



CITY OF OMAHA, TEXAS

**ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED
SEPTEMBER 30, 2025**



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**CITY OF OMAHA, TEXAS
OFFICIAL DIRECTORY**

Mayor

Robert Holland

City Council

Justin McGee

Gaby Tuck

Darlene Tuck

Tamara Flemming

Robert Fowler

City Secretary

Gayla Joyner



Independent Auditor's Report

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

Members of the Council:

Report on the Audit of Financial Statements

Opinions

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

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

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and 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.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than 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 judgement made by a reasonable user based on the financial statements.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatements 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 a substantial doubt about the City's ability to continue as a going concern for a reasonable period of time.

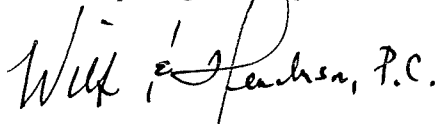
We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4-9, budgetary comparison of the General Fund information on page 39, Schedule of Changes in the City's Net Pension Liability and Related Ratios on page 40, Schedule of Employer Pension Contributions on page 41, and Schedule of Change in Other Postemployment Benefit (OPEB) Liability and Ratios on page 42 be presented to supplement the basic financial statements. Such information is the responsibility of management and although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 20, 2026, on our consideration of the City of Omaha, Texas' 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 to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Omaha, Texas' internal control over financial reporting and compliance.



WILF & HENDERSON, P.C.
Certified Public Accountants
Texarkana, Texas

March 20, 2026

CITY OF OMAHA
MANAGEMENT'S DISCUSSION AND ANALYSIS

The Management's Discussion and Analysis (MD&A) for the City of Omaha is designed to:

- assist the reader in focusing on significant financial issues;
- provide an overview of the City's financial activities;
- identify changes in the City's overall financial position and results of operations and assist the user in determining whether financial position has improved or deteriorated as a result of the year's operations;
- identify any significant variations from the original, amended, and final budget amounts and include any currently known reasons for those variations that are expected to have a significant effect on future services or liquidity;
- identify individual fund issues or concerns.

The information contained within this MD&A should be considered only as part of a greater whole. The readers of this statement should take time to read and evaluate all sections of this report, including the footnotes that are provided in addition to this MD&A.

Overview of the Financial Statements

The MD&A is required supplementary information that introduces the reader to the basic financial statements and provides an overview of the City's financial activities. The City's basic financial statements consist of the following components:

1. Government-wide financial statements,
2. Fund financial statements, and
3. Notes to the financial statements.

A general description of the components of the basic financial statements follows.

Government-Wide Financial Statements

The Government-Wide Financial Statements are designed to present the financial operations of the City as a whole in a format similar to private sector companies. The focus is on the government-wide (entity-wide) Statement of Net Position and Statement of Activities to give the reader a broad overview of the City's financial position and results of operations.

The Statement of Net Position presents information on the City's assets and liabilities using the accrual basis of accounting, in a manner similar to the accounting used by private business enterprises. The difference between the assets and liabilities is reported as net position. Over time, the increases or decreases in net position (and changes in the components of net position) may serve as a useful indicator of whether the financial position of the City is improving or weakening. Although the focus of this MD&A will be on the analysis of the overall changes to net position, the reader should refer to Note I - Significant Accounting Policies for an explanation of the components of net position.

The Statement of Activities presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows. The format for the Statement of Activities presents the expenses for each function (administrative, fire protection and street) reduced by the Program Revenues (charges for services, operating grants and contributions, and capital grants and contributions) directly related to each respective function, to determine net costs of each function. The net costs of each function are normally covered by general revenues.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related and legal requirements. The City of Omaha uses two categories of fund to account for financial transactions - governmental funds and proprietary funds.

Governmental funds are used to account for most of the basic services and projects reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on how money flows into and out of those funds and the balances that are left at year-end that are available for spending. These funds are reported using the modified accrual basis of accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the City's general government operations and the basic services it provides. Governmental fund information 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. The City of Omaha's governmental fund includes the General Fund for accounting for the City's basic services.

The Proprietary Fund accounts for water, sewer, and sanitation services for the City of Omaha. Enterprise funds are used to account for the same functions as business-type activities presented in the government-wide financial statements, but the fund presentation provides more detail.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, there are differences in the information presented for government funds and for governmental activities in the government-wide financial statements. Review of these differences provides the reader of the financial statements insight on the long-term impact of the City's more immediate decisions on the current use of financial resources. We describe the differences between government-wide financial statements (reported in the Statement of Net Position and the Statement of Activities) and governmental funds in reconciliation schedules following each of the fund financial statements.

Notes to the Financial Statements

The Notes to the Financial Statements provide narrative explanations or additional data needed for full disclosure in the government-wide statements or the fund financial statements.

City Highlights

The unrestricted net position balance at September 30, 2025 is \$487,753. Unrestricted net position represents the net balance accumulated by the City above the amount of net position invested in capital assets.

- The most significant continuing revenue sources for the City consisted of property taxes of \$233,930 and charges for services of water, sewer and sanitation of \$750,414.
- The most significant City expenses during the year were \$548,254 for general government and \$783,001 for water, sewer and sanitation services.

Government-Wide Financial Analysis

Statement of Net Position

Included below is a Statement of Net Position for the City of Omaha. The format allows the reader to view the overall financial position of the City.

CITY OF OMAHA STATEMENT OF NET POSITION

	Governmental Activities		Business-Type Activities		Component Unit	
	2025	2024	2025	2024	2025	2024
Assets:						
Current Assets	\$ 306,624	\$ 344,207	\$ 228,982	\$ 520,410	\$ 80,716	\$ 55,575
Restricted Assets	271,369	266,350	197,071	234,779	-	-
Capital Assets	179,068	198,645	1,258,440	1,273,700	-	-
Net Pension Asset (TMRS)	4,713	-	9,576			
Total Assets	<u>761,774</u>	<u>809,202</u>	<u>1,694,069</u>	<u>2,028,889</u>	<u>80,716</u>	<u>55,575</u>
Deferred Outflows of Resources:	<u>\$ 2,365</u>	<u>\$ 5,528</u>	<u>\$ 4,799</u>	<u>\$ 11,226</u>	<u>\$ -</u>	<u>\$ -</u>
Liabilities:						
Accounts Payable	\$ 5,884	\$ 6,634	\$ 8,159	\$ 320,388	\$ -	\$ -
Other Liabilities	12,272	11,619	43,998	43,985	-	-
Long-Term Debt	33,291	42,975	335,090	430,000	-	-
Net Pension Liabilities (TMRS)	-	1,205	-	2,446	-	-
Net OPEB Liabilities	3,030	2,266	15,283	13,732	-	-
Total Liabilities	<u>54,477</u>	<u>64,699</u>	<u>402,530</u>	<u>810,551</u>	<u>-</u>	<u>-</u>
Deferred Inflows of Resources:	<u>\$ 6,941</u>	<u>\$ 9,145</u>	<u>\$ 17,737</u>	<u>\$ 22,214</u>	<u>\$ -</u>	<u>\$ -</u>
Net Position:						
Net Investment In Capital Assets	145,777	155,670	923,350	843,700	-	-
Restricted	271,369	266,350	153,073	190,794	-	-
Unrestricted	285,575	318,866	202,178	172,856	80,716	55,575
Total Net Position	<u>\$ 702,721</u>	<u>\$ 740,886</u>	<u>\$ 1,278,601</u>	<u>\$ 1,207,350</u>	<u>\$ 80,716</u>	<u>\$ 55,575</u>

Government-Wide Review of Net Position

The composition of net position and the changes in net position over time serve as a useful indicator of a government's financial position. Of the City's net position, \$285,575 and \$202,178 is unrestricted net position. Unrestricted net position reflects the City's past performance in meeting budgetary goals and the accumulation of resources for future needs of the City. Net investment in capital assets is made of \$145,777 for governmental activities and \$923,350 for business type activities.

Statement of Activities

A Statement of Activities for the City of Omaha is presented below listing the major categories of revenues and expenses for the year ending September 30, 2025. An explanation of the components of this statement is included immediately following the table.

CITY OF OMAHA STATEMENT OF ACTIVITIES

	Governmental Activities 2025	Governmental Activities 2024	Business-Type Activities 2025	Business-Type Activities 2024	Component Unit 2025	Component Unit 2024
Revenues						
General Revenues:						
Property Taxes	\$ 233,930	\$ 253,275	\$ -	\$ -	\$ -	\$ -
Other Taxes	123,955	107,636	-	-	50,183	43,715
Other Income	14,493	11,559	9,310	6,032	2,985	-
Interest and Other	4,683	1,121	3,268	587	1,973	792
Program Revenues:						
Charges for Services	28,329	27,526	750,414	703,378	-	-
Capital Grants and Contributions	-	64,361	49,467	282,383	-	-
Operating Grants and Contributions	148,808	-	-	-	-	-
Total Revenues	554,198	465,478	812,459	992,380	55,141	44,507
Program Expenses:						
General Government	548,254	244,993	-	-	-	-
Intergovernmental	-	64,361	-	-	-	-
Debt Service	2,316	214	-	-	-	-
Water, Sewer and Sanitation	-	-	783,001	791,407	-	-
Economic Development	-	-	-	-	30,000	28,661
Total Expenses	550,570	309,568	783,001	791,407	30,000	28,661
Transfers In (Out)	(41,793)	(137,843)	41,793	137,843	-	-
Increase (Decrease) in Net Position	(38,165)	18,067	71,251	338,816	25,141	15,846
Beginning Net Position	740,886	706,763	1,207,350	830,908	55,575	31,821
Prior Period Adjustment	-	16,056	-	37,626	-	7,908
Ending Net Position	\$ 702,721	\$ 740,886	\$ 1,278,601	\$ 1,207,350	\$ 80,716	\$ 55,575

Government-Wide Review of Statement of Activities

The Statement of Net Position presents revenues, expenses, and changes in net position separately for governmental and business-type activities. The format allows for presentation of Program Revenues (Charges for Services, Operating Grants and Contributions, and Capital Grants and Contributions) followed by a listing of General Revenues to support the City's overall government. Expenses are presented on a functional basis, with depreciation on fixed assets directly allocated to the related expense (administrative, fire protection, and streets).

Governmental Activities - Statement of Activities

As noted above, there are two categories of revenues on the Statement of Activities - Program Revenues and General Revenues. Program Revenues derive directly from the program itself or from parties outside the City's taxpayers or citizenry, as a whole; they reduce the net cost of the function to be financed from the government's General Revenues. Program Revenues are further divided into Charges for Services, Operating Grants and Contributions, and Capital Grants and Contributions.

General Revenues include all revenues not required to be reported as Program Revenues. All taxes are to be reported by type tax. For the City of Omaha, the major tax revenues are property tax revenues of \$233,930 and franchise and sales tax fees of \$123,955. Program expenses are presented in the above Statement of Activities by function and total \$550,570 for the current fiscal year-end. Revenues less expenses plus transfer in presented in this statement total to a negative change in net position of (\$38,165).

Business-Type Activities - Statement of Activities

Business-type activities provided by the City of Omaha consist of water, sewer, and sanitation totaling \$750,414. Revenues for the current fiscal year in the investment earnings subcategory are \$3,268. The City received \$49,467 in capital grant revenue.

The City reports the total amount of expenses as \$783,001 for the fiscal year ended September 30, 2025. The change in net position (revenues less expenses) for the current fiscal year is \$71,251.

Governmental Funds

At year-end, the City's governmental fund, consisting of the General Fund reported a fund balance of \$247,611. Under the modified-accrual basis for fund financial statements, the emphasis is on accounting for current financial resources of the City. Assets include primarily \$234,313 in cash, \$25,877 in sales tax receivables, and \$50,045 in property tax receivables, net of allowance for uncollectible.

The fund reporting format presents in the Statement of Revenues, Expenditures, and Changes in Fund Balance, all revenue types followed by the expenses of the City, also presented on a functional basis. However, for the fund financial statements, the City reports only current year capital expenditures and does not report depreciation on capital assets. The major revenue sources are similar to the government-wide presentation above.

Proprietary Fund

The total amounts presented for the Proprietary Fund (utility fund for water, sewer and sanitation services) are identical to the government-wide presentation. Statement of Revenues, Expenses, and Changes in Net Position, presents a more detailed listing of expenses than presented in the government-wide statements, pending implementation of financial reporting improvements to report activities of the water, sewer and sanitation systems on a functional basis.

Budget and Actual Revenues and Expenditures

The City did not amend the budget during the year. The variance between budgeted and actual revenues is \$185,964. The variance between budgeted and actual expenditures is (\$213,864) due to the City not budgeting the Home Grant Expenditures.

Capital Assets

More detailed information about the City's capital asset activity is presented in Note E to the financial statements.

Long-Term Debt

At year-end in the governmental activities, the City owed \$33,291 in notes. In the business-type activities, the City owed \$335,090 in notes and bonds. Detailed information about the City's long-term liabilities is presented in Note G to the financial statements.

Economic Factors and Next Year's Budget and Rates

The City's elected and appointed officials considered many factors when setting the fiscal year 2025/2026 budget and tax rates. No significant changes were proposed as compared with year 2025. No new government functions are planned. It is anticipated that the financial position will remain similar to that of recent history. The City will continue to pursue beneficial grants and maintain a quality level of services.

Requests for Information

This financial report is designed to provide a general overview of the City of Omaha's finances for all those with an interest in the City's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be directed to the City Administration Office.

***CITY OF OMAHA, TEXAS
BASIC FINANCIAL STATEMENTS***

CITY OF OMAHA, TEXAS
STATEMENT OF NET POSITION
SEPTEMBER 30, 2025

Exhibit A-1

	Primary Government		Totals	Component Unit
	Governmental Activities	Business-Type Activities		
ASSETS				
Current Assets:				
Cash and Cash Equivalents	\$ 223,027	\$ 94,525	\$ 317,552	\$ 44,037
Certificate of Deposit	-	12,873	12,873	24,407
Accounts Receivable, Net of Allowance	81,168	121,584	202,752	-
Due from Other Governments	2,429	-	2,429	-
Due from Primary Government	-	-	-	12,272
Net Pension Asset (TMRS)	4,713	9,576	14,289	-
Total Current Assets	<u>311,337</u>	<u>238,558</u>	<u>549,895</u>	<u>80,716</u>
Restricted Assets:				
Cash and Cash Equivalents	247,852	155,578	403,430	-
Certificate of Deposit	-	41,493	41,493	-
Notes Receivable, Net of Allowance	23,517	-	23,517	-
Total Restricted Assets	<u>271,369</u>	<u>197,071</u>	<u>468,440</u>	<u>-</u>
Noncurrent Assets:				
Capital Assets, Net:				
Depreciable Assets	759,311	3,091,301	3,850,612	-
Less Accumulated Depreciation	(617,134)	(1,832,861)	(2,449,995)	-
Non-Depreciable Assets	36,891	-	36,891	-
Total Capital Assets	<u>179,068</u>	<u>1,258,440</u>	<u>1,437,508</u>	<u>-</u>
Total Assets	<u>\$ 761,774</u>	<u>\$ 1,694,069</u>	<u>\$ 2,455,843</u>	<u>\$ 80,716</u>
DEFERRED OUTFLOWS OF RESOURCES				
Deferred Outflow Related to TMRS, net	1,341	2,722	4,063	-
Deferred Outflow Related to OPEB, net	1,024	2,077	3,101	-
Total Deferred Outflows of Resources	<u>\$ 2,365</u>	<u>\$ 4,799</u>	<u>\$ 7,164</u>	<u>\$ -</u>
LIABILITIES				
Current Liabilities:				
Accounts Payable and Accrued Expenditures	5,884	8,159	14,043	-
Bonds and Notes Payable - Current Portion	33,291	101,090	134,381	-
Due to Component Unit	12,272	-	12,272	-
Total Current Liabilities	<u>51,447</u>	<u>109,249</u>	<u>160,696</u>	<u>-</u>
Non-Current Liabilities:				
Meter Deposits	-	43,998	43,998	-
Bonds and Notes Payable - Long-Term Portion	-	234,000	234,000	-
Net OPEB Liability	3,030	15,283	18,313	-
Total Non-Current Liabilities	<u>3,030</u>	<u>293,281</u>	<u>296,311</u>	<u>-</u>
Total Liabilities	<u>\$ 54,477</u>	<u>\$ 402,530</u>	<u>\$ 457,007</u>	<u>\$ -</u>
DEFERRED INFLOWS OF RESOURCES				
Deferred Inflow Related to TMRS, net	6,463	13,390	19,853	-
Deferred Inflow Related to OPEB, net	478	4,347	4,825	-
Total Deferred Inflows of Resources	<u>\$ 6,941</u>	<u>\$ 17,737</u>	<u>\$ 24,678</u>	<u>\$ -</u>
NET POSITION				
Net Investment in Capital Assets	145,777	923,350	1,069,127	-
Restricted for Debt Service	-	78,822	78,822	-
Restricted for Construction and Development	271,369	74,251	345,620	-
Unrestricted	285,575	202,178	487,753	80,716
Total Net Position	<u>\$ 702,721</u>	<u>\$ 1,278,601</u>	<u>\$ 1,981,322</u>	<u>\$ 80,716</u>

The accompanying notes are an integral part of this statement.

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

Functions/Programs	Program Revenues					Net (Expense) Revenue and Changes in Net Position			Component Unit
	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total	Primary Government		
Primary government:									
Governmental activities:									
General Government and Interest on Debt	\$ 548,254	\$ 28,329	\$ 148,808	\$ -	\$ -	\$ (371,117)	\$ -	\$ (371,117)	\$ -
	2,316	-	-	-	-	(2,316)	-	(2,316)	-
Total governmental activities	550,570	28,329	148,808	-	-	(373,433)	-	(373,433)	-
Business-type activities:									
Water, Sewer, and Sanitation	783,001	750,414	49,467	-	16,880	-	16,880	16,880	-
	783,001	750,414	49,467	-	16,880	-	16,880	16,880	-
Total business-type activities	1,333,571	778,743	49,467	-	16,880	(373,433)	16,880	(356,553)	-
Total primary government									
Component Unit:									
Economic Development Fund	20,000	-	-	-	-	-	-	-	(20,000)
Contribution to City	10,000	-	-	-	-	-	-	-	(10,000)
Total component unit	30,000	-	-	-	-	-	-	-	(30,000)
General revenues:									
Property Taxes, Levied for General Purposes				233,930	-	233,930	-	233,930	-
General Purpose Sales & Franchise Taxes				123,955	-	123,955	-	123,955	50,183
Investment Income				4,683	3,268	7,951	-	7,951	1,973
Transfer In (Out)				(41,793)	41,793	-	-	-	-
Other Income				14,493	9,310	23,803	-	23,803	2,985
Total General Revenues				335,268	54,371	389,639	-	389,639	55,141
Change in net position				(38,165)	71,251	33,086	-	33,086	25,141
Net position at beginning of year				740,886	1,207,350	1,948,236	-	1,948,236	55,575
Net position at end of year				\$ 702,721	\$ 1,278,601	\$ 1,981,322	\$ -	\$ 1,981,322	\$ 80,716

The accompanying notes are an integral part of this statement

**CITY OF OMAHA, TEXAS
BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2025**

	General Fund	Special Revenue	Total Governmental Funds
ASSETS			
Cash and Cash Equivalents	\$ 223,027	\$ -	\$ 223,027
Restricted Cash	11,286	236,566	247,852
Due from Other Governments	2,429	-	2,429
Property Tax Receivable, Net of Allowance	50,045	-	50,045
Sales Tax Receivable, Net of Allowance	25,877	-	25,877
Warrants Receivable, Net of Allowance	5,246	-	5,246
Notes Receivable, Net of Allowance	-	23,517	23,517
Total Assets	<u>317,910</u>	<u>260,083</u>	<u>577,993</u>
LIABILITIES			
Accounts Payable and Accrued Expenses	2,737	-	2,737
Warrants Payable	3,147	-	3,147
Sales Tax Due to EDC	12,272	-	12,272
Total Liabilities	<u>18,156</u>	<u>-</u>	<u>18,156</u>
DEFERRED INFLOWS OF RESOURCES			
Unavailable Revenue - Property Taxes	50,045	-	50,045
Unavailable Revenue - Warrants	2,098	-	2,098
Total Deferred Inflows of Resources	<u>52,143</u>	<u>-</u>	<u>52,143</u>
FUND BALANCES			
Restricted for Construction and Development	11,286	260,083	271,369
Unassigned Fund Balance:			
General Fund	<u>236,325</u>	<u>-</u>	<u>236,325</u>
Total Fund Balances	<u>247,611</u>	<u>260,083</u>	<u>507,694</u>
Total Liabilities, Deferred Inflows, and Fund Balances	<u>\$ 317,910</u>	<u>\$ 260,083</u>	<u>\$ 577,993</u>

The accompanying notes are an integral part of this statement.

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

Total Fund Balances - Governmental Funds	\$ 507,694
Capital assets used in governmental activities are not financial resources and therefore are not reported in governmental funds. At the end of the year, the cost of these assets was \$789,383 and the accumulated depreciation was (\$590,738). Beginning balance for long-term debt was (\$42,975). The net effect of including the beginning balances for capital assets (net of depreciation) and long-term debt in the governmental activities is to increase net position.	155,670
Current year capital outlays and long-term debt principal payments are expenditures in the fund financial statements but they should be shown as increases in capital assets and reductions in long-term debt in the government-wide financial statements. The net effect of including the 2025 capital outlays of \$6,819 and debt payments of \$9,684 is to increase net position.	16,503
The 2025 depreciation expense increases accumulated depreciation. The net effect of the current year's depreciation is to (decrease) net position.	(26,396)
Included in the noncurrent assets/(liabilities) is the recognition of the City's net pension asset/(liability) and OPEB asset/(liability) required by GASB 68 and GASB 75 in the amount of \$1,683, a deferred resource inflow in the amount of (\$6,941), and a deferred resource outflow in the amount of \$2,365. This resulted in a (decrease) in net position.	(2,893)
Various other reclassifications and eliminations are necessary to convert from the modified accrual basis of accounting to accrual basis of accounting. These include recognizing unavailable revenue from property taxes revenue and warrants, reclassifying the proceeds of note proceeds as an increase in notes payable, and recognizing the liabilities associated with maturing long-term debt and interest. The net effect of these reclassifications and recognitions is to increase net position.	52,143
Net Position of Governmental Activities	\$ 702,721

The accompanying notes are an integral part of this statement.

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

	General Fund	Special Revenue	Total Governmental Funds
REVENUES			
Property Taxes, Penalties and Interest	\$ 225,950	\$ -	\$ 225,950
Sales and Franchise Taxes	123,955	-	123,955
Fines and Fees	28,329	-	28,329
Investment Income	3,702	981	4,683
Home Grant Revenue	148,808	-	148,808
Other	14,592	-	14,592
Total Revenues	<u>545,336</u>	<u>981</u>	<u>546,317</u>
EXPENDITURES			
Current			
Community Development	2,835	-	2,835
Insurance	15,880	-	15,880
Other Expenses	59,901	-	59,901
Police Expenses	57,163	-	57,163
Public Safety - Fire	12,306	-	12,306
Repair and Fuel	31,272	-	31,272
Salaries and Benefits	163,690	-	163,690
Utilities	44,198	-	44,198
Home Grant Expense	148,808	-	148,808
Capital Outlay	6,819	-	6,819
Debt service:			
Principal	9,684	-	9,684
Interest and Fees	2,316	-	2,316
Total Expenditures	<u>554,872</u>	<u>-</u>	<u>554,872</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(9,536)</u>	<u>981</u>	<u>(8,555)</u>
OTHER FINANCING SOURCES (USES)			
Operating Transfers In (Out)	(41,793)	-	(41,793)
Capital Donation from EDC	10,000	-	10,000
Total Other Financing Sources (Uses)	<u>(31,793)</u>	<u>-</u>	<u>(31,793)</u>
Net Change in Fund Balance	(41,329)	981	(40,348)
Fund Balance, Beginning of Year	<u>288,940</u>	<u>259,102</u>	<u>548,042</u>
Fund Balance, End of Year	<u>\$ 247,611</u>	<u>\$ 260,083</u>	<u>\$ 507,694</u>

The accompanying notes are an integral part of this statement.

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

Total Net Change in Fund Balances - Governmental Funds \$ (40,348)

Current year capital outlays and long-term debt principal payments are expenditures in the fund financial statements but they should be shown as increases in capital assets and reductions in long-term debt in the government-wide financial statements. The net effect of removing the 2025 capital outlays of \$6,819 and debt principal payments of \$9,684 is to increase net position. 16,503

Depreciation is not recognized as an expense in governmental funds since it does not require the use of current financial resources. The net effect of the current year's depreciation is to (decrease) net position. (26,396)

The implementation of GASB 68 and 75 required that certain expenditures be de-expended and recorded as deferred resource outflows. These contributions made after the measurement date of 12/31/24 caused an increase in the change in the ending net position. Contributions made before the measurement date but after the previous measurement date were reversed from deferred resource outflows and recorded as a current year expense. This caused a decrease in the change in net position. The City's reported TMRS net pension expense had to be recorded. The result of these changes is to increase the change in net position. 4,195

Various other reclassifications and eliminations are necessary to convert from the modified accrual basis of accounting to accrual basis of accounting. These include recognizing unavailable revenue from revenue sources, adjusting current year revenue to show the revenue earned from the current year, reclassifying note proceeds, and recognizing the liabilities associated with maturing long-term, debt and interest. The net effect of these reclassifications and recognitions is the increase the change in net position. 7,881

Change in Net Position of Governmental Activities \$ (38,165)

CITY OF OMAHA, TEXAS
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
SEPTEMBER 30, 2025

	Water and Sewer Fund	Total Proprietary Funds
ASSETS		
Current Assets		
Cash and Cash Equivalents	\$ 94,525	\$ 94,525
Certificate of Deposit	12,873	12,873
Accounts Receivable, Net of Allowance	74,984	74,984
Unbilled Receivables	46,600	46,600
Net Pension Asset (TMRS)	9,576	9,576
Total Current Assets	238,558	238,558
RESTRICTED ASSETS		
Cash and Cash Equivalents	155,578	155,578
Certificate of Deposit	41,493	41,493
Total Restricted Assets	197,071	197,071
CAPITAL ASSETS		
Water and Sewer System, Net of Accumulated Depreciation	1,258,440	1,258,440
Total Capital Assets	1,258,440	1,258,440
Total Assets	\$ 1,694,069	\$ 1,694,069
DEFERRED OUTFLOWS OF RESOURCES		
Deferred Outflows Related to TMRS, Net	2,722	2,722
Deferred Outflows Related to OPEB, Net	2,077	2,077
Total Deferred Outflow of Resources	\$ 4,799	\$ 4,799
LIABILITIES		
Current Liabilities		
Accounts Payable and Accrued Expenses	2,989	2,989
Accrued Interest Payable	5,170	5,170
Notes Payable, Current	1,090	1,090
Bonds and Certificates Payable, Current	100,000	100,000
Total Current Liabilities	109,249	109,249
Non-Current Liabilities		
Bonds and Certificates Payable, Non-Current	234,000	234,000
Meter Deposit Liability	43,998	43,998
OPEB Liability	15,283	15,283
Total Non-Current Liabilities	293,281	293,281
Total Liabilities	\$ 402,530	\$ 402,530
DEFERRED INFLOWS OF RESOURCES		
Deferred Inflows Related to TMRS, Net	13,390	13,390
Deferred Inflows Related to OPEB, Net	4,347	4,347
Total Deferred Inflows of Resources	\$ 17,737	\$ 17,737
NET POSITION		
Net Investment in Capital Assets	923,350	923,350
Restricted for Debt Service	78,822	78,822
Restricted for Construction and Development	74,251	74,251
Unrestricted	202,178	202,178
Total Net Position	\$ 1,278,601	\$ 1,278,601

The accompanying notes are an integral part of this statement.

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

	Enterprise Funds	Total Proprietary Funds
	<u> </u>	<u> </u>
OPERATING REVENUES		
Charges for sales and services	\$ 750,414	\$ 750,414
Other	9,310	9,310
Total Operating Revenues	<u>759,724</u>	<u>759,724</u>
OPERATING EXPENSES		
Salaries and benefits	275,545	275,545
Utilities	31,301	31,301
Hauling Contract	179,459	179,459
Maintenance and Repair	56,381	56,381
Materials, Supplies, and Chemicals	101,314	101,314
Office and Other	45,441	45,441
Depreciation	77,416	77,416
Total Operating Expenses	<u>766,857</u>	<u>766,857</u>
Net Operating Income (Loss)	<u>(7,133)</u>	<u>(7,133)</u>
NONOPERATING REVENUES (EXPENSES)		
Interest Income	3,268	3,268
Capital Grant Revenue - TxCDBG	49,467	49,467
Interest Expense	<u>(16,144)</u>	<u>(16,144)</u>
Total Nonoperating Revenues (Expenses)	<u>36,591</u>	<u>36,591</u>
Net Income (Loss) Before Transfers	29,458	29,458
Transfers In(Out)	<u>41,793</u>	<u>41,793</u>
Change in Net Position	71,251	71,251
Net Position, Beginning of Year	<u>1,207,350</u>	<u>1,207,350</u>
Net Position, End of Year	<u>\$ 1,278,601</u>	<u>\$ 1,278,601</u>

The accompanying notes are an integral part of this statement.

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

	Enterprise Fund	Total Proprietary Fund
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from customers and grant agencies	\$ 741,641	\$ 741,641
Cash payments to suppliers for goods and services	(444,605)	(444,605)
Cash payments to employees for services and benefits	(284,066)	(284,066)
Net cash provided by operating activities	12,970	12,970
 CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Operating Transfer In	41,793	41,793
Net cash provided by noncapital financing activities	41,793	41,793
 CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Bond principal retirement	(96,000)	(96,000)
Note principal retirement	(11,600)	(11,600)
Proceeds from notes	12,690	12,690
Capital Grant Revenue	298,596	298,596
Interest paid during the year	(16,993)	(16,993)
Acquisition of capital assets	(342,827)	(342,827)
Net cash (used) by capital and related financing activities	(156,134)	(156,134)
 CASH FLOWS FROM INVESTING ACTIVITIES		
Interest Income	2,273	2,273
Net cash provided by investing activities	2,273	2,273
 Net increase (decrease) in cash and cash equivalents	(99,098)	(99,098)
 Cash and cash equivalents, beginning of year	349,201	349,201
Cash and cash equivalents, end of year	\$ 250,103	\$ 250,103
 RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
Net operating income (loss)	\$ (7,133)	\$ (7,133)
Depreciation	77,416	77,416
Changes in assets and liabilities:		
(Increase) decrease in accounts receivable	(18,096)	(18,096)
Increase (decrease) in meter deposits	13	13
Increase (decrease) in accounts payable	(30,709)	(30,709)
Increase (decrease) in pension plan assets and outflows	(8,521)	(8,521)
Net cash provided by operating activities	\$ 12,970	\$ 12,970

The accompanying notes are an integral part of this statement.

**CITY OF OMAHA, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2025**

I. Summary Of Significant Accounting Policies

City of Omaha, Texas is a City government operating under the applicable laws and regulations of the State of Texas. It is governed by City Council elected by registered voters of the City. The City prepares its basic financial statements in conformity with generally accepted accounting principles promulgated by the Governmental Accounting Standards Board and other authoritative sources identified in *Statement on Auditing Standards No. 69* of the American Institute of Certified Public Accountants.

During the year ended September 30, 2025, the City evaluated GASB Statement No. 101, *Compensated Absences*. This Statement establishes guidance for the recognition and measurement of compensated absences by requiring governments to recognize a liability for leave that is attributable to services already rendered and that is probable of being used or paid, including leave that would be settled through cash payments or by reducing future service obligations. Based on the City's existing policies, the implementation of this standard did not result in a change to the recognition or measurement of compensated absences, and no adjustment to beginning net position was required. The provisions of GASB Statement No. 101 will apply to the extent the City's policies change in a manner that would affect the recognition of compensated absences in future periods.

A. Reporting Entity And Related Organizations

The City Council is elected by the public and it has the authority to make decisions and significantly influence operations. It has the primary accountability for fiscal matters. Therefore, the City is a financial reporting entity as defined by the Governmental Accounting Standards Board ("GASB") in its Statement No. 14, "The Financial Reporting Entity."

The City Council has the authority to make decisions, appoint administrators and managers, significantly influence operations, and has the primary accountability for fiscal matters. The City is not included in any other governmental "reporting entity" as defined by Governmental Accounting and Financial Reporting Standards.

In evaluating how to define the City for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the reporting entity is made by applying the criteria set forth in GASB Statements No. 14 and 39 as amended by GASB Statement 61, The Financial Reporting Entity: Omnibus, an amendment of GASB Statements No. 14 and No. 34. These statements define the reporting entity as the primary government and those component units for which the primary government is financially accountable. In addition, component units may be included in the reporting entity based on the nature and significance of the relationship with the primary government, or based on being closely related or financially integrated with the primary government.

Based on these criteria, the City has the following component unit at September 30, 2025:

Discretely Presented Component Unit:

Omaha Economic Development Corporation (EDC) - EDC serves all citizens of the government and is governed by a board appointed by the City Council. The City Council may remove the EDC board for cause. EDC is a nonprofit corporation governed by Section 4B of the Texas Development Corporation Act of 1979 and organized for the public purpose of aiding, promoting and furthering economic development within the City of Omaha, Texas. Financial statements for EDC may be obtained by contacting City Hall.

EDC is reported as a discretely presented component unit in the government-wide financial statements.

B. Government-Wide And Fund Financial Statements

The Statement of Net Position and the Statement of Activities are government-wide financial statements. They report information on all of the City of Omaha with most of the interfund activities removed. *Governmental activities* include programs supported primarily by taxes, charges for services, grants and other intergovernmental revenues. Business type activities include operations that rely to a significant extent on fees and charges for support.

The Statement of Activities demonstrates how other people or entities that participate in programs the City operates have shared in the payment of the direct costs. The "charges for services" column includes payments made by parties that purchase, use, or directly benefit from goods or services provided by a given function or segment of the City. Examples include fees charges for water, sewer, and garbage service. The "grants and contributions" column includes amounts paid by organizations outside the City to help meet the operational or capital requirements of a given function. If a revenue is not program revenue, it is a general revenue used to support all of the City's functions. Taxes are always general revenues.

Interfund activities between governmental funds and between governmental funds and proprietary funds appear as due to/due froms on the Governmental Fund Balance Sheet and Proprietary Fund Statement of Net Position and as other resources and other uses on the governmental fund Statement of Revenues, Expenditures and Changes in Fund Balance and on the Proprietary Fund Statement of Revenues, Expenses and Changes in Fund Net Position. All interfund transactions between governmental funds are eliminated on the government-wide statements. Interfund activities between governmental funds and enterprise funds remain on the government-wide statements and appear on the government-wide Statement of Net Position as internal balances and on the Statement of Activities as interfund transfers.

The fund financial statements provide reports on the financial condition and results of operations for two fund categories - governmental and proprietary.

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

C. Measurement Focus, Basis Of Accounting, And Financial Statement Presentation

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

Governmental fund financial statements use the current financial resources measurement focus and the modified accrual basis of accounting. With this measurement focus, only current assets, current liabilities and fund balances are included on the balance sheet. Operating statements of these funds present net increases and decreases in current assets (i.e., revenues and other financing sources and expenditures and other financing uses).

The modified accrual basis of accounting recognizes revenues in the accounting period in which they become both measurable and available, and it recognizes expenditures in the accounting period in which the fund liability is incurred, if measurable, except for unmatured interest and principal on long-term debt, which is recognized when due. The expenditures related to certain compensated absences and claims and judgments are recognized when the obligations are expected to be liquidated with expendable available financial resources. The City considers all revenues available if they are collectible within 60 days after year end.

Revenues from local sources consist primarily of property taxes. Property tax, franchise tax, and sales tax revenues are recognized under the "susceptible to accrual" concept, that is, when they are both measurable and available. The City considers them "available" if they will be collected within 60 days of the end of the fiscal year. Miscellaneous revenues are recorded as revenue when received in cash because they are generally not measurable until actually received. Investment earnings are recorded as earned, since they are both measurable and available.

Grant funds are considered to be earned to the extent of expenditures made under the provisions of the grant. Accordingly, when such funds are received, they are recorded as deferred revenues until related and authorized expenditures have been made. If balances have not been expended by the end of the project period, grantors sometimes require the City to refund all or part of the unused amount.

The Proprietary Fund is accounted for on a flow of economic resources measurement focus and utilizes the accrual basis of accounting. This basis of accounting recognizes revenues in the accounting period in which they are earned and become measurable and expenses in the accounting period in which they are incurred and become measurable. The City applies all GASB pronouncements as well as the Financial Accounting Standards Board pronouncements issued on or before November 30, 1989, unless these pronouncements conflict or contradict GASB pronouncements. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the fund Statement of Net Position. The fund equity is segregated into invested in capital assets net of related debt, restricted net position, and unrestricted net position.

D. Fund Accounting

The City reports the following major funds:

Governmental Funds:

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

Special Revenue Funds -- The City accounts for resources restricted to, or designated for, specific purposes by the City or a grantor in a special revenue fund. The City's Special Revenue Fund is used to account for rural development revolving loan fund.

Proprietary Funds:

Enterprise Funds -- The City's activities for which outside users are charged a fee roughly equal to the cost of providing the goods or services of those activities are accounted for in an enterprise fund. The City's major Enterprise Fund is the water and sewer fund.

E. Other Accounting Policies

1. **Cash and Investments** - Investments are reported at fair value in accordance with the fair value hierarchy established by generally accepted accounting principles (GAAP). The fair value of investments is determined based on the following:

- Short-term, highly liquid investments are reported at cost, which approximates fair value
- Cash deposits are recorded at their carrying amount, which reasonably estimates fair value.

Publicly traded securities or long-term investments are reported at fair value as of the balance sheet date in accordance with the City's investment policy. Certificates of deposit and investment pools are valued at amortized cost.

For financial reporting purposes, the City considers all highly liquid investments (including restricted assets) with an originally maturity of three months or less at the time of purchase to be cash equivalents.

2. **Capital Assets, Depreciation, and Amortization** - Capital assets, which include land, buildings, machinery and equipment and roads and bridges are reported in the applicable governmental activities column in the government-wide financial statements. Capital assets are defined by the City as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed.

Buildings, machinery and equipment of the City and the component units are depreciated using the straight-line method over the following estimated useful lives:

Description	Governmental Activities Estimated Lives	Business-Type Activities Estimated Lives
Buildings & Improvements	30 years	30 years
Water & Sewer Facilities	-	25-35 years
Streets and Improvements	20-25 years	-
Furniture & Equipment	5-10 years	5-10 years

3. **Long-term Debt, Deferred Debt Expense, and Bond Discounts/Premiums** - In the government-wide, proprietary, and component unit financial statements, outstanding debt is reported as liabilities. Bond discounts or premiums are capitalized and amortized over the terms of the respective bonds using a method that approximates the effective interest method. Bond issuance costs are expensed when incurred.

The governmental fund financial statements recognize the proceeds of debt and premiums as other financing sources of the current period. Issuance costs are reported as expenditures.

4. **Property Tax Receivable, Allowance, and Property Tax Revenue** - The City recognizes property tax revenue in accordance with the modified accrual basis of accounting for governmental fund financial statements and the accrual basis of accounting for government-wide financial statements.

Under the modified accrual basis, property tax revenues are recognized when they become measurable and available. Available means collected within the current period or soon enough thereafter to be used to pay current liabilities. The City considers property taxes available if collected within 60 days after the fiscal year-end. Amounts not collected within this period are reported as deferred inflows of resources until they become available.

Under the accrual basis (government-wide statements), property taxes are recognized as revenue when levied, regardless of when collected.

The City levies property taxes annually, as authorized by Texas Property Tax Code, Subtitle E, Truth-in-Taxation Laws, which establishes guidelines for tax rate adoption, assessment, and collection procedures. Property taxes are assessed based on the January 1 taxable value of real and business personal property located within the City's jurisdiction. The tax rate is set annually by the City Council in compliance with Truth-in-Taxation requirements, ensuring transparency and limits on property tax increases without voter approval.

The City's property tax calendar follows these key dates:

- October 1 – The annual tax levy is assessed and becomes due and payable.
- January 1 – A tax lien attaches to the property securing unpaid taxes.
- February 1 – Unpaid taxes become delinquent, and penalties and interest begin to accrue.
- July 1 – Delinquent taxes are subject to collection fees and attorney charges for enforcement

Morris County bills and collects property taxes for the City of Omaha. The State of Texas Constitution limits the City's ad valorem tax rate for all purposes to \$1.50 per one hundred dollars of assessed valuation. Ad valorem tax revenue during the year ended September 30, 2025, was levied using a rate of \$0.483336 per one hundred dollars of assessed valuation for Maintenance and Operations. The taxable value of the property tax roll upon which the levy for the 2024-2025 fiscal year was based was \$47,267,780.

The City maintains an allowance for uncollectible property taxes, which is estimated at 15% of delinquent receivables, with the expectation that this percentage will gradually decline over time. Over time, substantially all property taxes are collected, but delinquent accounts not collected within the availability period remain as deferred inflows of resources until received.

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

The City's net pension liability is determined using actuarial valuations that incorporate various assumptions, including discount rates, projected salary increases, mortality rates, and inflation, in accordance with GASB Statement No. 68. These actuarial valuations are performed biennially. Deferred inflows and outflows of resources related to pensions arise from changes in actuarial assumptions, differences between expected and actual experience, and differences between projected and actual investment earnings. Investment gains and losses are amortized over a five-year period, while other pension-related deferred inflows and outflows are reorganized over the expected remaining service lives of participating employees.

Pension contributions made after the measurement date but before the end of the reporting period are reported as deferred outflows of resources and will be recognized as a reduction of the net pension liability in the subsequent fiscal year. The City's pension expense is recognized on a systematic basis over the expected service life of employees. The Fiduciary Net Position of TMRS is determined using the economic resources measurement focus and the accrual basis of accounting, in accordance with GASB standards. The TMRS pension plan financial statements are publicly available as part of the TMRS Annual Comprehensive Financial Report (ACFR).

6. **Other Post-Employment Benefits (OPEB)** - For purposes of measuring the total OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the Fiduciary Net Position of the Texas Municipal Retirement System (TMRS) Supplemental Death Benefits Fund (SDBF) 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 are recognized when due and payable in accordance with benefit terms. Investments, if any, are reported at fair value.

The City's total OPEB liability is determined using actuarial valuations that incorporate various assumptions such as discount rates, projected salary increases, mortality rates, and healthcare cost trends, in accordance with GASB Statement No. 75. Deferred inflows and outflows of resources related to OPEB are recognized in the financial statements based on changes in actuarial assumptions, differences between expected and actual experience, and contributions made after the measurement date but before the reporting period ends. The OPEB expense is recognized on a systematic basis over the expected remaining services lives of participating employees.

7. **Deferred Inflows and Outflows of Resources** - In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. The separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/ expenditure) until then.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represent an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. The City has two types of items that qualify for reporting in this category, property taxes and warrants. This amount will be recognized as an inflow of resources in the subsequent years as collected.

8. **Fund Equity** - In the fund financial statements, governmental funds report fund balance as nonspendable, restricted, committed, assigned, or unassigned based primarily on the extent to which the City is bound to honor constraints on how specific amounts can be spent.

Nonspendable fund balance Includes the portion of net resources that cannot be spent because of their form (i.e. inventory, long-term loans, or prepaids) or because they must remain intact such as the principal of an endowment.

Restricted fund balance Includes the portion of net resources on which limitations are imposed by creditors, grantors, contributors, or by laws or regulations of other governments (i.e. externally imposed limitations). Amounts can be spent only for the specific purposes stipulated by external resource providers or as allowed by law through constitutional provisions or enabling legislation. Examples include grant awards and bond proceeds.

Committed fund balance Includes the portion of net resources for which the City Council has imposed limitation of use. Amounts that can be used only for the specific purposes determined by a resolution of the City Council. Commitments may be changed or lifted only by a resolution of the City Council. The resolution must be approved before the end of the fiscal year in which the commitment will be reflected on the financial statements.

Assigned fund balance Includes the portion of net resources for which an *intended* use has been established by the City Council, or the City Administrator authorized to do so by the City Council. Assignments of fund balances are much less formal than commitments and do not require formal action for their imposition or removal. In governmental funds other than the general fund, assigned fund balance represents the amount that is not restricted or committed which indicates that resources are, at a minimum, intended to be used for the purpose of that fund.

Unassigned fund balance Includes the amounts in the general fund in excess of what can properly be classified in one of the other four categories of fund balance. It is the residual classification of the general fund and includes all amounts not contained in other classifications. Unassigned amounts are technically available for any purpose. Negative residual amounts for all other governmental funds are reported in this classification.

9. ***Estimates*** - Preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions. This will affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.
10. ***Risk Management*** - The City is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City is a participant in the Texas Municipal League (TML) Employees Health Insurance Fund, Texas Municipal League Worker's Compensation Joint Insurance Fund (WC Fund) and the Texas Municipal League Joint Self-Insurance Fund (Property-Liability Fund), a public entity risk pool operated by the Texas Municipal League Board for the benefit of individual governmental units located within Texas. The agreement provides that the trust established by TML will be self-sustaining through member premiums. The City pays annual premiums to TML for worker's compensation, general and auto liability, property damage, employee dishonesty, public officials liability, and law enforcement professional liability coverage. The City does not anticipate any material additional insurance cost assessments as a result of participation in this risk management pool. There were no reductions in insurance coverage from the prior year. Settlements have not exceeded insurance coverage during any of the past three fiscal years.

II. Stewardship, Compliance, And Accountability

A. Budgetary Data

Formal budgetary integration is employed as a management control device during the year for the General Fund. This budget is adopted on a basis consistent with generally accepted accounting principles. Once approved, the City Council may amend the legally adopted budget when unexpected modifications are required in estimated revenues and appropriations.

The budgets for the operating funds and proprietary fund operations are prepared on the cash and expenditures basis. Revenues are budgeted in the year receipt is expected; and expenditures are budgeted in the year the applicable purchase orders are expected to be issued. The budget and actual financial statements are reported on these bases. Unencumbered appropriations for annually budgeted funds lapse at fiscal year-end.

The City does not record encumbrances as part of its accounting records.

III. Detailed Notes On All Funds

A. Deposits and Investments

City Policies and Legal and Contractual Provisions Governing Deposits - Statutes authorize the City to invest in bank certificates of deposit, obligations of the U.S. Treasury and U.S. agencies, banker's acceptances repurchase agreements and commercial paper rated A-1 by Standard & Poor's Corporation or P- I by Moody's Commercial Paper Record. The City's policy is to invest in instruments or require sufficient collateral to not expose the City to credit, custodial credit, custodial concentration, interest rate, or foreign currency risks.

Custodial Credit Risk for Deposits - State law requires governmental entities to contract with financial institutions in which funds will be deposited to secure those deposits with insurance or pledged securities with a fair value equaling or exceeding the amount on deposit at the end of each business day. The pledged securities must be in the name of the governmental entity and held by the entity or its agent. Since the City complies with this law, it has no custodial credit risk for deposits.

The captions and amounts of cash and cash equivalents on the Balance Sheet and Statement of Net Position at September 30, 2025 consist of the following:

	General Fund	Special Revenue	Public Works	Component Unit
Cash in Bank	150,629	236,566	197,866	44,037
Investment Pools	83,684	-	52,237	-
Total Cash and Equivalents	234,313	236,566	250,103	44,037

Deposits

At September 30, 2025, the bank balances, including certificate of deposits, were fully insured by FDIC or additional coverage of pledged securities at all financial institutions.

The Public Funds Investment Act (Government Code Chapter 2256) contains specific provisions in the areas of investment practices, management reports and establishment of appropriate policies. Among other things, it requires the City to adopt, implement, and publicize an investment policy. That policy must address the following areas: (1) safety of principal and liquidity, (2) portfolio diversification, (3) allowable investments, (4) acceptable risk levels, (5) expected rates of return, (6) maximum allowable stated maturity of portfolio investments, (7) maximum average dollar-weighted maturity allowed based on the stated maturity date for the portfolio, (8) investment staff quality and capabilities, (9) and bid solicitation preferences for certificates of deposit. Statutes authorize the City to invest in (1) obligations of the U.S. Treasury, certain U.S. agencies, and the State of Texas; (2) certificates of deposit, (3) certain municipal securities, (4) money market savings accounts, (5) repurchase agreements, (6) bankers acceptances, (7) Mutual Funds, (8) Investment pools, (9) guaranteed investment contracts, (10) and common trust funds. The Public Funds Investment Act (PFIA) governs the City's investment policies and types of investments. The City's management believes that it complied with the requirements of the PFIA and the City's investment policies.

As of September 30, 2025, City of Omaha, Texas had the following investments:

Investment Type	Amortized Cost
Certificate of Deposit	78,773
Texas Short Term Asset Reserve (TexSTAR)	83,684
Texas Local Government Investment Cooperative (LOGIC)	52,237
Total	214,694

The Texas Local Government Investment Cooperative ("LOGIC") and the Texas Short Term Asset Reserve Program ("TexSTAR") are organized in conformity with the Interlocal Cooperation Act, Chapter 791 of the Texas Government Code, and the Public Funds Investment Act, Chapter 2256 of the Texas Government Code.

LOGIC and TexSTAR are governed by a Board of Directors composed of participants from eligible local government entities within Texas. The boards oversee the business and affairs and ensures compliance with its investment policies and applicable state laws. Pursuant to the Participation Agreement, investment management, fund accounting, transfer agency, and custodial services are provided by J.P. Morgan Investment Management Inc.. Administrative, marketing, and participant services are provided by Hilltop Securities Inc. The governing boards, as required by the Public Funds Investment Act, are composed of representatives of participant entities and individuals who do not have a business relationship with LOGIC or TexSTAR but are qualified to advise on matters relating to the investment of public funds.

Additional policies and contractual provisions governing investments for City of Omaha, Texas are specified below:

Custodial Credit Risk for Deposits – To limit the risk that an issuer or other counterparty to an investment will not fulfill its obligations the City limits investments in Obligations of the United States or its agencies and instrumentalities; direct obligations of the State of Texas or its agencies and instrumentalities; certificates of deposit; fully collateralized repurchase agreements that have a defined termination date and secured by obligations of the United States or its agencies and instrumentalities; securities lending program; banking acceptances; commercial paper; no-load money market mutual funds and no-load mutual funds; guaranteed investment contracts as an investment vehicle for bond proceeds and public investment pools. As of September 30, 2025 the City’s investments in public funds investment pools in TexSTAR and LOGIC were rated AAAM by Standard’s & Poor’s.

Interest Rate Risk - To limit the risk that changes in interest rates will adversely affect the fair value of investments, the City shall use final and weighted-average-maturity limits and diversification. The City monitors interest rate_risk using weighted-average-maturity and specific identification.

B. Property Taxes

Property taxes are levied by October 1 on the assessed value listed as of the prior January 1 for all real and business personal property located in the City in conformity with Subtitle E, Texas Property Tax Code. Taxes are due on receipt of the tax bill and are delinquent if not paid before February 1 of the year following the year in which imposed. On January 31 of each year, a tax lien attaches to property to secure the payment of all taxes, penalties, and interest ultimately imposed. Property tax revenues are considered available (1) when they become due or past due and receivable within the current period and (2) when they are expected to be collected during a 60-day period after the close of the school fiscal year.

C. Delinquent Taxes Receivable

Delinquent taxes are deposited into the General Fund. Allowances for uncollectible tax receivables within the General Fund are based on historical experience in collecting property taxes. Uncollectible personal property taxes are periodically reviewed and written off, but the City is prohibited from writing off real property taxes without specific statutory authority from the Texas Legislature.

D. Accounts Receivable

Accounts receivable in all funds are reported net of an allowance for doubtful accounts. The allowance is based on historical collection experience, analysis of outstanding balances, and specific account review. Receivables are written off when collection is no longer probable. The allowance is reviewed and adjusted annually.

Accounts Receivable at September 30, 2025 were as follows:

	<u>2025</u>
<u>Accounts Receivable</u>	
Property Taxes	56,427
Warrants	10,492
Sales Tax	25,877
Charges for Services	129,910
Other	23,517
Less: Allowance for Doubtful Accounts	<u>(19,954)</u>
Accounts Receivable Net	<u><u>226,269</u></u>

E. Capital Asset Activity

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

	Balance October 1, 2024	Additions	Retirements/ Reclassifications	Balance September 30, 2025
Governmental Activities:				
Land - non-depreciable	30,072	6,819	-	36,891
Buildings and improvements	224,995	-	-	224,995
Streets and improvements	345,700	-	-	345,700
Machinery and equipment	188,616	-	-	188,616
Totals at historic cost	<u>\$ 789,383</u>	<u>\$ 6,819</u>	<u>\$ -</u>	<u>\$ 796,202</u>
Less accumulated depreciation for:				
Buildings and improvements	(146,444)	(5,921)	-	(152,365)
Streets and improvements	(345,700)	-	-	(345,700)
Machinery and equipment	(98,594)	(20,475)	-	(119,069)
Total accumulated depreciation	<u>\$ (590,738)</u>	<u>\$ (26,396)</u>	<u>\$ -</u>	<u>\$ (617,134)</u>
Governmental Activities Capital Assets, net	<u>\$ 198,645</u>	<u>\$ (19,577)</u>	<u>\$ -</u>	<u>\$ 179,068</u>

During the year ended September 30, 2025, the City purchased land in the amount of \$6,819.

Depreciation expenses was charged to General Government and Public Safety in the amount of \$26,396.

	Balance October 1, 2024	Additions	Retirements/ Reclassifications	Balance September 30, 2025
Business-Type Activities:				
Construction in progress - non-depreciable	314,621	49,466	(364,087)	-
Water & Sewer System	2,565,421	-	364,087	2,929,508
Equipment	149,103	12,690	-	161,793
Totals at historic cost	<u>\$ 3,029,145</u>	<u>\$ 62,156</u>	<u>\$ -</u>	<u>\$ 3,091,301</u>
Less accumulated depreciation for:				
Water & Sewer System	(1,657,880)	(70,148)	-	(1,728,028)
Equipment	(97,565)	(7,268)	-	(104,833)
Total accumulated depreciation	<u>\$ (1,755,445)</u>	<u>\$ (77,416)</u>	<u>\$ -</u>	<u>\$ (1,832,861)</u>
Business-Type Activities Capital Assets, net	<u>\$ 1,273,700</u>	<u>\$ (15,260)</u>	<u>\$ -</u>	<u>\$ 1,258,440</u>

During the year ended September 30, 2025, the City purchased a ford truck through a short term note payable in the amount of \$12,690.

In fiscal year 2023, the City was awarded a Texas Community Development Block Program (TxCDBG) grant to fund water and sewer improvements. The project, which included a required local match contribution from the City, incurred \$18,900 in grant administration costs and \$23,800 in engineering costs during fiscal year 2024. The City signed a construction contract in the amount of \$292,921 with J2 Construction, LLC during fiscal year 2024 and incurred \$271,921 in construction costs related to the contact. During fiscal year 2025, the City incurred \$14,666 in engineering costs, \$21,000 in construction costs, and \$13,800 in other costs. This project was completed at year end and reclassified to Water & Sewer System.

F. Changes in Short-Term Debt

Changes in short-term obligations for the year ended September 30, 2025 are as follows:

	<u>Rate of Interest</u>	<u>Original Issue</u>	<u>Outstanding 9/30/2025</u>
<u>Governmental Activities</u>			
Installment note payable, due monthly for 1 year.			
Issued for the purchase of a 2024 Dodge	5.75%	42,975	33,291
Total Short Term Notes Outstanding - Governmental Activities		<u>\$ 42,975</u>	<u>\$ 33,291</u>
<u>Business-Type Activities</u>			
Installment note payable, due monthly for 1 year.			
Issued for the purchase of a 2014 Ford	5.75%	12,690	1,090
Total Short Term Notes Outstanding - Business-Type Activities		<u>\$ 12,690</u>	<u>\$ 1,090</u>

The detail of the short-term notes payable are as follows:

	<u>Balance at 9/30/2024</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance at 9/30/2025</u>	<u>Due Within One Year</u>
<u>Governmental Activities</u>					
Direct Borrowing - Notes Payable	42,975	-	(9,684)	33,291	33,291
Governmental activity short-term liabilities	<u>42,975</u>	<u>-</u>	<u>(9,684)</u>	<u>33,291</u>	<u>33,291</u>
<u>Business-Type Activities</u>					
Direct Borrowing - Notes Payable	-	12,690	(11,600)	1,090	1,090
Business-type activity short-term liabilities	<u>-</u>	<u>12,690</u>	<u>(11,600)</u>	<u>1,090</u>	<u>1,090</u>

At September 30, 2025, the City's outstanding debt will mature within one year, with principal of \$34,381 and interest of \$1,645 due in fiscal year 2026.

G. Changes In Long-Term Debt

The detail of the notes payable are as follows:

	<u>Rate of Interest</u>	<u>Original Issue</u>	<u>Outstanding 9/30/2025</u>
Notes Payable			
<u>Business Type Activities:</u>			
Limited Tax Note, Series 2019 due serially in varying amounts through June 15, 2026 Issued to perform water well repairs.	2.82%	333,000	52,000
Total Long Term Notes Outstanding - Business Type Activities		<u>\$ 333,000</u>	<u>\$ 52,000</u>

The detail of bonds payable are as follows:

	<u>Rate of Interest</u>	<u>Original Issue</u>	<u>Outstanding 9/30/2025</u>
Revenue Bonds:			
Revenue bonds, Series 2003 due serially in varying amounts through October 2042 Issued for wastewater treatment plant improvements	4.50%	300,000	199,000
Revenue bonds, Series A 2003 due serially in varying amounts through October 2042 Issued for wastewater treatment plant improvements	4.25%	67,000	45,000
Certificate of Obligation Bonds:			
Certificate of obligation bonds, Series 2011 due serially in varying amounts through February 1, 2026 Issued to fund the waste water plant.	4.65%	425,000	38,000
Total Bonds Outstanding		<u>\$ 792,000</u>	<u>\$ 282,000</u>

Changes in long-term obligations for the year ended September 30, 2025 are as follows:

	<u>Balance at 9/30/2024</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance at 9/30/2025</u>	<u>Due Within One Year</u>
Business-type activities:					
Combined obligation bonds	328,000	-	(46,000)	282,000	48,000
Direct Borrowing - Limited Tax Note	102,000	-	(50,000)	52,000	52,000
Business activity long-term liabilities	<u>\$ 430,000</u>	<u>\$ -</u>	<u>\$ (96,000)</u>	<u>\$ 334,000</u>	<u>\$ 100,000</u>

The annual requirements to amortize debt payable as of September 30, 2025, follows:

Year Ending September 30,	Business-Type Activities			
	Bonds		Notes from Direct Borrowings	
	Principal	Interest	Principal	Interest
2026	48,000	11,529	52,000	1,466
2027	10,000	10,200	-	-
2028	10,000	9,755	-	-
2029	11,000	9,287	-	-
2030	11,000	8,797	-	-
2031-2035	61,000	35,083	-	-
2036-2040	79,000	20,933	-	-
2041-2043	52,000	3,869	-	-
	<u>\$ 282,000</u>	<u>\$ 109,453</u>	<u>\$ 52,000</u>	<u>\$ 1,466</u>

The City is in substantial compliance with bond ordinance requirements.

In fiscal year 2026, the City signed Limited Tax Note, Series 2026, for an issuance of \$300,000 with payments beginning in February 2027.

H. Defined Benefit Pension Plans

Plan Description

The City of Omaha 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 is not fiscally dependent on the State of Texas. TMRS issues a publicly available Annual Comprehensive Financial Report (Annual Report) that can be obtained at *tmrs.com*.

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

Benefits Provided

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

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

Plan provisions for the City are as follows:

Employee deposit rate	5%
City current matching ratio	1:1
Vesting	5 yrs
	5 yrs / age 60
Service retirement eligibilities	20 yrs / any age
Supplemental death benefits – employee	yes
Supplemental death benefits - retirees	yes

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	2
Inactive employees entitled to but not yet receiving benefits	3
Active employees	<u>6</u>
Total	<u><u>11</u></u>

Contributions

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

Employees for the City were required to contribute 5% of their annual compensation during the fiscal year. The contribution rates for the City of Omaha were 2.74% and 1.98% in calendar years 2024 and 2025, respectively. The City's contributions to TMRS for the year ended September 30, 2025, were \$5,973, 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, if any
Investment Rate of Return	6.75% net of pension plan investment expense, including inflation

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

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return (Arithmetic)</u>
Global Equity	35.0%	7.10%
Core Fixed Income	6.0%	5.00%
Non-Core Fixed Income	6.0%	6.80%
Hedge Funds	5.0%	6.40%
Private Equity	13.0%	8.50%
Private Debt	13.0%	8.20%
Real Estate	12.0%	6.70%
Infrastructure	6.0%	6.00%
Other Private Markets	4.0%	7.30%
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 member and employer contributions will be made at the rates specified in statute. Based on that assumption, the pension plan's Fiduciary Net Position was projected to be available to make all projected future benefit payments of current active and inactive members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the Total Pension Liability.

Changes in the Net Pension Liability:

	<u>Increase (Decrease)</u>		
	<u>Total Pension</u>	<u>Plan Fiduciary</u>	<u>Net Pension</u>
	<u>Liability</u>	<u>Net Position</u>	<u>(Asset) Liability</u>
	<u>(a)</u>	<u>(b)</u>	<u>(a) - (b)</u>
Balance at 12/31/2023	\$ 391,092	\$ 387,442	\$ 3,650
Changes for the year:			
Service cost	18,337	-	18,337
Interest	26,589	-	26,589
Change of benefit terms	-	-	-
Difference between expected and actual experience	(2,374)	-	(2,374)
Changes of assumptions	-	-	-
Contributions - employer	-	7,209	(7,209)
Contributions - employee	-	13,154	(13,154)
Net investment income	-	40,392	(40,392)
Benefit payments, including refunds to employees	(12,699)	(12,699)	-
Administrative expense	-	(258)	258
Other changes	-	(6)	6
Net changes	29,853	47,792	(17,939)
Balance at 12/31/2024	\$ 420,945	\$ 435,234	\$ (14,289)

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

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

	1% Decrease in <u>Discount Rate (5.75%)</u>	<u>Discount Rate (6.75%)</u>	1% Increase in <u>Discount Rate (7.75%)</u>
City's net pension (asset) liability	\$ 27,328	\$ (14,289)	\$ (49,947)

Pension Plan Fiduciary Net Position:

Detailed information about the pension plan's Fiduciary Net Position is available in the Schedule of Changes in Fiduciary Net Position, by Participating City. That report may be obtained at www.tnrs.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 (\$5,101).

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

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual economic experience	\$ -	\$ 12,940
Changes in actuarial assumptions	-	1,585
Difference between projected and actual investment earnings	-	5,328
Contributions subsequent of the measurement date	4,063	-
	<u>\$ 4,063</u>	<u>\$ 19,853</u>

\$4,063 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability for the year ending September 30, 2025. Other amounts reported as deferred outflows and (inflows) of resources related to pensions will be recognized in pension expense as follows:

Fiscal Year Ending <u>September 31,</u>	
2026	\$ (12,562)
2027	2,330
2028	(6,773)
2029	(2,848)
2030	-
Total	<u>\$ (19,853)</u>

I. OPEB Supplemental Death Benefits Plan

Plan Description

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

Benefits Provided

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 obligations of this plan are payable only from the SDBF and are not an obligation of, or a claim against, the Pension Trust Fund.

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

Inactive employees or beneficiaries currently receiving benefits	2
Inactive employees entitled to but not yet receiving benefits	-
Active employees	<u>6</u>
Total	<u><u>8</u></u>

Contributions

Contributions are made monthly based on the covered payroll of employee members of the participating member city. The contractually required contribution rate is determined annually for each city. The rate is based on the mortality and service experience of all employees covered by the SDBF and the demographics specific to the workforce of the city. The rate is equal to the cost of providing one-year term life insurance. There is a one-year delay between the actuarial valuation that serves as the basis for the employer contribution rate and the calendar year when the rate goes into effect. The contributions to the SDBF are pooled for investment purposes with those of the Pension Trust Fund. The TMRS Act requires the Pension Trust Fund to allocate investment income to the SDBF on an annual basis. The funding policy of this plan 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. As such, contributions are utilized to fund active member deaths on a pay-as-you-go basis; any excess contributions and investment income over payments then become net position available for benefits.

Employees of the City were required to contribute 0.0% of their annual gross earnings during the fiscal year. The contribution rates for the City were 0.38% and 0.34% in calendar years 2024 and 2025, respectively. The City’s contributions to the TMRS SDBF for the year ended September 30, 2025 were \$963, which equaled the required contributions for the year.

Total OPEB Liability

Actuarial assumptions. The actuarial assumptions used in the calculation of the funding valuation for the Supplemental Death Benefit Fund (SDBF) are based on the actuarial investigation of the experience of TMRS over the four-year period from December 31, 2018 to December 31, 2022. They were adopted in 2023 and first used in the December 31, 2023 actuarial valuation. For purposes of developing the SDBF contribution rates, no other demographic assumptions are applicable.

Assumptions

- A. Mortality Rates — Same as for the Pension Trust Fund.
- B. Actuarial Cost Method — The actuarial cost method used is known as the Entry Age Normal Actuarial Cost Method. The Entry Age Normal Actuarial Cost Method develops the annual cost of the Plan in two parts: that attributable to benefits accruing in the current year, known as the normal cost, and that due to service earned prior to the current year, known as the amortization of the unfunded actuarial accrued liability. The normal cost and the actuarial accrued liability are calculated individually for each member. The normal cost rate for an employee is the contribution rate which, if applied to a member's compensation throughout their period of anticipated covered service with the City, would be sufficient to meet all benefits payable on their behalf. The normal cost is calculated using an entry age based on benefit service with other TMRS cities or other public agencies, they retain this for determination of benefit eligibility and decrement rates. The salary-weighted average of these rates is the normal cost rate. The unfunded actuarial accrued liability reflects the difference between the portion of projected benefits attributable to service credited prior to the valuation date and assets already accumulated.
- C. Valuation of Assets — For purposes of calculating the Total OPEB Liability, the plan is considered to be unfunded and therefore no assets are accumulated for OPEB.
- D. Supplemental Death Benefit — The contribution rate for the Supplemental Death Benefit (SDB) is equal to the expected benefit payments during the upcoming year divided by the annualized pay of current active members, and it is calculated separately for actives and retirees. The 2026 SDB rate for retiree coverage is equal to 110% of the expected term cost. The SDB rate for active coverage is equal to 150% of the expected term cost.
- E. Changes in Actuarial Assumptions and Methods — Mortality assumptions were modified as of December 31, 2019 valuation. In addition, premiums for retirees are based on full \$7,500 benefit versus the \$2,500 previously used. A credit is granted against premiums for active employees equal to 2% of the SDB Fund balance as of the valuation date expressed as a percentage of payroll.

Benefit Provisions

- A. Participation in SDBF — Participation in the SDBF is optional and may be rescinded. Each municipality that chooses to participate can elect to cover just active members, or both active and retired members.
- B. Benefit Eligibility — Benefits are payable if the death occurs during the period in which a municipality has elected to participate in the SDBF. For retirees who had service with multiple TMRS employers, benefits are payable only if the municipality from which the member retired participates in the SDBF when the death occurs.
- C. Benefit Amount — 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 a fixed amount of \$7,500.

Discount rate. The discount rate used to measure the Total OPEB Liability was 4.08%. The projection of cash flows used to determine the discount rate assumed that employee and employer contributions will be made at the rates specified in statute.

	<u>Total OPEB Liability</u>
Balance at 12/31/2023	\$ 15,998
Changes for the year:	
Service cost	1,236
Interest on total OPEB liability	623
Change of benefit terms	-
Difference between expected and actual experience	1,586
Changes of assumptions and other inputs	(946)
Benefit payments, including refunds of employee contributions	(184)
Other changes	-
Net changes	<u>2,315</u>
Balance at 12/31/2024	<u>\$ 18,313</u>

Sensitivity of the total OPEB liability to changes in the discount rate. The following shows the total OPEB liability calculated using the discount rate of 4.08%, as well as what the City's total OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (3.08%) or 1 percentage point higher (5.08%) than the current rate.

	1% Increase in <u>Discount Rate (3.08%)</u>	<u>Discount Rate (4.08%)</u>	1% Increase in <u>Discount Rate (5.08%)</u>
Total OPEB liability	\$ 21,587	\$ 18,313	\$ 15,641

OPEB plan total liability. Detailed information about the OPEB plan's Total OPEB Liability is available in a separately-issued TMRS financial report. That report may be obtained on the Internet at www.tmr.com.

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

For the year ended September 30, 2025, the City recognized OPEB expense in the amount of \$1,594.

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

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual economic experience (net of current year amortization)	\$ 1,281	\$ 630
Changes in actuarial assumptions	1,122	4,195
Difference between projected and actual investment earnings (net of current year amortization)	-	-
Contributions subsequent to the measurement date	698	-
Total	<u>\$ 3,101</u>	<u>\$ 4,825</u>

\$698 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 net OPEB liability for the year ending September 30, 2025. Other amounts reported as deferred outflows and inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Fiscal Year Ending	
<u>September 30,</u>	
2026	\$ (734)
2027	(1,018)
2028	(883)
2029	188
2030	<u>25</u>
Total	<u>\$ (2,422)</u>

J. Health Care Coverage

During the year ended September 30, 2025, employees of the City were covered by a health insurance plan with the Texas Municipal League (TML). The contract between the City and TML is renewable October 1, 2025, and terms of coverage and premium costs are included in the contractual provisions. For the year ended September 30, 2025, the City paid premium costs of approximately \$11,000 per month in total.

K. Restricted Cash

At September 30, 2025, the City reported restricted cash of \$444,923. Restricted cash consists of amounts held in separate accounts that are restricted for specific purposes as follows:

Governmental Activities:

\$ 6,210	restricted for police department training
5,076	restricted for tourism
<u>236,566</u>	restricted for the use of rural development revolving loans
\$ 247,852	Total Restricted for Governmental Activities

Business-Type Activities:

\$ 78,822	restricted for debt service
74,251	restricted for construction and development
<u>43,998</u>	restricted for meter deposits
\$ 197,071	Total Restricted for Business-Type Activities

L. Cash Flow Information

For the year ended September 30, 2025, the City paid \$16,993 interest and fiscal charges from the enterprise fund.

M. Federal Grants

In the normal course of operations, the City receives grant funds from various Federal and State agencies. The grant programs are subject to audit by agents of the granting authority, the purpose of which is to ensure compliance precedent to the granting of funds. Any liability for reimbursement which may arise as the result of these audits is not believed to be material.

N. Commitments And Contingencies

The City is a party to a Public Property Finance Act contract as issuer “on behalf of the Omaha Park and Recreation Association”. The City acts as an agent to convey debt service payments on behalf of the “Association” and is contingently responsible that such debt is repaid.

Annual payments of approximately \$18,000 are scheduled. The outstanding balance of the contract is approximately \$94,533 as of September 30, 2025.

O. Litigation

No significant litigation was pending at September 30, 2025.

P. Reserved Fund Equity

Reservations of fund equity show amounts that are formally restricted for specific purposes. The purpose of each account is indicated by the account balance and designation on the face of the statement of net position.

Q. Transfers

During the year, the General Fund transferred (net) \$41,793 to the Proprietary Fund for water and sewer expenses paid out of General Fund.

R. Subsequent Events

The City has evaluated subsequent events through March 20, 2026, the date the financial statements were available to be issued.

CITY OF OMAHA, TEXAS
REQUIRED SUPPLEMENTARY INFORMATION

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

	Budgeted Amounts		Actual Amounts GAAP Basis	Variance with Final Budget Positive or Negative
	Original	Final		
REVENUES				
Property Taxes, Penalties and Interest	\$ 229,772	\$ 229,772	\$ 225,950	\$ (3,822)
Sales and Franchise Taxes	85,500	85,500	123,955	38,455
Fines and Fees	42,500	42,500	28,329	(14,171)
Home Grant Revenue	-	-	148,808 *	148,808
Investment Income	1,600	1,600	3,702	2,102
Other	-	-	14,592	14,592
Total Revenues	<u>359,372</u>	<u>359,372</u>	<u>545,336</u>	<u>185,964</u>
EXPENDITURES				
Current				
Community Development	4,000	4,000	2,835	1,165
Insurance	16,000	16,000	15,880	120
Other Expenses	50,650	50,650	59,901	(9,251)
Police Expenses	41,500	41,500	57,163	(15,663)
Public Safety - Fire	12,000	12,000	12,306	(306)
Repair and Fuel	24,000	24,000	31,272	(7,272)
Salaries and Benefits	136,258	136,258	163,690	(27,432)
Utilities	44,600	44,600	44,198	402
Home Grant Expense	-	-	148,808 *	(148,808)
Capital Outlay	-	-	6,819	(6,819)
Debt service				
Principal	9,684	9,684	9,684	-
Interest and Fees	2,316	2,316	2,316	-
Total Expenditures	<u>341,008</u>	<u>341,008</u>	<u>554,872</u>	<u>(213,864)</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>18,364</u>	<u>18,364</u>	<u>(9,536)</u>	<u>(27,900)</u>
	<u>18,364</u>	<u>18,364</u>	<u>(9,536)</u>	<u>(27,900)</u>
OTHER FINANCING SOURCES (USES)				
Operating Transfers In (Out)	-	-	(41,793) **	(41,793)
Contribution from EDC	-	-	10,000	10,000
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>(31,793)</u>	<u>(41,793)</u>
Net Change in Fund Balance	18,364	18,364	(41,329)	(59,693)
Fund Balance, Beginning of Year	288,940	288,940	288,940	-
Fund Balance, End of Year	<u>\$ 307,304</u>	<u>\$ 307,304</u>	<u>\$ 247,611</u>	<u>\$ (59,693)</u>

*The City did not budget for Home Grant Revenues and Expenditures.

**The City transferred costs for water and sewer repairs that were paid for using General Fund funds.

CITY OF OMAHA, TEXAS
 REQUIRED SUPPLEMENTARY INFORMATION
 TEXAS MUNICIPAL RETIREMENT SYSTEM (TMRS)
 SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
 Last 10 Years

	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025
	Plan year 2015	Plan year 2016	Plan year 2017	Plan year 2018	Plan year 2019	Plan year 2020	Plan year 2021	Plan Year 2022	Plan Year 2023	Plan Year 2024
Total Pension (Asset) Liability										
Service cost	\$ 13,154	\$ 14,336	\$ 15,054	\$ 15,076	\$ 14,770	\$ 13,933	\$ 15,191	\$ 17,169	\$ 16,697	\$ 18,337
Interest (on the Total Pension Liability)	15,905	16,573	18,341	20,246	21,897	23,051	24,427	26,253	24,945	26,589
Change of benefit terms										
Difference between expected and actual experience	(9,201)	1,035	928	(1,540)	(3,854)	1,576	2,384	(47,553)	(508)	(2,374)
Change of assumptions	7,153								(2,923)	
Benefit payments, including refunds to employees	(12,498)	(6,108)	(6,108)	(6,108)	(12,240)	(19,153)	(18,475)	(13,386)	(16,646)	(12,699)
Net Change in Total Pension Liability	14,513	25,836	28,215	27,674	20,573	19,407	23,527	(17,517)	21,565	29,853
Total Pension Liability - Beginning	226,892	241,405	267,241	295,456	323,130	344,092	363,517	387,044	369,527	391,092
Total Pension Liability - Ending (a)	241,405	267,241	295,456	323,130	343,703	363,499	387,044	369,527	391,092	420,945
Plan Fiduciary Net Position										
Contributions - employer	\$ 9,166	\$ 9,646	\$ 10,954	\$ 11,217	\$ 11,280	\$ 10,553	\$ 10,857	\$ 13,015	\$ 12,511	\$ 13,154
Contributions - employee	9,729	10,110	10,616	10,632	10,641	10,275	11,056	12,514	12,099	13,154
Net investment income	324	11,169	26,337	(6,946)	37,218	21,825	40,535	(25,903)	39,517	40,392
Benefit payments, including refunds to employees	(12,498)	(6,108)	(6,108)	(6,108)	(12,240)	(19,135)	(18,475)	(13,386)	(16,646)	(12,699)
Administrative expense	(143)	(126)	(136)	(134)	(210)	(141)	(187)	(224)	(251)	(258)
Other changes	(7)	(7)	(7)	(7)	(6)	(6)	1	267	(2)	(6)
Net Change in Plan Fiduciary Net Position	6,571	24,684	41,656	8,654	46,683	23,371	43,787	(13,717)	47,228	47,792
Plan Fiduciary Net Position - Beginning	158,613	165,094	189,778	231,434	240,088	286,772	310,143	353,930	340,213	387,442
Plan Fiduciary Net Position - Ending (b)	165,184	189,778	231,434	240,088	286,771	310,143	353,930	340,213	387,441	435,234
Net Pension (Asset) Liability - Ending (a) - (b)	\$ 76,221	\$ 77,463	\$ 64,022	\$ 83,042	\$ 56,932	\$ 53,356	\$ 33,114	\$ 29,314	\$ 3,651	\$ (14,289)
Plan Fiduciary Net Position as a Percentage of Total Pension Liability										
	68.43%	71.01%	78.33%	74.30%	83.44%	85.32%	91.44%	92.07%	99.07%	103.39%
Covered Employee Payroll										
	\$ 194,586	\$ 202,196	\$ 212,328	\$ 212,635	\$ 212,822	\$ 205,505	\$ 221,116	\$ 230,272	\$ 241,982	\$ 263,081
Net Pension (Asset) Liability as a Percentage of Covered Employee Payroll										
	39.17%	38.31%	30.15%	39.05%	26.75%	25.96%	14.98%	11.71%	1.51%	-5.43%

Note: Ten years of data is presented in accordance with GASB #68, paragraph 138.

CITY OF OMAHA, TEXAS
REQUIRED SUPPLEMENTARY INFORMATION
TEXAS MUNICIPAL RETIREMENT SYSTEM (TMRS)
SCHEDULE OF CONTRIBUTIONS
 Last 10 Fiscal Years

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Actuarially Determined Contribution	\$ 9,166	\$ 9,646	\$ 10,954	\$ 11,217	\$ 11,670	\$ 10,553	\$ 10,857	\$ 12,194	\$ 8,044	\$ 5,973
Contributions in relation to the actuarially determined contribution	(9,166)	(9,646)	(10,954)	(11,217)	(11,670)	(10,553)	(10,857)	(12,194)	(8,044)	(5,973)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered employee payroll	\$ 194,586	\$ 202,196	\$ 212,328	\$ 212,635	\$ 187,213	\$ 205,505	\$ 221,116	\$ 250,272	\$ 246,393	\$ 274,921
Contributions as a percentage of covered employee payroll	4.71%	4.77%	5.16%	5.28%	6.23%	5.14%	4.91%	4.87%	3.26%	2.17%

Note: GASB #68, paragraph 81.2.b requires that the data in this schedule be presented as of the City's fiscal year as of the time period covered by the measurement date.

Note: Ten years of data is presented in accordance with GASB #68, paragraph 138.

Notes to Schedule of Contributions

Valuation Date:

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

Methods and Assumptions Used to Determine Contribution Rates:

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

CITY OF OMAHA, TEXAS
 REQUIRED SUPPLEMENTARY INFORMATION
 TEXAS MUNICIPAL RETIREMENT SYSTEM (TMRS)
 SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY AND RELATED RATIOS
 Last 10 Years (will ultimately be displayed)

	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025
	Plan year 2017	Plan year 2018	Plan year 2019	Plan year 2020	Plan year 2021	Plan year 2022	Plan Year 2023	Plan Year 2024
Total OPEB Liability	\$ 913	\$ 1,042	\$ 830	\$ 1,069	\$ 1,481	\$ 1,777	\$ 968	\$ 1,236
Service cost	282	314	377	407	368	375	590	623
Interest (on the Total OPEB Liability)	-	-	-	-	-	-	-	-
Change of benefit terms	-	120	512	(415)	(413)	(371)	(358)	1,586
Difference between expected and actual experience	748	(702)	2,807	2,383	571	(7,040)	798	(946)
Change of assumptions	-	-	-	-	(133)	(150)	(169)	(184)
Benefit payments, including refunds of employee contributions	1,943	774	4,526	3,444	1,874	(5,409)	1,829	2,315
Net Change in Total OPEB Liability	7,017	8,960	9,734	14,260	17,704	19,578	14,169	15,998
Total OPEB Liability - Beginning	8,960	9,734	14,260	17,704	19,578	14,169	15,998	18,313
Total OPEB Liability - Ending	\$ 212,328	\$ 212,635	\$ 212,822	\$ 205,505	\$ 221,116	\$ 250,272	\$ 241,982	\$ 263,081
Covered Employee Payroll								
Net Pension OPEB Liability as a Percentage of Covered Employee Payroll	4.22%	4.58%	6.70%	8.61%	8.85%	5.66%	6.61%	6.96%

Note: Only eight years of data is presented in accordance with GASB #68, paragraph 138. "The information for all periods for the 10 year schedules that are required to be presented as required supplementary information may not be available initially. In these cases, during the transition period, that information should be presented for as many periods as are available."

***CITY OF OMAHA, TEXAS
REPORT ON COMPLIANCE AND INTERNAL CONTROLS***



**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENTAL AUDITING STANDARDS***

Independent Auditor's Report

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

Members of the Council:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Omaha, 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 20, 2026.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City of Omaha, Texas' 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 opinion 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 have not been 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 entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "Wilf & Henderson, P.C." in a cursive style.

WILF & HENDERSON, P.C.
Certified Public Accountants
Texarkana, Texas

March 20, 2026

**CITY OF OMAHA, TEXAS
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED SEPTEMBER 30, 2025**

I. Summary of the Auditor's Results:

- a. The auditor's report expresses an unmodified opinion on whether the financial statements of the City of Omaha, Texas were prepared in accordance with GAAP.
- b. No significant deficiencies or material weaknesses relating to the audit of the financial statements are reported in the report on internal control over financial reporting and on compliance and other matters required by the GAO's *Government Auditing Standards*.
- c. No instances of noncompliance material to the financial statements of the City of Omaha, Texas were disclosed during the audit.

II. Findings – Financial Statement Audit

No findings were required to be reported.

**CITY OF OMAHA, TEXAS
SCHEDULE OF STATUS OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED SEPTEMBER 30, 2025**

No findings in the prior year.