



**City of Center
Economic Development Corporation**

FINANCIAL STATEMENTS

September 30, 2025



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INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and City Council
City of Center
Center, Texas

Opinions

We have audited the accompanying consolidated financial statements of City of Center Economic Development Corporation (a nonprofit organization) a component unit of the City of Center, Texas as of and for the year ended September 30, 2025, and the related notes to the 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 and general fund of the City of Center Economic Development Corporation as of September 30, 2025, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis of Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Corporation 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; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City of Center Economic Development Corporation's ability to continue as a going concern for the next year.

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 opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgement made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

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

Emphasis of Matter

As discussed in Note 1, the financial statements present only the City of Center Economic Development Corporation Fund and do not purport to, and do not present fairly the financial position of the City of Center, Texas as of September 30, 2025, the changes in its financial position, for the year ended in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

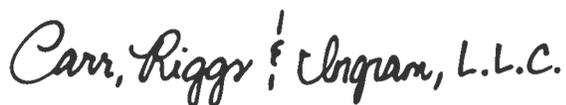
Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Center Economic Development Corporation's basic financial statements. The project schedule is presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

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.



CARR, RIGGS & INGRAM, L.L.C.

Lufkin, Texas
March 9, 2026

**City of Center
Economic Development Corporation
Management's Discussion and Analysis**

As management of the City of Center, Texas, we offer readers of the City of Center Economic Development Corporation's financial statements this narrative overview and analysis of the financial activities of the City of Center Economic Development Corporation "EDC" for the fiscal year ended September 30, 2025. Please read it in conjunction with the financial statements and accompanying notes.

Overview of the Financial Statements

The annual financial report consists of two parts: Management's Discussion and Analysis (this section) and the basic financial statements. City of Center EDC is a self-supporting entity and uses a governmental fund to report operations.

The governmental fund statements explain how general services were financed in the short term as well as what remains for future spending.

The government-wide financial statements provide both long-term and short-term information about the EDC's overall financial status. The government-wide statements are presented in a manner similar to a private business, such as real estate development, investment banking, commercial lending, construction management and private consulting. The statement of net position includes all the EDC's assets and liabilities. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

Financial Highlights

- The net position of the EDC exceeded its liabilities at the close of the most recent fiscal year by \$1,287,717.
- As of the close of this fiscal year, the EDC reports an ending net position of \$1,287,717, this is an increase of \$209,690 from the prior year. The increase is the result of the incentives in development agreements with Portacool decreasing in the current year.

The following table provides a summary of the EDC's net position:

	2025	2024	CHANGE	% CHANGE
Cash	\$ 1,214	\$ 1,281	\$ (67)	-5.23%
Investments	825,473	571,073	254,400	44.55%
Due from State	43,095	43,847	(752)	-1.72%
Notes Receivable	124,908	169,254	(44,346)	-26.20%
Accrued Interest Receivable	3,497	3,042	455	14.96%
Capital Assets	289,530	289,530	-	0.00%
TOTAL ASSETS	1,287,717	1,078,027	209,690	19.45%
Net Investment in Capital Assets	289,530	289,530	-	0.00%
Unrestricted Net Position	998,187	788,467	209,720	26.60%
TOTAL NET POSITION	\$ 1,287,717	\$ 1,077,997	\$ 209,720	19.45%

**City of Center
Economic Development Corporation
Management's Discussion and Analysis (Continued)**

The following table provides a summary of the EDC's changes in net position:

	2025	2024	CHANGE	% CHANGE
Revenues:				
Sales tax	\$ 547,992	\$ 531,872	\$ 16,120	3.03%
Interest	30,226	81,625	(51,399)	-62.97%
TIF loan interest	3,878	4,588	(710)	-15.48%
TOTAL REVENUES	582,096	618,085	(35,989)	-5.82%
Expenses:				
Administration	30,000	30,000	-	0.00%
Contractual	6,990	6,900	90	1.30%
Sundry	416	1,855	(1,439)	-77.57%
Incentives	335,000	2,398,850	(2,063,850)	-86.03%
TOTAL EXPENSES	372,406	2,437,605	(2,065,199)	-84.72%
CHANGE IN NET POSITION	209,690	(1,819,520)	2,029,210	-111.52%
Beginning Net Position	1,078,027	2,897,547	(1,819,520)	-62.80%
ENDING NET POSITION	\$ 1,287,717	\$ 1,078,027	\$ 209,690	19.45%

Government-Wide Financial Analysis

Net Position. The net position of the EDC is \$1,287,717 which is an increase of \$209,690 from the prior year. In 2011, the EDC was the lending entity on a loan agreement for financing improvements within the City's Tax Increment Reinvestment Zone #1, reflected in note receivable with a current balance of \$104,908. In 2014, the note was refinanced to extend the terms and reduce the annual payment amount.

Fund Financial Analysis

Fund Balance. The fund balance of the EDC at the close of the fiscal year is \$998,187. This is an \$209,690 increase from last year's fund balance of \$788,497. The current fund balance includes \$104,908 as the balance due to the EDC on the Tax Increment Financing District loan and is not liquid. Cash and investments totaling \$826,687 comprise the majority of the fund balance and are completely liquid.

Operating Activities. This year's operating activities increased the EDC's net position by \$209,690. Key elements of this increase are as follows:

Revenues from sales taxes and interest increased by \$16,120 (3.03%) from the prior.

Expenses of the EDC decreased \$2,065,199 from the prior year, due to lower incentive payments.

**City of Center
Economic Development Corporation
Management's Discussion and Analysis (Continued)**

Debt and Capital Assets:

Capital Assets. The EDC currently had capital assets consisting of:

	2025	2024	CHANGE	% CHANGE
Land and Improvements	\$ 289,530	\$ 289,530	\$ -	0.00%
TOTAL CAPITAL ASSETS	\$ 289,530	\$ 289,530	\$ -	0.00%

Program Commitments. The EDC currently has business development, workforce development and improvement commitments to Portacool for \$2,000,000 over the next ten years.

Long-Term Debt. The EDC currently has \$-0- in outstanding debt.

Economic Factors and Next Year's Budgets and Rates

- The unemployment rate as of August 2025 for Shelby County, according to Texas Workforce Commission statistics is 5.7%. The corresponding unemployment rates for August 2025 according to the Texas Workforce Commission is 4.7% for the State of Texas and 4.1% for the Deep East Texas Region.
- The ¼% sales tax receipts remitted to the 4(A) Economic Development Corporation for the current fiscal year totaled \$547,992. This amount is an increase of \$16,120 (3.03%) from the previous year.
- Economic trends in the area lag behind state and nation trends due to transferred oil and gas industry activity. However, the City has met some success in retaining and recruiting major employers.

All of these factors were considered in preparing the EDC's budget for the 2026 fiscal year.

Requests for Information

This financial report is designed to provide a general overview of the City of Center EDC for all those with an interest in the EDC's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the City of Center Economic Development Corporation, P. O. Box 1744, 617 Tenaha Street, Center, Texas, 75935-1744.

City of Center
Economic Development Corporation
Governmental Fund Balance Sheet/Statement of Net Position

	GENERAL FUND	ADJUSTMENTS	STATEMENT OF NET POSITION
ASSETS			
Current Assets			
Cash	\$ 1,214	\$ -	\$ 1,214
Investments	825,473	-	825,473
Due from State	43,095	-	43,095
Notes Receivable	124,908	-	124,908
Accrued Interest Receivable	3,497	-	3,497
TOTAL CURRENT ASSETS	998,187	-	998,187
Non Current Assets			
Land and Improvements	-	289,530	289,530
TOTAL ASSETS	\$ 998,187	\$ 289,530	\$ 1,287,717
LIABILITIES			
Accounts Payable	\$ -	\$ -	\$ -
TOTAL LIABILITIES	-	-	-
FUND BALANCE/NET POSITION			
Unassigned	998,187	(998,187)	-
TOTAL FUND BALANCE	998,187	(998,187)	-
Net Investment in Capital Assets		289,530	289,530
Unrestricted	-	998,187	998,187
TOTAL NET POSITION	-	1,287,717	1,287,717
TOTAL LIABILITY AND FUND BALANCE/NET POSITION	\$ 998,187	\$ 289,530	\$ 1,287,717

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

City of Center
Economic Development Corporation
Statement of Governmental Fund Revenues, Expenditures and
Changes in Fund Balance/Statement of Activities

	GENERAL FUND	ADJUSTMENTS	STATEMENT OF NET POSITION
Revenues:			
Sales Tax	\$ 547,992	\$ -	\$ 547,992
TOTAL REVENUES	<u>547,992</u>	<u>-</u>	<u>547,992</u>
Expenditures:			
Administration	30,000	-	30,000
Contractual	6,990	-	6,990
Sundry	416	-	416
Incentives	335,000	-	335,000
TOTAL EXPENDITURES	<u>372,406</u>	<u>-</u>	<u>372,406</u>
NET OPERATING INCOME	<u>175,586</u>	<u>-</u>	<u>175,586</u>
Other Financing Sources (Uses):			
Interest Income	30,226	-	30,226
TIF Loan Interest	3,878	-	3,878
TOTAL OTHER FINANCING SOURCES (USES)	<u>34,104</u>	<u>-</u>	<u>34,104</u>
CHANGE IN NET FUND BALANCE/NET POSITION	209,690	-	209,690
Beginning Fund Balance/Net Position	788,497	289,530	1,078,027
ENDING FUND BALANCE/NET POSITION	<u>\$ 998,187</u>	<u>\$ 289,530</u>	<u>\$ 1,287,717</u>

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

**City of Center
Economic Development Corporation
Notes to the Financial Statements**

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the City of Center Economic Development Corporation "the Corporation" conform to accounting principles generally accepted in the United States of America as applicable to governmental units.

Reporting Entity

The Corporation was organized in 1995 and is a component unit of the City of Center "(City)". The Corporation is a 4A nonprofit industrial development corporation specifically governed by the Development Corporation Act. The purpose of the Corporation is to promote, assist, and enhance economic development.

Measurement Focus, Basis of Accounting and Financial Statement Presentation

The Corporation uses only governmental funds to report their operations and are engaged in a single program. For this reason, the Corporation has combined their fund financial statements and their government-wide financial statements by providing a columnar (line-by-line) reconciliation on the face of the financial statements.

Government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

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

The following governmental fund is reported:

The *general fund* is the primary operating fund. It accounts for all financial resources.

Note 2: DEPOSITS AND INVESTMENTS

The Corporation is authorized to invest in securities that are listed in Texas House Bill 2459, *Public Funds Investment Act of 1995*.

The Corporation's deposits were fully insured or collateralized as required at September 30. At year end, the carrying amount of deposits in the Corporation's operating account was \$1,214 and the respective bank balance totaled \$1,214.

**City of Center
Economic Development Corporation
Notes to the Financial Statements (Continued)**

Note 2: DEPOSITS AND INVESTMENTS (Continued)

The Corporation's investments as of September 30 are:

	CARRYING AMOUNT	MARKET VALUE	WEIGHTED AVERAGE MATURITY	RATING
Local Government Investment Cooperative (LOGIC)	\$ 825,473	\$ 825,473	31	AAAm

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value. The Corporation concentrates its investments on short-term investments in order to limit market risk caused by changes in interest rates. The maximum allowed maturity of an investment by the Corporation is three years.

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits. The Corporation's depository fully collateralizes the Corporation's deposits as outlined above.

Note 3: DUE FROM STATE

Due from State is the amount due the Corporation for September 2025 sales tax remitted by the State in October 2025.

Note 4: NOTES RECEIVABLE

On February 1, 2015, the Corporation loaned the Tax Increment Reinvestment Zone #1 up to \$450,000 to be repaid over 15 years at 3% interest, with final payment due February 1, 2029. As of September 30, the City has \$104,908 outstanding.

On April 1, 2016, the Corporation loaned a local agricultural company \$200,000 to be repaid over 10 years as a forgivable grant if all compliance obligations are met annually at 5% interest, with final payment due April 1, 2026. As of September 30, the Corporation has \$20,000 outstanding. The repayment is scheduled as follows:

2026	\$	25,076	\$	20,000
2027		25,828		-
2028		26,603		-
2029		27,401		-
2030		-		-
TOTAL RECEIVABLE	\$	104,908	\$	20,000

Note 5: ADMINISTRATION

The Corporation made payments to City of Center in the amount of \$30,000 for administration.

Note 6: SUBSEQUENT EVENTS

Management has evaluated subsequent events through March 9, 2026, the date the financial statements were available to be issued.

**City of Center
Economic Development Corporation
Notes to the Financial Statements (Concluded)**

Note 7: COMMITMENTS

On March 10, 2025, the Corporation approved an agreement with PORTACOOOL to incentivize job creation and plan expansion, following the fire at the plan on June 17, 2023, with a package of assistance of \$2,000,000 payable over 10 years based on a formula of jobs created with a limit of \$200,000 in assistance annually.

City of Center
Economic Development Corporation
Budgetary Comparison Schedule (Cash Basis) – General Fund

	ORIGINAL AND FINAL BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
Receipts:			
Economic Development Sales Tax	\$ 547,000	\$ 547,992	\$ 992
Interest Income	18,200	30,226	12,026
Loan Receipts	4,587	3,878	(709)
TOTAL RECEIPTS	<u>569,787</u>	<u>582,096</u>	<u>12,309</u>
Disbursements:			
Administration	30,000	30,000	-
Contractual	134,300	6,990	127,310
Sundry	11,000	416	10,584
Maintenance	3,000	-	3,000
Incentive	240,000	335,000	(95,000)
TOTAL DISBURSEMENTS	<u>418,300</u>	<u>372,406</u>	<u>45,894</u>
TOTAL CHANGE	<u>\$ 151,487</u>	<u>\$ 209,690</u>	<u>\$ (33,585)</u>

See independent auditor's report.

**City of Center
Economic Development Corporation
Project Schedule**

PROJECT	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	TOTAL
Business Assistance Projects	\$ 286,325	\$ 41,242	\$ 27,081	\$ -	\$ 75,000	\$ 35,069	\$ 52,011	\$ 30,000	\$ 298,850	\$ 335,000	\$ 1,180,578
Broadband Project	-	-	-	-	-	32,494	-	1,050,000	2,100,000	-	3,182,494
TOTAL PROJECTS	\$ 286,325	\$ 41,242	\$ 27,081	\$ -	\$ 75,000	\$ 67,563	\$ 52,011	\$ 1,080,000	\$ 2,398,850	\$ 335,000	\$ 4,363,072

See independent auditor's report.