumptions	(18,176)
Benefit payments	<u>(10,552)</u>
Net changes	<u>3,426</u>
Balance at 12/31/2024	<u>\$ 344,829</u>

Changes in assumptions and other inputs reflect a change in the discount rate from 3.77% to 4.08%.

At September 30, 2025, the City reported deferred outflows 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	\$ -	\$ 12,112
Changes in actuarial assumptions	15,701	76,976
Contributions subsequent to the measurement date	<u>8,240</u>	<u>-</u>
Total	<u>\$ 23,941</u>	<u>\$ 89,088</u>

\$8,240 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 total OPEB liability for the year ending September 30, 2026. Other amounts of the reported as deferred outflows and deferred inflows related to OPEB will be recognized in OPEB expense as follows:

<u>For the Year Ended September 30,</u>	
2026	\$ (33,796)
2027	(34,415)
2028	(3,322)
2029	(1,854)

**IX. EDUCATION FACILITY CORPORATIONS**

On August 6, 2013, the City created the City of Hondo, Texas Higher Education Facilities Corporation (HHEFC), a nonprofit corporation under Section 53.35(b) of The Texas Education code. The HHEFC was established for the purpose of assisting in the financing of accredited primary and secondary schools as provided by state law. In accordance with the terms establishing the nonprofit corporation, the City is not liable for any expenses incurred in establishing or administering the HHEFC. The HHEFC is not consolidated into the financial statements of the City because it does not meet the requirements of being treated as a component unit of the City under governmental accounting standards. As of September 30, 2025, the HHEFC had issued three series of bonds:

<u>Issue</u>	<u>Original Principal</u>	<u>Amount Outstanding</u>	<u>Maturity</u>
2013 Series	\$ 2,500,000	\$ 1,750,000	2029
2016 Series	5,000,000	3,446,000	2036

**X. COMMITMENTS AND CONTINGENCIES**

Litigation

The City is the subject of various other claims and litigation that have arisen in the course of its operations. Management is of the opinion that the City’s liability in these cases, if decided adversely to the City, will not have a material effect on the City’s financial position.

**XI. RISK MANAGEMENT**

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; business interruption; errors and omissions; injuries to employees; employee health benefits; and other claims of various natures. The City contracts with the Texas Municipal League (TML) to provide insurance coverage for property and casualty, and workers compensation. TML is a multi-employer group that provides for a combination of risk sharing among pool participants and stop loss coverage. Contributions are set annually by the provider. Liability by the City is generally limited to the contributed amounts for losses up to \$1,000,000.

**XII. ACCOUNTING CHANGES AND ERROR CORRECTIONS**

During the year the City had changes within the financial reporting entity:

1. The General Capital Projects Fund was previously reported as major governmental funds and are now reported a nonmajor governmental fund.

The change in classification is required based on quantitative factors.

During the year, the City had the following changes in accounting principle:

1. The City implemented GASB Statement No. 101, *Compensated Absences*. As a result, beginning net position in the governmental activities was restated by \$213,218 to reflect an increase in the initial compensated absences liability from \$101,147 to \$314,365.

**XIII. SIGNIFICANT FORTHCOMING STANDARDS**

Significant new accounting standards issued by the Governmental Accounting Standards Board (GASB) not yet implemented by the City include the following:

GASB Statement No. 103, *Financial Reporting Model Improvements* – The objective of this Statement is to improve key components of the financial reporting model to enhance its effectiveness in providing information that is essential to their analyses for making decisions or assessing accountability. This Statement will become effective for reporting periods beginning after June 15, 2025, and the impact has not yet been determined.

GASB Statement No. 104, *Disclosure of Certain Capital Assets* – The objective of this Statement is to provide users of government financial statements with essential information about certain types of capital assets. This Statement requires certain types of capital assets to be presented separately in the note disclosures, including right-to-use assets related to leases, Subscription-Based Information Technology Arrangements, and public-private or public-public partnerships. Other intangible assets are also required to be presented separately by major class. Additional disclosures have also been required held for sale. This Statement will become effective for reporting periods beginning after June 15, 2025, and the impact has not yet been determined.

GASB Statement No. 105, *Subsequent Events* – The objective of this Statement is to provide users of government financial statements with essential information about certain types of subsequent events. This Statement defines subsequent events as transactions or other events that occur after the date of the financial reporting statements but before the date the financial statements are available to be issued and clarifies the categories of subsequent events, when recognition is required, and when note disclosure is required. This Statement will become effective for reporting periods beginning after June 15, 2026, and the impact has not yet been determined.

**REQUIRED  
SUPPLEMENTARY INFORMATION**

**CITY OF HONDO, TEXAS**

GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE

FOR THE YEAR ENDED SEPTEMBER 30, 2025

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual	
<b>REVENUES</b>				
Property tax	\$ 1,625,903	\$ 1,625,903	\$ 1,631,068	\$ 5,165
Sales tax	1,429,929	1,538,765	1,538,765	-
Other taxes	85,000	85,000	77,716	(7,284)
Licenses and permits	295,500	295,500	188,678	(106,822)
Intergovernmental	1,022,907	1,611,642	885,882	(725,760)
Charges for services	494,625	494,625	568,306	73,681
Fines and forfeitures	291,888	570,763	557,992	(12,771)
Investment income	240,000	271,415	271,413	(2)
Miscellaneous	32,500	42,100	48,231	6,131
Total revenues	<u>5,518,252</u>	<u>6,535,713</u>	<u>5,768,051</u>	<u>(767,662)</u>
<b>EXPENDITURES</b>				
Current:				
General government				
Council	48,600	48,600	39,817	8,783
Administration	506,056	506,056	498,079	7,977
Tax	39,633	39,633	39,459	174
Finance	497,982	497,982	489,369	8,613
Code compliance	615,808	615,808	461,662	154,146
City secretary	135,268	140,268	128,574	11,694
Nonprofits	20,000	26,500	25,850	650
Human resources	122,014	122,014	117,952	4,062
Information technology	610,624	610,624	535,317	75,307
Blue santa	-	-	3,960	(3,960)
Total general government	<u>2,595,985</u>	<u>2,607,485</u>	<u>2,340,039</u>	<u>267,446</u>
Public safety				
Police	2,931,612	3,005,438	3,066,703	(61,265)
Emergency	19,843	21,343	21,226	117
Animal control	179,539	179,539	119,680	59,859
Total public safety	<u>3,130,994</u>	<u>3,206,320</u>	<u>3,207,609</u>	<u>(1,289)</u>
Judicial				
Municipal court	141,890	147,890	137,399	10,491
Total judicial	<u>141,890</u>	<u>147,890</u>	<u>137,399</u>	<u>10,491</u>
Culture and recreation				
Library	498,106	536,606	502,677	33,929
Parks	1,014,581	1,014,581	971,575	43,006
Recreation	739,793	804,793	753,203	51,590
Golf	176,546	176,546	249,859	(73,313)
Total culture and recreation	<u>2,429,026</u>	<u>2,532,526</u>	<u>2,477,314</u>	<u>55,212</u>
Public works				
Streets	1,192,989	1,873,989	1,850,477	23,512
Buildings and grounds	521,422	521,422	547,893	(26,471)
Public works administration	249,791	249,791	240,004	9,787
Total public works	<u>1,964,202</u>	<u>2,645,202</u>	<u>2,638,374</u>	<u>6,828</u>

**CITY OF HONDO, TEXAS**

GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE

FOR THE YEAR ENDED SEPTEMBER 30, 2025

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual	
Debt Service				
Principal	\$ -	\$ -	\$ 29,080	\$ (29,080)
Interest	-	-	482	(482)
Total debt service	-	-	29,562	(29,562)
Capital outlay	1,803,023	2,021,517	1,413,285	608,232
Total expenditures	12,065,120	13,160,940	12,243,582	917,358
<b>EXCESS (DEFICIENCY) OF REVENUE OVER (UNDER) EXPENDITURES</b>	<u>(6,546,868)</u>	<u>(6,625,227)</u>	<u>(6,475,531)</u>	<u>149,696</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	6,156,868	6,156,868	5,764,993	(391,875)
Transfers out	-	-	(156,031)	(156,031)
Issuance of capital related debt	390,000	390,000	126,451	(263,549)
Insurance recoveries	-	78,359	78,359	-
Total other financing sources (uses)	<u>6,546,868</u>	<u>6,625,227</u>	<u>5,813,772</u>	<u>(811,455)</u>
<b>NET CHANGE IN FUND BALANCES</b>	-	-	(661,759)	(661,759)
<b>FUND BALANCES, BEGINNING</b>	<u>6,470,605</u>	<u>6,470,605</u>	<u>6,470,605</u>	<u>-</u>
<b>FUND BALANCES, ENDING</b>	<u>\$ 6,470,605</u>	<u>\$ 6,470,605</u>	<u>\$ 5,808,846</u>	<u>\$ (661,759)</u>

**CITY OF HONDO, TEXAS**

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

FOR THE YEAR ENDED SEPTEMBER 30, 2025

<b>Plan Year</b>	<u><b>2015</b></u>	<u><b>2016</b></u>	<u><b>2017</b></u>
<b>A. Total pension liability</b>			
Service Cost	\$ 454,101	\$ 451,176	\$ 529,405
Interest (on the total pension liability)	928,615	930,512	966,146
Change in benefit terms including substantively automatic status	-	-	-
Difference between expected and actual experience	(333,876)	(147,843)	(199,900)
Changes of assumptions	66,360	-	-
Benefit payments, including refunds of employee contributions	<u>(536,015)</u>	<u>(652,613)</u>	<u>(837,486)</u>
Net change in total pension liability	579,185	581,232	458,165
Total pension liability - beginning	<u>13,306,891</u>	<u>13,886,076</u>	<u>14,467,308</u>
Total pension liability - ending (a)	<u>\$ 13,886,076</u>	<u>\$ 14,467,308</u>	<u>\$ 14,925,473</u>
<b>B. Plan fiduciary net position</b>			
Contributions - employer	\$ 375,069	\$ 361,571	\$ 388,643
Contributions - employee	199,868	199,981	221,323
Net investment income	17,814	819,014	1,778,722
contributions	(536,015)	(652,613)	(837,486)
Administrative expense	(10,850)	(9,249)	(9,220)
Other	<u>(538)</u>	<u>(497)</u>	<u>(466)</u>
Net change in plan fiduciary net position	45,348	718,207	1,541,516
Plan fiduciary net position - beginning	<u>12,072,278</u>	<u>12,117,626</u>	<u>12,835,833</u>
Plan fiduciary net position - ending (b)	<u>12,117,626</u>	<u>12,835,833</u>	<u>14,377,349</u>
<b>C. Net pension liability/(asset) - ending (a) - (b)</b>	<u>\$ 1,768,450</u>	<u>\$ 1,631,475</u>	<u>\$ 548,124</u>
<b>D. Plan fiduciary net position as a percentage of total pension liability</b>	87.26%	88.72%	96.33%
<b>E. Covered payroll</b>	\$ 3,997,364	\$ 3,869,430	\$ 4,426,466
<b>F. Net pension liability as a percentage of covered payroll</b>	44.24%	42.16%	12.38%

<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>
\$ 525,962	\$ 536,045	\$ 580,429	\$ 571,407	\$ 812,775	\$ 954,175	\$ 1,136,973
1,003,207	1,052,133	1,117,674	1,157,171	1,320,717	1,394,413	1,482,590
-	-	-	-	1,660,869	-	-
(140,952)	39,421	(166,323)	(24,144)	(55,250)	87,785	123,816
-	109,421	-	-	-	(187,058)	-
<u>(652,242)</u>	<u>(684,644)</u>	<u>(891,818)</u>	<u>(992,432)</u>	<u>(1,133,721)</u>	<u>(980,583)</u>	<u>(1,088,193)</u>
735,975	1,052,376	639,962	712,002	2,605,390	1,268,732	1,655,186
<u>14,925,473</u>	<u>15,661,448</u>	<u>16,713,824</u>	<u>17,353,786</u>	<u>18,065,788</u>	<u>20,671,178</u>	<u>21,939,910</u>
<u>\$ 15,661,448</u>	<u>\$ 16,713,824</u>	<u>\$ 17,353,786</u>	<u>\$ 18,065,788</u>	<u>\$ 20,671,178</u>	<u>\$ 21,939,910</u>	<u>\$ 23,595,096</u>
\$ 398,019	\$ 380,018	\$ 406,669	\$ 416,802	\$ 471,403	\$ 697,837	\$ 929,231
222,300	227,138	247,202	249,305	285,784	389,232	461,648
(430,504)	2,149,110	1,211,124	2,205,156	(1,370,937)	1,970,791	1,983,808
(652,242)	(684,644)	(891,818)	(992,432)	(1,133,721)	(980,583)	(1,088,193)
(8,323)	(12,148)	(7,842)	(10,212)	(11,875)	(12,557)	(12,740)
<u>(436)</u>	<u>(365)</u>	<u>(307)</u>	<u>70</u>	<u>14,171</u>	<u>(86)</u>	<u>(299)</u>
(471,186)	2,059,109	965,028	1,868,689	(1,745,175)	2,064,634	2,273,455
<u>14,377,349</u>	<u>13,906,163</u>	<u>15,965,272</u>	<u>16,930,300</u>	<u>18,798,989</u>	<u>17,053,814</u>	<u>19,118,448</u>
<u>13,906,163</u>	<u>15,965,272</u>	<u>16,930,300</u>	<u>18,798,989</u>	<u>17,053,814</u>	<u>19,118,448</u>	<u>21,391,903</u>
<u>\$ 1,755,285</u>	<u>\$ 748,552</u>	<u>\$ 423,486</u>	<u>\$ (733,201)</u>	<u>\$ 3,617,364</u>	<u>\$ 2,821,462</u>	<u>\$ 2,203,193</u>
88.79%	95.52%	97.56%	104.06%	82.50%	87.14%	90.66%
\$ 4,445,998	\$ 4,542,753	\$ 4,944,033	\$ 4,986,101	\$ 5,026,435	\$ 5,560,463	\$ 6,594,972
39.48%	16.48%	8.57%	-14.70%	71.97%	50.74%	33.41%

**CITY OF HONDO, TEXAS**

SCHEDULE OF PENSION CONTRIBUTIONS  
TEXAS MUNICIPAL RETIREMENT SYSTEM

FOR THE YEAR ENDED SEPTEMBER 30, 2025

<b>Fiscal Year</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>
Actuarial determined contribution	\$ 353,707	\$ 387,082	\$ 409,452
Contributions in relation to the actuarially determined contribution	<u>353,707</u>	<u>387,082</u>	<u>409,452</u>
Contribution deficiency (excess)	-	-	-
Covered payroll	3,887,020	4,283,333	4,586,352
Contributions as a percentage of covered payroll	9.10%	9.04%	8.93%

**Notes to Schedule of Contributions**

**Valuation Date:**

Actuarially determined contribution rates are calculated as of December 31<sup>st</sup> and become effective in January, 13 months and a day 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	21 years
Asset Valuation Method	10 Year smoothed fair value; 12% soft
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 are specific to the City's plan of benefits. Last updated for the 2023 valuation pursuant to an experience study of the period ending 2022.
Mortality	Post-retirement: 2019 Municipal Retirees of Texas Mortality Tables. Male rates are multiplied by 103% and female rates are multiplied by 105%. The rates are projected on a fully generational basis by the most recent Scale MP-2021 (with immediate convergence). Pre-retirement: PUB(10) mortality tables, with 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	There were no benefit changes during the year.

<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>	<b>2025</b>
\$ 381,972	\$ 378,922	\$ 455,991	\$ 383,135	\$ 711,515	\$ 808,096	\$ 943,011
<u>381,972</u>	<u>378,922</u>	<u>455,991</u>	<u>383,135</u>	<u>711,515</u>	<u>878,404</u>	<u>943,011</u>
-	-	-	-	-	(70,308)	-
4,482,180	4,587,930	5,481,700	4,720,058	5,486,528	6,383,740	6,729,321
8.52%	8.26%	8.32%	8.12%	12.97%	13.76%	14.01%

**CITY OF HONDO, TEXAS**

SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY  
AND RELATED RATIOS  
SUPPLEMENTAL DEATH BENEFIT

FOR THE YEAR ENDED SEPTEMBER 30, 2025

<b>Plan Year</b>	<u><b>2017</b></u>	<u><b>2018</b></u>	<u><b>2019</b></u>
<b>Total OPEB liability</b>			
Service Cost	\$ 11,951	\$ 13,338	\$ 12,265
Interest (on the total OPEB liability)	9,304	9,615	10,314
Difference between expected and actual experience	-	(12,219)	(9,076)
Changes of assumptions	24,197	(20,899)	59,222
Benefit payments	<u>(1,771)</u>	<u>(1,778)</u>	<u>(1,817)</u>
Net change in total OPEB liability	43,681	(11,943)	70,908
Total OPEB liability - beginning	<u>241,036</u>	<u>284,717</u>	<u>272,774</u>
<b>Total OPEB liability - ending</b>	<u><b>\$ 284,717</b></u>	<u><b>\$ 272,774</b></u>	<u><b>\$ 343,682</b></u>
<b>Covered-employee payroll</b>	<b>\$ 4,426,466</b>	<b>\$ 4,445,998</b>	<b>\$ 4,542,753</b>
<b>Total OPEB liability as a percentage of Covered-employee payroll</b>	<b>6.43%</b>	<b>6.14%</b>	<b>7.57%</b>

**Notes to Schedule:**

GASB Statement No. 75 requires 10 years of data to be provided in this schedule. Additional years will be added in the future as the information becomes available.

Note: No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions.

<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>
\$ 18,787	\$ 21,440	\$ 24,630	\$ 15,569	\$ 21,763
9,676	8,731	8,478	12,725	13,082
(1,748)	(15,481)	(7,381)	(6,842)	(2,691)
60,898	14,425	(159,773)	17,976	(18,176)
<u>(2,472)</u>	<u>(5,983)</u>	<u>(7,037)</u>	<u>(8,897)</u>	<u>(10,552)</u>
85,141	23,132	(141,083)	30,531	3,426
<u>343,682</u>	<u>428,823</u>	<u>451,955</u>	<u>310,872</u>	<u>341,403</u>
<u>\$ 428,823</u>	<u>\$ 451,955</u>	<u>\$ 310,872</u>	<u>\$ 341,403</u>	<u>\$ 344,829</u>
\$ 4,944,033	\$ 4,986,101	\$ 5,026,435	\$ 5,560,463	\$ 6,594,965
8.67%	9.06%	6.18%	6.14%	5.23%

**0063CITY OF HONDO, TEXAS**

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

SEPTEMBER 30, 2025

**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The budget is prepared in accordance with accounting principles generally accepted in the United States of America. The City maintains strict budgetary controls. The objective of these controls is to ensure compliance with legal provision embodied in the annual appropriated budget approved by the City Council and as such is a good management control device. The levels of budgetary control are established at the department basis and at the fund level. However, additional information about expenditures at the object level is also included. The City Manager is authorized to adjust the budget within departments so long as it does not change the department total.

The following are the funds which have legally adopted annual budgets: General Fund, Debt Service, Economic Development, South Texas Regional Training Center Fund, Hotel Fund, Fair Hall & Livestock Fund, and Perpetual Care Fund.

Budgetary preparation and control are exercised at the department level. Actual expenditures may not legally exceed appropriations at the fund level.

The City does not use encumbrances.

**COMBINING AND INDIVIDUAL  
STATEMENTS AND SCHEDULES**

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## **NONMAJOR GOVERNMENTAL FUNDS**

### **DEBT SERVICE FUND**

The ***Debt Service Fund*** is used to account for property taxes levied specifically to service voter approved bond issues.

### **SPECIAL REVENUE FUNDS**

***Special Revenue Funds*** are used to account for revenues that are restricted in nature for a special purpose limited by state law and management intentions for expenditures.

***Seizure and Forfeiture Fund*** – to account for assets seized or forfeited as part of criminal activities. The funds are restricted by law in support of the police department.

***Unclaimed Funds*** – to account for City payments and refunds not claimed by the payee. Balances are held for the required period by law. Income from the assets is used to cover the administrative costs of the fund.

***South Texas Regional Training Center (STRTC) Fund*** – to account for rental and intergovernmental revenues to support the operations of the STRTC Center.

***Hotel Tax Fund*** – to account for the Hotel Tax revenues paid to the City and restricted by State Law. The revenues provide for contributions to various civic organizations and to support activities that generate tourism in the City.

***Fair Hall & Livestock*** – to account for the revenue and expenses to aid the City identifying a plan for enhancing the grounds and facilities.

***Economic Development Fund*** – to account for the ½ cent sales tax used to promote business development in the City.

***American Rescue Plan Fund*** – to account for grant receipts and expenditures related to the American Rescue Plan grant related to COVID-19.

### **CAPITAL PROJECT FUNDS**

***General Capital Projects Fund*** - is used to account for financial resources to be used for the acquisition or major construction of major capital facilities.

### **PERMANENT FUNDS**

The ***Perpetual Care Fund*** is used to account for fees on the sale of burial plots restricted by ordinance to be held in perpetuity. Income from the payments may be used to maintain the cemetery grounds.

**CITY OF HONDO, TEXAS**  
**COMBINING BALANCE SHEET**  
**NONMAJOR GOVERNMENTAL FUNDS**

SEPTEMBER 30, 2025

	Special Revenue			
	Debt Service	Seizure & Forfeiture	Unclaimed Funds	STRTC Fund
<b>ASSETS</b>				
Cash and cash equivalents	\$ 181,973	\$ 39,597	\$ 18,326	\$ 294,295
Investments	-	-	-	-
Receivables:				
Taxes	42,073	-	-	-
Accounts, net	-	-	-	34,242
Due from other funds	-	-	-	-
Total assets	224,046	39,597	18,326	328,537
<b>LIABILITIES</b>				
Liabilities:				
Accounts payable	-	-	16,307	3,225
Accrued liabilities	-	-	-	-
Unearned revenue	-	31,066	-	12,842
Total liabilities	-	31,066	16,307	16,067
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Unavailable revenue - property taxes	38,320	-	-	-
Total deferred inflows of resources	38,320	-	-	-
<b>FUND BALANCES</b>				
Nonspendable:				
Perpetual Care Trust	-	-	-	-
Restricted:				
Debt service	185,726	-	-	-
Economic development	-	-	-	-
Police department	-	8,531	-	-
Tourism development	-	-	-	-
Capital projects	-	-	-	-
Committed for:				
South TX regional training center	-	-	-	312,470
Other	-	-	2,019	-
Unassigned	-	-	-	-
Total fund balances	185,726	8,531	2,019	312,470
Total liabilities, deferred inflows of resources and fund balances	\$ 224,046	\$ 39,597	\$ 18,326	\$ 328,537

Special Revenue				Capital Projects	Permanent Fund	
Hotel Tax	Fair Hall & Livestock	Economic Development	American Rescue Plan	General Capital Projects	Perpetual Care	Total Other Governmental Funds
\$ 140,189	\$ 2,221	\$ 243,436	\$ -	\$ -	\$ 565,355	\$ 1,485,392
-	-	2,492,363	-	-	-	2,492,363
-	-	-	-	-	-	42,073
26,227	-	165,359	-	-	-	225,828
-	-	573,840	-	156,031	-	729,871
<u>166,416</u>	<u>2,221</u>	<u>3,474,998</u>	<u>-</u>	<u>156,031</u>	<u>565,355</u>	<u>4,975,527</u>
-	7,234	8,165	-	-	-	34,931
-	1,280	-	-	-	-	1,280
-	1,400	-	-	-	-	45,308
-	<u>9,914</u>	<u>8,165</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>81,519</u>
-	-	-	-	-	-	38,320
-	-	-	-	-	-	38,320
-	-	-	-	-	565,355	565,355
-	-	-	-	-	-	185,726
-	-	3,466,833	-	-	-	3,466,833
-	-	-	-	-	-	8,531
166,416	-	-	-	-	-	166,416
-	-	-	-	156,031	-	156,031
-	-	-	-	-	-	312,470
-	-	-	-	-	-	2,019
-	(7,693)	-	-	-	-	(7,693)
<u>166,416</u>	<u>(7,693)</u>	<u>3,466,833</u>	<u>-</u>	<u>156,031</u>	<u>565,355</u>	<u>4,855,688</u>
<u>\$ 166,416</u>	<u>\$ 2,221</u>	<u>\$ 3,474,998</u>	<u>\$ -</u>	<u>\$ 156,031</u>	<u>\$ 565,355</u>	<u>\$ 4,975,527</u>

**CITY OF HONDO, TEXAS**

COMBINING STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUNDS

FOR THE YEAR ENDED SEPTEMBER 30, 2025

	Special Revenue			
	Debt Service	Seizure & Forfeiture	Unclaimed Funds	STRTC Fund
<b>REVENUES</b>				
Property tax	\$ 810,879	\$ -	\$ -	\$ -
Sales tax	-	-	-	-
Other taxes	-	-	-	-
Charges for services	-	-	-	122,181
Intergovernmental	-	-	-	-
Investment income	-	28	-	-
Miscellaneous	-	24,742	-	-
Total revenues	810,879	24,770	-	122,181
<b>EXPENDITURES</b>				
Current:				
General government	-	50	-	149,727
Culture and recreation	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal	713,440	-	-	-
Interest	293,415	-	-	-
Total expenditures	1,006,855	50	-	149,727
<b>EXCESS (DEFICIENCY) OF REVENUE OVER (UNDER) EXPENDITURES</b>	(195,976)	24,720	-	(27,546)
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	236,520	-	-	-
Transfers out	(56,910)	-	-	-
Total other financing sources and uses	179,610	-	-	-
<b>NET CHANGE IN FUND BALANCES</b>	(16,366)	24,720	-	(27,546)
<b>FUND BALANCES, BEGINNING, AS PREVIOUSLY REPORTED</b>	202,092	(16,189)	2,019	340,016
<b>FUND BALANCE ADJUSTMENTS</b>				
Change within the reporting entity	-	-	-	-
<b>FUND BALANCES, BEGINNING, AS RESTATED</b>	202,092	(16,189)	2,019	340,016
<b>FUND BALANCES, ENDING</b>	\$ 185,726	\$ 8,531	\$ 2,019	\$ 312,470

Special Revenue				Capital Projects	Permanent Fund	Total Other Governmental Funds
Hotel Tax	Fair Hall & Livestock	Economic Development	American Rescue Plan	General Capital Projects	Perpetual Care	
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 810,879
-	-	769,383	-	-	-	769,383
92,554	-	-	-	-	-	92,554
-	24,800	-	-	-	18,300	165,281
-	-	-	666,699	-	-	666,699
-	-	103,317	-	-	23,331	126,676
-	-	-	-	-	-	24,742
<u>92,554</u>	<u>24,800</u>	<u>872,700</u>	<u>666,699</u>	<u>-</u>	<u>41,631</u>	<u>2,656,214</u>
76,250	-	438,367	-	-	342	664,736
-	50,625	-	-	-	-	50,625
-	-	-	-	378,459	-	378,459
-	-	-	-	-	-	713,440
-	-	-	-	-	-	293,415
<u>76,250</u>	<u>50,625</u>	<u>438,367</u>	<u>-</u>	<u>378,459</u>	<u>342</u>	<u>2,100,675</u>
<u>16,304</u>	<u>(25,825)</u>	<u>434,333</u>	<u>666,699</u>	<u>(378,459)</u>	<u>41,289</u>	<u>555,539</u>
-	35,625	-	-	156,031	-	428,176
<u>(35,625)</u>	<u>(22,669)</u>	<u>(266,520)</u>	<u>(741,389)</u>	<u>-</u>	<u>(45,000)</u>	<u>(1,168,113)</u>
<u>(35,625)</u>	<u>12,956</u>	<u>(266,520)</u>	<u>(741,389)</u>	<u>156,031</u>	<u>(45,000)</u>	<u>(739,937)</u>
(19,321)	(12,869)	167,813	(74,690)	(222,428)	(3,711)	(184,398)
<u>185,737</u>	<u>5,176</u>	<u>3,299,020</u>	<u>74,690</u>	<u>-</u>	<u>569,066</u>	<u>4,661,627</u>
-	-	-	-	378,459	-	378,459
<u>185,737</u>	<u>5,176</u>	<u>3,299,020</u>	<u>74,690</u>	<u>378,459</u>	<u>569,066</u>	<u>5,040,086</u>
<u>\$ 166,416</u>	<u>\$ (7,693)</u>	<u>\$ 3,466,833</u>	<u>\$ -</u>	<u>\$ 156,031</u>	<u>\$ 565,355</u>	<u>\$ 4,855,688</u>

**CITY OF HONDO, TEXAS**

DEBT SERVICE FUND  
BUDGETARY COMPARISON SCHEDULE

FOR THE YEAR ENDED SEPTEMBER 30, 2025

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual	
<b>REVENUES</b>				
Property tax	\$ 823,808	\$ 823,808	\$ 810,879	\$ (12,929)
Total revenues	<u>823,808</u>	<u>823,808</u>	<u>810,879</u>	<u>(12,929)</u>
<b>EXPENDITURES</b>				
Debt service:				
Principal	1,413,000	1,413,000	713,440	699,560
Interest	<u>1,137,604</u>	<u>1,137,604</u>	<u>293,415</u>	<u>844,189</u>
Total expenditures	<u>2,550,604</u>	<u>2,550,604</u>	<u>1,006,855</u>	<u>1,543,749</u>
<b>EXCESS (DEFICIENCY) OF REVENUE OVER (UNDER) EXPENDITURES</b>	<u>(1,726,796)</u>	<u>(1,726,796)</u>	<u>(195,976)</u>	<u>1,530,820</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	<u>1,726,796</u>	<u>1,726,796</u>	<u>236,520</u>	<u>(1,490,276)</u>
Total other financing sources and uses	<u>1,726,796</u>	<u>1,726,796</u>	<u>236,520</u>	<u>(1,490,276)</u>
<b>NET CHANGES IN FUND BALANCE</b>	-	-	40,544	40,544
<b>FUND BALANCE, BEGINNING</b>	<u>202,092</u>	<u>202,092</u>	<u>202,092</u>	<u>-</u>
<b>FUND BALANCE, ENDING</b>	<u>\$ 202,092</u>	<u>\$ 202,092</u>	<u>\$ 242,636</u>	<u>\$ 40,544</u>

**CITY OF HONDO, TEXAS**

ECONOMIC DEVELOPMENT FUND  
BUDGETARY COMPARISON SCHEDULE

FOR THE YEAR ENDED SEPTEMBER 30, 2025

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual	
<b>REVENUES</b>				
Sales tax	\$ 695,769	\$ 695,769	\$ 769,383	\$ 73,614
Investment income	<u>102,500</u>	<u>102,500</u>	<u>103,317</u>	<u>817</u>
Total revenues	<u>798,269</u>	<u>798,269</u>	<u>872,700</u>	<u>74,431</u>
<b>EXPENDITURES</b>				
Current:				
General government				
Economic development	<u>616,183</u>	<u>616,183</u>	<u>438,367</u>	<u>177,816</u>
Total expenditures	<u>616,183</u>	<u>616,183</u>	<u>438,367</u>	<u>177,816</u>
<b>EXCESS (DEFICIENCY) OF REVENUE OVER (UNDER) EXPENDITURES</b>	<u>182,086</u>	<u>182,086</u>	<u>434,333</u>	<u>252,247</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers out	<u>(266,520)</u>	<u>(266,520)</u>	<u>(266,520)</u>	<u>-</u>
Total other financing sources (uses)	<u>(266,520)</u>	<u>(266,520)</u>	<u>(266,520)</u>	<u>-</u>
<b>NET CHANGE IN FUND BALANCES</b>	(84,434)	(84,434)	167,813	252,247
<b>FUND BALANCES, BEGINNING</b>	<u>3,299,020</u>	<u>3,299,020</u>	<u>3,299,020</u>	<u>-</u>
<b>FUND BALANCES, ENDING</b>	<u>\$ 3,214,586</u>	<u>\$ 3,214,586</u>	<u>\$ 3,466,833</u>	<u>\$ 252,247</u>

**CITY OF HONDO, TEXAS**

PERPETUAL CARE  
BUDGETARY COMPARISON SCHEDULE

FOR THE YEAR ENDED SEPTEMBER 30, 2025

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual	
<b>REVENUES</b>				
Charges for services	\$ 25,000	\$ 25,000	\$ 18,300	\$ (6,700)
Investment income	<u>20,000</u>	<u>20,000</u>	<u>23,331</u>	<u>3,331</u>
Total revenues	<u>45,000</u>	<u>45,000</u>	<u>41,631</u>	<u>(3,369)</u>
<b>EXPENDITURES</b>				
Current:				
General government				
Perpetual care	<u>21,000</u>	<u>21,000</u>	<u>342</u>	<u>20,658</u>
Total general government	<u>21,000</u>	<u>21,000</u>	<u>342</u>	<u>20,658</u>
Total expenditures	<u>21,000</u>	<u>21,000</u>	<u>342</u>	<u>20,658</u>
<b>EXCESS (DEFICIENCY) OF REVENUE OVER (UNDER) EXPENDITURES</b>	<u>24,000</u>	<u>24,000</u>	<u>41,289</u>	<u>17,289</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers out	<u>(45,000)</u>	<u>(45,000)</u>	<u>(45,000)</u>	<u>-</u>
Total other financing sources (uses)	<u>(45,000)</u>	<u>(45,000)</u>	<u>(45,000)</u>	<u>-</u>
<b>NET CHANGE IN FUND BALANCES</b>	(21,000)	(21,000)	(3,711)	17,289
<b>FUND BALANCES, BEGINNING</b>	<u>569,066</u>	<u>569,066</u>	<u>569,066</u>	<u>-</u>
<b>FUND BALANCES, ENDING</b>	<u>\$ 548,066</u>	<u>\$ 548,066</u>	<u>\$ 565,355</u>	<u>\$ 17,289</u>

**CITY OF HONDO, TEXAS**

SOUTH TEXAS REGIONAL TRAINING CENTER  
BUDGETARY COMPARISON SCHEDULE

FOR THE YEAR ENDED SEPTEMBER 30, 2025

	<u>Budgeted Amounts</u>			Variance with Final Budget - Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<b>REVENUES</b>				
Charges for services	\$ 121,855	\$ 121,855	\$ 122,181	\$ 326
Total revenues	<u>121,855</u>	<u>121,855</u>	<u>122,181</u>	<u>326</u>
<b>EXPENDITURES</b>				
Current:				
General government	<u>121,855</u>	<u>121,855</u>	<u>149,727</u>	<u>(27,872)</u>
Total expenditures	<u>121,855</u>	<u>121,855</u>	<u>149,727</u>	<u>(27,872)</u>
<b>NET CHANGE IN FUND BALANCES</b>	<u>-</u>	<u>-</u>	<u>(27,546)</u>	<u>(27,546)</u>
<b>FUND BALANCES, BEGINNING</b>	<u>340,016</u>	<u>340,016</u>	<u>340,016</u>	<u>-</u>
<b>FUND BALANCES, ENDING</b>	<u>\$ 340,016</u>	<u>\$ 340,016</u>	<u>\$ 312,470</u>	<u>\$ (27,546)</u>

**CITY OF HONDO, TEXAS**

HOTEL TAX FUND  
BUDGETARY COMPARISON SCHEDULE

FOR THE YEAR ENDED SEPTEMBER 30, 2025

	Budgeted Amounts			
	Original	Final	Actual	Variance with Final Budget - Positive (Negative)
<b>REVENUES</b>				
Occupancy tax	\$ 135,000	\$ 135,000	\$ 92,554	\$ (42,446)
Total revenues	<u>135,000</u>	<u>135,000</u>	<u>92,554</u>	<u>(42,446)</u>
<b>EXPENDITURES</b>				
Current:				
General government				
Administration	<u>87,500</u>	<u>87,500</u>	<u>76,250</u>	<u>11,250</u>
Total general government	<u>87,500</u>	<u>87,500</u>	<u>76,250</u>	<u>11,250</u>
Total expenditures	<u>87,500</u>	<u>87,500</u>	<u>76,250</u>	<u>11,250</u>
<b>EXCESS (DEFICIENCY) OF REVENUE OVER (UNDER) EXPENDITURES</b>	<u>47,500</u>	<u>47,500</u>	<u>16,304</u>	<u>(31,196)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers out	<u>(47,500)</u>	<u>(47,500)</u>	<u>(35,625)</u>	<u>11,875</u>
Total other financing sources and uses	<u>(47,500)</u>	<u>(47,500)</u>	<u>(35,625)</u>	<u>11,875</u>
<b>NET CHANGES IN FUND BALANCE</b>	<u>-</u>	<u>-</u>	<u>(19,321)</u>	<u>(19,321)</u>
<b>FUND BALANCES, BEGINNING</b>	<u>185,737</u>	<u>185,737</u>	<u>185,737</u>	<u>-</u>
<b>FUND BALANCES, ENDING</b>	<u>\$ 185,737</u>	<u>\$ 185,737</u>	<u>\$ 166,416</u>	<u>\$ (19,321)</u>

**CITY OF HONDO, TEXAS**

FAIR HALL & LIVESTOCK  
BUDGETARY COMPARISON SCHEDULE

FOR THE YEAR ENDED SEPTEMBER 30, 2025

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual	
<b>REVENUES</b>				
Charges for services	\$ 32,500	\$ 32,500	\$ 24,800	\$ (7,700)
Total revenues	<u>32,500</u>	<u>32,500</u>	<u>24,800</u>	<u>(7,700)</u>
<b>EXPENDITURES</b>				
Current:				
Culture and recreation	49,775	49,775	50,625	(850)
Total expenditures	<u>49,775</u>	<u>49,775</u>	<u>50,625</u>	<u>(850)</u>
<b>EXCESS (DEFICIENCY) OF REVENUE OVER (UNDER) EXPENDITURES</b>	<u>(17,275)</u>	<u>(17,275)</u>	<u>(25,825)</u>	<u>(8,550)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	47,500	47,500	35,625	(11,875)
Transfers out	<u>(30,225)</u>	<u>(30,225)</u>	<u>(22,669)</u>	<u>7,556</u>
Total other financing sources (uses)	<u>17,275</u>	<u>17,275</u>	<u>12,956</u>	<u>(4,319)</u>
<b>NET CHANGE IN FUND BALANCES</b>	-	-	(12,869)	(12,869)
<b>FUND BALANCES, BEGINNING</b>	<u>5,176</u>	<u>5,176</u>	<u>5,176</u>	<u>-</u>
<b>FUND BALANCES, ENDING</b>	<u>\$ 5,176</u>	<u>\$ 5,176</u>	<u>\$ (7,693)</u>	<u>\$ (12,869)</u>

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## **STATISTICAL SECTION**

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## STATISTICAL SECTION

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

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Sources: Unless otherwise noted, the information in these schedules is derived from the annual financial reports for the relevant year.

**CITY OF HONDO, TEXAS**

NET POSITION BY COMPONENT

LAST TEN FISCAL YEARS  
(Unaudited) (Amounts Expressed in Thousands)  
(accrual basis of accounting)

	Fiscal Year			
	2025	2024	2023	2022
Governmental activities:				
Net investment in capital assets	\$ 12,320,908	\$ 10,203,355	\$ 9,524,233	\$ 10,625,513
Restricted	4,403,482	4,416,620	5,511,980	3,900,145
Unrestricted	<u>4,447,725</u>	<u>5,231,144</u>	<u>4,226,056</u>	<u>4,977,836</u>
Total governmental activities net position	<u>\$ 21,172,115</u>	<u>\$ 19,851,119</u>	<u>\$ 19,262,269</u>	<u>\$ 19,503,494</u>
Business-type activities:				
Net investment in capital assets	\$ 27,307,155	\$ 26,416,511	\$ 25,483,563	\$ 24,672,346
Unrestricted	<u>9,714,122</u>	<u>8,520,106</u>	<u>9,177,881</u>	<u>9,808,872</u>
Total business-type activities net position	<u>\$ 37,021,277</u>	<u>\$ 34,936,617</u>	<u>\$ 34,661,444</u>	<u>\$ 34,481,218</u>
Primary government:				
Net investment in capital assets	\$ 39,628,063	\$ 36,619,866	\$ 35,007,796	\$ 35,297,859
Restricted	4,403,482	4,416,620	5,511,980	3,900,145
Unrestricted	<u>14,161,847</u>	<u>13,751,250</u>	<u>13,403,937</u>	<u>14,786,708</u>
Total primary government net position	<u>\$ 58,193,392</u>	<u>\$ 54,787,736</u>	<u>\$ 53,923,713</u>	<u>\$ 53,984,712</u>

Source: Annual Comprehensive Financial Reports

**TABLE 1**

Fiscal Year					
2021	2020	2019	2018	2017	2016
\$ 11,515,548	\$ 11,284,765	\$ 11,207,516	\$ 9,422,569	\$ 8,182,720	\$ 7,122,538
4,636,555	3,650,503	3,321,276	3,645,681	2,697,464	3,880,549
<u>2,721,525</u>	<u>3,020,122</u>	<u>2,006,771</u>	<u>989,918</u>	<u>2,009,275</u>	<u>1,332,046</u>
<u>\$ 18,873,628</u>	<u>\$ 17,955,390</u>	<u>\$ 16,535,563</u>	<u>\$ 14,058,168</u>	<u>\$ 12,889,459</u>	<u>\$ 12,335,133</u>
\$ 25,962,052	\$ 25,744,316	\$ 25,074,025	\$ 24,902,646	\$ 23,843,466	\$ 25,154,199
6,446,787	5,148,307	4,031,012	2,555,856	2,693,999	1,260,092
<u>\$ 32,408,839</u>	<u>\$ 30,892,623</u>	<u>\$ 29,105,037</u>	<u>\$ 27,458,502</u>	<u>\$ 26,537,465</u>	<u>\$ 26,414,291</u>
\$ 37,477,600	\$ 37,029,081	\$ 36,281,541	\$ 34,325,215	\$ 32,026,186	\$ 32,276,737
4,636,555	3,650,503	3,321,276	3,645,681	2,697,464	3,880,549
9,168,312	8,168,429	6,037,783	3,545,774	4,703,274	2,592,138
<u>\$ 51,282,467</u>	<u>\$ 48,848,013</u>	<u>\$ 45,640,600</u>	<u>\$ 41,516,670</u>	<u>\$ 39,426,924</u>	<u>\$ 38,749,424</u>

**CITY OF HONDO, TEXAS**

CHANGES IN NET POSITION

LAST TEN FISCAL YEARS  
(Unaudited)  
(accrual basis of accounting)

	Fiscal Year			
	2025	2024	2023	2022
<b>EXPENSES</b>				
Governmental activities:				
General government	\$ 3,245,027	\$ 4,250,244	\$ 3,567,400	\$ 2,506,244
Public safety	3,471,124	3,144,028	3,089,210	2,275,794
Judicial	136,739	157,446	156,749	133,103
Culture and recreation	2,665,528	2,501,390	2,454,470	1,918,308
Public works	2,736,470	2,107,025	2,446,409	1,779,049
Interest on long-term debt	254,171	227,638	208,946	179,467
Issuance cost	-	-	-	55,968
Total governmental activities expenses	<u>12,509,059</u>	<u>12,387,771</u>	<u>11,923,184</u>	<u>8,847,933</u>
Business-type activities:				
Electric	7,416,554	7,006,334	6,944,846	6,101,439
Water and sewer	3,598,390	3,224,602	3,441,573	2,196,852
Airport	1,565,311	1,619,935	1,599,295	1,373,368
Sanitation	1,584,350	1,517,534	1,433,208	1,349,044
Total business-type activities expenses	<u>14,164,605</u>	<u>13,368,405</u>	<u>13,418,922</u>	<u>11,020,703</u>
Total primary government expenses	<u>\$ 26,673,664</u>	<u>\$ 25,756,176</u>	<u>\$ 25,342,106</u>	<u>\$ 19,868,636</u>
<b>PROGRAM REVENUES</b>				
Governmental activities:				
Fees, fines, and charges for services:				
General government	\$ 412,579	\$ 518,082	\$ 494,929	\$ 406,575
Public safety	380,329	70,391	52,346	49,720
Judicial	557,773	292,165	71,150	42,216
Culture and recreation	255,731	277,935	248,336	216,159
Public works	-	-	-	-
Operating grants and contributions	1,557,104	920,061	919,140	41,269
Capital grants and contributions	17,736	105,797	93,590	11,076
Total governmental activities program revenues	<u>3,181,252</u>	<u>2,184,431</u>	<u>1,879,491</u>	<u>767,015</u>
Business-type activities:				
Charges for services:				
Electric	10,493,354	10,547,431	10,484,737	9,329,708
Water and sewer	5,542,115	4,740,958	4,657,996	5,250,831
Airport	1,272,817	981,694	986,057	1,116,441
Sanitation	1,685,155	1,670,429	1,584,132	1,425,948
Capital grants and contributions	624,038	405,401	108,402	32,642
Total business-type activities program revenues	<u>19,617,479</u>	<u>18,345,913</u>	<u>17,821,324</u>	<u>17,155,570</u>
Total primary government program revenues	<u>\$ 22,798,731</u>	<u>\$ 20,530,344</u>	<u>\$ 19,700,815</u>	<u>\$ 17,922,585</u>

**TABLE 2**

Fiscal Year						
2021	2020	2019	2018	2017	2016	
\$ 3,106,383	\$ 2,610,975	\$ 1,683,062	\$ 1,569,611	\$ 1,537,248	\$ 1,398,252	
2,198,655	2,094,485	2,100,858	1,904,235	1,885,309	1,699,171	
114,812	100,901	110,905	107,932	116,926	103,791	
1,244,278	1,268,470	1,928,242	1,886,141	1,815,614	1,574,709	
2,472,981	2,477,122	1,284,772	1,324,824	1,437,598	1,450,028	
172,059	276,529	110,796	118,552	165,322	186,883	
-	-	-	-	-	-	
<u>9,309,168</u>	<u>8,828,482</u>	<u>7,218,635</u>	<u>6,911,295</u>	<u>6,958,017</u>	<u>6,412,834</u>	
5,976,797	6,231,640	6,110,591	6,905,253	6,897,935	6,435,595	
2,492,616	2,907,202	2,441,478	2,309,930	2,524,656	2,271,277	
1,202,003	1,311,027	1,379,249	1,304,189	1,360,976	1,318,748	
1,287,090	1,331,743	1,321,953	1,317,579	1,319,815	1,203,091	
<u>10,958,506</u>	<u>11,781,612</u>	<u>11,253,271</u>	<u>11,836,951</u>	<u>12,103,382</u>	<u>11,228,711</u>	
<u>\$ 20,267,674</u>	<u>\$ 20,610,094</u>	<u>\$ 18,471,906</u>	<u>\$ 18,748,246</u>	<u>\$ 19,061,399</u>	<u>\$ 17,641,545</u>	
\$ 390,501	\$ 888,289	\$ 320,971	\$ 265,375	\$ 289,589	\$ 355,682	
100,215	51,194	38,982	85,381	71,296	69,511	
54,134	35,663	60,570	86,539	111,206	101,527	
170,651	124,310	244,274	247,293	233,647	208,417	
35	403,261	708	-	-	-	
1,191,787	690,274	105,371	4,783	140,211	15,256	
102,879	162,618	726,762	731,675	223,284	-	
<u>2,010,202</u>	<u>2,355,609</u>	<u>1,497,638</u>	<u>1,421,046</u>	<u>1,069,233</u>	<u>750,393</u>	
9,090,890	9,760,677	9,360,017	9,493,009	9,178,972	10,163,815	
5,089,597	4,974,223	4,147,771	4,075,548	3,876,333	2,867,187	
750,247	808,866	894,012	837,023	776,901	827,271	
1,433,623	1,449,009	1,403,200	1,358,728	1,328,645	1,271,633	
311,965	134,602	270,856	62,102	316,636	63,218	
<u>16,676,322</u>	<u>17,127,377</u>	<u>16,075,856</u>	<u>15,826,410</u>	<u>15,477,487</u>	<u>15,193,124</u>	
<u>\$ 18,686,524</u>	<u>\$ 19,482,986</u>	<u>\$ 17,573,494</u>	<u>\$ 17,247,456</u>	<u>\$ 16,546,720</u>	<u>\$ 15,943,517</u>	

**CITY OF HONDO, TEXAS**

CHANGES IN NET POSITION  
(continued)

LAST TEN FISCAL YEARS  
(Unaudited)  
(accrual basis of accounting)

	Fiscal Year			
	2025	2024	2023	2022
<b>NET (EXPENSE) REVENUES</b>				
Governmental activities	\$ (9,327,807)	\$ (10,203,340)	\$ (10,043,693)	\$ (8,080,918)
Business-type activities	<u>5,452,874</u>	<u>4,977,508</u>	<u>4,402,402</u>	<u>6,134,867</u>
Total primary government net expense	<u>(3,874,933)</u>	<u>(5,225,832)</u>	<u>(5,641,291)</u>	<u>(1,946,051)</u>
<b>GENERAL REVENUES AND OTHER</b>				
<b>CHANGES IN NET POSITION</b>				
Governmental activities:				
Taxes				
Property	2,449,881	2,104,636	1,944,763	1,888,019
Sales	2,308,148	2,090,172	2,123,969	1,989,510
Other	170,270	186,169	192,574	201,951
Investment earnings	669,105	834,357	548,431	47,973
Miscellaneous	151,332	149,547	101,154	156,965
Gain on sale of capital assets	-	-	-	-
Transfers and PILOT	<u>5,113,285</u>	<u>5,427,309</u>	<u>4,891,577</u>	<u>4,426,366</u>
Total governmental activities	<u>10,862,021</u>	<u>10,792,190</u>	<u>9,802,468</u>	<u>8,710,784</u>
Business-type activities:				
Investment earnings	302,840	303,352	291,523	24,651
Miscellaneous	372,231	421,622	377,878	339,227
Gain on sale of capital assets	1,070,000	-	-	-
Transfers and PILOT	<u>(5,113,285)</u>	<u>(5,427,309)</u>	<u>(4,891,577)</u>	<u>(4,426,366)</u>
Total business-type activities	<u>(3,368,214)</u>	<u>(4,702,335)</u>	<u>(4,222,176)</u>	<u>(4,062,488)</u>
Total primary government	<u>7,493,807</u>	<u>6,089,855</u>	<u>5,580,292</u>	<u>4,648,296</u>
<b>CHANGE IN NET POSITION</b>				
Governmental activities	1,534,214	588,850	(241,225)	629,866
Business-type activities	<u>2,084,660</u>	<u>275,173</u>	<u>180,226</u>	<u>2,072,379</u>
Total primary government	<u>\$ 3,618,874</u>	<u>\$ 864,023</u>	<u>\$ (60,999)</u>	<u>\$ 2,702,245</u>

Source: Annual Comprehensive Financial Reports

**TABLE 2**

Fiscal Year					
2021	2020	2019	2018	2017	2016
\$ (7,298,966)	\$ (6,472,873)	\$ (5,720,997)	\$ (5,490,249)	\$ (5,888,784)	\$ (5,662,441)
<u>5,717,816</u>	<u>5,345,765</u>	<u>4,822,585</u>	<u>3,989,459</u>	<u>3,374,105</u>	<u>3,964,413</u>
<u>(1,581,150)</u>	<u>(1,127,108)</u>	<u>(898,412)</u>	<u>(1,500,790)</u>	<u>(2,514,679)</u>	<u>(1,698,028)</u>
1,785,669	1,694,073	1,601,434	1,511,949	1,389,066	1,183,968
1,883,673	1,729,403	2,896,251	1,824,144	1,509,044	1,631,989
190,201	127,592	175,727	141,969	189,760	172,642
19,081	83,300	99,953	75,061	22,730	11,178
46,772	74,240	151,729	66,729	74,111	554,349
37,830	322,914	-	-	-	-
<u>4,561,934</u>	<u>3,861,178</u>	<u>3,273,298</u>	<u>3,273,297</u>	<u>3,258,399</u>	<u>3,153,347</u>
<u>8,525,160</u>	<u>7,892,700</u>	<u>8,198,392</u>	<u>6,893,149</u>	<u>6,443,110</u>	<u>6,707,473</u>
399	30,987	85,036	30,523	7,468	78
359,935	167,012	12,212	248,333	-	244,198
-	105,000	-	-	-	-
<u>(4,561,934)</u>	<u>(3,861,178)</u>	<u>(3,273,298)</u>	<u>(3,273,297)</u>	<u>(3,258,399)</u>	<u>(3,153,347)</u>
<u>(4,201,600)</u>	<u>(3,558,179)</u>	<u>(3,176,050)</u>	<u>(2,994,441)</u>	<u>(3,250,931)</u>	<u>(2,909,071)</u>
<u>4,323,560</u>	<u>4,334,521</u>	<u>5,022,342</u>	<u>3,898,708</u>	<u>3,192,179</u>	<u>3,798,402</u>
1,226,194	1,419,827	2,477,395	1,402,900	554,326	1,045,032
<u>1,516,216</u>	<u>1,787,586</u>	<u>1,646,535</u>	<u>995,018</u>	<u>123,174</u>	<u>1,055,342</u>
<u>\$ 2,742,410</u>	<u>\$ 3,207,413</u>	<u>\$ 4,123,930</u>	<u>\$ 2,397,918</u>	<u>\$ 677,500</u>	<u>\$ 2,100,374</u>

**CITY OF HONDO, TEXAS**

FUND BALANCES  
GOVERNMENTAL FUNDS

LAST TEN FISCAL YEARS  
(Unaudited) (Amounts Expressed in Thousands)

(modified accrual basis of accounting)

	Fiscal Year			
	2025	2024	2023	2022
General Fund				
Non-spendable	\$ 1,698	\$ 1,709	\$ 713	\$ 7,734
Restricted	-	-	-	-
Committed	-	-	-	-
Assigned	29,386	935	27,579	6,967
Unassigned	<u>5,777,762</u>	<u>6,467,961</u>	<u>6,450,291</u>	<u>4,639,965</u>
Total general fund	<u>\$ 5,808,846</u>	<u>\$ 6,470,605</u>	<u>\$ 6,478,583</u>	<u>\$ 4,654,666</u>
All other governmental funds				
Non-spendable	\$ 565,355	\$ 569,066	\$ 567,691	\$ 566,576
Restricted	4,604,848	4,939,835	7,791,645	7,398,974
Committed	314,489	342,035	289,146	254,830
Unassigned, reported in:				
Special revenue funds	<u>(7,693)</u>	<u>(16,189)</u>	<u>-</u>	<u>-</u>
Total all other governmental funds	<u>\$ 5,476,999</u>	<u>\$ 5,834,747</u>	<u>\$ 8,648,482</u>	<u>\$ 8,220,380</u>

Source: Annual Comprehensive Financial Reports

**TABLE 3**

Fiscal Year					
2021	2020	2019	2018	2017	2016
\$ 4,336	\$ 7,686	\$ 4,627	\$ 5,149	\$ 66,382	\$ 2,040
-	-	24,309	25,141	24,325	19,376
-	-	449,113	144,066	85,786	268,770
-	74,713	-	-	-	-
<u>3,241,185</u>	<u>3,937,618</u>	<u>2,542,749</u>	<u>1,887,629</u>	<u>2,221,841</u>	<u>2,397,127</u>
<u>\$ 3,245,521</u>	<u>\$ 4,020,017</u>	<u>\$ 3,020,798</u>	<u>\$ 2,061,985</u>	<u>\$ 2,398,334</u>	<u>\$ 2,687,313</u>
\$ 560,479	\$ 554,399	\$ 564,290	\$ 545,990	\$ 532,590	\$ 519,290
7,468,573	2,624,358	2,721,289	3,065,666	2,712,416	3,366,672
355,469	219,545	269,468	128,840	96,259	89,534
-	-	-	-	-	-
<u>\$ 8,384,521</u>	<u>\$ 3,398,302</u>	<u>\$ 3,555,047</u>	<u>\$ 3,740,496</u>	<u>\$ 3,341,265</u>	<u>\$ 3,975,496</u>

**CITY OF HONDO, TEXAS**

CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS

LAST TEN FISCAL YEARS  
(Unaudited) (Amounts Expressed in Thousands)  
(modified accrual basis of accounting)

	Fiscal Year			
	2025	2024	2023	2022
<b>REVENUES</b>				
Taxes:				
Property	\$ 2,441,947	\$ 2,072,103	\$ 1,958,495	\$ 1,882,159
Sales	2,308,148	2,090,172	2,123,969	1,989,510
Other	170,270	186,169	192,574	201,951
Licenses and permits	188,678	292,714	274,094	169,709
Intergovernmental	1,552,581	984,794	1,536,353	657,367
Charges for services	733,587	621,044	553,361	517,517
Fines and forfeitures	557,992	292,512	71,452	42,776
Interest income	669,105	834,357	548,431	47,973
Payments in lieu of taxes	-	-	-	-
Miscellaneous	72,973	34,526	74,395	72,426
Total revenues	<u>8,695,281</u>	<u>7,408,391</u>	<u>7,333,124</u>	<u>5,581,388</u>
<b>EXPENDITURES</b>				
General government	3,004,775	4,115,211	3,346,639	2,399,915
Public safety	3,207,609	3,019,974	2,717,262	2,251,375
Judicial	137,399	159,192	137,449	141,326
Culture and recreation	2,527,939	2,315,820	2,025,690	1,820,369
Public works	2,638,374	1,663,571	1,555,234	1,386,959
Capital outlay	2,480,370	4,421,525	639,371	922,729
Debt service:				
Principal	742,520	664,843	580,101	454,278
Interest and fiscal charges	293,897	215,882	224,523	164,323
Bond issuance costs	-	18,796	48,172	72,860
Total expenditures	<u>15,032,883</u>	<u>16,594,814</u>	<u>11,274,441</u>	<u>9,614,134</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>\$ (6,337,602)</u>	<u>\$ (9,186,423)</u>	<u>\$ (3,941,317)</u>	<u>\$ (4,032,746)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Issuance of capital related debt	\$ -	\$ 765,000	\$ 1,275,000	\$ 685,000
Refunding bonds issued	-	-	-	615,000
Premium on bonds	-	57,380	-	-
Payment to refunded bond escrow agent	-	-	-	(570,140)
Leases issued	126,451	-	-	36,985
Sale of capital assets	-	-	-	-
Transfers in (out)	5,113,285	5,427,309	4,891,577	4,426,366
Insurance recoveries	78,359	115,021	26,759	84,539
Total other financing sources (uses)	<u>5,318,095</u>	<u>6,364,710</u>	<u>6,193,336</u>	<u>5,277,750</u>
<b>NET CHANGE IN FUND BALANCES</b>	<u>\$ (1,019,507)</u>	<u>\$ (2,821,713)</u>	<u>\$ 2,252,019</u>	<u>\$ 1,245,004</u>
<b>DEBT SERVICE AS A PERCENTAGE OF NONCAPITAL EXPENDITURES</b>	<u>8.4%</u>	<u>7.3%</u>	<u>7.9%</u>	<u>7.1%</u>

Source: Annual Comprehensive Financial Reports

TABLE 4

Fiscal Year					
2021	2020	2019	2018	2017	2016
\$ 1,793,943	\$ 1,716,679	\$ 1,596,908	\$ 1,487,987	\$ 1,378,474	\$ 1,174,053
1,883,673	1,729,403	2,896,251	1,824,144	1,509,043	1,631,988
190,201	127,592	175,727	141,969	189,759	172,642
124,549	312,905	185,801	138,474	162,402	218,810
521,376	373,408	920,943	663,097	496,456	20,539
511,639	443,137	437,220	473,401	445,275	415,343
61,395	39,206	60,824	91,039	117,486	103,921
19,081	83,300	99,974	75,062	22,732	11,169
-	-	3,154,988	3,154,988	3,154,988	3,155,000
<u>46,772</u>	<u>74,240</u>	<u>51,213</u>	<u>124,062</u>	<u>46,154</u>	<u>63,189</u>
<u>5,152,629</u>	<u>4,899,870</u>	<u>9,579,849</u>	<u>8,174,223</u>	<u>7,522,769</u>	<u>6,966,654</u>
2,884,633	2,139,053	1,589,873	1,488,800	1,442,226	1,284,656
2,053,805	1,931,559	1,931,022	1,825,309	1,760,014	1,607,141
118,515	101,587	109,830	108,650	116,165	101,102
1,059,696	1,092,810	1,726,498	1,737,885	1,793,557	1,438,348
2,081,668	1,623,890	805,287	906,233	1,006,556	1,029,662
500,131	649,590	2,246,299	1,642,161	1,954,319	2,327,330
437,690	423,910	416,390	414,500	384,907	248,829
159,410	279,089	111,962	119,814	111,371	180,513
-	-	-	-	25,504	-
<u>9,295,548</u>	<u>8,241,488</u>	<u>8,937,161</u>	<u>8,243,352</u>	<u>8,594,619</u>	<u>8,217,581</u>
<u>\$(4,142,919)</u>	<u>\$(3,341,618)</u>	<u>\$ 642,688</u>	<u>\$(69,129)</u>	<u>\$(1,071,850)</u>	<u>\$(1,250,927)</u>
\$ 3,725,000	\$ -	\$ -	\$ -	\$ 1,300,000	\$ 2,030,000
-	-	-	-	-	-
337,834	-	-	-	-	-
-	-	-	-	(1,272,005)	-
-	-	-	-	-	-
37,830	322,914	12,366	13,702	17,234	585,333
4,561,934	3,861,178	118,310	118,309	103,411	(1,653)
-	-	-	-	-	-
<u>8,662,598</u>	<u>4,184,092</u>	<u>130,676</u>	<u>132,011</u>	<u>148,640</u>	<u>2,613,680</u>
<u>\$ 4,519,679</u>	<u>\$ 842,474</u>	<u>\$ 773,364</u>	<u>\$ 62,882</u>	<u>\$(923,210)</u>	<u>\$ 1,362,753</u>
<u>6.6%</u>	<u>9.3%</u>	<u>7.9%</u>	<u>8.1%</u>	<u>7.5%</u>	<u>7.3%</u>

CITY OF HONDO, TEXAS

TAX REVENUE BY SOURCE - GOVERNMENTAL FUNDS

LAST TEN FISCAL YEARS

Fiscal Year	Property	Sales & Use	Mixed Beverage	Franchise	Hotel	Total
2025	\$ 2,441,947	\$ 2,308,148	\$ 4,221	\$ 73,495	\$ 92,554	4,920,365
2024	2,066,386	2,090,172	5,323	74,919	105,927	4,342,727
2023	1,944,763	2,123,969	2,772	81,859	110,038	4,263,401
2022	1,888,019	1,989,510	5,382	71,283	123,192	4,077,386
2021	1,785,669	1,883,673	2,937	66,733	120,531	3,859,543
2020	1,716,679	1,729,403	857	43,349	83,386	3,573,674
2019	1,596,908	2,896,251	1,210	41,801	132,716	4,668,886
2018	1,487,987	1,824,144	2,952	28,896	110,121	3,454,100
2017	1,378,474	1,509,043	3,301	66,664	119,794	3,077,276
2016	1,174,053	1,631,988	4,708	62,024	105,910	2,978,683

**CITY OF HONDO, TEXAS**

**TOTAL WATER AND SEWER CONSUMPTION AND RATES**

**LAST TEN FISCAL YEARS**

<u>Fiscal Year Ended September 30,</u>	<u>Total Water Consumption (In Gallons)</u>	<u>Water Base Rate (Includes first 2,000)</u>	<u>Water Initial Rate Per 1,000 Gallons</u>	<u>Sewer Base Rate (Includes first 2,000)</u>	<u>Sewer Initial Rate Per 1,000 Gallons</u>
2025	486,158,400	35.46	2.88	31.30	2.13
2024	514,007,400	31.21	2.54	26.01	1.77
2023	479,295,200	31.21	2.54	26.01	1.77
2022	602,567,631	31.21	2.54	26.01	1.77
2021	536,810,300	31.21	2.54	26.01	1.77
2020	536,564,300	31.21	2.54	26.01	1.77
2019	476,853,400	30.00	2.44	25.00	1.70
2018	447,534,800	30.00	2.44	25.00	1.70
2017	526,194,400	30.00	2.44	25.00	1.70
2016	378,476,700	23.00	2.44	15.00	1.70

CITY OF HONDO, TEXAS

PRINCIPAL WATER AND SEWER CONSUMERS

CURRENT AND NINE YEARS AGO

Consumers	2025			2016		
	Total Water Consumption (in Gallons)	Rank	Percentage of Total City Water Consumption	Total Water Consumption (in Gallons)	Rank	Percentage of Total City Water Consumption
Texas Dept of Criminal Justice	133,456,400	1	27.45%	45,543,900	1	12.03%
Texas Dept of Criminal Justice	13,489,900	2	2.77%	11,226,400	2	2.97%
City of Hondo Parks	7,892,200	3	1.62%			-
Martin Resources	6,262,600	4	1.29%			
PTCAA	4,498,000	5	0.93%	2,132,000	9	0.56%
Boise Cascade	4,200,000	6	0.86%			-
City of Hondo Rick Taylor Rec.	4,037,100	7	0.83%	2,683,300	6	0.71%
Revive Las Palomas	3,855,100	8	0.79%			-
Medina County Annex	3,454,800	9	0.71%			-
City of Hondo Golf Course	384,100	10	0.08%	5,844,600	4	1.54%
Medina County Sheriff's Office			-	3,268,300	5	
HEB			-	2,558,300	7	0.68%
South Texas Liquid Terminal			-	2,424,200	8	0.64%
USRC Medina County Dialysis				6,306,100	3	1.67%
Walmart				1,959,100	10	0.52%
<b>TOTAL</b>	<u>181,530,200</u>		<u>37.34%</u>	<u>83,946,200</u>		<u>22.18%</u>
Total City Water Consumption	486,158,400			378,476,700		

**CITY OF HONDO, TEXAS**

TOTAL ELECTRIC CONSUMPTION AND RATES

LAST TEN FISCAL YEARS

Fiscal Year Ended September 30,	Total Electric Consumption (In KWH)	Electric Base Rate	Initial Rate Per Per KWH
2025	70,496,744	15.00	0.1310
2024	76,761,236	15.00	0.1310
2023	74,991,273	15.00	0.1310
2022	78,286,807	15.00	0.1137
2021	73,038,220	15.00	0.1137
2020	75,767,613	15.00	0.1137
2019	73,616,091	15.00	0.1137
2018	76,206,703	15.00	0.1137
2017	72,464,108	15.00	0.1137
2016	73,555,397	15.00	0.1137

CITY OF HONDO, TEXAS

PRINCIPLE ELEXTRIC CONSUMERS

CURRENT AND NINE YEARS AGO

Consumers	2025			2016		
	Total Electric Consumption (in KWH)	Rank	Percentage of Total City Electric Consumption	Total Electric Consumption (in KWH)	Rank	Percentage of Total City Consumption
Wal-mart Stores	3,714,000	1	5.27%	4,189,000	2	5.70%
Texas Dept of Criminal Justice	3,625,596	2	5.14%	7,039,864	1	9.57%
Medina Community Hospital	3,206,250	3	4.55%	3,408,750	3	4.63%
Martin Resources	1,873,001	4	2.66%			
Medina County Sheriff's Office	1,345,200	5	1.91%	852,600	7	1.16%
City of Hondo Sewer	1,296,300	6	1.84%	1,479,600	5	2.01%
HEB	1,241,400	7	1.76%	2,224,800	4	3.02%
City of Hondo Water	859,600	8	1.22%			
James Avery Craftsman	858,400	9	1.22%	1,259,760	6	1.71%
Medina County Annex	730,750	10	1.04%			
McDonald's				676,400	8	0.92%
Whataburger				552,800	9	0.75%
Hondo ISD	-		-	549,800	10	0.75%
<b>TOTAL</b>	<u>18,750,497</u>		<u>26.60%</u>	<u>22,233,374</u>		<u>30.23%</u>
Total City Electric Consumption	70,496,744			73,555,397		

**CITY OF HONDO, TEXAS**

ASSESS VALUE AND ACTUAL TAXABLE VALUE OF PROPERTY

LAST TEN FISCAL YEARS

Fiscal Year Ended September 30,	Residential Property	Agricultural & Commercial Property	Less: Tax-Exempt Property	Total Taxable Assessed Value	Total Direct Tax Rate
2025	\$ 303,112,316	\$ 266,765,486	\$ 53,942,028	\$ 515,935,774	0.4800
2024	274,083,452	242,015,841	50,521,192	465,578,101	0.4800
2023	259,578,276	212,543,083	48,052,390	424,068,969	0.4370
2022	216,461,468	210,885,434	44,155,176	383,191,726	0.4866
2021	183,437,995	199,753,831	39,171,839	344,019,987	0.4940
2020	170,955,903	187,347,334	19,873,170	338,430,067	0.5105
2019	166,674,313	176,297,851	33,483,972	309,488,192	0.5109
2018	163,024,971	164,400,490	36,092,637	291,332,824	0.5139
2017	137,805,351	141,818,105	25,719,269	253,904,187	0.5139
2016	137,129,210	140,440,295	19,092,370	258,477,135	0.4527

Source: Medina County Appraisal District

\* Total Taxable Assessed Value and Total Estimated Actual Value of taxable property is the same.

CITY OF HONDO, TEXAS

DIRECT AND OVERLAPPING PROPERTY TAX RATES

LAST TEN FISCAL YEARS

Fiscal Year	City Direct Rates			Overlapping Rates		
	Basic Rate	Debt Service	Total	Hondo ISD	Medina County	Medina County Hospital
2025	0.3122	0.1678	0.4800	0.9269	0.4497	0.0961
2024	0.3170	0.1630	0.4800	0.9269	0.4457	0.0929
2023	0.2858	0.1512	0.4370	0.9384	0.4798	0.0898
2022	0.2894	0.1476	0.4370	1.1446	0.4822	0.0937
2021	0.3668	0.1198	0.4866	1.1320	0.4312	0.0984
2020	0.3796	0.1144	0.4940	1.1997	0.4562	0.1000
2019	0.3823	0.1286	0.5109	1.3750	0.5517	0.0645
2018	0.3759	0.1380	0.5139	1.3750	0.5517	0.0644
2017	0.3866	0.1273	0.5139	1.3800	0.5517	0.0638
2016	0.3614	0.0913	0.4527	1.3150	0.5517	0.0641

CITY OF HONDO, TEXAS

PRINCIPAL PROPERTY TAXPAYERS

CURRENT AND NINE YEARS AGO

Taxpayer	2025			2016		
	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value
Martin Operating Partnership	\$ 10,556,550	1	2.47%			
M2E4 LLC	10,480,520	2	2.45%			
Wal-Mart Real Estate Business Trust	6,988,500	3	1.64%	\$ 7,578,021	1	2.94%
Revive Las Palomas LLC	5,050,850	4	1.18%	1,508,226	4	0.59%
James Avery Craftsman Inc.	4,354,940	5	1.02%	1,338,061	5	0.52%
Irene B. Hoadley	4,339,040	6	1.02%	2,030,283	3	0.79%
TXN Bank	4,114,720	7	0.96%			
Medina Electric Coop.	3,743,084	8	0.88%			
Hondo Rail Way Co.	3,742,390	9	0.88%			
Wal-Mart Stores East Inc.	<u>3,725,990</u>	10	<u>0.87%</u>	2,203,978	2	0.86%
Hanumante LLC				1,238,217	8	0.48%
Hanbeck LTD				1,174,221	9	0.46%
Hondo Railway				1,268,197	6	0.49%
County of Medina				<u>1,240,970</u>	7	<u>0.48%</u>
Total	\$ <u>57,096,584</u>		<u>11.07%</u>	\$ <u>19,580,175</u>		<u>7.58%</u>

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**CITY OF HONDO, TEXAS**  
 PROPERTY TAX LEVIES AND COLLECTIONS  
 LAST TEN FISCAL YEARS

Fiscal Year Ended September 30,	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections In Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2016	\$ 1,178,873	\$ 1,137,045	96.45%	\$ 24,068	\$ 1,161,113	98.49%
2017	1,367,968	1,322,063	96.64%	43,462	1,365,525	99.82%
2018	1,489,579	1,441,735	96.79%	43,895	1,485,630	99.73%
2019	1,586,006	1,534,743	96.77%	45,286	1,580,029	99.62%
2020	1,691,102	1,643,771	97.20%	39,093	1,682,864	99.51%
2021	1,742,423	1,698,163	97.46%	33,486	1,731,649	99.38%
2022	1,865,706	1,810,909	97.06%	36,065	1,846,974	99.00%
2023	1,942,493	1,887,517	97.17%	30,299	1,917,816	98.73%
2024	2,046,124	1,998,233	97.66%	5,375	2,003,608	97.92%
2025	2,431,687	2,345,364	96.45%	-	2,345,364	96.45%

**CITY OF HONDO, TEXAS**

**RATIOS OF OUTSTANDING DEBT BY TYPE**

**LAST TEN FISCAL YEARS**

Governmental Activities					
Fiscal Year	Certificates of Obligation	General Obligation Bonds	Revenue Bonds	Tax Notes	Leases
2025	\$ 5,436,272	\$ 375,000	\$ 350,000	\$ 1,440,000	112,611
2024	5,639,539	613,440	420,000	1,665,000	15,240
2023	4,680,000	847,470	485,000	1,845,000	51,053
2022	5,140,942	1,067,090	550,000	685,000	91,534
2021	5,287,834	1,288,560	560,000	-	-
2020	1,405,000	1,496,250	610,000	-	-
2019	2,230,160	1,050,000	655,000	-	-
2018	2,561,550	1,090,000	700,000	-	-
2017	2,761,050	1,260,000	745,000	-	-
2016	2,953,030	1,317,314	785,000	31,975	-

**TABLE 14**

Business-Type Activities						
Certificates of Obligation	General Obligation Bonds	Tax Notes	Leases	Total Primary Government	Percent of Personal Income	Per Capita
\$ 14,989,438	\$ 380,000	\$ 105,000	21,365	\$ 23,209,686	9.32%	2,562
15,183,117	564,560	130,000	41,702	24,272,598	12.56%	2,610
4,760,000	746,530	155,000	39,523	13,609,576	7.71%	1,390
5,125,000	925,910	-	55,552	13,585,476	7.70%	1,388
5,485,000	1,103,440	-	-	13,387,000	7.39%	1,395
5,845,000	1,278,750	-	-	10,635,000	5.97%	1,127
6,200,000	1,451,840	-	-	11,587,000	6.90%	1,234
6,550,000	1,648,450	-	-	12,550,000	8.14%	1,349
6,900,000	1,783,950	-	-	13,450,000	9.32%	1,461
1,717,685	1,917,970	-	-	8,722,974	6.65%	961

CITY OF HONDO, TEXAS

RATIOS OF GENERAL BONDED DEBT OUTSTANDING

LAST TEN FISCAL YEARS

Fiscal Year	General Bonded Debt Outstanding				Actual Taxable Value of Property	Percentage of Actual Taxable Value of Property	Per Capita*
	Certificates of Obligation	General Obligation Bonds	Available in Debt Service Funds	Total			
2025	\$ 5,436,272	\$ 375,000	\$ (196,347)	\$ 5,614,925	515,935,774	1.09%	299
2024	5,639,539	613,440	(199,195)	6,053,784	465,578,101	1.30%	283
2023	4,680,000	847,470	(213,259)	5,314,211	424,068,969	1.25%	261
2022	5,140,942	1,067,090	(189,475)	6,018,557	383,191,726	1.70%	615
2021	4,950,000	2,392,000	(193,852)	7,148,148	344,019,987	2.03%	745
2020	1,405,000	2,775,000	(169,725)	4,010,275	338,430,067	1.22%	425
2019	1,050,000	3,682,000	(160,421)	4,571,579	309,488,192	1.48%	487
2018	1,090,000	4,210,000	(160,094)	5,139,906	291,332,824	1.76%	552
2017	1,260,000	4,545,000	(166,158)	5,638,842	253,904,187	2.22%	613
2016	1,317,314	4,871,000	(162,788)	6,025,526	258,477,135	2.33%	664

Note: Details regarding the City's outstanding debt can be found in the notes to the financial statements.

\*Per Capita was derived using population data on Table 21.

CITY OF HONDO, TEXAS

DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT

SEPTEMBER 30, 2025

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable</u>	<u>Estimated Share of Overlapping Debt</u>
<i>Debt repaid with property taxes:</i>			
Hondo ISD	\$ 26,903,000	35.41%	\$ 9,526,352
Medina County	25,125,000	6.89%	<u>1,731,113</u>
Subtotal, Overlapping Debt			11,257,465
City Governmental Activities Direct Debt			<u>21,355,000</u>
<b>TOTAL NET OVERLAPPING DEBT</b>			<u>\$ 32,612,465</u>
Total Direct and Overlapping Debt % of A.V.			6.18%
Total Direct and Overlapping Debt per Capita			\$ 3,600

**CITY OF HONDO, TEXAS**

LEGAL DEBT MARGIN

LAST TEN FISCAL YEARS

Assessed Value, 2025 Tax Roll		<u>\$ 515,935,774</u>
Debt Limit - Texas statues do not provide a legal debt limit for cities; however, through accepted practice a practical "economic" debt limit is considered to be 10% of the assessed value.		\$ 51,593,577
Amount of Applicable Debt:		
General Bonded Debt	\$ 5,811,272	
Less Debt Service Net Position	<u>(196,347)</u>	<u>5,614,925</u>
DEBT MARGIN		<u>\$ 45,978,652</u>
Total Net Debt as a Percentage of Debt Margin		12%

	Fiscal Year		
	2022	2023	2024
Assessed Value	\$ 353,187,382	\$ 427,346,902	\$ 465,578,101
Debt Limit	35,318,738	42,734,690	46,557,810
Total Net Debt Applicable to Limit	<u>6,018,557</u>	<u>5,314,211</u>	<u>5,709,245</u>
Total Debt Margin	<u>\$ 29,300,181</u>	<u>\$ 37,420,479</u>	<u>\$ 40,848,565</u>
	2019	2020	2021
Assessed Value	\$ 309,488,192	\$ 329,798,889	\$ 352,056,748
Debt Limit	30,948,819	32,979,889	35,205,675
Total Net Debt Applicable to Limit	<u>4,571,579</u>	<u>4,010,275</u>	<u>4,010,275</u>
Total Debt Margin	<u>\$ 26,377,240</u>	<u>\$ 28,969,614</u>	<u>\$ 31,195,400</u>
	2016	2017	2018
Assessed Value	\$ 258,477,135	\$ 253,904,187	\$ 291,332,824
Debt Limit	25,847,714	25,390,419	29,133,282
Total Net Debt Applicable to Limit	<u>6,025,526</u>	<u>5,638,842</u>	<u>5,139,906</u>
Total Debt Margin	<u>\$ 19,822,188</u>	<u>\$ 19,751,577</u>	<u>\$ 23,993,376</u>

CITY OF HONDO, TEXAS

PLEDGED REVENUE COVERAGE - WATER AND SEWER REVENUE BONDS

LAST TEN FISCAL YEARS

Fiscal Year	Water and Sewer Revenue Bonds						Coverage
	Utility Service Charges	Less: Operating Expenses	Net Available Revenue	Debt Service			
				Principal	Interest		
2025	\$ 5,734,650	\$ 2,495,006	\$ 3,239,644	594,560	631,688	2.64	
2024	4,881,623	3,046,121	1,835,502	436,970	265,895	2.61	
2023	4,657,996	3,441,573	1,216,423	494,630	140,783	1.91	
2022	5,391,545	1,592,829	3,798,716	472,530	149,385	6.11	
2021	5,089,597	2,337,031	2,752,566	470,310	158,350	4.38	
2020	5,039,847	2,843,919	2,195,928	470,310	164,767	3.46	
2019	4,147,768	1,561,953	2,585,815	456,610	169,107	4.13	
2018	4,075,548	1,473,489	2,602,059	450,500	173,069	4.17	
2017	3,876,333	1,520,862	2,355,471	957,888	153,823	2.12	
2016	2,867,187	1,556,267	1,310,920	188,299	71,937	5.04	

**CITY OF HONDO, TEXAS**

**PLEGDED REVENUE COVERAGE - ELECTRIC REVENUE BONDS**

**LAST TEN FISCAL YEARS**

Fiscal Year	Electric Revenue Bonds					
	Utility Service Charges	Less: Operating Expenses	Net Available Revenue	Debt Service		Coverage
				Principal	Interest	
2025	\$ 10,656,773	\$ 7,221,207	\$ 3,435,566	85,000	42,040	27.04
2024	10,710,986	6,962,350	3,748,636	75,000	16,447	40.99
2023	10,484,737	6,944,846	3,539,891	90,000	10,215	35.32
2022	9,513,989	5,973,147	3,540,842	50,000	5,981	63.25
2021	9,090,890	5,970,117	3,120,773	50,000	6,791	54.95
2020	9,760,677	6,231,743	3,528,934	50,000	6,791	62.14
2019	9,360,015	5,719,139	3,640,876	50,000	7,939	62.84
2018	9,487,016	6,543,267	2,943,749	45,000	8,470	55.05
2017	9,178,970	6,535,110	2,643,860	61,368	18,424	33.13
2016	10,163,815	6,072,879	4,090,936	35,389	29,039	63.50

**CITY OF HONDO, TEXAS**  
 DEMOGRAPHIC AND ECONOMIC STATISTICS  
 LAST TEN FISCAL YEARS

<u>Year</u>	<u>Population</u>	<u>Total Personal Income</u>	<u>Per Capita Personal Income</u>	<u>Median Age</u>	<u>Unemployment Rate</u>
2025	9,059	\$ 249,113,975	\$ 27,500	34.0	4.2%
2024	8,969	193,187,148	21,757	31.2	3.5%
2023	8,863	182,807,589	20,796	31.3	6.2%
2022	8,738	176,437,046	18,026	34.7	6.2%
2021	8,554	181,124,500	18,875	32.4	6.2%
2020	8,289	178,104,500	18,875	32.4	3.3%
2019	9,436	167,830,173	17,879	30.1	3.0%
2018	9,356	154,267,595	16,579	30.1	3.4%
2017	9,268	144,304,050	15,675	30.5	3.6%
2016	9,191	131,246,024	14,456	30.0	4.7%

*Note: Information for this schedule was obtained from the United States Census Bureau.*

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**CITY OF HONDO, TEXAS**  
 PRINCIPAL EMPLOYERS  
 CURRENT AND NINE YEARS AGO

Employer	2025			2016		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
Medina County	432	1	4.77%	250	6	2.30%
Medina Healthcare System	375	2	4.14%	266	4	1.69%
James Avery	350	3	3.86%	329	3	5.34%
Texas Dept of Corrections	340	4	3.75%	494	1	5.59%
Hondo ISD	276	5	3.05%	401	2	2.92%
Walmart	160	6	1.77%	260	5	1.10%
City of Hondo	125	7	1.38%	140	7	1.29%
HEB	115	8	1.27%	104	8	0.74%
Medina Electric	75	9	0.83%	56	9	1.39%
Total	2,248		24.82%	2,300		22.37%

*Note: Information for this schedule was obtained from the City of Hondo Economic Development Corporation.*

**CITY OF HONDO, TEXAS**

OPERATING INDICATORS BY FUNCTION

LAST TEN FISCAL YEARS

<b>Function</b>	<b>Fiscal Year</b>			
	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>
<b>General Government</b>				
Building Permits Issued	498	612	477	507
<b>Police</b>				
Citations Issued	1,067	1,106	865	604
<b>Park and Civic Center</b>				
Park User Reservations	96	100	122	103
Civic Center Rentals	100	108	142	117
<b>Library</b>				
Annual Circulation	14,292	18,748	23,703	24,978
Library Visits	46,932	46,380	44,808	45,106
Items in Collection	20,153	14,607	14,637	16,168
<b>Water &amp; Sewer</b>				
Water Customers	2,762	2,731	2,735	2,736
Sewer Customers	2,566	2,548	2,536	2,530
Total Consumption (hundreds of gallons)	3,784,767	5,261,944	4,475,348	4,768,534
Average Monthly Consumption	11,419	16,056	13,636	14,524
<b>Electric Utility</b>				
Electric Customers	3,012	2,990	2,987	2,893
Total Consumption	73,555,397	72,464,108	76,206,703	73,616,091
<b>Sanitation</b>				
Customers	2,368	2,354	2,350	2,353
<b>Airport</b>				
Gallons of Fuel Sold	100,989	76,862	96,602	95,878
Number of Flights	2,222	1,669	1,880	4,208

**TABLE 22**

<b>Fiscal Year</b>					
2020	2021	2022	2023	2024	2025
700	1,080	387	526	455	518
432	578	510	915	2,832	3,722
44	83	140	89	68	63
135	111	140	165	112	165
16,145	15,212	23,258	32,427	29,369	17,971
25,934	16,937	28,740	33,815	39,370	31,687
17,208	17,654	16,776	18,779	17,517	18,371
2,813	2,841	2,716	2,698	2,843	2,776
2,752	2,763	2,523	2,433	2,728	2,445
5,365,643	5,368,103	6,144,747	4,792,952	5,140,074	4,861,584
15,895	15,746	18,851	14,800	14,850	15,407
2,721	2,751	2,968	2,959	3,065	3,041
75,767,613	73,038,220	78,286,807	74,989,989	76,761,236	70,496,744
2,368	2,153	2,373	2,367	2,386	2,384
80,545	70,414	85,424	70,495	68,631	122,738
4,581	8,312	13,625	15,990	17,203	19,311

**CITY OF HONDO, TEXAS**  
**CAPITAL ASSET STATISTICS**  
**LAST TEN FISCAL YEARS**

<b>Function</b>	<b>Fiscal Year</b>			
	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>
<u>Streets</u>				
Streets, paved (miles)	63.59	63.59	63.59	63.59
Streets, unpaved (miles)	55.39	55.39	55.39	55.39
Alleys, unpaved (miles)	13.28	13.28	13.28	13.28
<u>Police</u>				
Stations	1	1	1	1
Patrol Units	32	32	34	34
<u>Animal Control</u>				
Facility	1	1	1	1
Control Vehicle	2	2	2	2
<u>Library</u>				
Facility	1	1	1	1
Volumes in Collection	20,153	14,607	14,637	16,168
<u>Parks and Recreation</u>				
Parks	16	16	16	16
Swimming Pools	1	1	1	1
Baby Pools	1	1	1	1
Baseball/Softball Diamonds	5	5	5	5
Soccer Fields	2	2	2	2
Community Centers	1	1	1	1
<u>Water &amp; Sewer</u>				
Number of Storage Tanks	5	5	5	5
Number of Pump Stations	3	3	3	3
Water Mains (Miles)	70	70	70	70
Sewer Mains (Miles)	50	50	50	50
Sewer Treatment Plants	1	1	1	1
<u>Electric</u>				
Facility	1	1	1	1
Substations	1	1	1	1
Power Lines (Miles)	69	69	69	69
<u>Facilities Maintenance</u>				
City Buildings (Square Feet)	381,868	385,034	385,034	385,034

**TABLE 23**

<b>Fiscal Year</b>					
2020	2021	2022	2023	2024	2025
63.59	63.59	63.59	63.59	63.59	63.59
55.39	55.39	55.39	55.39	55.39	55.39
13.28	13.28	13.28	13.28	13.28	13.28
1	1	1	1	1	1
36	37	27	27	27	27
1	1	1	1	1	1
2	2	2	2	2	2
1	1	1	1	1	1
16,168	16,168	16,776	18,779	17,517	18,371
16	16	16	16	16	16
1	1	1	1	1	1
1	1	1	1	1	1
5	5	5	5	5	5
2	2	2	2	2	2
1	1	1	1	1	1
5	5	5	5	5	5
3	3	3	3	3	3
70	70	70	70	70	70
50	70	50	50	50	50
1	1	1	1	1	1
1	1	1	1	1	1
1	1	1	1	1	1
69	69	69	69	69	69
385,034	385,034	385,034	385,034	385,034	385,034

CITY OF HONDO, TEXAS

FULL-TIME EQUIVALENT CITY EMPLOYEES BY FUNCTION

LAST TEN FISCAL YEARS

Function	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
<u>General Government</u>										
Administration	3	3	3	3	3	4	1	2	1	1
Finance	3	4	4	4	4	3	3	3	3	3
Police	23	23	23	24	25	25	25	25	27	27
Crossing Guards	7	7	7	7	7	7	7	7	7	7
Legal & Courts	2	1	1	1	1	1	1	1	1	1
Animal Control	2	2	2	2	2	2	2	2	2	2
Streets	10	10	10	10	10	11	11	11	11	10
Library	7	6	6	6	6	6	6	6	5	7
Parks	12	12	12	13	-	-	10	10	10	12
Facilities Maintenance	6	6	6	6	-	-	7	7	7	6
Building & Grounds Maintenance	-	-	-	-	19	19	-	-	-	-
Recreation	19	21	21	21	21	21	21	22	21	23
Golf Course	4	4	4	4	4	4	5	5	4	1
Development Services	3	3	4	4	4	4	4	4	4	4
City Secretary	2	2	2	2	1	1	1	1	1	1
Public Works	2	2	2	2	3	3	2	2	2	2
Human Resources	-	-	-	-	-	-	1	1	1	1
Information Technology	-	-	-	-	-	-	2	2	2	2
<u>Electric</u>	10	10	10	10	10	9	9	9	9	9
<u>Water &amp; Sewer</u>										
Water	8	8	8	8	8	8	8	8	8	8
Sewer	4	4	4	4	4	4	5	5	5	5
Utility Billing	4	4	4	4	4	4	4	4	4	4
<u>Airport</u>	4	4	4	4	4	4	5	5	5	5
<u>Sanitation</u>	1	1	1	-	-	-	-	-	-	-
<u>STRTC (Training Center)</u>	-	-	-	-	-	-	1	1	1	-
<u>Fair Hall</u>	-	-	-	-	-	-	1	-	-	-
<u>Economic Development</u>	1	1	1	1	1	2	-	-	2	2
TOTAL	<u>137</u>	<u>138</u>	<u>139</u>	<u>140</u>	<u>141</u>	<u>142</u>	<u>142</u>	<u>143</u>	<u>143</u>	<u>143</u>

## **COMPLIANCE SECTION**

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

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

We have audited, 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, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Hondo, Texas (the “City”), as of and for the year ended September 30, 2025, and the related notes to the financial statements, which collectively comprise the City’s basic financial statements, and have issued our report thereon dated March 23, 2026.

**Report on Internal Control over Financial Reporting**

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

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

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

**Report on Compliance and Other Matters**

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

**Purpose of this Report**

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

Pattillo, Brown & Hill, L.L.P.

Waco, Texas  
March 23, 2026

**INDEPENDENT AUDITOR’S REPORT ON COMPLIANCE FOR EACH MAJOR  
FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER  
COMPLIANCE IN ACCORDANCE WITH THE UNIFORM GUIDANCE**

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

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

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

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

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

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

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

We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of City’s compliance with the compliance requirements referred to above.

***Responsibilities of Management for Compliance***

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

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

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

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the City's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the City's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over compliance. Accordingly, no such opinion is expressed.

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

## **Report on Internal Control Over Compliance**

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

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

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

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

*Pattillo, Brown & Hill, L.L.P.*

Waco, Texas  
March 23, 2026

**CITY OF HONDO, TEXAS**

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE YEAR ENDED SEPTEMBER 30, 2025

Federal Grantor/Pass-through Grantor/ Program Title	Federal Assistance Listing Number	Pass-through Entity Identifying Number	Federal Expenditures
<b><u>U. S. Department of Housing and Urban Development</u></b>			
Passed through Texas Department of Agriculture:			
Community Development Block Grant	14.228	CDM21-0402	\$ 1,000
Community Development Block Grant	14.228	CDV21-0401	<u>18,000</u>
Total Passed through Texas Department of Agriculture			<u>19,000</u>
Passed through Texas Department of Housing and Community Affairs:			
Home Investment Partnerships Program	14.239	2021-0005	<u>342,755</u>
Total Passed through Texas Department of Housing and Community Affairs			<u>342,755</u>
Total U. S. Department of Housing and Urban Development			<u>361,755</u>
<b><u>U. S. Department of Justice</u></b>			
Passed through Office of the Governor - Criminal Justice Division:			
Edward Byrne Memorial Justice Assistance Grant Program	16.738	15PBJA-23-GG-03034-JAGX	<u>74,521</u>
Total Passed through Office of the Governor - CJD			<u>74,521</u>
Total U. S. Department of Justice			<u>74,521</u>
<b><u>U. S. Department of Treasury</u></b>			
Passed through Texas Division of Emergency Management (TDEM):			
COVID-19 Coronavirus State and Local Fiscal Recovery	21.027	091703843	<u>666,699</u>
Total Passed through TDEM			<u>666,699</u>
Total U. S. Department of Treasury			<u>666,699</u>
<b><u>U. S. Department of Transportation - Federal Aviation</u></b>			
Passed through Texas Department of Transportation:			
Airport Improvement Program, Infrastructure Investment & Jobs Act Programs, and COVID-19 Airports Programs	21.106	2315HONDO	<u>507,491</u>
Total Passed through Texas Division of Transportation			<u>507,491</u>
Total U. S. Department of Transportation			<u>507,491</u>
<b><u>U.S. Environmental Protection Agency (EPA)</u></b>			
Passed through Texas Water Development Board:			
Drinking Water State Revolving Fund	66.468	L1000553	<u>10,625</u>
Total Passed through Texas Water Development Board			<u>10,625</u>
Total Environmental Protection Agency (EPA)			<u>10,625</u>
<b><u>U.S. Department of Homeland Security (DHS)</u></b>			
Passed through Office of the Governor - Criminal Justice Division:			
Disaster Grants - Public Assistance	97.036	EMW-2024-SS-05096	<u>30,278</u>
Total Passed through Office of the Governor - CJD			<u>30,278</u>
Total U. S. Department of Homeland Security			<u>30,278</u>
Total Expenditures of Federal Awards			<u>\$ 1,651,369</u>

The accompanying notes are an integral part of these financial statements.

**CITY OF HONDO, TEXAS**

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

SEPTEMBER 30, 2025

**1. GENERAL**

The Schedule of Expenditures of Federal Awards presents the activity of all applicable federal award programs of the City of Hondo, Texas. The City's reporting entity is defined in Note I of the financial statements. Federal awards received directly from federal agencies, as well as federal awards passed through other government agencies, are included on the Schedule of Expenditures of Federal Awards.

**2. BASIS OF ACCOUNTING**

The Schedule of Expenditures of Federal Awards is presented using the modified accrual basis of accounting. The modified accrual basis of accounting is described in Note I of the financial statements.

**3. PASS-THROUGH EXPENDITURES**

None of the federal programs expended by the City were provided to subrecipients.

**4. INDIRECT COSTS**

The City did not elect to apply the de minimis indirect cost rate.

**CITY OF HONDO, TEXAS**

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

FOR THE YEAR ENDED SEPTEMBER 30, 2025

**Summary of Auditor's Results:**

Financial Statements:

Type of auditor's report issued Unmodified

Internal control over financial reporting:

Material weakness(es) identified? None

Significant deficiency(ies) identified? None

Noncompliance material to financial statements noted?

None

Federal Awards:

Internal control over major programs:

Material weakness(es) identified? None

Significant deficiency(ies) identified? None reported

Type of auditor's report issued on compliance for major programs

Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a) of Uniform Guidance?

None

Identification of major programs:

CFDA Number(s)

Name of Federal Program or Cluster:

21.027

COVID-19 Coronavirus State and Local Fiscal Recovery

Dollar threshold used to distinguish between type A and type B programs

\$1,000,000

Auditee qualified as low-risk auditee for federal single audit:

Yes

**Findings Relating to the Financial Statements Which Are Required to be Reported in Accordance With Government Auditing Standards**

None

**Findings and Questioned Costs for Federal Awards**

None

**CITY OF HONDO, TEXAS**

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FOR THE YEAR ENDED SEPTEMBER 30, 2025

None

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

We have audited the financial statements of the City of Hondo, Texas (the "City") as of and for the year ended September 30, 2025, and have issued our report thereon dated March 23, 2026. Professional standards require that we advise you of the following matters relating to our audit.

### **Our Responsibility in Relation to the Financial Statement Audit**

As communicated in our engagement letter, our responsibility, as described by professional standards, is to form and express opinions about whether the financial statements that have been prepared by management with your oversight are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America. Our audit of the financial statements does not relieve you or management of your respective responsibilities.

Our responsibility, as prescribed by professional standards, is to plan and perform our audit to obtain reasonable, rather than absolute, assurance about whether the financial statements are free of material misstatement. An audit of financial statements includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control over financial reporting. Accordingly, as part of our audit, we considered the City's internal control solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

We are also responsible for communicating significant matters related to the audit that are, in our professional judgment, relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures for the purpose of identifying other matters to communicate to you.

### **Planned Scope and Timing of the Audit**

We conducted our audit consistent with the planned scope and timing we previously communicated to you.

### **Compliance with All Ethics Requirements Regarding Independence**

The engagement team, others in our firm, and, as appropriate, our firm have complied with all relevant ethical requirements regarding independence.

As a part of the engagement, we assisted in preparing the financial statements, schedule of expenditures of federal awards, and related notes to the financial statements of the City in conformity with U.S. generally accepted accounting principles based on information provided by management. These nonaudit services do not constitute an audit under *Government Auditing Standards* and such services were not conducted in accordance with *Government Auditing Standards*.

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#### **OFFICE LOCATIONS**

TEXAS | Waco | Temple | Hillsboro | Houston  
NEW MEXICO | Albuquerque

In order to reduce threats to our independence caused by these nonattest services to an acceptable level, we applied certain safeguards. These safeguards include a concurring review, which is a review of the financial statements and key audit areas which is performed by an individual who has adequate experience in audits of local governments, but who was not involved in this audit engagement. The concurring reviewer serves as an evaluator of the performance of the engagement team and the nonattest services provided.

In addition, management assumed responsibility for the financial statements, schedule of expenditures of federal awards, related notes to the financial statements and any other nonaudit services we provided. Management acknowledged in the management representation letter our assistance with the preparation of the financial statements, schedule of expenditures of federal awards, and related notes to the financial statements and that these items were reviewed and approved prior to their issuance and accepted responsibility for them. Further, the nonaudit services were overseen by an individual within management that has the suitable skill, knowledge, or experience; evaluated the adequacy and results of the services; and accepted responsibility for them.

**Significant Risks Considered**

We have identified the following significant risks during our audit process, which required special audit consideration.

<b>Significant Risk Considered</b>	<b>Reasoning for Special Audit Consideration</b>
1. Management override of controls	Inherent fraud risk
2. Compensated absences	The new GASB 101 standard created changes in the way compensated absences are reported. The reliance on client estimates creates added risk in assessing the liability.

**Qualitative Aspects of the Entity’s Significant Accounting Practices**

*Significant Accounting Policies*

Management has the responsibility to select and use appropriate accounting policies. A summary of the significant accounting policies adopted by the City is included in the notes to the financial statements. As described in the notes to the financial statements, during the year, the City changed its method of accounting and disclosures for compensated absences, by adopting Governmental Accounting Standards (GASB) Statement No. 101, Compensated Absences. No matters have come to our attention that would require us, under professional standards, to inform you about (1) the methods used to account for significant unusual transactions and (2) the effect of significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.

*Significant Accounting Estimates*

Accounting estimates are an integral part of the financial statements prepared by management and are based on management’s current judgments. Those judgments are normally based on knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ markedly from management’s current judgments.

The most sensitive accounting estimates affecting the financial statements are:

Management’s estimate of the allowance for uncollectible receivables is based on historical collection experience.

Management’s estimate of the accumulated depreciation on capital assets is based on the related estimated useful lives of capital assets.

Management’s estimate of the compensated absences liability for unused leave is based on past trends in how employees earn and use their time off and their average pay rates. We reviewed the key information and assumptions used to make this estimate and found them to be reasonable in relation to the financial statements as a whole and in relation to the applicable opinion units.

Management's estimate of the net pension and other postemployment benefit (OPEB) liabilities is based on actuarial assumptions which are determined by the demographics of the plan and future projections that the actuarial makes based on historical information of the plan and the investment market. We evaluated the key factors and assumptions used to develop the net pension and OPEB liabilities and determined that it is reasonable in relation to the basic financial statements taken as a whole and in relation to the applicable opinion units.

### *Financial Statement Disclosures*

Certain financial statement disclosures involve significant judgment and are particularly sensitive because of their significance to financial statement users. The most sensitive disclosures affecting the City's financial statements relate to the net pension and OPEB liabilities. The disclosures in the financial statements are neutral, consistent, and clear.

### **Significant Difficulties Encountered during the Audit**

We encountered no significant difficulties in dealing with management relating to the performance of the audit.

### **Uncorrected and Corrected Misstatements**

For purposes of this communication, professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that we believe are trivial, and communicate them to the appropriate level of management. Further, professional standards require us to also communicate the effect of uncorrected misstatements related to prior periods on the relevant classes of transactions, account balances or disclosures, and the financial statements as a whole and each applicable opinion unit. Management has corrected all identified misstatements.

In addition, professional standards require us to communicate to you all material, corrected misstatements that were brought to the attention of management as a result of our audit procedures. None of the misstatements identified by us as a result of our audit procedures and corrected by management were material, either individually or in the aggregate, to the financial statements taken as a whole or applicable opinion units.

### **Disagreements with Management**

For purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter, which could be significant to the City's financial statements or the auditor's report. No such disagreements arose during the course of the audit.

### **Circumstances that Affect the Form and Content of the Auditor's Report**

For purposes of this letter, professional standards require that we communicate any circumstances that affect the form and content of our auditor's report. No such circumstances exist.

### **Representations Requested from Management**

We have requested certain written representations from management, which are included in the management representation letter dated March 23, 2026.

### **Management's Consultations with Other Accountants**

In some cases, management may decide to consult with other accountants about auditing and accounting matters. Management informed us that, and to our knowledge, there were no consultations with other accountants regarding auditing and accounting matters.

## **Other Significant Matters, Findings, or Issues**

In the normal course of our professional association with the City, we generally discuss a variety of matters, including the application of accounting principles and auditing standards, operating and regulatory conditions affecting the entity, and operational plans and strategies that may affect the risks of material misstatement. None of the matters discussed resulted in a condition to our retention as the City's auditors.

## **Other Information Included in the Annual Report**

Pursuant to professional standards, our responsibility as auditors for other information, whether financial or nonfinancial, included in the City's Annual Comprehensive Financial Report, does not extend beyond the information identified in the audit report, and we are not required to perform any procedures to corroborate such other information. However, in accordance with such standards, we have read the other information and considered whether a material inconsistency exists between the other information and the financial statements, or if the other information otherwise appears to be materially misstated.

Our responsibility also includes communicating to you any information which we believe is a material misstatement of fact. Nothing came to our attention that caused us to believe that such information, or its manner of presentation, is materially inconsistent with the information, or manner of its presentation, appearing in the financial statements.

## **Significant Forthcoming Accounting Guidance**

Significant new accounting standards issued by the Governmental Accounting Standards Board (GASB) not yet implemented by the entity include the following:

GASB Statement No. 103, *Financial Reporting Model Improvements* – The objective of this Statement is to improve key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government's accountability. This Statement also addresses certain application issues. This Statement will become effective for reporting periods beginning after June 15, 2025, and the impact has not yet been determined.

GASB Statement No. 104, *Disclosure of Certain Capital Assets* – The objective of this Statement is to provide users of government financial statements with essential information about certain types of capital assets. This Statement requires certain types of capital assets to be presented separately in the note disclosures, including right-to-use assets related to leases, Subscription-Based Information Technology Arrangements, and public-private or public-public partnerships. Other intangible assets are also required to be presented separately by major class. Additional disclosures have also been required for capital assets held for sale. This Statement will become effective for reporting periods beginning after June 15, 2025, and the impact has not yet been determined.

GASB Statement No. 105, *Subsequent Events* – The objective of this Statement is to provide users of government financial statements with essential information about certain types of subsequent events. This Statement defines subsequent events as transactions or other events that occur after the date of the financial reporting statements but before the date the financial statements are available to be issued and clarifies the categories of subsequent events, when recognition is required, and when note disclosure is required. This Statement will become effective for reporting periods beginning after June 15, 2026, and the impact has not yet been determined.

## **Restriction on Use**

This report is intended solely for the information and use of the City Council, and management of the City of Hondo, Texas and is not intended to be and should not be used by anyone other than these specified parties.

*Pattillo, Brown & Hill, L.L.P.*

Waco, Texas  
March 23, 2026



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## City Council Communication

**Title:** DISCUSS AND CONSIDER ACTION TO APPROVE ONE OR MORE RENOVATION PROPOSALS FOR THE RICK TAYLOR RECREATION CENTER, INCLUDING THE FOYER, BATHROOMS, AND SHOWERS, IN AN AMOUNT NOT TO EXCEED \$39,004.00, AND AUTHORIZE THE CITY MANAGER TO EXECUTE ANY NECESSARY DOCUMENTS RELATED TO THE APPROVED WORK.

**Date:** March 23, 2026      **From:**

**INFORMATION:**

**FINANCIAL IMPACT:**

**STAFF RECOMMENDATION:**

**MOTION:**

**ATTACHMENTS:**

1. REC CENTER RENOVATIONS
2. IMG\_1344
3. IMG\_1345
4. IMG\_1348
5. IMG\_1349
6. IMG\_1350
7. IMG\_1351
8. IMG\_1352
9. IMG\_1353
10. IMG\_1354
11. IMG\_1355
12. IMG\_1356
13. 3.11 Rick Taylor Center BATHROOM Proposal
14. 3.11 Rick Taylor Center FOYER Proposal
15. 3.11 Rick Taylor Center FOYER, SHOWERS, BATHROOMS Proposal
16. 3.11 Rick Taylor Center SHOWERS Proposal
17. Council Comm for Rick Taylor tile renovations bath, foyer, showers

**STAFF CONTACTS:**



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## City Council Communication

*Title:* Rick Taylor Recreation Center Renovations

*Date:* March 23, 2026      *From:* Jamie Kindred, Director of Public Relations and Recreation

### **SUBJECT**

Discussion and consideration of approval of renovation proposals for portions of the Rick Taylor Recreation Center, including the foyer, bathrooms, and showers.

### **BACKGROUND / SUMMARY**

Staff is requesting City Council discuss and consider approval of one or more proposals for renovations to portions of the Rick Taylor Recreation Center. After reviewing the proposals submitted, staff recommends approval of the proposal package that encompasses all requested renovation items, including the foyer renovation, bathroom renovation, and shower renovation, for a total project cost of \$39,004.00. The three submitted proposals total that amount as follows: foyer \$11,760.00, showers \$17,920.00, and bathrooms \$9,324.00.

These portions of the recreation center have never been updated and are in dire need of renovation. The current condition of these areas reflects years of wear and age, and improvements are needed to provide a cleaner, safer, and more welcoming facility for the public. Renovating these spaces would significantly improve both the appearance and function of some of the most heavily used areas of the center.

The foyer serves as the front-facing entry point for residents and visitors, and improvements to that space would enhance the overall first impression of the facility. Likewise, the bathrooms and showers are essential-use areas that should reflect a standard of cleanliness, durability, and functionality consistent with a public recreation facility. Staff believes it is in the best interest of the City to complete all three renovation components together rather than in phases, as this approach would address the facility's most outdated areas comprehensively and efficiently.

### **PROPOSALS RECEIVED**

Foyer Renovation

Tile, labor, and materials (turnkey): \$11,760.00

Shower Renovation (4 showers)

Cement wall board, shower pan liner, waterproofing, tile, labor, and materials (turnkey): \$17,920.00

Bathroom Renovation (2 bathrooms)

Tile, labor, and materials (turnkey): \$9,324.00

Total Recommended Package: \$39,004.00

## **FISCAL IMPACT**

Approval of the full renovation package would result in a total expenditure of \$39,004.00, taken out of the Capital Projects line item, currently at \$427,000. This includes the foyer renovation, bathroom renovation, and shower renovation.

## **STAFF RECOMMENDATION**

Staff recommends approval of the full renovation proposal package in the amount of \$39,004.00 in order to complete the foyer, bathroom, and shower renovations at the Rick Taylor Recreation Center.

## **SUGGESTED MOTION**

“I move to approve the renovation proposals for the Rick Taylor Recreation Center foyer, bathrooms, and showers in the total amount of \$39,004.00.”

## **ATTACHMENTS:**

Proposals

## **STAFF CONTACT(S):**

Jamie H Kindred  
Director of Public Relations and Recreation  
jkindred@hondo-tx.org













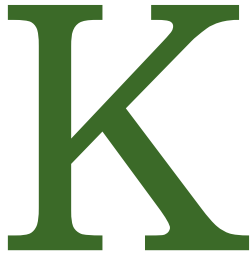












**Keilman**  
**STUCCO & TILE**

Garland Keilman  
830-426-9542  
William Keilman  
830-741-0997  
2703 Ave M  
Hondo, Tx. 78861  
keilmanstucco@gmail.com  
court.cieloenergy@gmail.c

Name	Rick Taylor Center Jaime Kindred	<b>PROPOSAL</b>
Date	3/11/2026	

<b>Structure</b>	<b>Description</b>	<b>Turnkey</b>
<b>BATHROOM (2)</b>	<b>Tile Job - Labor and Material</b>	<b>\$ 9,324.00</b>
	<b>Scope of Work: 37X12=444 sq.ft. @ \$10.50/ft x 2</b>	
	Materials: \$3.50 sq.ft.x 2 \$3,108.00 <i>tile, mortar, grout</i>	
	Demo/Labor \$2.50 sq.ft. x 2 \$2,220.00	
	Installation tile/Labor \$4.50 sq.ft. x 2 \$3,996.00	



**Keilman**

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Name	Rick Taylor Center Jaime Kindred	<b>PROPOSAL</b>
Date	3/11/2026	

Structure	Description	Turnkey
<b>FOYER</b>	<b>Tile Job - Labor and Material</b>  <b>Scope of Work:                    1120sq.ft. @\$10.50 sq. ft.</b> <i>*50x27=1350-230(front desk) =1120</i>  Materials:                            \$3.50 sq.ft.                            \$3,920.00 <i>tile, mortar, grout</i>  Demo/Labor                            \$2.50 sq.ft.                            \$2,800.00  Installation tile/Labor                \$4.50 sq.ft.                            \$5,040.00	<b>\$        11,760.00</b>



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Name	Rick Taylor Center Jaime Kindred	<b>PROPOSAL</b>
Date	3/11/2026	

Structure	Description	AMOUNT
<b>FOYER</b>	<b>Tile Job - Labor and Material</b> <b>Scope of Work: 1120sq.ft. @\$10.50 sq. ft.</b> <i>*50x27=1350-230(front desk) =1120</i> Materials: \$3.50 sq.ft. \$3,920.00 <i>tile, mortar, grout</i> Demo/Labor \$2.50 sq.ft. \$2,800.00 Installation Tile/Labor \$4.50 sq.ft. \$5,040.00	<b>\$ 11,760.00</b>
<b>BATHROOM (2)</b>	<b>Tile Job - Labor and Material</b> <b>Scope of Work: 37X12=444 sq.ft. @ \$10.50/ft x 2</b> Materials: \$3.50 sq.ft.x 2 \$3,108.00 <i>tile, mortar, grout</i> Demo/Labor \$2.50 sq.ft. x 2 \$2,220.00 Installation Tile/Labor \$4.50 sq.ft. x 2 \$3,996.00	<b>\$ 9,324.00</b>
<b>SHOWERS (4)</b>	<b>Tile Job - Labor and Material</b> <b>Scope of Work: 128 sq.ft. @\$35/ft x 4</b> Materials: \$10 sq.ft. x 4 \$5,120.00 <i>Cement wall board, shower pan liner, redgard waterproofer, tile, mortar, grout</i> Demo/Labor \$7 sq.ft. x 4 \$3,584.00 Installation Tile/Labor \$18 sq.ft. x 4 \$9,216.00	<b>\$ 17,920.00</b>
<b>TURNKEY</b>		<b>\$ 39,004.00</b>



**Keilman**

**STUCCO & TILE**

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Hondo, Tx. 78861

keilmanstucco@gmail.com

court.cieloenergy@gmail.com

Name	Rick Taylor Center Jaime Kindred	<b>PROPOSAL</b>
Date	3/11/2026	

<b>Structure</b>	<b>Description</b>	<b>Turnkey</b>
<b>SHOWERS (4)</b>	<b>Tile Job - Labor and Material</b>	<b>\$ 17,920.00</b>
	<b>Scope of Work: 128 sq.ft. @\$35/ft x 4</b>	
	Materials: \$10 sq.ft. x 4 \$5,120.00 <i>Cement wall board, shower pan liner, redgard waterproofer, tile, mortar, grout</i>	
	Demo/Labor \$7 sq.ft. x 4 \$3,584.00	
	Installation tile/Labor \$18 sq.ft. x 4 \$9,216.00	



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## City Council Communication

*Title:* Rick Taylor Recreation Center Renovations

*Date:* March 23, 2026      *From:* Jamie Kindred, Director of Public Relations and Recreation

### **SUBJECT**

Discussion and consideration of approval of renovation proposals for portions of the Rick Taylor Recreation Center, including the foyer, bathrooms, and showers.

### **BACKGROUND / SUMMARY**

Staff is requesting City Council discuss and consider approval of one or more proposals for renovations to portions of the Rick Taylor Recreation Center. After reviewing the proposals submitted, staff recommends approval of the proposal package that encompasses all requested renovation items, including the foyer renovation, bathroom renovation, and shower renovation, for a total project cost of \$39,004.00. The three submitted proposals total that amount as follows: foyer \$11,760.00, showers \$17,920.00, and bathrooms \$9,324.00.

These portions of the recreation center have never been updated and are in dire need of renovation. The current condition of these areas reflects years of wear and age, and improvements are needed to provide a cleaner, safer, and more welcoming facility for the public. Renovating these spaces would significantly improve both the appearance and function of some of the most heavily used areas of the center.

The foyer serves as the front-facing entry point for residents and visitors, and improvements to that space would enhance the overall first impression of the facility. Likewise, the bathrooms and showers are essential-use areas that should reflect a standard of cleanliness, durability, and functionality consistent with a public recreation facility. Staff believes it is in the best interest of the City to complete all three renovation components together rather than in phases, as this approach would address the facility's most outdated areas comprehensively and efficiently.

### **PROPOSALS RECEIVED**

Foyer Renovation

Tile, labor, and materials (turnkey): \$11,760.00

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Bathroom Renovation (2 bathrooms)

Tile, labor, and materials (turnkey): \$9,324.00

Total Recommended Package: \$39,004.00

## **FISCAL IMPACT**

Approval of the full renovation package would result in a total expenditure of \$39,004.00, taken out of the Capital Projects line item, currently at \$427,000. This includes the foyer renovation, bathroom renovation, and shower renovation.

## **STAFF RECOMMENDATION**

Staff recommends approval of the full renovation proposal package in the amount of \$39,004.00 in order to complete the foyer, bathroom, and shower renovations at the Rick Taylor Recreation Center.

## **SUGGESTED MOTION**

“I move to approve the renovation proposals for the Rick Taylor Recreation Center foyer, bathrooms, and showers in the total amount of \$39,004.00.”

## **ATTACHMENTS:**

Proposals

## **STAFF CONTACT(S):**

Jamie H Kindred  
Director of Public Relations and Recreation  
jkindred@hondo-tx.org



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## City Council Communication

**Title:** DISCUSS AND CONSIDER ACTION TO AUTHORIZE CONTINUED PARTICIPATION IN THE TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS (TDHCA) HOME PROGRAM AND APPROVE FUNDING FOR UP TO TWO (2) ADDITIONAL HOMES IN AN AMOUNT NOT TO EXCEED \$30,000.00, SUBJECT TO AVAILABLE FUNDING.

**Date:** March 23, 2026      **From:**

**INFORMATION:**

**FINANCIAL IMPACT:**

**STAFF RECOMMENDATION:**

**MOTION:**

**ATTACHMENTS:**

1. HOME Program update March 23 2026
2. IMG\_0828 (2)
3. IMG\_0832
4. IMG\_0835
5. IMG\_1515
6. Screenshot 2026-03-17 092355
7. 9113301297582126684

**STAFF CONTACTS:**



THIS IS GOD'S COUNTRY

## City Council Communication

*Title:* Discussion and consideration of continued city participation and funding support for the TDHCA Home Program.

*Department/author:* community programs

*Date:* March 23, 2026      *From:* Jamie Kindred, Public Relations and Recreation Director

### **BACKGROUND / SUMMARY**

The City of Hondo currently participates in the Texas Department of Housing and Community Affairs (TDHCA) HOME Program. Through this program, qualifying low-income homeowners within the city limits may receive assistance for the rehabilitation or reconstruction of their homes. The City has previously taken action related to participation in the HOME Program reservation system, and the program continues to serve as a valuable housing assistance resource for eligible Hondo residents. At this time, the City's local participation is approximately 8% per home. Based on current project costs ranging from approximately \$155,000 to \$175,000 per home, the City's contribution is typically about \$15,000 per home. This local investment allows the City to leverage outside program funding to assist residents with needed housing improvements and replacement housing when eligible. Continued participation in the HOME Program supports neighborhood stability, improves housing conditions for qualifying residents, and allows the City to maximize outside housing dollars for the benefit of the community. The City would like to continue participating in the program for as long as funding is available and City Council wishes to continue supporting the required local match.

### **FISCAL IMPACT**

The approximate City cost is \$15,000 per home, based on an estimated 8% contribution toward an average home cost of \$155,000 to \$175,000. Total annual fiscal impact will depend on the number of homes approved and the availability of funding.

The City has typically requested funding for four homes per year. At this time, staff is requesting the addition of funding for two additional homes, or \$30,000, due to current program demand. There are currently three homes in process, and one to two of those homes may be ready for construction before the end of the current fiscal year.

### **LEGAL / POLICY CONSIDERATIONS**

The City is already participating in the TDHCA HOME Program, and City Council has previously considered and approved action authorizing participation in the HOME Program reservation system.

### **STAFF RECOMMENDATION**

Staff recommends that City Council authorize continued participation in the TDHCA HOME Program and approve funding for **up to two additional homes**, in the amount of **\$30,000**, beyond the four homes typically funded each year. This additional request is based on current project activity and the possibility that one to two homes already in process may be ready for construction before the end of the current fiscal year.

### **RECOMMENDED MOTION**

“I move to approve up to two additional homes under the TDHCA HOME Program, with City funding in the amount of \$30,000, and to continue the City of Hondo’s participation in the program subject to available funding and Council approval.”

**ATTACHMENTS:**

Slide show

**STAFF CONTACT:**

Jamie H Kindred

Public Relations and Recreation Director

[jkindred@hondo-tx.org](mailto:jkindred@hondo-tx.org)









City of Hondo  
 General Grants Department Worksheet

GRANTS	Historical 5-Year Average	2023-2024 Actual	2024-2025 Budget	Y-T-D Actual	2024-2025 Projected	2025-2026 Budget	Budget Difference	% Diff
XXXX CAPITAL PROJECTS			-	-	-	500,000	500,000	
52470702 USDA HOME PROGRAM GRANT	112,500	554,487	650,000	181,319	362,638	660,000	10,000	2%
52470704 TDEM HAZARD MITIGATION GRANT	-	-	342,396	4,879	24,251	318,145	(24,251)	
<b>TOTAL GRANTS</b>	112,500	554,487	992,396	186,197	386,889	1,478,145	485,749	49%





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## City Council Communication

**Title:** DISCUSS AND CONSIDER ACTION TO APPROVE A PROPOSAL FROM CEMSITES FOR CEMETERY RECORD MANAGEMENT SOFTWARE AND RELATED SERVICES, AND AUTHORIZE THE CITY MANAGER TO NEGOTIATE AN AGREEMENT.

**Date:** March 23, 2026      **From:**

**INFORMATION:**

**FINANCIAL IMPACT:**

**STAFF RECOMMENDATION:**

**MOTION:**

**ATTACHMENTS:**

1. CemSites information US
2. CemSites Proposal - Val Ruiz v2
3. CemSites Proposal 1 - Val Ruiz

**STAFF CONTACTS:**

# AR

Line-item Level Control | Improved Workflow | Detailed Trusting Reports

🔗 Related Records

Estimates/Invoices + New Estimate

Invoice Number	Date	Total	Paid	Amount Remaining	Payment Status	
<a href="#">2451687</a>	6/29/2020	\$3,053.00	\$1,000.00	\$2,053.00	\$ Make Payment (Late)	<a href="#">Details</a>
<a href="#">8752469</a>	6/2/2020	\$2,459.20	\$2,059.20	\$400.00	\$ Make Payment (Late)	<a href="#">Details</a>
<a href="#">9785622</a>	5/14/2020	\$3,308.26	\$1,000.00	\$2,308.26	\$ Make Payment (Late)	<a href="#">Details</a>
<a href="#">9562341</a>	5/8/2020	\$4,346.00	\$1,700.00	\$2,646.00	\$ Make Payment (Late)	<a href="#">Details</a>
<a href="#">Not Set</a>	5/7/2020	\$1,428.90	\$0.00	\$1,428.90	\$ Make Payment (Late)	<a href="#">Details</a>

Properties 🔗 Attach Burial Rights

Location	Deceased	Date of Death	Date of Interment	Burial Order	Status	Invoice	Actions
<a href="#">Rest Haven - Queen of Heaven - Maus -</a>		--	--	<a href="#">Create New Burial Order</a>	Reserved	<a href="#">673445</a>	<a href="#">Reclaim</a>

## Challenges

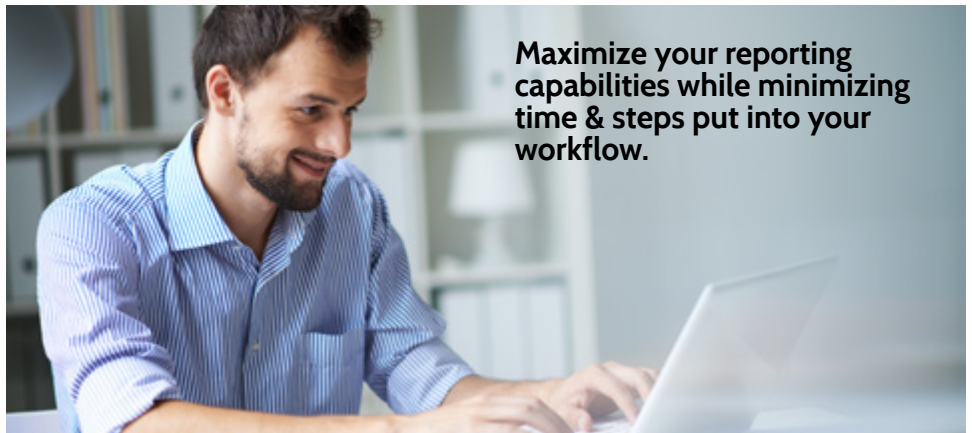
## Solutions

## Benefits

Still writing out every contract by hand?	Auto-populate your contracts, invoices, receipts and billing statements.	Save yourself time and money by putting information in once.
Having trouble collecting money from payment books?	Send monthly statements in seconds & set up recurring billing so money comes to you.	Have your cashflow be steady and stop making collection calls.
Tired of wasting hours of time on your reconciliations?	Pull your monthly AR reports in one spot with detailed data.	Solidify your board or trustees confidence in your cemetery record keeping.

“We are very pleased with the interface and backbone of the trust elements and inventory presentation.”

-David B.

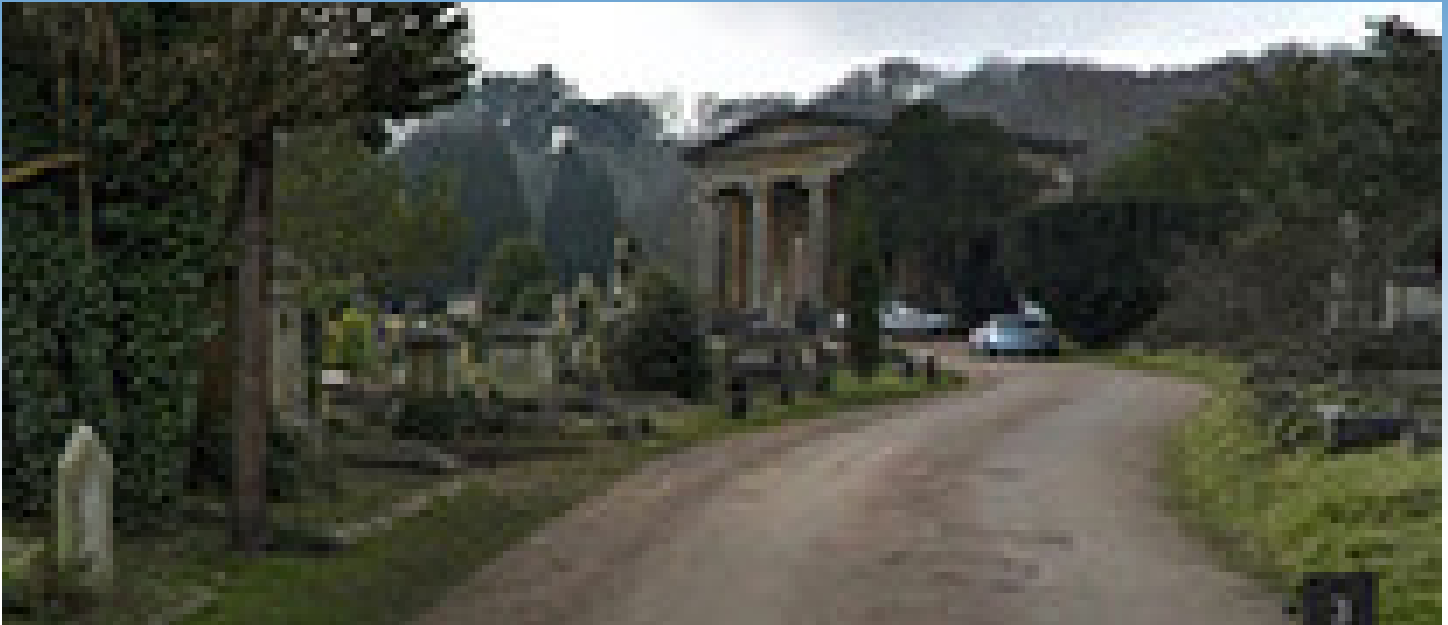


Maximize your reporting capabilities while minimizing time & steps put into your workflow.

**CemSites**  
Cloud Software for Cemeteries

# CemVision 360

Full Visual Access | Community Involvement | Enhanced Experience



## Challenges

## Solutions

## Benefits

Tired of walking out on the cemetery grounds to see what landmarks are around graves?	See a complete 360 view of your cemetery.	See your cemetery from any device where ever you are.
Don't have to time to walk people around your cemetery?	Allow the public full access to view their loved ones in a whole new way.	Show off your well maintained cemetery while connecting families to their loved ones.
Tired of walking your cemetery and taking pictures of all of your markers?	We will come in and photo your entire cemetery to enhance your customer experience.	Have views of your entire cemetery for families to see their loved ones.

“I think that in the long run, the main thing for me that I’m going to see is saving time. I think that with saving time you’re able to spend more time with the families during difficult times.” -Tammy A.



A full online view of your cemetery, preserving the visual experience of what your cemetery looks like for years to come.

**CemSites**  
Cloud Software for Cemeteries

# CemCare

Dedicated Advocate | 24/7/365 Hotline | Proactive Support



## Challenges

## Solutions

## Benefits

Tired of paying for support?	CemSites technical support never comes at a cost to you.	No hidden cost or hourly charges. Our team is here to help.
Do you wish you had a team you could call that would be able to answer your questions?	We work hard so you don't have to with our in-house team of expert support staff.	We provide proactive outreach. No longer do you have to feel lost or unsupported.
Wondering why you don't have a specific person dedicated to you, that knows your cemetery?	You get a dedicated client advocate as an extension of your cemetery staff helping you.	Your client advocate will know you, your staff, and how your cemetery operates.

“With the help of my client advocate during the exploratory, onboarding/training, and implementation phases, I was able to achieve my goal and so much more with CemSites.” - Karen M.

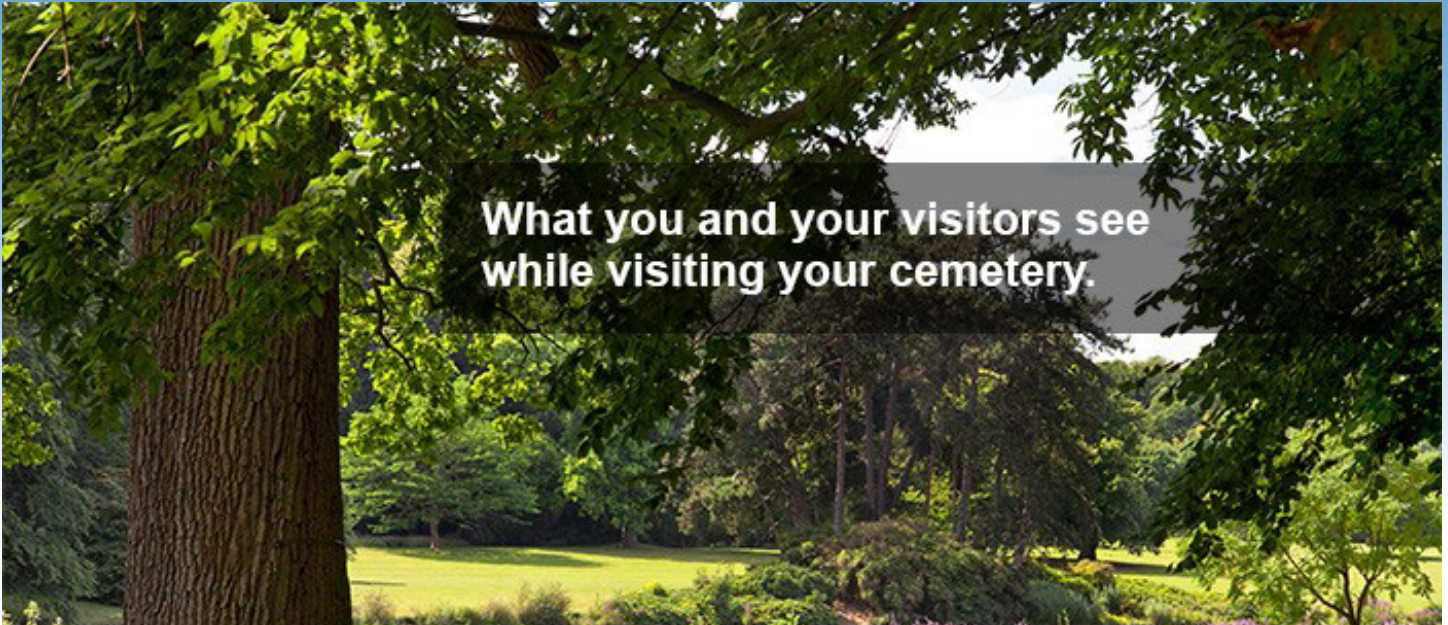


You are assigned your own dedicated person to help you get the most out of your software.

**CemSites**  
Cloud Software for Cemeteries

# Conservation

Standardize Processes | GPS Tracking | Community Involvement



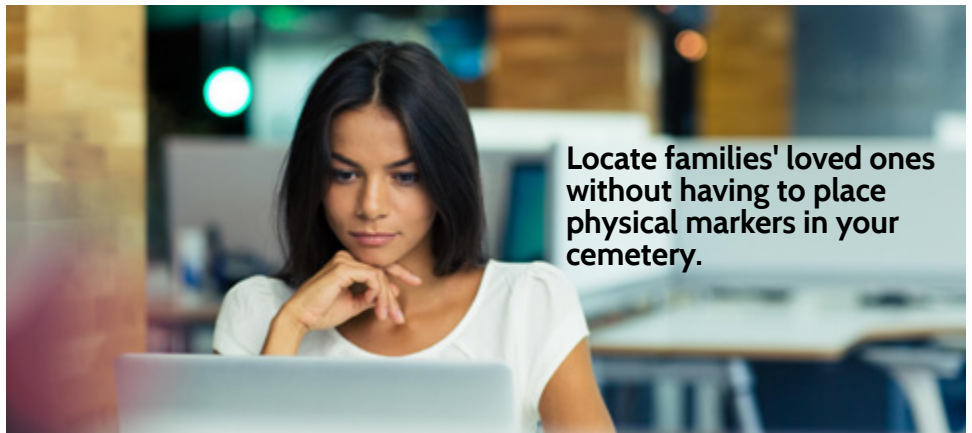
## Challenges

## Solutions

## Benefits

Having trouble keeping track of where loved-ones are buried?	Manage your cemetery & records as easily as traditional cemeteries do!	Create an option for natural burial while running a successful death care business.
Can't keep track of all of your unique mapping structures?	Our digital mapping helps to organize your cemetery in your unique way!	Your maps will be as detailed and unique as your cemetery is.
Tired of fielding calls from the public trying to find their loved ones?	Using our Walk-to-Site feature, you can easily locate graves.	Families and staff can easily locate the graves of their loved ones.

“We look forward to leveraging our CemSites tool even more as we mature through our experience with the product and our experience of using the product with our families.” - Jason K.



**CemSites**  
Cloud Software for Cemeteries

# CRM Pro

Mapping | Walk-to-Site | Automated Work Flow



## Challenges

## Solutions

## Benefits

<p>Having trouble keeping track of your financial records?</p>	<p>One point of data entry, and complete estimate, contract, invoice, and receipt automation.</p>	<p>Save time and money by streamlining your processes and procedures in one solution.</p>
<p>Has locating available spaces become time-consuming?</p>	<p>Easily look up all your available, reserved, and occupied graves, while preserving old deeds.</p>	<p>Better serve your families by offering more services to enhance their experience.</p>
<p>Trying to remember what tasks you need to do today?</p>	<p>Easily assign, track, and complete all recorded property work from one universal calendar.</p>	<p>Have confidence knowing all tasks are being completed properly and on schedule.</p>



“With CemSites, you’re not limited. It’s so flexible and adaptable to your needs.”  
-Kim R.



**Simplify and automate your processes.**

**CemSites**  
Cloud Software for Cemeteries

# Custom Solutions

Adaptable | Specific To Your Needs | All-In-One Solution

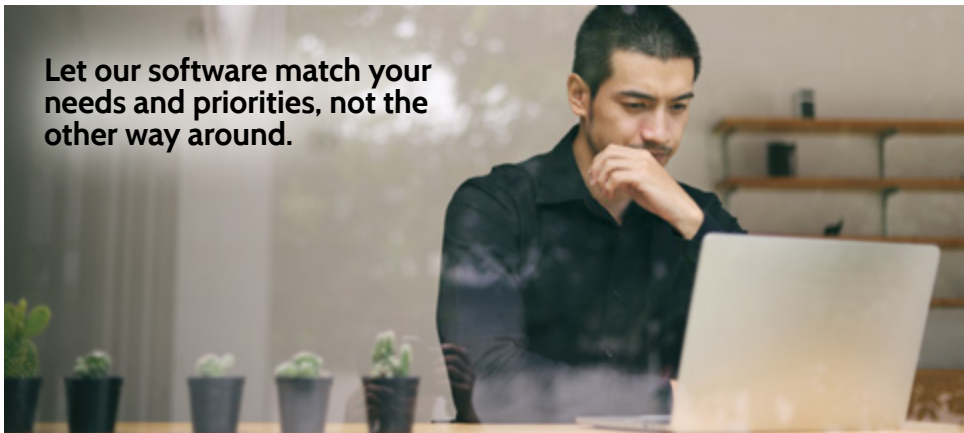


## Challenges

## Solutions

## Benefits

Tired of having to conform to someone else's workflow and language?	We provide a custom product, for you to configure to your specific needs.	Run your cemetery in a way that best fits you.
Want to capture all your data with one point of entry.	Our all-in-one allows you to record all of your processes in one system.	Less time recording, more time dedicated to your families.
Wish you had a magic button to handle most important tasks.	CemSites is an adaptable software, made just for you.	Our flexible software puts you in control.



**CemSites**  
Cloud Software for Cemeteries

# Document Automation

Streamline | Time-Saving | Cleaner Data

## CemSites Enterprise

3358 Pittsburgh Road  
Perryopolis, PA 15473  
Phone: 1-877-783-9626  
Fax:



## INTERMENT AUTHORIZATION

DATE: 05/26/2018  
INTERMENT #

### DECEASED:

June Marie McGill  
Section: 1, Lot: 1, Grave: 6

### CUSTOMER:

June Marie McGill  
615 Willow Lane

### CONTACT:

Andy Cashman  
3358 Pittsburgh Rd.

CLERK: CemSites - Josh

### DECEASED & INTERMENT INFORMATION:

AGE 88  
SEX Female  
VETERAN YES

VAULT Vault 1  
SERVICE INFO Washington, PA  
FUNERAL HOME

## Challenges

## Solutions

## Benefits

Tired of writing information in multiple places, several times?

No double entry, information automatically placed in your documents.

No more risk of human error when entering information more than once.

Wish you could be more efficient during your day?

Stop wasting time by repeating the same task over & over.

Save time by streamlining a simple task to get more hours back.

Do you question the accuracy of your documents?

Trust built in, not only to your software, but also into your documents.

Feel more secure in your data & documents.



“There’s not a lot of handwriting that has to go on the documents and they can also be stored with the clients as well. It eliminates a lot of use of paper and storage of paper.” -Mysti L.



Stop paying for new certificates, and paper supplies and give your cemetery the ability to go 100% paperless, while also eliminating human error.



**CemSites**  
Cloud Software for Cemeteries

# Enterprise

Sales | Account Receivables | Turnkey



## Challenges

## Solutions

## Benefits

Feeling disjointed using multiple systems?	Single point entry for all of your locations/cost centers, and on-demand global reporting	Save time and money by improving your processes and procedures in one solution.
Is your team struggling with your current workflow taking longer than expected?	Simplify your workflow into one standardized process.	Open communication streamlined through your whole team from start to finish.
Wishing you could have things customized to fit your needs?	We offer the most configurable solution to fit your specific needs.	Better serve your customers your way; online sales or in-person.

“Out of all the software I’ve looked at over the years this is the only software that thinks like cemeterians think!” -Tom H.



**Our customer centric approach will empower your staff with historical information, every document, deed, work order, interaction, family member association, next of kin and even the local community to all be informed instantly with live up-to-date information.**

**CemSites**  
Cloud Software for Cemeteries

# Integrations

Leader in Integrations | No Double/Triple Entry | Seamless to the User



## Challenges

## Solutions

## Benefits

Using more than one system to track all of your information?	Create one point of entry with a seamless experience for the end-user.	Less room for user error and cleaner, accurate results.
Tired of jumping from software to software and then to your paper records?	Know that all your data is pushing the correct information system-to-system	Keep working worry free with our one-way push of data.
Do you trust your data after it has been written or typed multiple times in multiple formats?	Have peace of mind knowing all of your information is correct on all platforms.	Auditing your records will be a thing of the past.

“CemSites software is what allows us to each operate most effectively!”  
- Heather L.

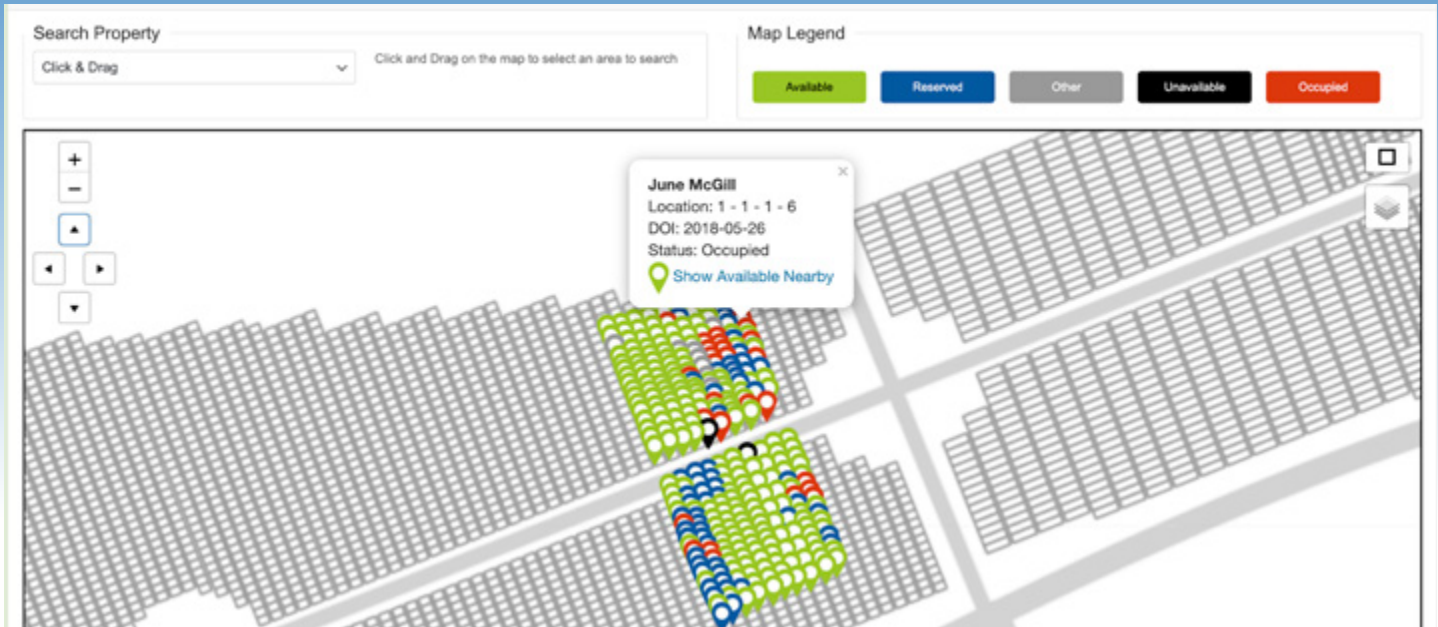


Combine all your processes across multiple platforms into one user-friendly workflow.

**CemSites**  
Cloud Software for Cemeteries

# Mapping

Visualization | Property Inventory | Community Engagement



## Challenges

## Solutions

## Benefits

<p>Having trouble deciphering your paper maps with peoples' names written on them?</p>	<p>Your mapping now viewable and searchable by name or location.</p>	<p>We offer grave level and lot level mapping based on your cemeteries' needs.</p>
<p>Are your maps so old and fragile that they are harder to read each year?</p>	<p>Click and drag to see what you want when you want on your maps.</p>	<p>See what's available in near by lots by clicking "Search Near By" on the grave.</p>
<p>Wish there was any easier way to use your map?</p>	<p>Know where everything is at your cemetery from available property, reserved, occupied, on hold, unavailable, etc.</p>	<p>Walk your cemetery with a tablet, and help families find loved ones or reserve a grave on the spot.</p>

“We are able to cast our maps from CemSites on a large screen tv and dialogue with our families.”  
-David B.

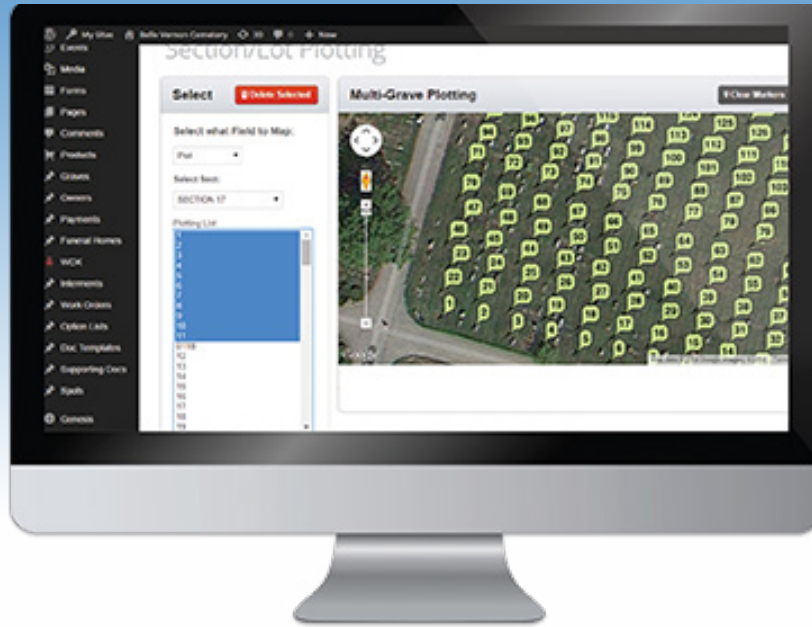


Empower the community and your staff with our mapping solutions.

**CemSites**  
Cloud Software for Cemeteries

# Municipality

Time Saving | Process Consolidation | Public Access



## Challenges

## Solutions

## Benefits

<p>Don't know where to find data when someone is out of the office?</p>	<p>Data can access from any location, on any device.</p>	<p>Information can be found at your fingertips, without hassle!</p>
<p>Are you not always able to help families find loved ones?</p>	<p>Your data can be access from by the public!</p>	<p>The public can find their own loved ones, even after hours?</p>
<p>Overwhelmed by the all you tasks, even non-cemetery ones?</p>	<p>Searching, record management, and data entry made easy!</p>	<p>Let our software save you time by streamlining the process!</p>

“Our town clerk took off for vacation for about weeks and we didn't miss a beat, the software is so easy to use. We are so glad to have purchased CemSites software.” - Lynn D.



Partner with a true made in America company that will save you time when overseeing one or multiple cemeteries.

**CemSites**  
Cloud Software for Cemeteries

# Visual Lot Viewer

Detailed Information | Quick Add | Auditing Tools



## Challenges

## Solutions

## Benefits

<p>Have to go to your lot cards to see who's there and who owns the lot?</p>	<p>Eliminate having to run to your card catalogs to find your data.</p>	<p>Have everything right in front of you when you need it.</p>
<p>Can't read the writing due to the age of the cards?</p>	<p>See your lot come to life with our enhanced viewer.</p>	<p>See detailed data with tools that will make your process easier.</p>
<p>Does it take too long to find the exact record you are looking for?</p>	<p>One simple search to find the records that matter to you.</p>	<p>Save time and money by searching and adding information in quickly.</p>

**“It's much easier with the digital maps and the Lot Viewer for the clients to look at. They have a much cleaner view instead of having a bunch of additional information that isn't really what they need.”**  
-Raeanne K.

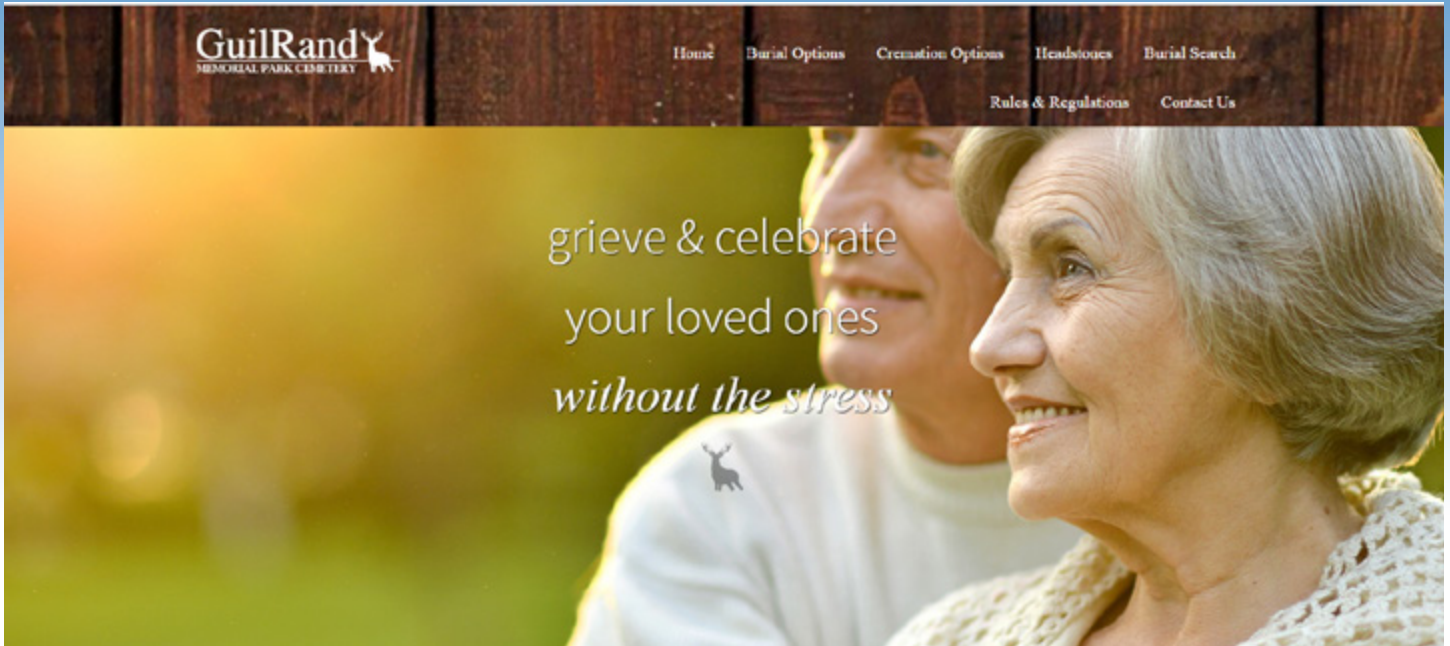


**See all of your lot information at your finger tips, from grave availability to owner information, it's all right in front of you.**

**CemSites**  
Cloud Software for Cemeteries

# Website Solutions

Websync | Core/custom | Upcoming burials



## Challenges

## Solutions

## Benefits

No online presence to help serve your community?	A custom-made website to fit all your cemetery needs.	A cemetery resource families can use, even when you're not at the cemetery.
Overwhelmed by calls that take you away from your day-to-day tasks?	Community online access to see upcoming/recent burials, cemetery info, & more.	Get some of your day back while still helping the community.
Tired of spending days helping someone find their loved one?	Allow the public to search for their own loved ones.	Families can find loved ones & get walking directions right to them.

“We have received so many compliments on our new website.” -Tammy A.

**Serve your community and generate revenue no matter the time or day of the year.**

**CemSites**  
Cloud Software for Cemeteries

# Why Us

Customer Support | Made in the USA | True Cloud



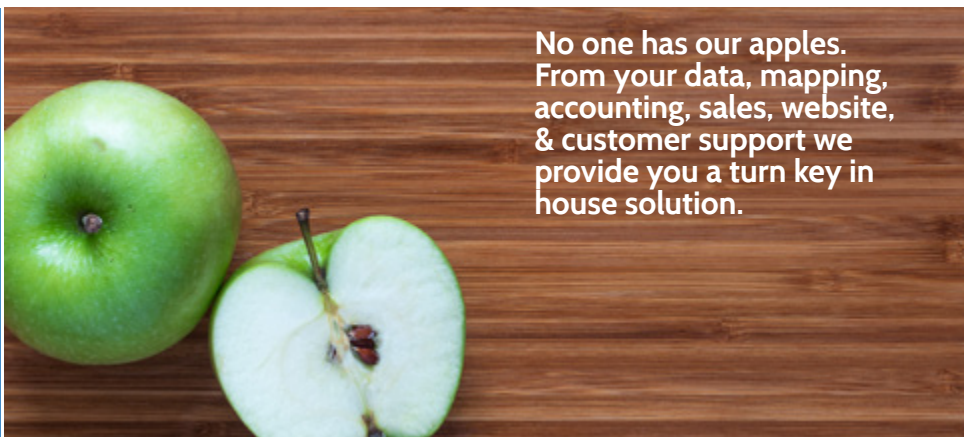
## Challenges

## Solutions

## Benefits

Wish your current provider would help you as if you are part of their family?	We provide you with dedicated client advocate that you can count on.	In-house customer support that is across all time zones, and you are provided a dedicated client advocate.
Worried about your records safety, and who has them?	Our clients' data is under 24/7 security, at multiple server locations.	Never worry about manually backing up your data, or making paper copies of your records again.
Wonder where your tax payers dollars are going when you partner with a software company?	We are 100% made in the USA, and here for you when you need us.	Our leadership, sales, coding, and support are all done under one roof.

“Working with the CemSites team has been a dream. One of the things that I say all the time, is that I have to have a company that has my back. In today’s atmosphere, most companies don’t and they’re looking at their bottom line. But with CemSites, I know these folks have my back!”  
-Tom H.

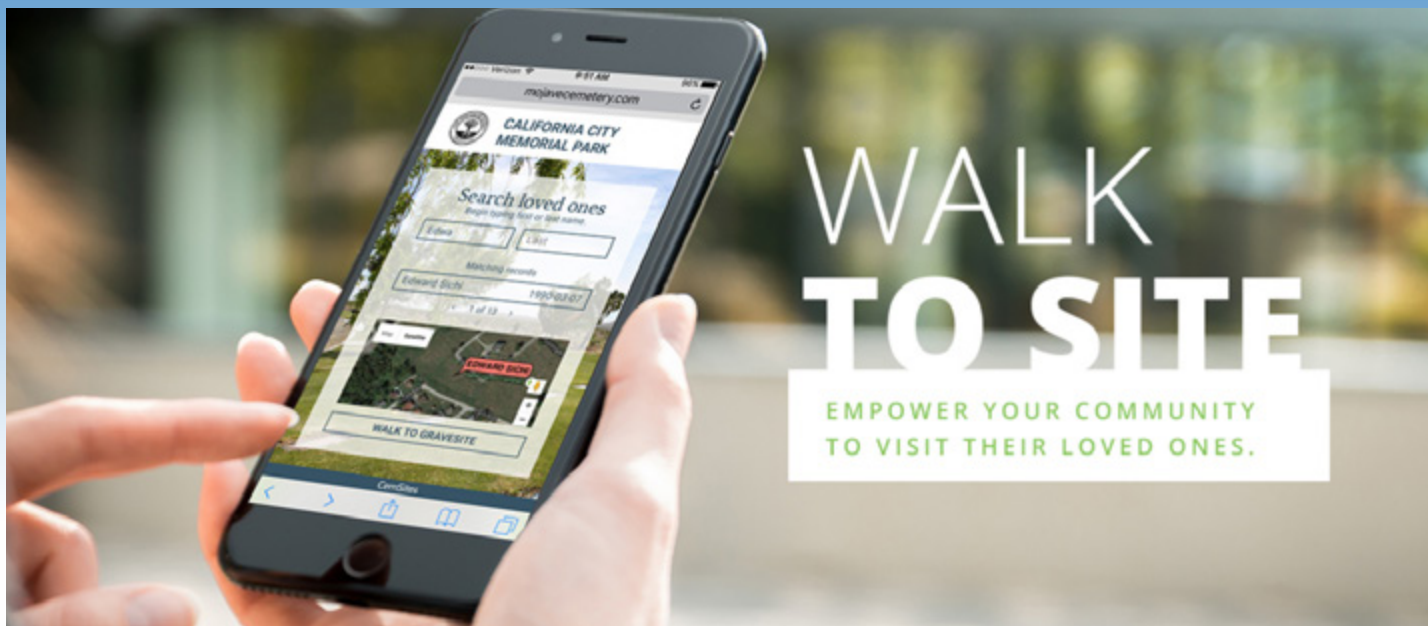


No one has our apples. From your data, mapping, accounting, sales, website, & customer support we provide you a turn key in house solution.

**CemSites**  
Cloud Software for Cemeteries

# Walk-to-Site

Customer Facing | Easy Directions | Online Memorials



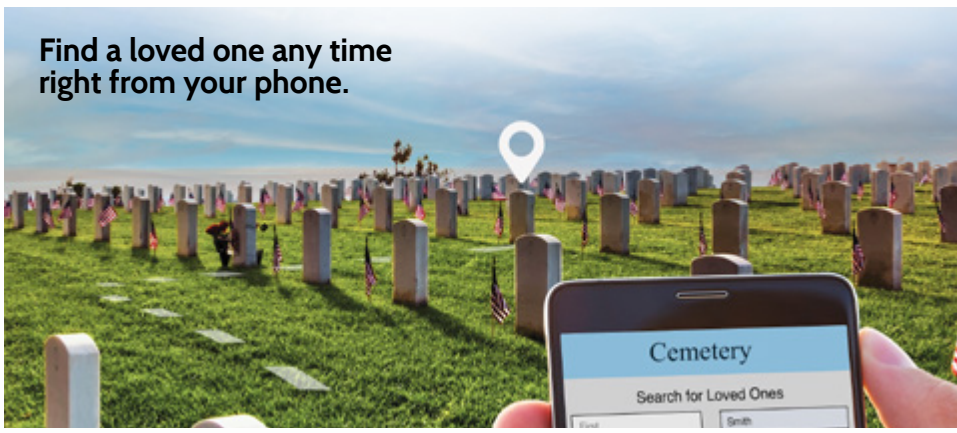
## Challenges

## Solutions

## Benefits

<p>Too many people calling in the cemetery everyday looking for loved ones?</p>	<p>Direct people to your website saving you time.</p>	<p>Save your staff time and be able to direct customers as needed.</p>
<p>Tired of drawing directions on hand printed maps to the loved ones' graves?</p>	<p>Provide a link on your website to walking directions to a family's loved one.</p>	<p>Drive people to your website and serve their needs.</p>
<p>Want to share records with the public without taking time out of your day?</p>	<p>Provide genealogy searching online and more.</p>	<p>Help the public with easy name, date, and veteran status searching.</p>

“The ability that the public at any time can go online and look at records and search by name. Now we’ve put all this information at the fingertips of the public and that’s been a huge benefit to us.” - Richard G.



Find a loved one any time right from your phone.

**CemSites**  
Cloud Software for Cemeteries

# CemSites

Cloud Software for Cemeteries

# Proposal



# Why choose us?

## Inspired by you. Built for you.

We've been working side-by-side with cemeteries just like yours for over 10 years. We understand the challenges and responsibilities you face daily. We know you want to provide easier access for your community, improve efficiency, and save money. Our goal is to introduce modern technology to every cemetery and have all prosper and thrive from its time and money-saving benefits.

## We developed the most functional, adaptable, and powerful cemetery software in the industry.

Every cemetery is unique. We learned that one solution doesn't fit all, so we went in a different direction. Together with our cemetery partners we developed cloud software that is flexible, scalable, super-secure, and tailor-fit to meet your specific needs.

## Apples-to-apples, no one has our apples.

With our innovative CRM Pro and suite of powerful add-ons, we believe we have it all. We offer data visualization, GPS Walk-to-Site, task automation, one-click reporting, promotional tools and so much more. Our company's experience and structure allow rapid deployment and implementation of our software unlike any other company.

---

## About those apples....



### CONFIGURABLE PRODUCTS

CRM Pro serves as the core platform for all CemSites products. This advanced and flexible application enables quick deployment and integration for cemeteries of any scale. Its modular design allows for seamless addition of components to enhance its capabilities and features, while also providing the flexibility to remove unnecessary elements.



### SECURITY

All data within CRM Pro is stored on AWS servers located in the USA. CemSites software is both PCI, SOC II, and HIPAA standards, ensuring it meets the same rigorous security protocols used by global governments and financial institutions. The data is stored redundantly across multiple locations, backed up daily, and retrievable for up to 30 days. Additionally, users have the option to download their data for personal retention.



### CLOUD SOFTWARE

CemSites cloud software is device-independent, allowing access from any computer, tablet, or smartphone, anywhere and at any time. Your cemetery data is securely stored on AWS servers with frequent backups throughout the day, ensuring you never have to worry about data loss. Our cloud software also updates automatically, guaranteeing that you always have the latest features and security enhancements without being stuck with outdated software.



### CEMCARE<sup>SM</sup> PARTNER SUPPORT

At CemSites, we offer unmatched commitment, support, and accessibility to our partners. Each cemetery is assigned a dedicated client advocate to provide personalized support. Our emergency hotline is available 365 days a year for immediate assistance. We also conduct proactive outreach, including preemptive check-ups, quarterly evaluations, maintenance services, and software training and adoption programs to ensure your success.



### 100% MADE IN THE USA

We are proud to emphasize that every facet of CemSites' software, including coding, is meticulously designed and perfected in the USA. Our software engineers, support staff, and marketing team are all part of our in-house team. CemSites strongly believes in bolstering not only our local economy, but also the American economy by not outsourcing and retaining jobs within the United States.



# CRM Pro

## Cemetery Record Management Software

CRM Pro is all you need to start managing your cemetery with CemSites, but be sure to check out our add-ons for even more features.

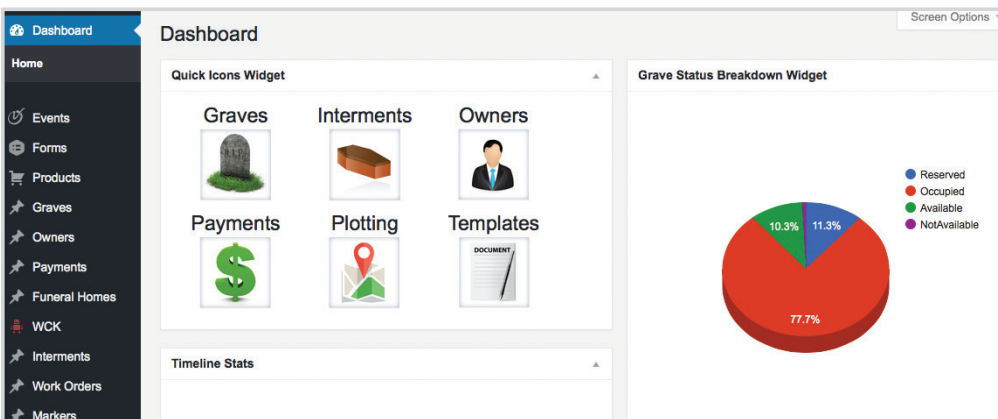
CRM Pro is our powerful, completely configurable true cloud software. It is user-friendly and intuitive while maintaining robust computing, searching and plotting options to most effectively manage data.

### HOW IT PAYS OFF

CRM Pro was given its name for a reason: All data stored in the CRM Pro is protected by the same security standards used by world governments and financial institutions. Because CRM Pro is web-based and always up-to-date, having outdated software will no longer be a concern. As opposed to the months or years of setup for most software on the market today, CemSites software can be up and running within weeks with the promise and commitment of our staff.

### FEATURES

- User-based dashboard with critical support metrics and calendar
- Grave and owner management
- Work order management
- Funeral home management
- Document management
- Field highlighting
- Data migration
- Disaster prevention
- Permission-based roles
- Pyre and Customer centric
- Quick implementation



**“CemSites has saved us so much time with streamlining and simplifying our processes.”**

– MICHELLE ARBUCKLE  
City of Cleveland





# ADD-ONS


## Modules to complement CRM Pro

Add-ons provide you with the ability to pick the tools you want, so you are only paying for what you'll use.


## Stay organized and informed


- 

**AR FINANCE MODULE**  
The AR Finance Module provides an efficient and reliable way to streamline your cemetery's entire receivables process and export data to other software. Save yourself time and money by putting information in once. Solidify your board or trustees confidence in your cemetery record keeping.
- 

**INVENTORY MANAGER**  
Keep track of monuments, benches, and other sellable items right in CRM Pro – no double data entry necessary! Keep your staff informed and know what they sell and what's in stock. Never run out of the items that make you the most money.
- 

**DOC AUTOMATION MODULE**  
Saves time by automating the document workflow. Eliminate the need for handwriting and never deal with double entry by printing auto-populated templates for deeds, interment authorizations, work orders, or your specific custom documents.

- 

**PLACEMENT MODULE**  
Provides an oversight of every placement type which includes all products and services you provide. Have the ability to print and send mailers plus use mail merge processes. Pull reports for each placement type including if they have received the mailer and if item or service have taken place.
- 

**CUSTOM SOLUTIONS**  
Don't see the module you need? Ask and we will build it for you. We can create custom management software solutions to fit all deathcare organizations, such as combination cemeteries with funeral homes and crematories or pet cemeteries.

# Reach out and build profit

## WEBSYNC



A cemetery resource families can use, even when you're not at the cemetery. Families can find loved ones and do genealogy searches on-demand. All of the data is auto-populated from the CRM Pro.

## KEEPSAFE MEMORIALS



A loved one's memory is kept alive for future generations to see. Families are able to connect no matter the distance remember their loved ones. Leads can be contacted & enhance your opportunity to increase revenue.

## REVENUE PLUS



Drive new revenue streams by selling any product or service directly from your website, even if sales are sub-contracted through local or national vendors. Increase your revenue, never lose track of leads and fulfill sales with ease. The module also includes a drip marketing tool, allowing you to engage the community and expand opportunities.

## SALES MODULE



This module allows you to keep track of customers and aids in the development and organization of prospects, leads and sales and gives you the power to grow your pipeline. Includes live information on what each counselor has planned for their day plus monitor sales activity and give direction per lead/prospect/customer.

KeepSafe Memorials

The screenshot shows a memorial page for Anne Smith, who passed away on May 8, 2016. The page includes an obituary, a photo of her, and a section for 'MOMENTS IN TIME' with photos from August 2015, May 2014, and January 1974. There are also sections for 'CONDOLENCES & MEMORIES' and 'RELATIONS'.

Revenue Plus

The screenshot shows a shopping cart interface with two items: 'Flowers' for \$9.99 and 'Grave cleaning' for \$75.00. The cart is titled 'CART' and shows a total of 2 items. There are buttons for 'Purchase flowers', 'Request grave cleaning', and 'Continue to checkout'.

Item	Qty	Price
Flowers For: Smith, John Grave #: 394827	1	\$9.99
Grave cleaning For: Smith, John Grave #: 394827	1	\$75.00

## Visualize your cemetery



### GRAVE MAPPING

Your Mapping now viewable & searchable by name or location. See what's available lots/graves by clicking "Search Nearby" on the grave. Walk your cemetery with a tablet/phone, and help families find loved ones or reserve a grave on the spot. Know where everything is at in your cemetery from available property, reserved, occupied, on hold, unavailable, etc.



### WALK-TO-SITE

Empower your community to find loved ones. Save your staff time and be able to direct customers as needed. Provide a link on your website or QR code on-site for walking directions to a family's loved one.



### VISUAL LOT VIEWER

Interactive view showing all the information on a lot card. Find available graves right from the lot and edit record information on the fly.

### MAP PRINTING

High resolution imagery of your maps in our software. Search and print cemetery maps by section, lot, or grave to use as a reference tool for both visitors and grounds crew. Never deal with highlighting outdated maps again!



### MARKER MANAGER

Sell markers and add all your specific details in our line-item process. Keep track of the statuses on every marker in every step. Pull your marker reports and know where they are in the cemetery. See who owns markers and where opportunities are to increase your revenue.



### OBSTRUCTION MANAGER

See every obstruction clearly marked in your system. See any obstruction you want to see with our auditing tool. Know where you can sell graves around obstructions. Trust the locations of your obstructions without question.



### NICHE & CRYPT VIEWER

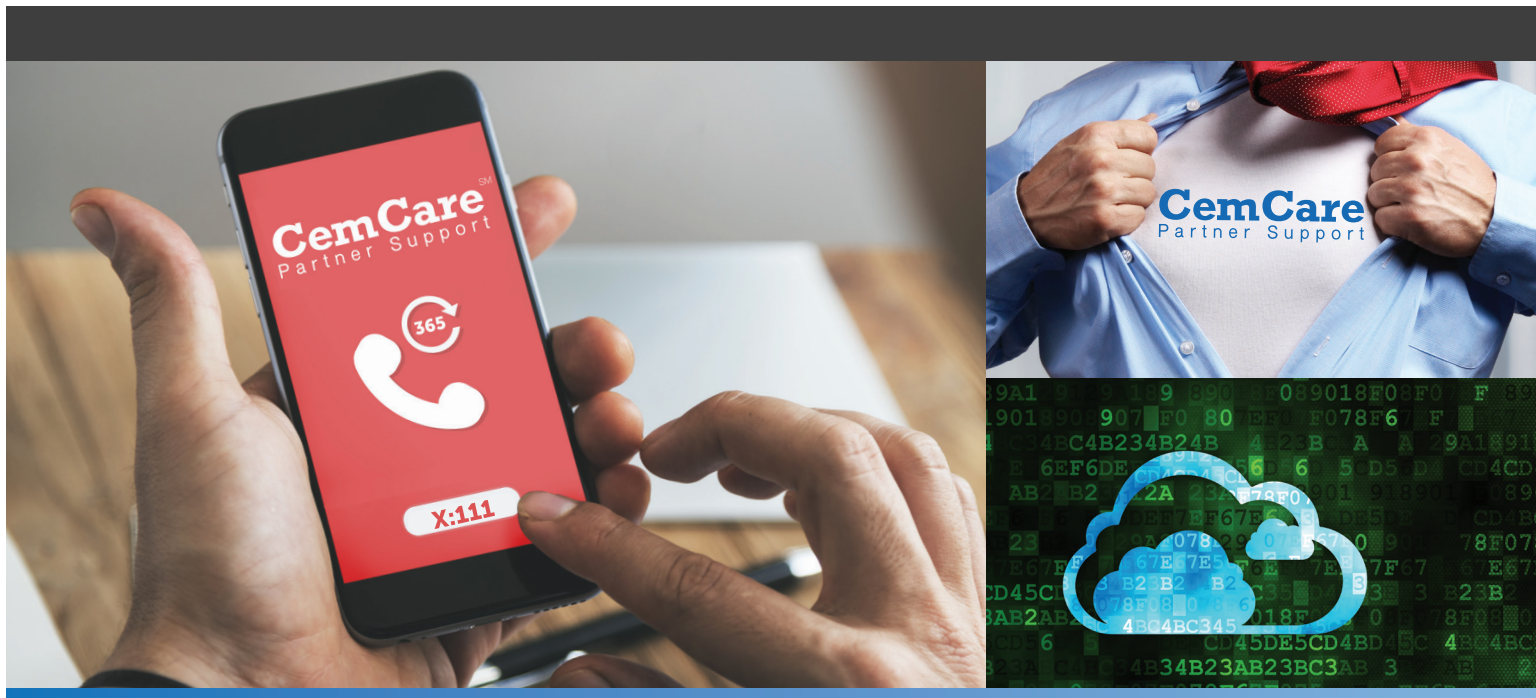
See what's available and the cost related in one spot. Visually see detailed data of your niches and crypts. Have the ability to see your information while walking the cemetery. Be able to make sales immediately.



Walk-to-Site

**“The CemSites software has provided us a huge return on investment. The software is like having an employee that never takes the day off, never calls off sick, and is something that I can rely on 24/7.”**

**– TOM HEWITT**  
Belle Vernon Cemetery



## CemCare<sup>SM</sup> Partner Support

### Unparalleled Commitment, Support, and Access for Our CemSites Partners

CemCare was developed through careful self-evaluation, partner feedback, and extensive real-world testing. Our support program is unprecedented and the best in the industry. Providing the world-class support, you deserve, all done right here in the USA.

#### THE HALLMARKS OF OUR PARTNER SUPPORT PROGRAM

CemCare provides a dedicated client advocate, emergency hotline, and proactive outreach. These elements represent a seismic-shift in client support and are the result of years of work in the field with our cemetery partners.

#### DEDICATED CLIENT ADVOCATE

- Assigned to your cemetery
- Addresses issues in real-time
- Assistance with full adoption

#### EMERGENCY HOTLINE

- LIVE response
- 365 days-a-year
- You call, we answer

#### PROACTIVE OUTREACH

- Preemptive check-ups
- Software training and adoption
- Quarterly evaluations and maintenance

"CemSites had everythig we were looking for, and more!"

—Cemetery Customer

A MESSENGER FAMILY CO.

**CEMSITES**  
318 East 7th St.  
Auburn, Indiana 46706  
(877) 783-9626

**QUOTE #**  
050587  
**BILLED TO VALERIA RUIZ**  
Oakwood Cemetery  
Hondo, TX 78861

PRODUCT	QUANTITY	PRICE	TOTAL
<b>CORE SOFTWARE</b>	1	\$0.00	\$0.00
<b>Project Summary</b>	1	\$0.00	\$0.00
<ul style="list-style-type: none"> <li>-# of Cems: 1</li> <li>-Acres: 41</li> <li>-# of Records: 4K</li> <li>-# of Graves: 5K</li> <li>-Docs: 2 Automated Docs</li> <li>-Software: InCode</li> </ul> <p><i>Additional modules, hours, or change orders will be billed at \$200.00 per hour. Up to (145) hours are allocated.</i></p>			
<b>CRM Pro</b>	1	\$11,000.00	\$11,000.00
<p><i>Cloud Cemetery Record Management software designed to elevate your customer experience.</i></p> <ul style="list-style-type: none"> <li>-Dashboard, calendar, tasks, reminders, &amp; work orders</li> <li>-Set restrictions &amp; permissions by user</li> <li>-Easy searching &amp; reporting with no double entry</li> </ul>			
<b>Custom Data Migration</b>	1	\$8,000.00	\$8,000.00
<p><i>Estimate only, discovery needed. Feel confident your data is thoroughly vetted &amp; enhanced in our system. We're the world's most experienced migration experts. Financial data separate.</i></p> <ul style="list-style-type: none"> <li>-Cleanse &amp; import all providers into our system</li> </ul>			
<b>AR Finance Module</b>	1	\$6,000.00	\$6,000.00
<p><i>Streamline your entire receivables, trusting &amp; reporting processes. 1 Cost Center.</i></p> <ul style="list-style-type: none"> <li>-Templated contract, invoice, billing statement &amp; receipt</li> <li>-Line item &amp; commissions management</li> <li>-Monthly billing, aging, recurring &amp; more</li> </ul>			
<b>First American Merchant Integration</b>	1	\$0.00	\$0.00
<p><i>Credit card processing integration with CemSites preferred partner, First American. To learn more visit - <a href="https://www.first-american.net/partnerexchange/referrals/cemsites/">https://www.first-american.net/partnerexchange/referrals/cemsites/</a></i></p>			
<b>Document Automation</b>	2	\$750.00	\$1,500.00
<p><i>Simplify your workflow with one point of entry. All your data pushes to our trusted templated documents.</i></p> <ul style="list-style-type: none"> <li>-Print &amp; save important docs on-demand</li> <li>-Improve customer experience</li> <li>-Time savings, trust &amp; accuracy</li> <li>-Eliminates human error</li> </ul>			

PRODUCT	QUANTITY	PRICE	TOTAL
<b>Lot Level Mapping</b> Your maps online, always up to date with live information. Walk with families & sell graves with Visual Lot Viewer.  -Inventory searching by lot -Drag area & drill down to view -Powers our Walk-to-Site -Survey maps provided by customer	1	\$7,500.00	\$7,500.00
<b>Visual Lot Viewer</b> Have your lot cards come to life. Everything is connected through this visual launchpad.  -Quick Add - A simple way to enter a new record -Drag & Drop - Make changes to your lot with ease -Inventory Status - Easily see what's available & sold	1	\$2,000.00	\$2,000.00
<b>WebSync</b> Match the look of your existing website. Integrated seamlessly for the public.  -Automatically posts information from your database -Record searching, events calendar, burials & interments -Enhance with Walk-to-Site	1	\$2,250.00	\$2,250.00
<b>Walk-to-Site</b> Help your community find loved ones with ease. The most accurate walk to gravesite in the industry.  -Search for a loved one & walk directly to the gravesite -Use on any device -You can control the experience	1	\$2,000.00	\$2,000.00
<b>Revenue Plus Lite</b> Generates untapped revenue, helps expand your network of leads.  -Visible grave inventory connected through WebSync or a Custom Website	1	\$3,000.00	\$3,000.00
<b>ANNUAL LICENSE</b> Annual License. Includes access up to (3) user profile(s).  Breakdown per module: -CRM Pro up to (3) user profile(s) -AR Module up to (2) user profile(s) Revenue Plus License -Web Hosting -Walk-to-Site.	1	\$5,000.00	\$5,000.00
<b>CemCare - Partner Support</b> Dedicated client advocate assigned to support you. They become part of your team.  -Proactive outreach -Evaluations with report cards -Software training -Helps with adoption -Emergency hotline 365	1	\$0.00	\$0.00
<b>Optional Add-On Modules not included</b> Map Printing, Niche/Crypt Viewer, Marker/Obstruction Mngr, FH, Pyre, Financial Migr/Integr, Sales, KeepSafe, Florals, Cust/Ven/FH Portals, Website.	1	\$0.00	\$0.00
<b>Approval Timeline</b> Team Demo - 1/8/2026 Board Meeting -2/28/2026	1	\$0.00	\$0.00

**PRODUCT**  
*Deposit Date - 3/31//2026*  
*Live in System -11/1/2026*

**QUANTITY**      **PRICE**      **TOTAL**

<b>CemSites Partner Discount</b>	1	\$0.00	\$0.00
<i>CemSites First Quarter Promotion valid if Deposit received by March 31, 2026</i>			
<i>Reduction in license fees \$2400</i>			
<i>5% discount - \$2412.50</i>			

DISCOUNT	\$2,412.50
TOTAL	\$45,837.50

This estimate is valid for 30 days and is based on the data and information we have gathered to date. Actual data quality and map detail will affect the price. If during development, the job exceeds the original estimated development/design hours allocated, an estimate for additional work, modules or change orders are billable at \$200.00 per hour will be provided to the client for approval prior to continuing the client build. Does not include any transaction and/or bank fees or any applicable local/state/federal taxes. If your state requires sales tax, you are required to pay it. This is only an estimate. Please request an invoice to process your payment.

# Our commitment

## Our promise to you

We will provide easy-to-use, custom-fit solutions for your cemetery. Our team will work to rapidly deploy and implement those solutions. We will train you and your staff to adopt and use our software. We will provide industry-leading customer support to you, our partner. Our dedicated team will work daily to earn your business.

## 100% satisfaction

Your complete satisfaction is paramount to us. If you are unsatisfied, we request 30 days to attempt to find a resolution. If you are not 100% satisfied after 30 days, we will cancel your agreement upon request. In the event you cancel your agreement, we will not withhold your data. It is yours and will be given to you to use as you please.

## You Own Your Data

Cemsites company bylaws ensure protection of your data (and your rights to it) regardless of any circumstances within or related to the company and/or its leadership. As our partner, you will always have access to our software. You will always own your data regardless if you are a CemSites partner or not.

Agreed: \_\_\_\_\_  
Your company name

Agreed: \_\_\_\_\_  
Our company name

By: \_\_\_\_\_  
Your signature

By: \_\_\_\_\_  
Our representative's signature

\_\_\_\_\_  
Your name

\_\_\_\_\_  
Our representative's name

\_\_\_\_\_  
Your title

\_\_\_\_\_  
Our representative's title

Date: \_\_\_\_\_

Date: \_\_\_\_\_



A MESSENGER FAMILY CO.

**Company Name: Oakwood Cemetery**

**Address: Hondo, TX**

**Authorized Signer: Valeria Ruiz**

**Quote(s): 050587**

**5-Year Agreement**

Software Cost	\$65,837.50
	<i>Includes licensing for 5 Years</i>
Down Payment	\$0.00
Total Amount Financed	\$65,837.50
	<i>5 years in house financing at 0% Interest Rate</i>
Annual Payment - ACH	
Year 1	\$13,167.50
Year 2	\$13,167.50
Year 3	\$13,167.50
Year 4	\$13,167.50
Year 5	\$13,167.50
<b>Total Cost</b>	<b>\$65,837.50</b>

***I agree that CemSites is my vendor of choice and authorize CemSites to invoice my organization in the amount listed above.***

\_\_\_\_\_  
**Signature**

\_\_\_\_\_  
**Date**



A MESSENGER FAMILY CO.

**Company Name: Oakwood Cemetery**

**Address: Hondo, TX**

**Authorized Signer: Valeria Ruiz**

**Quote(s): 050587**

**5-Year Agreement**

Software Cost	\$65,837.50
	<i>Includes licensing for 5 Years</i>
0% Down Payment	\$0.00
Total Amount Financed	\$65,837.50
	<i>60 Months in house financing at 0% Interest Rate</i>
Monthly Payment	\$1,097.29

***I agree that CemSites is my vendor of choice and authorize CemSites to invoice my organization in the amount listed above.***

\_\_\_\_\_  
**Signature**

\_\_\_\_\_  
**Date**

# HONDO

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## City Council Communication

**Title:** DISCUSS AND CONSIDER ACTION TO APPROVE FUNDING FOR REPAIRS TO THE CITY OF HONDO SWIMMING POOL IN AN AMOUNT NOT TO EXCEED \$89,500.00.

**Date:** March 23, 2026      **From:**

**INFORMATION:**

**FINANCIAL IMPACT:**

**STAFF RECOMMENDATION:**

**MOTION:**

**ATTACHMENTS:**

1. Council Com Pool Repair

**STAFF CONTACTS:**



THIS IS GOD'S COUNTRY

## City Council Communication

**Title:** Pool Repairs

**Date:** March 23, 2026      **From:** John Naron City Manager

### SUBJECT

Discussion and consideration to approve funds for repairs to the City of Hondo swimming pool.

### BACKGROUND / SUMMARY

The City of Hondo pool continues to be a popular amenity for our community. However, the facility is aging, and while it remains serviceable, several repairs are necessary to ensure continued safe and efficient operation. Mechanically, the pump room has been improved, with leaks addressed and new pumps installed. Earlier this year, American Leak Detectors identified additional areas requiring repair, including leaks associated with the pool lighting, which will need to be repaired and resealed.

In addition, the following repairs should be considered:

- **Leaks in lines beneath the concrete:** Estimated cost of \$4,000
- **Repair and resealing of pool lights:** Six lights at \$500 each, totaling \$3,000
- **Trenching and rerouting of backwash discharge:** Redirect backwash through an irrigation system into the playground area, estimated at \$16,000
- **Removal of water behind the pool liner and patching:** Estimated cost of \$1,500
- **Inspection and repair of the main drain in the deep end:** Estimated cost of up to \$65,000, depending on condition. A secondary (side) drain may be required to improve water circulation and meet safety standards

**Total Estimated Repair Cost: \$89,500**

Staff recommends considering a comprehensive repair approach at this time to address current deficiencies and extend the life of the facility. It should also be noted that the pool liner is expected to require replacement in the near future, with anticipated costs exceeding \$100,000. Addressing the current repairs proactively may help avoid compounding issues and higher long-term costs.

# HONDO

THIS IS GOD'S COUNTRY

## City Council Communication

**Title:** ADJOURN.

**Date:** March 23, 2026      **From:**

**INFORMATION:**

**FINANCIAL IMPACT:**

**STAFF RECOMMENDATION:**

**MOTION:**

**ATTACHMENTS:**

None

**STAFF CONTACTS:**