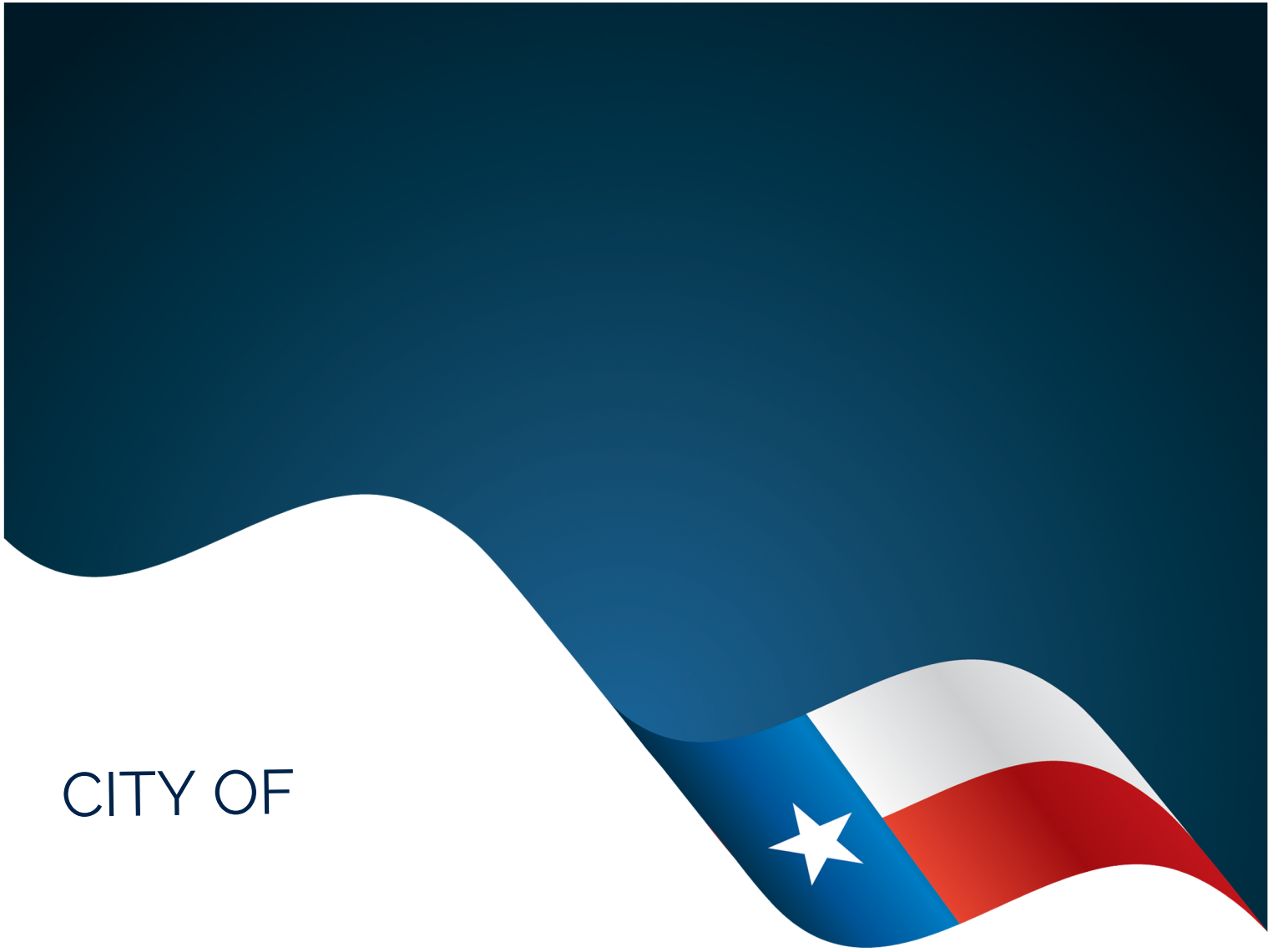


CITY OF



2025 ANNUAL FINANCIAL REPORT

FOR FISCAL YEAR ENDED
SEPTEMBER 30, 2025

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ANNUAL FINANCIAL REPORT

of the

City of Giddings, Texas

**For the Year Ended
September 30, 2025**

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City of Giddings, Texas

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September 30, 2025

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INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor and
Members of the City Council
City of Giddings, Texas:

Report on the Audit of the Financial Statements

Opinions

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

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

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). 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 City of Giddings, Texas and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for one year after the date that the financial statements are issued.

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS, we:

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

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

Emphasis of Matter

As discussed in Note V.G. to the financial statements, the City restated the beginning net position/fund balance of governmental activities, business-type activities, and the water fund due to prior year accounting errors and implementation of new accounting standard – GASB 101, *Compensated Absences*. Our opinion is not modified with respect to these matters.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, schedule of changes in net pension liability and related ratios, schedule of employer contributions to pension plan, schedule of changes to the OPEB liability, and general fund 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's basic financial statements. The combining and individual nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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



BrooksWatson & Co.
Certified Public Accountants
Houston, Texas
May 18, 2026

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***MANAGEMENT'S DISCUSSION
AND ANALYSIS***

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City of Giddings, Texas

MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)

September 30, 2025

As management of the City of Giddings, Texas (the "City"), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended September 30, 2025.

Financial Highlights

- The assets and deferred outflows of the City exceeded its liabilities and deferred inflows (net position) at September 30, 2025 by \$20,943,357.
- The City's total net position increased by \$831,140. The majority of the City's net position is invested in capital assets.
- The City's governmental funds reported combined ending fund balances of \$3,666,306 at September 30, 2025, a decrease of \$467,600 from the prior fiscal year; this includes a decrease of \$563,543 in the general fund, a decrease of \$8,223 in the debt service fund, an increase of \$212,325 in the capital projects fund, and a decrease of \$108,159 in the nonmajor governmental funds.
- The City's net pension liability decreased by \$313,703 compared to the prior fiscal year. The net pension liability outstanding at the close of the fiscal year was \$3,258,235.

Overview of the Financial Statements

The discussion and analysis provided here are intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements consist of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) the notes to financial statements. This report also includes supplementary information intended to furnish additional detail to support the basic financial statements themselves.

Government-Wide Statements

The *government-wide financial statements* are designed to provide readers with a broad overview of the City's finances, in a manner similar to a private-sector business.

The *statement of net position* presents information on all of the City's assets, liabilities, and deferred inflows/outflows with the difference reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating. Other non-financial factors, such as the City's property tax base and the condition of the City's infrastructure, need to be considered in order to assess the overall health of the City.

The *statement of activities* presents information showing how the City's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving

City of Giddings, Texas

MANAGEMENT'S DISCUSSION AND ANALYSIS, *Continued*

September 30, 2025

rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the City include general government, public safety, public works, and culture and recreation. The business-type activities of the City include electric, water, sewer and refuse operations.

The government-wide financial statements include not only the City itself (known as the *primary government*), but also the legally separate Giddings Economic Development Corporation for which the City is financially accountable. Financial information for this component unit is reported separately from the financial information presented for the primary government itself.

The government-wide financial statements can be found on pages 20 through 23 of this report.

FUND FINANCIAL STATEMENTS

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

Governmental Funds

Governmental funds are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in assessing a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

City of Giddings, Texas

MANAGEMENT'S DISCUSSION AND ANALYSIS, *Continued*

September 30, 2025

The City maintains eleven individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund, debt service fund, and capital projects fund, which are considered to be major funds. The City's special revenue funds are considered nonmajor for reporting purposes.

The City adopts an annual appropriated budget for its general, hotel tax, and utility funds. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with the budget.

The basic governmental fund financial statements can be found on pages 24 through 27 of this report.

Proprietary Funds

The City maintains one type of proprietary fund. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The City uses an enterprise fund to account for its electric, water, sewer and sanitation operations. All activities associated with providing such services are accounted for in this fund, including administration, operation, maintenance, debt service, capital improvements, meter maintenance, billing and collection. The City's intent is that costs of providing the services to the general public on a continuing basis is financed through user charges in a manner similar to a private enterprise.

Proprietary financial statements provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the electric, water, sewer, and refuse fund since it is considered a major fund of the City.

The basic proprietary fund financial statements can be found on pages 28 through 37 of this report.

Component Unit

The City maintains the accounting and financial statements for one component unit. The Giddings Economic Development Corporation is reported as a discretely presented component unit on the government-wide financial statements.

Notes to Financial Statements

The notes provide additional information that is necessary to acquire a full understanding of the data provided in the government-wide and fund financial statements.

The notes to the financial statements can be found on pages 39 through 75 of this report.

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

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents *required supplementary information* concerning the City's progress in funding its obligation to provide pension benefits to its employees and budgetary comparison for the general fund. Required supplementary information can be found on page 82 through 89 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted previously, net position may serve over time as a useful indicator of the City's financial position. For the City of Giddings, assets and deferred outflows exceeded liabilities and deferred inflows by \$20,943,357 as of September 30, 2025, in the primary government.

The largest portion of the City's net position, \$16,537,562, reflects its investments in capital assets (e.g., land, city hall, police station, streets, and drainage systems, as well as public works facilities, utility infrastructure and equipment), less any debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the assets themselves cannot be used to liquidate these liabilities.

Current and other assets for business-type activities increased by \$3,693,876, or 81%, primarily due to greater cash on hand, resulting from nonrecurring transfers in from the capital projects fund.

Capital assets for governmental activities increased \$2,775,599, or 47%, primarily due to cash outflows for capital improvements during the year.

Other liabilities for the primary government increased by \$333,979, or 27%, primarily due to nonrecurring outstanding payables for capital improvements and timing of repayments subsequent to yearend.

Net pension liability for the primary government decreased by \$313,703, or 9%, primarily due to pension actuarial changes in assumptions during the year.

Long-term liabilities for governmental activities increased by \$5,957,709, or over 100%, primarily due to new debt issuances in the current year.

Long-term liabilities for business-type activities decreased by \$1,043,058, or 13%, primarily due to principal payments made towards debt in the current year.

City of Giddings, Texas
MANAGEMENT'S DISCUSSION AND ANALYSIS, Continued
September 30, 2025

Total deferred outflows of the primary government decreased and total deferred inflows of the primary government decreased by \$392,088 and \$126,045, respectively. These changes are strictly due to actuarial changes in the City's pension inputs over the course of the year.

Statement of Net Position:

The following table reflects the condensed Statement of Net Position:

	2025			2024		
	Governmental	Business-Type	Total	Governmental	Business-Type	Total
	Activities	Activities		Activities	Activities	
Current and						
other assets	\$ 5,134,319	\$ 8,268,761	\$ 13,403,080	\$ 5,398,914	\$ 4,574,885	\$ 9,973,799
Capital assets, net	8,676,231	17,404,425	26,080,656	5,900,632	17,613,265	23,513,897
component unit	197,427	428,940	626,367	79,450	368,986	448,436
Internal balances	948,338	(948,338)	-	1,190,376	(1,190,376)	-
Total Assets	14,956,315	25,153,788	40,110,103	12,569,372	21,366,760	33,936,132
Total Def. Outflows	769,058	289,596	1,058,654	1,079,222	371,520	1,450,742
Other liabilities	633,767	926,584	1,560,351	526,860	699,512	1,226,372
Net pension liability	2,504,226	754,009	3,258,235	2,787,465	784,473	3,571,938
Long-term liabilities	7,923,885	7,211,572	15,135,457	1,966,176	8,254,630	10,220,806
Total Liabilities	11,061,878	8,892,165	19,954,043	5,280,501	9,738,615	15,019,116
Total Def. Inflows	208,561	62,796	271,357	113,399	31,913	145,312
Net Position:						
Net investment in						
capital assets	1,071,177	15,466,385	16,537,562	4,209,734	10,468,073	14,677,807
Restricted	1,358,484	-	1,358,484	1,265,609	-	1,265,609
Unrestricted	2,025,273	1,022,038	3,047,311	2,779,351	1,499,679	4,279,030
Total Net Position	\$ 4,454,934	\$ 16,488,423	\$ 20,943,357	\$ 8,254,694	\$ 11,967,752	\$ 20,222,446

City of Giddings, Texas
MANAGEMENT'S DISCUSSION AND ANALYSIS, Continued
September 30, 2025

Statement of Activities:

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

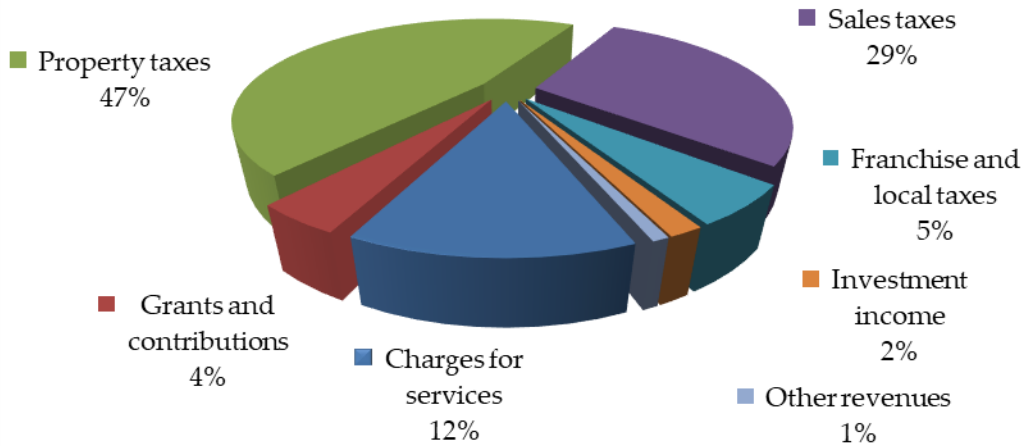
	For the Year Ended September 30, 2025			For the Year Ended September 30, 2024		
	Governmental Activities	Business-Type Activities	Total primary Government	Governmental Activities	Business-Type Activities	Total primary Government
Revenues						
Program revenues:						
Charges for services	\$ 875,368	\$ 10,603,615	\$ 11,478,983	\$ 775,766	\$ 10,095,019	\$ 10,870,785
Grants and contributions	430,348	199,464	629,812	140,895	373,032	513,927
General revenues:						
Property taxes	3,315,652	-	3,315,652	2,786,384	-	2,786,384
Sales taxes	2,051,328	-	2,051,328	1,973,184	-	1,973,184
Franchise and local taxes	381,509	-	381,509	324,292	-	324,292
Investment income	112,509	197,768	310,277	137,483	118,297	255,780
Other revenues	54,437	250,388	304,825	7,408	288,309	295,717
Total Revenues	7,221,151	11,251,235	18,472,386	6,145,412	10,874,657	17,020,069
Expenses						
General government	1,941,732	-	1,941,732	1,862,579	-	1,862,579
Public safety	3,589,219	-	3,589,219	3,609,352	-	3,609,352
Public works	618,742	-	618,742	641,653	-	641,653
Culture and recreation	2,076,548	-	2,076,548	1,719,226	-	1,719,226
Interest and fiscal charges	448,806	256,131	704,937	89,974	277,650	367,624
Public utilities	-	8,710,068	8,710,068	-	8,284,227	8,284,227
Total Expenses	8,675,047	8,966,199	17,641,246	7,922,784	8,561,877	16,484,661
Change in Net Position						
Before Transfers	(1,453,896)	2,285,036	831,140	(1,777,372)	2,312,780	535,408
Transfers in (out)	(2,235,635)	2,235,635	-	1,762,994	(1,762,994)	-
Total	(2,235,635)	2,235,635	-	1,762,994	(1,762,994)	-
Change in Net Position	(3,689,531)	4,520,671	831,140	(14,378)	549,786	535,408
Beginning net position *	8,144,465	11,967,752	* 20,112,217	8,269,072	11,417,966	19,687,038
Ending Net Position	\$ 4,454,934	\$ 16,488,423	\$ 20,943,357	\$ 8,254,694	\$ 11,967,752	\$ 20,222,446

* Includes restatement for New Acct. Standard GASB 101

City of Giddings, Texas
MANAGEMENT'S DISCUSSION AND ANALYSIS, Continued
September 30, 2025

Graphic presentations of selected data from the summary tables are displayed below to assist in the analysis of the City's activities.

Governmental Activities - Revenues

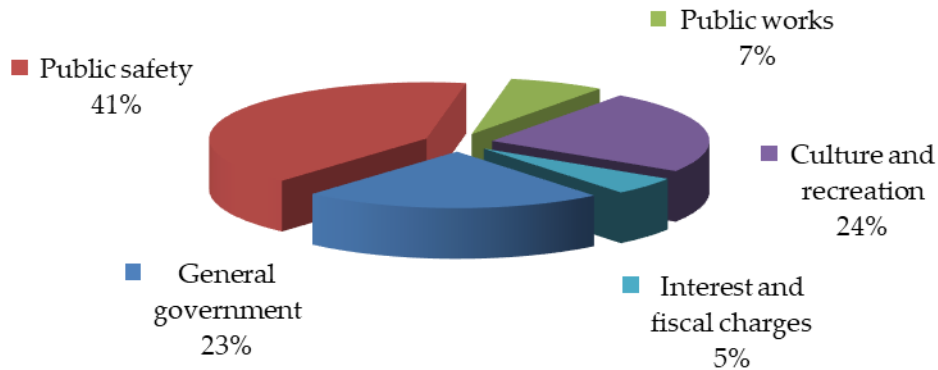


For the year ended September 30, 2025, revenues from governmental activities totaled \$7,221,151. Property tax and sales tax are the City's largest general revenue sources. Overall revenues increased by \$1,075,739, or 18%, compared to the prior year. Charges for services increased by \$99,602, or 13%, primarily due to greater golf course membership and golf club merchandise sales in the current year. Grant revenues increased \$289,453, or over 100%, due to nonrecurring contributions from the Giddings VFD and Lower Colorado River Authority (LCRA) in the current year. Property taxes increased \$529,268, or 19%, due to an 8% increase in the tax rate and greater appraised property values. Franchise taxes/local taxes increased by \$57,217, or 18%, primarily due to an increase in utility service pole fees in the current year. Other revenues increased by \$47,029, or over 100%, primarily due to nonrecurring from sales of assets in the current year. All other revenues remained relatively consistent with the previous year.

City of Giddings, Texas
MANAGEMENT'S DISCUSSION AND ANALYSIS, Continued
September 30, 2025

This graph shows the governmental function expenses of the City:

Governmental Activities - Expenses

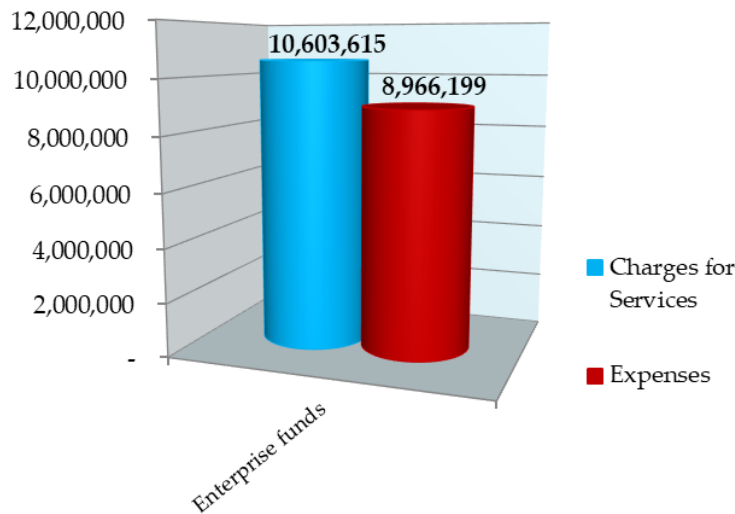


For the year ended September 30, 2025, expenses for governmental activities totaled \$8,675,047. This represents an increase of \$752,263, or 9%, from the prior year. The City's largest functional expense is public safety of \$3,589,219, which decreased by \$20,133, or 1%, and is considered minimal. Culture and recreation expenses increased by \$357,322, or 21%, primarily due to greater salaries/employee benefits, utilities, building repair and maintenance, pool maintenance, and golf course material/supply purchases in the current year. Interest and fiscal charges increased \$358,832, or over 100%, primarily due to issuance and interest costs related to new debt entered into during the year. All other expenses remained relatively stable over the course of the fiscal year.

City of Giddings, Texas
MANAGEMENT'S DISCUSSION AND ANALYSIS, Continued
September 30, 2025

Business-type activities are shown comparing operating costs to revenues generated by related services.

Business-Type Activities - Revenues and Expenses



For the year ended September 30, 2025, charges for services by business-type activities totaled \$10,603,615, an increase of \$508,596, or 5% which is considered relatively consistent with prior year. Customer consumption of utilities remained relatively consistent during the year. Grants and contributions decreased \$173,568, or 47%, due to nonrecurring Economic Development Agency grant funds received in the prior year.

For the year ended September 30, 2025, expenses for business-type activities totaled \$8,966,199, an increase of \$404,322, or 5%. Public utilities expense increased \$425,841, or 5%, primarily due to rising electricity wholesale costs, greater personnel costs related to wage increases and new hires, and greater asset depreciation in the current year. Interest and fiscal charges decreased by \$21,519, or 8%, primarily due to outstanding long-term debt approaching maturity.

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

As noted earlier, fund accounting is used to demonstrate and ensure compliance with finance-related legal requirements.

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

City of Giddings, Texas
MANAGEMENT'S DISCUSSION AND ANALYSIS, Continued
September 30, 2025

At September 30, 2025, the City's governmental funds reported combined fund balances of \$3,524,222, a decrease of \$609,684 in comparison with the prior year. The City has an unassigned fund balance in the governmental funds of \$1,523,986. The remainder of the fund balance is either *nonspendable, committed, or restricted* to indicate that it is 1) not in spendable form \$14,239, 2) committed by the government for a specific purpose \$769,597 or 3) restricted for particular purposes \$1,216,400.

As of the end of the year the general fund reflected a total fund balance of \$1,758,082. Of this, \$14,239 is considered nonspendable, \$142,866 is restricted, and \$1,600,977 is unassigned. The general fund balance decreased by \$563,543 primarily a result of capital outlay expenses incurred in the current year.

The debt service fund had an ending fund balance of \$617,508 at September 30, 2025 compared to the previous year's balance of \$625,731. The debt service fund balance decreased slightly by \$8,223 due to debt service payments exceeding current year revenues during the year. Total principal and interest payments for the year were \$758,353 and \$54,245, respectively. Debt service payments were made in accordance with their payment schedules.

The capital projects fund had an ending fund balance of \$654,398 at September 30, 2025. The capital projects fund balance increased by \$212,325 due to current year revenues and other financing sources exceeding expenditures and other financing uses during the year.

Proprietary Funds - The City's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

GENERAL FUND BUDGETARY HIGHLIGHTS

There was a positive variance of \$498,024 for budgeted general fund revenues. The positive variance was primarily due to actual sales taxes and other revenues exceeding the budget. There was a negative variance of \$2,469,170 for budgeted general fund expenditures. This was primarily due to capital outlay coming in over budget for the year. Other financing sources had a positive budget variance of \$1,405,463 primarily due to note and lease issuances not being budgeted for. The net of these variances resulted in the total negative budget variance of \$565,683 for the general fund.

CAPITAL ASSETS

As of the end of the year, the City's governmental activities funds had invested \$8,676,231 in a variety of capital assets and infrastructure, net of accumulated depreciation. The City's business-type activities funds had invested \$17,404,425 in a variety of capital assets and infrastructure, net of accumulated depreciation. This investment in capital assets includes land, buildings, vehicles, equipment, park improvements, and infrastructure.

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

Major capital asset events during the current year include the following:

- Continued Veterans park water park improvements totaling \$81,062.
- Continued Red Downtown improvements totaling \$675,274.
- Began US 290 south side walk project totaling \$147,559.
- Purchased AC for streets building and golf course totaling \$27,137.
- Golf course irrigation project totaling \$1,145,222.
- Purchased new 580SN backhoe for \$123,500.
- Purchased drone for \$8,413.
- Purchased 2019 Ferrara Inferno ladder fire truck for \$800,000.
- Purchased 2011 Ferrara fire apparatus for \$260,000.
- Purchased two mowers for park department totaling \$24,994.
- Purchased three new police vehicles through lease financings totaling for \$152,295.
- Purchased a vehicle for animal control through lease financings for \$15,531.
- Purchased a vehicle for administration through lease financing for \$56,730.
- Purchased a vehicle for parks through lease financing for \$28,522.
- Completed infrastructure improvements for well #10 totaling \$42,298.
- Continued EDA Hwy 290 water and parking improvements amounting to \$24,403.
- Continued infrastructure improvements for well #12 totaling \$221,150.
- Completed Beacon meter installment project totaling \$65,182.
- Purchased two utility vehicles through lease financings totaling \$70,454.
- Purchase a track loader for utility department through a note payable for \$87,256.

More detailed information about the City's capital assets is presented in note IV. C to the financial statements.

LONG-TERM DEBT

The City's total outstanding long-term debt (including premiums) increased by \$4,731,473 during the fiscal year. The City entered into new bond debt (including premiums) totaling \$5,563,580, new notes payable agreements totaling \$1,087,756, and new lease financing agreements totaling \$323,532. The total bonds, notes, and lease liabilities (including premiums) at the close of the fiscal year was \$14,579,341.

The City monitors its debt obligations and callable bonds for refinancing opportunities with market conditions.

More detailed information about the City's long-term liabilities is presented in note IV. D to the financial statements.

City of Giddings, Texas
MANAGEMENT'S DISCUSSION AND ANALYSIS, Continued
September 30, 2025

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

The Mayor and City Council are committed to maintaining and improving the overall wellbeing of the City and improving services provided to their public citizens. The City budgeted for growth in the upcoming year.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

The financial report is designed to provide our citizens, customers, investors and creditors with a general overview of the City's finances. If you have questions about this report or need any additional information, contact the Department of Finance at 118 East Richmond Street, Giddings Texas, 78942.

FINANCIAL STATEMENTS

City of Giddings, Texas
STATEMENT OF NET POSITION (Page 1 of 2)
September 30, 2025

	Primary Government			Component
	Governmental	Business-Type	Total	Unit
	Activities	Activities		Giddings EDC
<u>Assets</u>				
Current assets:				
Cash and cash equivalents	\$ 2,124,200	\$ 6,406,510	\$ 8,530,710	\$ 2,559,499
Receivables, net	596,131	1,567,575	2,163,706	168,132
Receivable from Airport JV	353,622	-	353,622	-
Inventory	6,340	284,349	290,689	-
Prepaid items	7,899	10,327	18,226	-
Restricted investments	142,866	-	142,866	-
Due from component unit	197,427	428,940	626,367	-
Internal balances	948,338	(948,338)	-	-
Total Current Assets	4,376,823	7,749,363	12,126,186	2,727,631
Investment in joint venture	1,903,261	-	1,903,261	-
Capital assets:				
Non-depreciable	2,980,387	4,351,905	7,332,292	2,976,118
Net depreciable capital assets	5,695,844	13,052,520	18,748,364	791,878
Total Noncurrent Assets	10,579,492	17,404,425	27,983,917	3,767,996
Total Assets	14,956,315	25,153,788	40,110,103	6,495,627
<u>Deferred Outflows of Resources</u>				
Deferred charge on refunding	28,285	66,553	94,838	-
Pension outflows	729,234	219,569	948,803	-
OPEB outflows	11,539	3,474	15,013	-
Total Deferred Outflows of Resources	\$ 769,058	\$ 289,596	\$ 1,058,654	\$ -

See Notes to Financial Statements.

City of Giddings, Texas
STATEMENT OF NET POSITION (Page 2 of 2)
September 30, 2025

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	Giddings EDC
<u>Liabilities</u>				
Current liabilities:				
Accounts payable and accrued liabilities	\$ 394,305	\$ 735,542	\$ 1,129,847	\$ 59,952
Customer deposits	-	169,931	169,931	-
Unearned revenue	112,500	-	112,500	-
Accrued interest payable	126,962	21,111	148,073	-
Due to primary government	-	-	-	626,367
Compensated absences, current	209,007	57,895	266,902	-
Debt due within one year	751,088	1,215,290	1,966,378	155,510
Total Current Liabilities	1,593,862	2,199,769	3,793,631	841,829
Noncurrent liabilities:				
Net pension liability	2,504,226	754,009	3,258,235	-
OPEB liability	199,492	60,066	259,558	-
Compensated absences, noncurrent	23,223	6,433	29,656	-
Debt due in more than one year	6,741,075	5,871,888	12,612,963	508,318
Total Liabilities	11,061,878	8,892,165	19,954,043	1,350,147
<u>Deferred Inflows of Resources</u>				
Pension inflows	181,634	54,689	236,323	-
OPEB inflows	26,927	8,107	35,034	-
Total Deferred Inflows of Resources	208,561	62,796	271,357	-
<u>Net Position</u>				
Net investment in capital assets	1,071,177	15,466,385	16,537,562	3,104,195
Restricted				
Economic development	-	-	-	2,041,285
Capital projects	142,084	-	142,084	-
Debt service	617,508	-	617,508	-
Contingency	142,866	-	142,866	-
Special revenue funds	456,026	-	456,026	-
Unrestricted	2,025,273	1,022,038	3,047,311	-
Total Net Position	\$ 4,454,934	\$ 16,488,423	\$ 20,943,357	\$ 5,145,480

See Notes to Financial Statements.

City of Giddings, Texas

STATEMENT OF ACTIVITIES

For the Year Ended September 30, 2025

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government				
Governmental Activities				
General government	\$ 1,941,732	\$ 86,659	\$ 173,449	\$ -
Public safety	3,589,219	224,705	-	60,000
Public works	618,742	82,249	-	-
Culture and recreation	2,076,548	481,755	196,899	-
Interest and fiscal charges	448,806	-	-	-
Total Governmental Activities	8,675,047	875,368	370,348	60,000
Business-Type Activities				
Electric	5,426,614	6,755,781	-	-
Water	1,500,741	1,656,263	-	199,464
Sewer	845,853	967,802	-	-
Refuse	1,192,991	1,223,769	-	-
Total Business-Type Activities	8,966,199	10,603,615	-	199,464
Total Primary Government	\$ 17,641,246	\$ 11,478,983	\$ 370,348	\$ 259,464
Component Unit				
Giddings EDC	\$ 652,899	\$ -	\$ -	\$ -

General Revenues:

Taxes:

Property taxes

Sales taxes

Franchise and local taxes

Investment income

Other revenues

Transfers

Total General Revenues and Transfers

Change in Net Position

Beginning net position, as previously reported

New acct. standard- GASB 101

Error corrections

Beginning net position, as restated

Ending Net Position

See Notes to Financial Statements.

Net (Expense) Revenue and Changes in Net Position

Primary Government			Component Unit
Governmental Activities	Business-Type Activities	Total	Giddings EDC
\$ (1,681,624)	\$ -	\$ (1,681,624)	-
(3,304,514)	-	(3,304,514)	-
(536,493)	-	(536,493)	-
(1,397,894)	-	(1,397,894)	-
(448,806)	-	(448,806)	-
<u>(7,369,331)</u>	<u>-</u>	<u>(7,369,331)</u>	<u>-</u>
-	1,329,167	1,329,167	-
-	354,986	354,986	-
-	121,949	121,949	-
-	30,778	30,778	-
-	1,836,880	1,836,880	-
<u>(7,369,331)</u>	<u>1,836,880</u>	<u>(5,532,451)</u>	<u>-</u>
			\$ (652,899)
3,315,652	-	3,315,652	-
2,051,328	-	2,051,328	1,025,664
381,509	-	381,509	-
112,509	197,768	310,277	95,315
54,437	250,388	304,825	4,126
<u>(2,235,635)</u>	<u>2,235,635</u>	<u>-</u>	<u>-</u>
<u>3,679,800</u>	<u>2,683,791</u>	<u>6,363,591</u>	<u>1,125,105</u>
<u>(3,689,531)</u>	<u>4,520,671</u>	<u>831,140</u>	<u>472,206</u>
8,270,366	11,952,539	20,222,905	4,673,274
(110,229)	-	(110,229)	-
<u>(15,672)</u>	<u>15,213</u>	<u>(459)</u>	<u>-</u>
<u>8,144,465</u>	<u>11,967,752</u>	<u>20,112,217</u>	<u>4,673,274</u>
<u>\$ 4,454,934</u>	<u>\$ 16,488,423</u>	<u>\$ 20,943,357</u>	<u>\$ 5,145,480</u>

City of Giddings, Texas

BALANCE SHEET

GOVERNMENTAL FUNDS

September 30, 2025

	General	Debt Service	Capital Projects	Nonmajor Governmental Funds
Assets				
Cash and cash equivalents	\$ 570,123	\$ 236,895	\$ 624,814	\$ 692,368
Receivables, net	508,566	41,623	-	45,942
Receivable from Airport JV	353,622	-	-	-
Inventory	6,340	-	-	-
Prepaid items	7,899	-	-	-
Due from other funds	496,709	408,050	142,084	-
Due from component unit	197,427	-	-	-
Restricted investments	142,866	-	-	-
Total Assets	\$ 2,283,552	\$ 686,568	\$ 766,898	\$ 738,310
Liabilities				
Accounts payable and accrued liabilities	\$ 363,381	\$ 5,923	\$ -	\$ 25,001
Unearned revenue	-	-	112,500	-
Due to other funds	-	21,514	-	76,991
Total Liabilities	363,381	27,437	112,500	101,992
Deferred Inflows of Resources				
Unavailable revenue - property taxes	137,572	41,623	-	-
Unavailable revenue - franchise taxes	24,517	-	-	-
Total Deferred Inflows of Resources	162,089	41,623	-	-
Fund Balances				
Nonspendable:				
Inventory	6,340	-	-	-
Prepaid items	7,899	-	-	-
Restricted for:				
Capital projects	-	-	142,084	-
Debt service	-	617,508	-	-
Contingency	142,866	-	-	-
Municipal court	-	-	-	78,496
Tourism	-	-	-	347,396
Law enforcement	-	-	-	30,134
Committed for:				
Capital projects	-	-	512,314	-
Special revenue	-	-	-	257,283
Unassigned reported in:				
General fund	1,600,977	-	-	-
Special revenue	-	-	-	(76,991)
Total Fund Balances	1,758,082	617,508	654,398	636,318
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 2,283,552	\$ 686,568	\$ 766,898	\$ 738,310

See Notes to Financial Statements.

**Total
Governmental
Funds**

\$	2,124,200
	596,131
	353,622
	6,340
	7,899
	1,046,843
	197,427
	142,866
	<hr/>
\$	4,475,328

\$	394,305
	112,500
	98,505
	<hr/>
	605,310

	179,195
	24,517
	<hr/>
	203,712

	6,340
	7,899

	142,084
	617,508
	142,866
	78,496
	347,396
	30,134

	512,314
	257,283

	1,600,977
	(76,991)
	<hr/>
	3,666,306

\$	4,475,328
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City of Giddings, Texas

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

September 30, 2025

Fund Balances - Total Governmental Funds	\$ 3,666,306
Adjustments for the Statement of Net Position:	
Capital assets used in governmental activities are not current financial resources and, therefore, not reported in the governmental funds.	
Capital assets - non-depreciable	2,980,387
Capital assets - net depreciable	5,695,844
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the governmental funds.	
Property tax receivable	179,195
Franchise tax receivable	24,517
Deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenues) until that time	
Pension inflows	(181,634)
OPEB inflows	(26,927)
Deferred outflows of resources, represent a consumption of net position that applies to a future period(s) and is not recognized as an outflow of resources (expense/ expenditure) until then.	
Deferred charge on refunding	28,285
Pension outflows	729,234
OPEB outflows	11,539
Joint venture reporting of investment in airport	1,903,261
Some liabilities, including bonds payable and deferred charges, are not reported as liabilities in the governmental funds.	
Accrued interest	(126,962)
Premium on debt	(352,731)
Compensated absences	(232,230)
Net pension liability	(2,504,226)
OPEB liability	(199,492)
Non-current liabilities due in one year	(751,088)
Non-current liabilities due in more than one year	(6,388,344)
Net Position of Governmental Activities	<u><u>\$ 4,454,934</u></u>

See Notes to Financial Statements.

City of Giddings, Texas

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE

GOVERNMENTAL FUNDS

For the Year Ended September 30, 2025

	General	Debt Service	Capital Projects
<u>Revenues</u>			
Property tax	\$ 2,487,591	\$ 792,143	\$ -
Sales tax	2,051,328	-	-
Franchise and local taxes	173,940	-	-
Intergovernmental revenue	-	-	196,899
License and permits	82,249	-	-
Fines and forfeitures	198,196	-	-
Investment income	78,982	-	18,322
Other revenue	772,518	12,232	-
Total Revenues	5,844,804	804,375	215,221
<u>Expenditures</u>			
Current:			
General government	1,532,464	-	-
Public safety	3,261,133	-	-
Public works	483,829	-	-
Culture and recreation	1,881,244	-	-
Capital outlay	2,249,445	-	1,081,063
Debt Service:			
Principal	295,545	758,353	-
Bond issuance costs	-	-	176,330
Interest and fiscal charges	86,150	54,245	-
Total Expenditures	9,789,810	812,598	1,257,393
Excess of Revenues Over (Under) Expenditures	(3,945,006)	(8,223)	(1,042,172)
<u>Other Financing Sources (Uses)</u>			
Transfers in	2,111,553	-	318,105
Transfers (out)	(38,105)	-	(4,627,188)
Note issuance	1,000,500	-	-
Lease issuance	253,078	-	-
Bond premium	-	-	308,580
Bond issuance	-	-	5,255,000
Sale of capital assets	54,437	-	-
Total Other Financing Sources (Uses)	3,381,463	-	1,254,497
Net Change in Fund Balances	(563,543)	(8,223)	212,325
Beginning fund balances, as previously reported	2,321,625	625,731	-
Change in financial reporting (nonmajor to major)	-	-	442,073
Beginning fund balances, as restated	2,321,625	625,731	442,073
Ending Fund Balances	\$ 1,758,082	\$ 617,508	\$ 654,398

See Notes to Financial Statements.

Nonmajor Governmental Funds	Total Governmental Funds
\$ -	\$ 3,279,734
-	2,051,328
215,346	389,286
-	196,899
-	82,249
26,509	224,705
15,205	112,509
7,398	792,148
264,458	7,128,858
363,974	1,896,438
8,643	3,269,776
-	483,829
-	1,881,244
-	3,330,508
-	1,053,898
-	176,330
-	140,395
372,617	12,232,418
(108,159)	(5,103,560)
-	2,429,658
-	(4,665,293)
-	1,000,500
-	253,078
-	308,580
-	5,255,000
-	54,437
-	4,635,960
(108,159)	(467,600)
1,186,550	4,133,906
(442,073)	-
744,477	4,133,906
\$ 636,318	\$ 3,666,306

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City of Giddings, Texas

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

For the Year Ended September 30, 2025

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

Net changes in fund balances - total governmental funds	\$ (467,600)
---	--------------

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.

Capital outlay	3,546,239
Depreciation expense	(770,640)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.

Property taxes	35,918
Franchise taxes	(7,777)

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.

Compensated absences	24,187
Accrued interest	(122,361)
Pension expense	(113,322)
OPEB expense	9,090

Change in investment in joint venture	(50,285)
---------------------------------------	----------

The issuance of long-term debt (e.g., bonds, leases, certificates of obligation) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when they are first issued; whereas, these amounts are deferred and amortized in the statement of activities.

This amount is the net effect of these differences in the treatment of long-term debt and related items.

Lease issuance	(253,078)
Note issuance	(1,000,500)
Bond issuance	(5,255,000)
Bond premium	(308,580)
Amortization of premium	7,358
Amortization of deferred charge for refunding	(17,078)
Principal payments	1,053,898

Change in Net Position of Governmental Activities	\$ (3,689,531)
--	-----------------------

See Notes to Financial Statements.

City of Giddings, Texas

STATEMENT OF NET POSITION (Page 1 of 2)

PROPRIETARY FUNDS

September 30, 2025

	Electric	Water	Sewer	Refuse
<u>Assets</u>				
<u>Current Assets</u>				
Cash and cash equivalents	\$ 746,034	\$ 5,466,294	\$ 171,622	\$ 22,560
Receivables, net	946,914	348,303	115,513	156,845
Inventory	220,942	47,555	15,852	-
Prepays	-	10,327	-	-
Due from component unit	-	428,940	-	-
Due from other funds	-	772,990	-	-
Total Current Assets	1,913,890	7,074,409	302,987	179,405
<u>Noncurrent Assets</u>				
Capital assets:				
Non-depreciable	499,693	3,012,728	839,484	-
Net depreciable capital assets	632,058	10,395,702	2,024,760	-
Total Noncurrent Assets	1,131,751	13,408,430	2,864,244	-
Total Assets	3,045,641	20,482,839	3,167,231	179,405
<u>Deferred Outflows of Resources</u>				
Deferred charge on refunding	875	64,348	1,330	-
Pension outflows	110,049	69,461	40,059	-
OPEB outflows	1,741	1,099	634	-
Total Deferred Outflows of Resources	112,665	134,908	42,023	-
<u>Liabilities</u>				
<u>Current Liabilities</u>				
Accounts payable				
and accrued liabilities	63,129	553,268	22,426	96,719
Customer deposits	138,447	31,484	-	-
Accrued interest	247	17,212	3,652	-
Compensated absences, noncurrent	33,231	14,370	10,294	-
Long-term debt due in one year	143,215	838,333	233,742	-
Due to other funds	535,664	22,650	1,163,014	-
Total Current Liabilities	\$ 913,933	\$ 1,477,317	\$ 1,433,128	\$ 96,719

See Notes to Financial Statements.

Total

\$ 6,406,510
1,567,575
284,349
10,327
428,940
772,990

9,470,691

4,351,905
13,052,520

17,404,425

26,875,116

66,553
219,569
3,474

289,596

735,542
169,931
21,111
57,895
1,215,290
1,721,328

\$ 3,921,097

City of Giddings, Texas

STATEMENT OF NET POSITION (Page 2 of 2)

PROPRIETARY FUNDS

September 30, 2025

	Electric	Water	Sewer	Refuse
<u>Noncurrent Liabilities</u>				
Compensated absences, noncurrent	\$ 3,692	\$ 1,597	\$ 1,144	\$ -
Net pension liability	377,912	238,533	137,564	-
OPEB liability	30,105	19,002	10,959	-
Long-term debt due in more than one year	73,242	4,747,925	1,050,721	-
Total Liabilities	\$ 1,398,884	\$ 6,484,374	\$ 2,633,516	\$ 96,719
 <u>Deferred Inflows of Resources</u>				
Pension inflows	27,410	17,301	9,978	-
OPEB inflows	4,063	2,565	1,479	-
Total Deferred Inflows of Resources	31,473	19,866	11,457	-
 <u>Net Position</u>				
Net investment in capital assets	916,169	12,969,105	1,581,111	-
Unrestricted	811,780	1,144,402	(1,016,830)	82,686
Total Net Position	\$ 1,727,949	\$ 14,113,507	\$ 564,281	\$ 82,686

See Notes to Financial Statements.

Total

\$ 6,433
 754,009
 60,066
 5,871,888

\$ 10,613,493

54,689
8,107

62,796

15,466,385
1,022,038

\$ 16,488,423

City of Giddings, Texas

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

For the Year Ended September 30, 2025

	Electric	Water	Sewer	Refuse
<u>Operating Revenues</u>				
Charges for services	\$ 6,755,781	\$ 1,656,263	\$ 967,802	\$ 1,223,769
Other revenue	230,853	3,509	16,026	-
Total Operating Revenues	6,986,634	1,659,772	983,828	1,223,769
<u>Operating Expenses</u>				
Cost of sales	4,006,871	94,525	131,914	1,162,049
Personnel	774,867	455,996	295,158	-
Repairs and maintenance	316,310	137,617	132,209	-
Administration	59,727	207,831	143,520	8,792
Other	35,940	2,033	2,976	22,150
Depreciation	217,900	406,457	95,226	-
Total Operating Expenses	5,411,615	1,304,459	801,003	1,192,991
Operating Income (Loss)	1,575,019	355,313	182,825	30,778
<u>Nonoperating Revenues (Expenses)</u>				
Investment income	19,961	176,768	-	1,039
Interest expense	(14,999)	(196,282)	(44,850)	-
Total Nonoperating Revenues (Expenses)	4,962	(19,514)	(44,850)	1,039
Income (Loss) Before Transfers & Capital Contributions	1,579,981	335,799	137,975	31,817
Capital grants & contributions	-	199,464	-	-
Transfers in	77,148	5,203,629	-	-
Transfers (out)	(1,847,083)	(613,059)	(537,500)	(47,500)
Total Transfers & Capital Contributions	(1,769,935)	4,790,034	(537,500)	(47,500)
Change in Net Position	(189,954)	5,125,833	(399,525)	(15,683)
Beginning net position, as previously reported	1,917,903	8,972,461	963,806	98,369
Error correction	-	15,213	-	-
Beginning net position, as restated	1,917,903	8,987,674	963,806	98,369
Ending Net Position	\$ 1,727,949	\$ 14,113,507	\$ 564,281	\$ 82,686

See Notes to Financial Statements.

Total

\$ 10,603,615
250,388

10,854,003

5,395,359
1,526,021
586,136
419,870
63,099
719,583

8,710,068

2,143,935

197,768
(256,131)

(58,363)

2,085,572

199,464
5,280,777
(3,045,142)

2,435,099

4,520,671

11,952,539

15,213

11,967,752

\$ 16,488,423

City of Giddings, Texas

STATEMENT OF CASH FLOWS PROPRIETARY FUNDS (Page 1 of 2) For the Year Ended September 30, 2025

	Electric	Water	Sewer
<u>Cash Flows from Operating Activities</u>			
Receipts from customers	\$ 6,906,070	\$ 1,526,181	\$ 983,669
Interfund receipts/(payments)	70,349	(1,093,867)	721,526
Payments to suppliers	(4,360,569)	(1,574)	(274,023)
Payments to employees	(761,995)	(696,847)	(428,552)
Net Cash Provided (Used) by Operating Activities	1,853,855	(266,107)	1,002,620
<u>Cash Flows from Noncapital</u>			
<u>Financing Activities</u>			
Operating transfers in	77,148	5,203,629	-
Operating transfers (out)	(1,847,083)	(613,059)	(537,500)
Net Cash Provided (Used) by Noncapital Financing Activities	(1,769,935)	4,590,570	(537,500)
<u>Cash Flows from Capital and Related</u>			
<u>Financing Activities</u>			
State funds received	-	199,464	-
Capital purchases	-	(353,033)	-
Principal paid on debt	(158,203)	(721,907)	(270,382)
Interest paid on debt	(14,124)	(206,991)	(52,654)
Net Cash Provided (Used) by Capital and Related Financing Activities	(172,327)	(1,082,467)	(323,036)
<u>Cash Flows from Investing Activities</u>			
Interest on investments	19,961	176,768	-
Net Cash Provided by Investing Activities	19,961	176,768	-
Net Increase (Decrease) in Cash and Cash Equivalents	(68,446)	3,418,764	142,084
Beginning cash and cash equivalents	814,480	2,047,530	29,538
Ending Cash and Cash Equivalents	\$ 746,034	\$ 5,466,294	\$ 171,622

See Notes to Financial Statements.

<u>Refuse</u>	<u>Total</u>
\$ 1,219,572	\$ 10,635,492
-	(301,992)
(1,180,906)	(5,817,072)
(8,792)	(1,896,186)
<u>29,874</u>	<u>2,620,242</u>
-	5,280,777
<u>(47,500)</u>	<u>(3,045,142)</u>
<u>(47,500)</u>	<u>2,235,635</u>
-	199,464
-	(353,033)
-	(1,150,492)
-	(273,769)
<u>-</u>	<u>(1,577,830)</u>
<u>1,039</u>	<u>197,768</u>
<u>1,039</u>	<u>197,768</u>
(16,587)	3,475,815
<u>39,147</u>	<u>2,930,695</u>
<u>\$ 22,560</u>	<u>\$ 6,406,510</u>

City of Giddings, Texas

STATEMENT OF CASH FLOWS PROPRIETARY FUNDS (Page 2 of 2) For the Year Ended September 30, 2025

	Electric	Water	Sewer
<u>Reconciliation of Operating Income</u>			
<u>to Net Cash Provided by Operating Activities</u>			
Operating Income (Loss)	\$ 1,575,019	\$ 355,313	\$ 182,825
Adjustments to reconcile operating income to net cash provided:			
Depreciation	217,900	406,457	95,226
Changes in Operating Assets and Liabilities:			
(Increase) Decrease in:			
Accounts receivable	(78,514)	(139,739)	(1,675)
Inventory	-	4,548	1,516
Due from component unit	-	(59,954)	-
Due to (from) other funds	70,349	(1,033,913)	721,526
Deferred outflows - pension	24,817	33,722	10,237
Deferred outflows - OPEB	(519)	(164)	(178)
Deferred inflows - pension	16,825	9,203	6,031
Deferred inflows - OPEB	(279)	(757)	(140)
Increase (Decrease) in:			
Accounts payable and accrued liabilities	(1,448)	232,601	(6,924)
Customer deposits	(2,050)	1,600	-
Compensated absences	17,017	(31,669)	(7,681)
OPEB liability	3,743	(1,167)	1,128
Net pension liability	10,995	(42,188)	729
Net Cash Provided (Used) by Operating Activities	\$ 1,853,855	\$ (266,107)	\$ 1,002,620
<u>Schedule of Non-Cash Capital and Financing Activities</u>			
Capital assets acquired through leases/notes	\$ 126,785	\$ -	\$ 30,925

See Notes to Financial Statements.

<u>Refuse</u>	<u>Total</u>
\$ 30,778	\$ 2,143,935
-	719,583
(4,197)	(224,125)
-	6,064
-	(59,954)
-	(242,038)
-	68,776
-	(861)
-	32,059
-	(1,176)
3,293	227,522
-	(450)
-	(22,333)
-	3,704
-	(30,464)
\$ 29,874	\$ 2,620,242
\$ -	157,710

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City of Giddings, Texas
NOTES TO FINANCIAL STATEMENTS
September 30, 2025

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The City of Giddings, Texas (the "City") was incorporated under the laws of the State of Texas in 1913. The City, a home rule municipality, operates as a Council-Manager government. With few exceptions, all powers of the City are vested in an elected council, which enacts local legislation, adopts budgets, determines policies, and appoints the City attorney and the municipal court judge. The Council also appoints the City manager who executes the laws and administers the operations of the City.

The City is an independent political subdivision of the State of Texas governed by an elected council and a mayor and is considered a primary government. As required by generally accepted accounting principles, these basic financial statements have been prepared based on considerations regarding the potential for inclusion of other entities, organizations, or functions as part of the City's financial reporting entity. No entities have been included in the City's reporting entity. Additionally, as the City is considered a primary government for financial reporting purposes, its activities are not considered a part of any other governmental or other type of reporting entity.

Considerations regarding the potential for inclusion of other entities, organizations or functions in the City's financial reporting entity are based on criteria prescribed by generally accepted accounting principles. These same criteria are evaluated in considering whether the City is a part of any other governmental or other type of reporting entity. The overriding elements associated with prescribed criteria considered in determining that the City's financial reporting entity status is that of a primary government are that it has a separately elected governing body; it is legally separate; and is fiscally independent of other state and local governments. Additionally prescribed criteria under generally accepted accounting principles include considerations pertaining to organizations for which the primary government is financially accountable, and considerations pertaining to organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

Discretely Presented Component Unit

Giddings Economic Development Corporation

Giddings Economic Development Corporation ("GEDC"), is a separate organization that is considered a component unit of the primary government. It has a separate board of directors and does not meet any of the criteria for blending and therefore is discretely presented. GEDC financial statements are presented on the full accrual basis of accounting. Copies of the GEDC's financial statements may be obtained by contacting the City of Giddings, 118 E.

City of Giddings, Texas
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2025

Richmond, Giddings, Texas 78942. The GEDC is authorized to act on behalf of the City in order to encourage the promotion and development of commercial, industrial and manufacturing enterprises within the area.

B. Government-Wide and Fund Financial Statements

While separate government-wide and fund financial statements are presented, they are interrelated. The governmental activities column incorporates data from governmental funds while business-type activities incorporate data from the government's enterprise funds. Separate financial statements are provided for governmental funds and the proprietary funds.

As discussed earlier, the government has one discretely presented component unit and is shown in separate columns in the government-wide financial statements.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments in lieu of taxes where the amounts are reasonably equivalent in value to the interfund services provided and other charges between the government's water and transit functions and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Governmental Funds

Governmental funds are those funds through which most governmental functions are typically financed.

The government reports the following major governmental funds:

General Fund

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

Debt Service Fund

The debt service fund is used to account for the payment of interest and principal on all general obligation bonds and other long-term debt of governmental funds. The primary source of revenue for debt service is local property taxes.

City of Giddings, Texas
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2025

Capital Projects Fund

The capital projects fund is used to account for the acquisition and construction of major capital facilities other than those financed by proprietary funds and trust funds.

Proprietary Fund Types

Proprietary funds are used to account for activities that are similar to those often found in the private sector. All assets, liabilities, equities, revenues, expenses, and transfers relating to the government's business activities are accounted for through proprietary funds. The measurement focus is on determination of net income, financial position, and cash flows. Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues include charges for services. Operating expenses include costs of materials, contracts, personnel, and depreciation. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses. Proprietary fund types follow GAAP prescribed by the Governmental Accounting Standards Board (GASB) and all financial Accounting Standards Board's standards issued prior to November 30, 1989. Subsequent to this date, the City accounts for its enterprise funds as presented by GASB. The proprietary fund types used by the City include enterprise funds.

The government reports the following major enterprise funds:

Electric Fund

The electric fund is used to account for the operations that provide electric services to the public.

Water Fund

The water fund is used to account for the operations that provide water to the citizens of the City and surrounding area.

Sewer Fund

The sewer fund is used to account for the operations that provide wastewater collection and wastewater treatment operations.

Refuse Fund

The refuse fund is used to account for the operations that provide refuse operations to the citizens of the City.

City of Giddings, Texas
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2025

Additionally, the government reports the following fund types:

Special Revenue Funds

The City accounts for resources restricted to, or designated for, specific purposes in special revenue funds. These funds consist of the hotel occupancy, cemetery improvement, library, municipal court, police drug and swat, ROW maintenance, TDEM-COVID, and special revenues funds.

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

Further, certain activity occurs during the year involving transfers of resources between funds. In fund financial statements these amounts are reported at gross amounts as transfers in/out. While reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Transfers between the funds included in governmental activities are eliminated so that only the net amount is included as transfers in the governmental activities column. Similarly, balances between the funds included in business-type activities are eliminated so that only the net amount is included as transfers in the business-type activities column.

C. Measurement Focus and Basis of Accounting

The government-wide statements of net position and statements of activities and all proprietary funds are accounted for on a flow of economic resources measurement focus, accrual basis of accounting. With this measurement focus, all assets and all liabilities associated with the operations of these activities are included on the balance sheet. Proprietary fund equity consists of net position. Proprietary fund-type operating statements present increases (i.e., revenues) and decreases (i.e., expenses) in net total assets.

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental funds and component units are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating

City of Giddings, Texas
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2025

statements of these funds present increases (i.e., revenues and other financing resources) and decreases (i.e., expenditures and other financing uses) in net current assets.

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

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

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

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

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

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

1. Deposits and Investments

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

City of Giddings, Texas
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2025

consider temporary investments with maturity of three months or less when purchased to be cash equivalents.

In accordance with GASB Statement No. 31, *Accounting and Reporting for Certain Investments and External Investment Pools*, the City reports all investments at fair value, except for “money market investments” and “2a7-like pools.” Money market investments, which are short-term highly liquid debt instruments that may include U.S. Treasury and agency obligations, are reported at amortized costs. Investment positions in external investment pools that are operated in a manner consistent with the SEC’s Rule 2a7 of the Investment Company Act of 1940, such as TexSTAR, are reported using the pools’ share price.

The City has adopted a written investment policy regarding the investment of its funds as defined in the Public Funds Investment Act, Chapter 2256, of the Texas Governmental Code. In summary, the City is authorized to invest in the following:

- Direct obligations of the U.S. Government
- Fully collateralized certificates of deposit and money market accounts
- Fully collateralized repurchase agreements
- Commercial paper with a maximum maturity of 365 days; rated not less than A-1 or P-1
- Statewide investment pools
- Money market mutual funds

2. Fair Value

The City has applied Governmental Accounting Standards Board (“GASB”) Statement No. 72, Fair Value Measurement and Application. GASB Statement No. 72 provides guidance for determining a fair value measurement for reporting purposes and applying fair value to certain investments and disclosures related to all fair value measurements.

3. Receivables and Interfund Transactions

Transactions between funds that are representative of lending/borrowing arrangements outstanding at the end of the year are referred to as either “interfund receivables/payables” (i.e., the current portion of interfund loans) or “advances to/from other funds” (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as “due to/from other funds” in the fund financial statements. If the transactions are between the primary government and its component unit, these receivables and payables are classified as “due to/from component unit/primary government.” Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as “internal balances.”

City of Giddings, Texas
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2025

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

All trade receivables are shown net of any allowance for uncollectible amounts.

4. 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 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. Penalties are calculated after February 1 up to the date collected by the government. Under state law, property taxes levied on real property constitute a lien on the real property which cannot be forgiven without specific approval of the State Legislature. The lien expires at the end of twenty years. Taxes levied on personal property can be deemed uncollectible by the City.

5. Inventories and Prepaid Items

The costs of governmental fund type inventories are recorded as expenditures when the related liability is incurred, (i.e., the purchase method). The inventories are valued at the lower of cost or market using the first-in/first-out method. Certain payments to vendors reflect costs applicable to future accounting periods (prepaid expenditures) are recognized as expenditures when utilized.

6. Restricted Assets

The City co-owned a certificate of deposit with Windsor Energy at Citizens National Bank. Windsor Energy is now bankrupt and the City is the sole active owner. The bank will not release the money out of the certificate of deposit because Windsor Energy is still listed as co-owner. The City attorney is aware of the matter. The City reports the entire amount of the certificate of deposit, \$142,866, as a restricted asset on its financial statements.

7. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items) are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government, as assets with an initial individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. Major outlays for capital assets and improvements are capitalized as projects are constructed.

City of Giddings, Texas
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2025

Interest costs incurred in connection with construction of enterprise fund capital assets are capitalized when the effects of capitalization materially impact the financial statements.

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.

Property, plant, and equipment of the primary government, as well as the component units, are depreciated using the straight-line method over the following estimated useful years.

<u>Asset Description</u>	<u>Estimated Useful Life</u>
Vehicles and equipment	2 to 15 years
Furniture and fixtures	5 to 10 years
Infrastructure	20 to 40 years
Utility systems	20 to 40 years
Buildings and improvements	10 to 30 years
Right-to-use vehicles & equipment	2 to 5 years

8. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/ expenditure) until then. An example is a deferred charge on refunding reported in the government-wide statement of net position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. The government has only one type of item, which arises only under a modified accrual basis of accounting, that qualifies for reporting in this category. Accordingly, the item, *unavailable revenue*, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from one source: property taxes. This amount is deferred and recognized as an inflow of resources in the period that the amounts become available.

9. Net Position Flow Assumption

Sometimes the government will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted – net position and unrestricted – net position in the

City of Giddings, Texas
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2025

government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied.

10. Fund Balance Flow Assumptions

Sometimes the government will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied. It is the government's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

11. Fund Balance Policies

Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The government itself can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance).

The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the government's highest level of decision-making authority. The governing council is the highest level of decision-making authority for the government that can, by adoption of an ordinance prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the ordinance remains in place until a similar action is taken (the adoption of another ordinance) to remove or revise the limitation.

Amounts in the assigned fund balance classification are intended to be used by the government for specific purposes but do not meet the criteria to be classified as committed. The governing body (council) has by resolution authorized the finance director to assign fund balance. The council may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.

City of Giddings, Texas
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2025

12. Compensated Absences

The liability for compensated absences reported in the government-wide and proprietary fund statements consist of unpaid, accumulated vacation, compensatory time, and sick leave balances. The liability has been calculated using the vesting method, in which leave amounts for both employees who currently are eligible to receive termination payments and other employees who are expected to become eligible in the future to receive such payments upon termination are included. Vested or accumulated vacation leave, compensated leave, and sick leave of government-wide and proprietary funds are recognized as an expense and liability of those funds as the benefits accrue to employees.

It is the City's policy to liquidate compensated absences with future revenues rather than with currently available expendable resources. Accordingly, the City's governmental funds recognize accrued compensated absences when it is paid.

The City accounts for vacation and sick leave in accordance with the provisions of GASB Statement No. 101, Compensated Absences.

Under GASB Statement No. 101, the City recognizes a liability for compensated absences for vacation leave that is attributable to services already rendered and for which the City has a present obligation to provide compensation through paid time off or cash settlement. Vacation leave is reported as a liability regardless of whether it is expected to be paid within one year.

Sick leave is considered a non-separation benefit and is recognized as a liability only to the extent it is probable that the leave will be used for qualifying absences and the amount can be reasonably estimated. Because unused sick leave is not paid upon separation from employment, the City does not record a liability for sick leave beyond amounts expected to be taken as paid absences in the future.

13. Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities statement of net position. The long-term debt consists primarily of bonds payable and accrued compensated absences.

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

City of Giddings, Texas
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2025

statements only for the portion expected to be financed from expendable available financial resources.

Long-term debt and other obligations, financed by proprietary funds, are reported as liabilities in the appropriate funds. For proprietary fund types, bond premiums, and discounts are deferred and amortized over the life of the bonds using the effective interest method, if material. Bonds payable are reported net of the applicable bond premium or discount. Issuance costs are expensed as incurred.

Assets acquired under the terms of capital leases are recorded as liabilities and capitalized in the government-wide financial statements at the present value of net minimum lease payments at inception of the lease. In the year of acquisition, lease transactions are recorded as other financing sources and as capital outlay expenditures in the general fund. Lease payments representing both principal and interest are recorded as expenditures in the general fund upon payment with an appropriate reduction of principal recorded in the government-wide financial statements.

14. Estimates

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

15. Pensions

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

16. Other Postemployment Benefits ("OPEB")

The City has implemented GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions. This statement applies to the individual employers (TMRS cities) in the TMRS Supplemental Death Benefits (SDB) plan, with retiree coverage. The TMRS SDBF covers both active and retiree benefits with no segregation of assets, and therefore doesn't meet the definition of a trust under GASB No. 75 (i.e., no assets

City of Giddings, Texas
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2025

are accumulated for OPEB) as such the SDBF is considered to be an unfunded OPEB plan. For purposes of reporting under GASB 75, the retiree portion of the SDBF is not considered a cost sharing plan and is instead considered a single employer, defined benefit OPEB plan. The death benefit for active employees provides a lump-sum payment approximately equal to the employee's annual salary, calculated based on the employee's actual earnings on which TMRS deposits are made, for the 12-month period preceding the month of death. The death benefit amount for retirees is \$7,500. GASB No. 75 requires the liability of employers and nonemployer contributing entities to employees for defined benefit OPEB (net OPEB liability) to be measured as the portion of the present value of projected benefit payments to be provided to current active and inactive employees that is attributed to those employees' past periods of service (total OPEB liability), less the amount of the OPEB plan's fiduciary net position.

17. Leases

Lessee: The City is a lessee for a noncancellable leases of vehicles/equipment. The City recognizes a lease liability and an intangible right-to-use lease asset (lease asset) in the government-wide financial statements. The City recognizes lease liabilities with an initial, individual value of \$5,000 or more.

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

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

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

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

City of Giddings, Texas
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2025

Lease assets are reported with other capital assets and lease liabilities are reported with long-term debt on the statement of net position.

II. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

A. Explanation of certain differences between the governmental fund balance sheet and the government-wide statement of net position.

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

B. Explanation of certain differences between the governmental fund statement of revenues, expenditures, and changes in fund balances and the government-wide statement of activities.

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between net changes in fund balances – total governmental funds and changes in net position of governmental states that, “the issuance of long-term debt (e.g., bonds) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.”

III. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Annual budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP) for the general, debt service, special revenue, and utility funds. The original budget is adopted by the City Council prior to the beginning of the year. The legal level of control as defined by the City Charter is the department level. No funds can be transferred or added to a budgeted item without Council approval. Appropriations lapse at the end of the year.

City of Giddings, Texas
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2025

A. Expenditures in Excess of Appropriations

For the year ended, expenditures exceeded budget as follows:

General Fund:		
City council	\$	43,612
Fire		30,611
Code enforcement		40,616
Parks and recreation		17,572
Golf course		255,049
Capital outlay		2,100,945
Principal		295,545
Interest		86,150
Transfers (out)		38,105

IV. DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments

As of September 30, 2025, the primary government had the following investments:

Investment Type	Value	Average Maturity (Years)
Certificates of deposit	\$ 142,866	0.80

Interest rate risk In accordance with its investment policy, the City manages its exposure to declines in fair values by limiting the weighted average of maturity not to exceed one year; structuring the investment portfolio so that securities mature to meet cash requirements for ongoing operations; monitoring credit ratings of portfolio position to assure compliance with rating requirements imposed by the Public Funds Investment Act; and invest operating funds primarily in short-term securities or similar government investment pools.

Credit risk The City's investment policy limits investments to obligations of the United States, State of Texas, or their agencies and instrumentalities with an investment quality rating of not less than "A" or its equivalent, by a nationally recognized investment rating firm. Other obligations must be unconditionally guaranteed (either express or implied) by the full faith and credit of the United States Government or the issuing U.S. agency and investment pools with an investment quality not less than AAA or AAA-m, or equivalent, by at least one nationally recognized rating service.

Custodial credit risk – deposits In the case of deposits, this is the risk that in the event of a bank failure, the City's deposits may not be returned to it. State statutes require that all deposits

City of Giddings, Texas
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2025

in financial institutions be insured or fully collateralized by U.S. government obligations or its agencies and instrumentalities or direct obligations of Texas or its agencies and instrumentalities that have a market value of not less than the principal amount of the deposits. As of September 30, 2025, the market values of pledged securities and FDIC exceeded bank balances.

Custodial credit risk – investments For an investment, this is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The City’s investment policy requires that it will seek to safekeeping securities at financial institutions, avoiding physical possession. Further, all trades, where applicable, are executed by delivery versus payment to ensure that securities are deposited in the City’s safekeeping account prior to the release of funds.

B. Receivables

The following comprise receivable balances of the primary government at year end:

Governmental Funds

	<u>General</u>	<u>Debt Service</u>	<u>Nonmajor Governmental</u>	<u>Total</u>
Property taxes	\$ 141,371	\$ 41,623	\$ -	\$ 182,994
Sales tax	336,265	-	-	336,265
Franchise and local taxes	32,985	-	45,942	78,927
Airport JV	353,622	-	-	353,622
Other	1,789	-	-	1,789
Allowance	(3,844)	-	-	(3,844)
Total	<u>\$ 862,188</u>	<u>\$ 41,623</u>	<u>\$ 45,942</u>	<u>\$ 949,753</u>

Enterprise Funds

	<u>Electric</u>	<u>Water</u>	<u>Sewer</u>	<u>Refuse</u>	<u>Total</u>
Accounts	\$ 965,731	\$ 212,920	\$ 117,796	\$ 159,931	\$ 1,456,378
Grants	-	139,510	-	-	139,510
Allowance	(18,817)	(4,127)	(2,283)	(3,086)	(28,313)
Total	<u>\$ 946,914</u>	<u>\$ 348,303</u>	<u>\$ 115,513</u>	<u>\$ 156,845</u>	<u>\$ 1,567,575</u>

The component unit accounts receivable as of September 30, 2025 amounting to \$168,132 was related to sales tax.

City of Giddings, Texas
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2025

C. Capital Assets

A summary of changes in governmental activities capital assets for the year end was as follows:

	<u>Beginning Balances</u>	<u>Increases</u>	<u>Decreases/ Reclassifications</u>	<u>Ending Balances</u>
Capital assets, not being depreciated:				
Land	\$ 1,615,098	\$ -	\$ -	\$ 1,615,098
Construction in progress	461,394	903,895	-	1,365,289
Total capital assets not being depreciated	<u>2,076,492</u>	<u>903,895</u>	<u>-</u>	<u>2,980,387</u>
Capital assets, being depreciated:				
Buildings and improvements	6,096,187	27,137	-	6,123,324
Infrastructure	4,420,233	1,145,222	-	5,565,455
Machinery and equipment	3,670,561	1,216,907	(247,307)	4,640,161
Right-to-use assets-vehicles/equip.	1,211,815	253,078	-	1,464,893
Total capital assets being depreciated	<u>15,398,796</u>	<u>2,642,344</u>	<u>(247,307)</u>	<u>17,793,833</u>
Less accumulated depreciation				
Buildings and improvements	(3,766,454)	(193,592)	-	(3,960,046)
Infrastructure	(3,994,636)	(104,811)	-	(4,099,447)
Machinery and equipment	(3,321,284)	(156,861)	247,307	(3,230,838)
Right-to-use assets-vehicles/equip.	(492,282)	(315,376)	-	(807,658)
Total accumulated depreciation	<u>(11,574,656)</u>	<u>(770,640)</u>	<u>247,307</u>	<u>(12,097,989)</u>
Net capital assets being depreciated	<u>3,824,140</u>	<u>1,871,704</u>	<u>-</u>	<u>5,695,844</u>
Total Capital Assets	<u><u>\$ 5,900,632</u></u>	<u><u>\$ 2,775,599</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 8,676,231</u></u>

Depreciation was charged to governmental functions as follows:

General government	\$ 22,447
Public safety	408,175
Public works	128,697
Culture and recreation	211,321
Total Governmental Activities Depreciation Expense	<u><u>\$ 770,640</u></u>

City of Giddings, Texas
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2025

A summary of changes in business-type activities capital assets for the year end was as follows:

	<u>Beginning Balances</u>	<u>Increases</u>	<u>Decreases/ Reclassifications</u>	<u>Ending Balances</u>
Capital assets, not being depreciated:				
Land	\$ 2,019,090	\$ -	\$ -	\$ 2,019,090
Construction in progress	5,309,551	353,033	(3,329,769)	2,332,815
Total capital assets not being depreciated	<u>7,328,641</u>	<u>353,033</u>	<u>(3,329,769)</u>	<u>4,351,905</u>
Capital assets, being depreciated:				
Machinery and equipment	2,417,296	87,256	802,468	3,307,020
Plant distribution/collection system	25,693,020	-	2,662,351	28,355,371
Right-to-use assets-vehicles/equip.	498,641	70,454	(135,050)	434,045
Total capital assets being depreciated	<u>28,608,957</u>	<u>157,710</u>	<u>3,329,769</u>	<u>32,096,436</u>
Less accumulated depreciation				
Machinery and equipment	(1,943,486)	(237,515)	(67,525)	(2,248,526)
Plant distribution/collection system	(16,178,040)	(392,977)	-	(16,571,017)
Right-to-use assets-vehicles/equip.	(202,807)	(89,091)	67,525	(224,373)
Total accumulated depreciation	<u>(18,324,333)</u>	<u>(719,583)</u>	<u>-</u>	<u>(19,043,916)</u>
Net capital assets being depreciated	<u>10,284,624</u>	<u>(561,873)</u>	<u>3,329,769</u>	<u>13,052,520</u>
Total Capital Assets	<u><u>\$ 17,613,265</u></u>	<u><u>\$ (208,840)</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 17,404,425</u></u>

Depreciation was charged to business-type activities as follows:

Electric	\$ 217,900
Water	406,457
Sewer	95,226
Total Business-Type Activities Depreciation Expense	<u><u>\$ 719,583</u></u>

City of Giddings, Texas
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2025

A summary of changes in component unit capital assets for the year end was as follows:

	<u>Beginning Balances</u>	<u>Increases</u>	<u>Decreases/ Reclassifications</u>	<u>Ending Balances</u>
Capital assets, not being depreciated:				
Land	\$ 2,256,366	\$ 111,856	\$ -	\$ 2,368,222
Construction in progress	607,896	-	-	607,896
Total capital assets not being depreciated	<u>2,864,262</u>	<u>111,856</u>	<u>-</u>	<u>2,976,118</u>
Capital assets, being depreciated:				
Buildings and improvements	1,350,808	-	-	1,350,808
Machinery and equipment	12,801	-	-	12,801
Total capital assets being depreciated	<u>1,363,609</u>	<u>-</u>	<u>-</u>	<u>1,363,609</u>
Less accumulated depreciation				
Buildings and improvements	(517,124)	(43,561)	-	(560,685)
Machinery and equipment	(10,057)	(989)	-	(11,046)
Total accumulated depreciation	<u>(527,181)</u>	<u>(44,550)</u>	<u>-</u>	<u>(571,731)</u>
Net capital assets being depreciated	<u>836,428</u>	<u>(44,550)</u>	<u>-</u>	<u>791,878</u>
Total Capital Assets	<u>\$ 3,700,690</u>	<u>\$ 67,306</u>	<u>\$ -</u>	<u>\$ 3,767,996</u>

City of Giddings, Texas
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2025

D. Long-term Debt

The following is a summary of changes in the City's total governmental long-term liabilities for the year ended. In general, the City uses the general fund and debt service fund to liquidate governmental long-term liabilities.

	Beginning Balance	Additions	Reductions	Ending Balance	Amounts Due within One Year
Governmental Activities:					
Bonds, notes and other payables:					
General Obligation Refunding Bonds	\$ 927,626	\$ -	\$ (348,353)	\$ 579,273	\$ 363,015
Certificate of Obligation Bonds	-	4,845,000	-	4,845,000	55,000
Tax Notes	-	410,000	(410,000)	-	-
Notes Payable	-	1,000,500	-	1,000,500	15,654
Lease liabilities	757,126	253,078	(295,545)	714,659	317,419
Deferred amounts:					
Premium	51,509	308,580	(7,358)	352,731	-
Total Governmental Activities	\$ 1,736,261	\$ 6,817,158	\$ (1,061,256)	\$ 7,492,163	\$ 751,088

Long-term liabilities due in more than one year \$ 6,741,075

Business-Type Activities:

Bonds, notes and other payables:					
General Obligation Refunding Bonds	\$ 2,331,873	\$ -	\$ (536,648)	\$ 1,795,225	\$ 551,985
Certificates of Obligation	2,235,000	-	(245,000)	1,990,000	255,000
Tax Notes	3,005,000	-	(215,000)	2,790,000	225,000
Notes Payable	56,119	87,256	(69,945)	73,430	73,430
Lease liabilities	244,355	70,454	(83,899)	230,910	109,875
Deferred amounts:					
Premium	239,260	-	(31,647)	207,613	-
Total Business-Type Activities	\$ 8,111,607	\$ 157,710	\$ (1,182,139)	\$ 7,087,178	\$ 1,215,290

Long-term liabilities due in more than one year \$ 5,871,888

Component Unit Activities:

Bonds, notes and other payables:					
Revenue Bonds	\$ 812,848	\$ -	\$ (149,020)	\$ 663,828	\$ 155,510
Total Component Unit Activities	\$ 812,848	\$ -	\$ (149,020)	\$ 663,828	\$ 155,510

Long-term liabilities due in more than one year \$ 508,318

Long-term liabilities applicable to the City's governmental activities are not due and payable in the current period and accordingly, are not reported as fund liabilities in the governmental funds. Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due.

City of Giddings, Texas
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2025

Long-term debt at year end was comprised of the following debt issues:

Description	Interest Rate	Original Balance	Current Balance
Governmental Activities:			
General Obligation Bonds:			
2015 General obligation refunding bonds	2.23%	\$ 1,281,066	\$ 135,858
2017 General obligation refunding bonds	2-4%	1,677,615	443,415
Total General Obligation Bonds		<u>2,958,681</u>	<u>579,273</u>
Certificates of Obligation:			
2025 Certificate of obligations	4.00%	4,845,000	4,845,000
Note payable:			
Golf course irrigation	6.25%	1,000,500	1,000,500
Lease Liabilities:			
Radio equipment/vehicles	3.00%	881,872	714,659
Premium		411,602	352,731
	Total Governmental Activities	<u>\$ 9,686,053</u>	<u>\$ 7,492,163</u>
Business-type Activities:			
General Obligation Bonds:			
2015 General obligation refunding bonds	2.23%	\$ 2,613,935	\$ 279,140
2017 General obligation refunding bonds	2-4%	3,172,385	1,516,085
Total General Obligation Bonds		<u>5,786,320</u>	<u>1,795,225</u>
Certificates of Obligation:			
2017 Certificates of obligation	2-4%	3,640,000	1,990,000
Tax Notes:			
2023 Limited Tax Notes	4.10%	3,200,000	2,790,000
Note payable:			
2022 F550 Truck	3.00%	135,050	28,480
2025 Track Loader	6.25%	87,256	44,950
Total Notes Payable		<u>222,306</u>	<u>73,430</u>
Lease Liabilities - vehicles	3.00%	363,591	230,910
Premium		460,787	207,613
	Total Business-Type Activities	<u>\$ 13,673,004</u>	<u>\$ 7,087,178</u>
Total Combined Long-Term Debt:			
General obligation refunding bonds		\$ 8,745,001	\$ 2,374,498
Certificates of Obligation		8,485,000	6,835,000
Tax Notes		3,200,000	2,790,000
Notes payable		1,222,806	1,073,930
Lease liabilities		1,245,463	945,569
Premium		872,389	560,344
	Total	<u>\$ 23,770,659</u>	<u>\$ 14,579,341</u>
Discretely Presented Component Unit:			
Revenue Bonds:			
2014 Sales tax revenue bonds	4.25%	\$ 2,000,000	\$ 663,828

City of Giddings, Texas
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2025

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

General Obligation Bonds:

<u>Year ending September 30,</u>	<u>G.O. Refunding Bonds</u>	
	<u>Principal</u>	<u>Interest</u>
2026	\$ 363,015	\$ 29,345
2027	216,258	21,187
Total	\$ 579,273	\$ 50,532

General obligation bonds are direct obligations of the City for which its full faith and credit are pledged. Repayment of general obligation bonds are from taxes levied on all taxable property located within the City. The City is not obligated in any manner for special assessment debt.

Certificate of Obligation Bonds:

<u>Year ending September 30,</u>	<u>C.O. Bonds</u>	
	<u>Principal</u>	<u>Interest</u>
2026	\$ 55,000	\$ 324,026
2027	100,000	221,800
2028	105,000	215,650
2029	170,000	207,400
2030	185,000	196,750
2031-2035	1,100,000	798,800
2036-2040	1,410,000	489,600
2041-2045	1,720,000	177,600
Total	\$ 4,845,000	\$ 2,631,626

Notes Payable:

<u>Year ending September 30,</u>	<u>Notes Payable</u>	
	<u>Principal</u>	<u>Interest</u>
2026	\$ 15,654	\$ 65,310
2027	18,556	62,408
2028	19,564	61,400
2029	20,972	59,992
2030	22,301	58,663
2031-2035	134,396	270,424
2036-2040	182,632	222,188
2041-2045	248,508	156,313
2046-2050	337,917	66,904
Total	\$ 1,000,500	\$ 1,023,602

City of Giddings, Texas
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2025

Lease Liabilities:

Year ending September 30,	Lease Liabilities	
	Principal	Interest
2026	\$ 317,419	\$ 64,194
2027	187,083	34,072
2028	111,764	18,159
2029	64,824	11,668
2030	33,569	6,076
Total	\$ 714,659	\$ 134,169

The net book value of the vehicles/equipment (right-to-use assets) as of yearend was \$657,235.

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

General Obligation Bonds:

Year ending September 30,	G.O. Refunding Bonds	
	Principal	Interest
2026	\$ 551,985	\$ 36,432
2027	258,240	25,338
2028	490,000	29,600
2029	155,000	16,700
2030	165,000	10,300
2031	175,000	3,500
Total	\$ 1,795,225	\$ 121,870

Certificates of Obligation and Revenue Bonds:

Year ending September 30,	Certificates of Obligation	
	Principal	Interest
2026	\$ 255,000	\$ 70,625
2027	260,000	62,900
2028	270,000	53,600
2029	280,000	42,600
2030	295,000	31,100
2031	305,000	19,100
2032	325,000	6,500
Total	\$ 1,990,000	\$ 286,425

City of Giddings, Texas
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2025

Tax Notes:

Year ending September 30,	Tax Notes	
	Principal	Interest
2026	\$ 225,000	\$ 109,778
2027	545,000	93,993
2028	565,000	71,238
2029	715,000	44,998
2030	740,000	15,170
	\$ 2,790,000	\$ 335,177
	\$ 2,790,000	\$ 335,177

Notes Payable:

Year ending September 30,	Notes Payable	
	Principal	Interest
2026	\$ 73,430	\$ 3,714
Total	\$ 73,430	\$ 3,714
	\$ 73,430	\$ 3,714

Lease Liabilities:

Year ending September 30,	Lease Liabilities	
	Principal	Interest
2026	\$ 109,875	\$ 19,777
2027	70,868	12,756
2028	29,213	5,258
2029	15,133	2,724
2030	5,821	1,048
Total	\$ 230,910	\$ 41,563
	\$ 230,910	\$ 41,563

The net book value of the utility vehicles/equipment (right-to-use assets) as of yearend was \$209,672.

City of Giddings, Texas
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2025

The annual requirements to amortize component unit debt issues outstanding at year ending were as follows:

Year ending September 30,	Revenue Bonds	
	Principal	Interest
2026	\$ 155,510	\$ 41,260
2027	162,283	31,135
2028	169,310	20,449
2029	176,725	8,973
	\$ 663,828	\$ 101,817

E. Deferred Charge on Refunding

Deferred charges resulting from the issuance of the 2015 and 2017 general obligation refunding bonds have been recorded as a deferred outflow of resources and are being amortized to interest expense over the terms of the respective refunded debts. Current year balances for governmental and business-type activities totaled \$28,285 and \$66,553, respectively. Current year amortization expense for governmental and business-type activities totaled \$17,078 and \$14,009, respectively.

F. Other Long-term Liabilities

The following is a summary of changes in the City's other long-term liabilities for the year ended. In general, the City uses the general and enterprise funds to liquidate compensated absences.

	Beginning Balance	Additions	Reductions	Ending Balance	Amounts Due Within One Year
Governmental Activities:					
Compensated Absences	\$ 256,417	\$ 206,588	(230,775)	\$ 232,230	\$ 209,007
Total Governmental Activities	\$ 256,417	\$ 206,588	\$ (230,775)	\$ 232,230	\$ 209,007
Long-term Liabilities Due in More than One Year				\$ 23,223	
Business-Type Activities:					
Compensated Absences	\$ 86,661	\$ 77,204	\$ (99,537)	\$ 64,328	\$ 57,895
Total Business-Type Activities	\$ 86,661	\$ 77,204	\$ (99,537)	\$ 64,328	\$ 57,895
Long-term Liabilities Due in More than One Year				\$ 6,433	

City of Giddings, Texas
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2025

G. Interfund Transactions

Transfers between the primary governmental funds during the 2025 year were as follows:

Transfer (Out):	Transfer In:				
	General	Capital Projects		Electric	Water
General	\$ -	\$ 38,105	\$ -	\$ -	\$ 38,105
Capital Projects	148,494	-	77,148	4,401,546	4,627,188
Electric	1,195,000	125,000	-	527,083	1,847,083
Water	488,059	125,000	-	-	613,059
Sewer	232,500	30,000	-	275,000	537,500
Refuse	47,500	-	-	-	47,500
	\$ 2,111,553	\$ 318,105	\$ 77,148	\$ 5,203,629	\$ 7,710,435

Amounts transferred between funds relate to amounts collected, various capital expenditures, annual funding, and debt payments.

The composition of interfund balances as of year-end were as follows:

Due to:	Due from:				
	General	Debt Service	Water	Capital Projects	Total
Debt service	\$ 3,043	\$ -	\$ 18,471	\$ -	\$ 21,514
Electric	9,812	385,400	140,452	-	535,664
Water	-	22,650	-	-	22,650
Sewer	483,180	-	537,750	142,084	1,163,014
Nonmajor govt.	674	-	76,317	-	76,991
	\$ 496,709	\$ 408,050	\$ 772,990	\$ 142,084	\$ 1,819,833

Amounts recorded as “due to/from” are considered to be temporary loans and will be repaid during the following year.

As of September 30, 2025, the EDC owed the primary government \$626,367. This was split \$197,427 to the general fund and \$428,940 to the water fund.

H. Fund Equity

The City records fund balance restrictions on the fund level to indicate that a portion of the fund balance is legally restricted for a specific future use or to indicate that a portion of the fund balance is not available for expenditures.

City of Giddings, Texas
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2025

The following is a list of fund balances restricted/committed by the City:

	Restricted	Committed
Debt service	\$ 617,508	\$ -
Contingency	142,866	-
Enabling legislation	78,496	-
Tourism	347,396	-
Law enforcement	30,134	-
Capital projects	142,084	512,314
Special revenue	-	257,583
	\$ 1,358,484	\$ 769,897

V. OTHER INFORMATION

A. Risk Management

The City is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets, errors and omissions; and natural disasters for which the City participates along with 2,700 other entities in the Texas Municipal League’s Intergovernmental Risk Pools. The Pool purchases commercial insurance at group rates for participants in the Pool. The City has no additional risk or responsibility to the Pool outside of the payment of insurance premiums. The City has not significantly reduced insurance coverage or had settlements which exceeded coverage amounts for the past three years.

B. Contingent Liabilities

Amounts received or receivable from granting agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amounts of expenditures which may be disallowed by the grantor cannot be determined at this time although the City expects such amounts, if any, to be immaterial.

Liabilities are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported. Claim liabilities are calculated considering the effects of inflation, recent claim settlement trends, including frequency and amount of payouts, and other economic and social factors.

The City is currently being sued in cause no. 18-566; Amber Taylor v. City of Giddings in the 21st Judicial District Court, in Lee County, Texas. The plaintiff is alleging damages related to a two car motor vehicle accident involving an on-duty City police officer. A release and indemnity agreement has been signed and filed, along with agreed motion to dismiss. A settlement was reached for \$100,000 and will be paid by the City’s insurance carrier.

City of Giddings, Texas

NOTES TO FINANCIAL STATEMENTS, *Continued*

September 30, 2025

The City is currently being sued in cause no. 1:25-CV-0371-ADA-SH Dexter Wilson v. City of Giddings in the United States District Court – Western District of Texas – Austin Division. The plaintiff is alleging a variety of civil rights violations including due process, retaliation, official oppression, and monell liability. The case is still in the discovery stages. The City intends to contest the case vigorously and the likelihood of an unfavorable outcome is highly unlikely. Plaintiff is asking for \$1.2 to \$1.6 million in damages.

The City is currently being sued in cause no. 18-633 Kenneth Barber and John Barber v. City of Giddings in the 335th District Court of Lee County, Texas. The plaintiff is alleging damages related to an automobile accident involving a city employee. The original defendant is deceased, and the heir and representative of estate has filed amended petition. The City's insurance carrier has denied the claim entirely. The City intends to contest the case vigorously and the likelihood of an unfavorable outcome is highly unlikely. Plaintiff is asking for \$250,000 or less in damages.

The City is currently being sued in cause no. 18-896 Dexter Wilson v. City of Giddings in the 21st District Court of Lee County, Texas. The plaintiff is alleging PIA violations. The City has filed a response and the case is set for March 24, 2026. The City intends to contest the case vigorously and the likelihood of an unfavorable outcome is highly unlikely. Plaintiff is seeking mandamus relief.

C. Arbitrage

The Tax Reform Act of 1986 instituted certain arbitrage consisting of complex regulations with respect to issuance of tax-exempt bonds after August 31, 1986. Arbitrage regulations deal with the investment of tax-exempt bond proceeds at an interest yield greater than the interest yield paid to bondholders. Generally, all interest paid to bondholders can be retroactively rendered taxable if applicable rebates are not reported and paid to the Internal Revenue Service at least every five years for applicable bond issues. Accordingly, there is the risk that if such calculations are not performed correctly, a substantial liability to the City could result. The City does anticipate that it will have an arbitrage liability and performs annual calculations to estimate this potential liability. The City will also engage an arbitrage consultant to perform the calculations in accordance with Internal Revenue Service's rules and regulations, if indicated.

D. Pension Plans

1. Plan Description

The City of Giddings, Texas participates as one of 938 plans in the nontraditional, joint contributory, hybrid defined benefit pension plan administered by the Texas Municipal Retirement System (TMRS). TMRS is an agency created by the State of Texas and administered in accordance with the TMRS Act, Subtitle G, Title 8, Texas Government Code

City of Giddings, Texas

NOTES TO FINANCIAL STATEMENTS, *Continued*

September 30, 2025

(the TMRS Act) as an agent multiple-employer retirement system for municipal employees in the State of Texas. The TMRS Act places the general administration and management of the System with a six-member Board of Trustees. Although the Governor, with the advice and consent of the Senate, appoints the Board, TMRS is not fiscally dependent on the State of Texas. TMRS's defined benefit pension plan is a tax-qualified plan under Section 401 (a) of the Internal Revenue Code. TMRS issues a publicly available comprehensive annual financial report (CAFR) that can be obtained at www.tmrs.com.

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

2. Benefits Provided

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

At retirement, the benefit is calculated as if the sum of the employee's contributions, with interest, and the city-financed monetary credits with interest were used to purchase an annuity. Members may choose to receive their retirement benefit in one of three payment options. Members may also choose to receive a portion of their benefit as a Partial Lump Sum Distribution in an amount equal to 12, 24, or 36 monthly payments, which cannot exceed 75% of the member's deposits and interest.

The plan provisions are adopted by the governing body of the City, within the options available in the state statutes governing TMRS.

Plan provisions for the City were as follows:

	<u>Plan Year 2023</u>	<u>Plan Year 2024</u>
Employee deposit rate	7%	7%
Matching ratio (city to employee)	2 to 1	2 to 1
Years required for vesting	5	5
Service retirement eligibility (expressed as age / years of service)	60/5, 0/20	60/5, AnyAge/20
Updated service credit	100% Repeating Transfers	100% Repeating Transfers
Annuity increase (to retirees)	70% of CPI Repeating	70% of CPI Retroactive Repeating
Supplemental Death Benefit to Active Members	Yes	Yes
Supplemental Death Benefit to Retirees	Yes	Yes

City of Giddings, Texas
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2025

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	64
Inactive employees entitled to but not yet receiving benefits	63
Active employees	<u>69</u>
Total	196

3. Contributions

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

Employees for the City of Giddings were required to contribute 7% of their annual gross earnings during the fiscal year. The contribution rates for the City of Giddings were 20.44% and 18.93% in calendar years 2025 and 2024, respectively. The City's contributions to TMRS for the year ended September 30, 2025, were \$787,546, and were equal to the required contributions.

4. 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	3.60% to 11.85%, including inflation
Investment Rate of Return	6.75%, net of pension plan investment expense, including inflation

City of Giddings, Texas

NOTES TO FINANCIAL STATEMENTS, *Continued*

September 30, 2025

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. The rates for actives, healthy retirees and beneficiaries are projected on a fully generational basis by the most recent Scale MP-2021 (with immediate convergence) 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 will be applied to reflect the impairment for younger members who become disabled for males and females, respectively. The rates are projected on a fully generational basis by the most recent Scale MP-2021 (with immediate convergence) to account for future mortality improvements subject to the 3.5% and 3% floor.

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

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

City of Giddings, Texas
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2025

The target allocation and best estimates of real rates of return for each major asset class in fiscal year 2025 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return (Arithmetic)
Global Public Equity	35.0%	6.7%
Core Fixed Income	6.0%	4.7%
Non-Core Fixed Income	20.0%	8.0%
Other Public/Private Markets	12.0%	8.0%
Real Estate	12.0%	7.6%
Hedge Funds	5.0%	6.4%
Private Equity	10.0%	11.6%
Total	100.0%	

Discount Rate:

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

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 5.75%	Current Single Rate 6.75%	1% Increase 7.75%
\$ 6,116,512	\$ 3,258,235	\$ 893,306

City of Giddings, Texas
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2025

Changes in the Net Pension Liability:

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) – (b)
Balance at 12/31/23	\$ 21,374,821	\$ 17,802,883	\$ 3,571,938
Changes for the year:			
Service Cost	641,177	-	641,177
Interest (on the Total Pension Liab.)	1,424,285	-	1,424,285
Change in assumptions	-	-	-
Difference between expected and actual experience	421,842	-	421,842
Contributions – employer	-	705,256	(705,256)
Contributions – employee	-	260,792	(260,792)
Net investment income (loss)	-	1,847,099	(1,847,099)
Benefit payments, including refunds of emp. contributions	(1,189,791)	(1,189,791)	-
Administrative expense	-	(11,863)	11,863
Other changes	-	(277)	277
Net changes	1,297,513	1,611,216	(313,703)
Balance at 12/31/24	\$ 22,672,334	\$ 19,414,099	\$ 3,258,235

Pension Plan Fiduciary Net Position:

Detailed information about the pension plan’s Fiduciary Net Position is available in a separately-issued TMRS financial report. That report may be obtained on the internet at www.tmr.com.

5. Pension Expense and Deferred Outflows of Resources Related to Pensions

Pension expense for the year ended September 30, 2025 was \$971,233.

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

	Deferred Outflows of Resources	Deferred (Inflows) of Resources
Difference between projected and investment earnings	\$ 359,766	\$ -
Changes in actuarial assumptions	-	(39,437)
Differences between expected and actual economic experience	-	(196,886)
Contributions subsequent to the	589,037	-
Total	\$ 948,803	\$ (236,323)

The City reported \$589,037 as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date that will be recognized as a reduction of the net pension liability for the year ending September 30, 2026. Other amounts

City of Giddings, Texas
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2025

reported as deferred outflows of resources related to pensions will be recognized in pension expense as follows:

Year ended December 31:	
2025	\$ 229,364
2026	307,847
2027	(284,680)
2028	(129,088)
Thereafter	-
	\$ 123,443

Other Postemployment Benefits

The City also participates in the cost sharing multiple-employer defined benefit group-term life insurance plan operated by the Texas Municipal Retirement System (TMRS) known as the Supplemental Death Benefits Fund (SDBF). The City elected, by ordinance, to provide group-term life insurance coverage to both current and retired employees. The City may terminate coverage under and discontinue participation in the SDBF by adopting an ordinance before November 1 of any year to be effective the following January 1.

The 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); retired employees are insured for \$7,500; this coverage is an “other postemployment benefit,” or OPEB.

The City contributes to the SDBF at a contractually required rate as determined by an annual actuarial valuation. The rate is equal to the cost of providing one-year term life insurance. The funding policy for the SDBF program is to assure that adequate resources are available to meet all death benefit payments for the upcoming year; the intent is not to pre-fund retiree term life insurance during employees’ entire careers.

Employees covered by benefit terms

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

Inactive employees or beneficiaries currently receiving benefits	50
Inactive employees entitled to but not yet receiving benefits	8
Active employees	<u>69</u>
Total	127

City of Giddings, Texas
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2025

The City's retiree contribution rates to the TMRS SDBF for the years ended 2025, 2024 and 2023 are as follows:

Plan/ Calendar Year	Annual Required Contribution (Rate)	Actual Contribution Made (Rate)	Percentage of ARC Contributed
2023	0.26%	0.26%	100.0%
2024	0.27%	0.27%	100.0%
2025	0.23%	0.23%	100.0%

The City's contributions to the TMRS SDBF for the years ended 2025, 2024, and 2023 were \$9,459, \$9,776, and \$8,378, respectively, which equaled the required contributions each year.

Total OPEB Liability

The City's Postemployment Benefits Other Than Pensions Liability (OPEB) was measured as of December 31, 2024, and the Total OPEB Liability was determined by an actuarial valuation as of that date.

Actuarial assumptions:

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

Inflation	2.50% per year
Overall payroll growth	3.60% to 11.85%, including inflation per year
Discount rate	4.08%
Retirees' share of benefit-related costs	\$0
Administrative expenses	All administrative expenses are paid through the Pension Trust and accounted for under reporting requirements under GASB Statement No. 68

Salary increases were based on a service-related table. Mortality rates for active members, retirees, and beneficiaries were based on the gender-distinct 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) to account for future mortality improvements. For disabled annuitants, the 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% minimum mortality rate will be applied to reflect the impairment for younger members who become disabled for males and females. The rates are projected on a fully generational basis by the most recent Scale MP-2021 (with immediate convergence) to account for future mortality improvements subject to the 3.5% and 3% floor.

City of Giddings, Texas
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2025

Discount Rate:

The discount rate used to measure the Total OPEB Liability was 4.08%. The discount rate was based on the Bond Buyer "20-Bond GO Index" rate closest to, but not later than December 31, 2024.

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

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

1% Decrease 3.08%	Current Discount Rate 4.08%	1% Increase 5.08%
\$ 303,630	\$ 259,558	\$ 224,482

Changes in the Total OPEB Liability:

	Total OPEB Liability
Balance at 12/31/23	\$ 256,631
Changes for the year:	
Service Cost	10,059
Interest	9,675
Difference between expected and actual experience	5,895
Changes of assumptions	(12,643)
Benefit payments	(10,059)
Net changes	2,927
Balance at 12/31/24	\$ 259,558

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

For the year ended September 30, 2025, the City recognized OPEB expense of \$2,037.

City of Giddings, Texas
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2025

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

	Deferred Outflows of Resources	Deferred (Inflows) of Resources	
Difference between expected actual experience	\$ 8,385	\$ -	
Changes in assumptions	-	(35,034)	
Contributions subsequent to measurement date	6,628	-	
Total	\$ 15,013	\$ (35,034)	

The City reported \$6,628 as deferred outflows and inflows of resources related to OPEB resulting from contributions subsequent to the measurement date that will be recognized as a reduction of the OPEB liability for the year ending September 30, 2026.

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

Year ended December 31:		
2024	\$	(20,517)
2025		(4,713)
2026		(1,337)
2027		(82)
Thereafter		-
Total	\$	(26,649)

E. Related Organizations and Joint Ventures

The City of Giddings and Lee County co-own and co-operate an airport. Each entity has a 50 percent ownership interest in the airport. The City's share is reported as "investment in joint venture" on the statement of net position.

City of Giddings, Texas
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2025

The following is the condensed balance sheet and income statement for the airport as of September 30, 2025:

Balance Sheet	
<u>Assets</u>	
Current assets	\$ 674,854
Fixed assets, net	3,589,436
Total Assets	4,264,290
 <u>Liabilities and Retained Earnings</u>	
Accounts payable and accrued liability	336
Due to primary government	353,622
Notes payable	103,810
Total Liabilities	457,768
Retained earnings	3,806,522
Total Liabilities and Retained Earnings	\$ 4,264,290
City of Giddings Investment in Airport (50%)	\$ 1,903,261
 <u>Income Statement</u>	
<u>Operating Revenue</u>	
Charges for services	\$ 140,915
Other revenue	39,333
Total Operating Revenue	180,248
 <u>Operating Expenses</u>	
Cost of sales	115,463
Depreciation	175,172
Total Operating Expenses	290,635
 <u>Other Income (Expense)</u>	
Interest income	14,140
Interest expense	(4,323)
Total Other Income (Expense)	9,817
<u>Net Loss</u>	\$ (100,570)
Net Loss attributable to the City of Giddings (50%)	\$ (50,285)

City of Giddings, Texas
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2025

F. Related Party Activity

Mayor Joel Lopez owns Lopez Auto Clinic, and the City incurred \$9,361 for services performed during the year.

Council member Alan Casey owns Computer Network Technologies, and the City incurred \$48,613 for services performed during the year.

G. Restatements

The City restated the beginning net position of governmental activities, business-type activities, and the water fund due to prior year accounting errors and implementation of new accounting standard – GASB 101.

The restatement of beginning net position was as follows:

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Water Fund</u>
Prior year ending net position, as reported	\$ 8,270,306	\$ 11,952,539	\$ 8,972,461
Reallocation of capital assets	(15,213)	15,213	15,213
Correction to ROU lease assets	116,083	-	-
Correction to ROU lease liabilities	(116,542)	-	-
New acct. standard - GASB 101	(110,229)	-	-
Restated beginning net position/fund	<u>\$ 8,144,405</u>	<u>\$ 11,967,752</u>	<u>\$ 8,987,674</u>

H. New Accounting Pronouncements

The City adopted GASB 101, *Compensated Absences* during the year. The goal of the standard is to create a more consistent model for accounting for compensated absences that can be applied to all types of compensated absence arrangements.

The new guidance introduces three criteria for recording a liability in financial statements prepared using the economic resources measurement focus (often referred to as a “full accrual” basis). A liability should be recognized for leave that has not been used if all of the following are true:

- The leave is attributable to services already rendered.
- The leave accumulates.
- The leave is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means (likelihood of more than 50 percent).

City of Giddings, Texas
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2025

This standard was applied retroactively and resulted in a sick leave liability of \$110,229 as of September 30, 2024.

I. Subsequent Events

There were no material subsequent events through May 18, 2026, the date the financial statements were available to be issued.

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REQUIRED SUPPLEMENTARY INFORMATION

City of Giddings, Texas

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

GENERAL FUND (Page 1 of 2)

For the Year Ended September 30, 2025

	<u>Original & Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
<u>Revenues</u>			
Property tax	\$ 2,519,106	\$ 2,487,591	\$ (31,515)
Sales tax	1,800,000	2,051,328	251,328
Franchise and local taxes	173,500	173,940	440
License and permits	103,000	82,249	(20,751)
Fines and forfeitures	250,400	198,196	(52,204)
Investment income	88,000	78,982	(9,018)
Other revenue	412,774	772,518	359,744
Total Revenues	<u>5,346,780</u>	<u>5,844,804</u>	<u>498,024</u>
<u>Expenditures</u>			
Current:			
General government:			
Administration	997,195	926,996	70,199
City council	561,856	605,468	(43,612) *
Public safety:			
Police	2,539,717	2,371,101	168,616
Fire	172,870	203,481	(30,611) *
Animal control	173,328	146,631	26,697
Municipal court	279,425	273,853	5,572
Code enforcement	225,451	266,067	(40,616) *
Public works:			
Streets and transportation	560,702	483,829	76,873
Culture and recreation:			
Cemetery	225,144	181,928	43,216
Library	437,106	427,349	9,757
Parks and recreation	518,509	536,081	(17,572) *
Golf course	480,837	735,886	(255,049) *
Capital outlay	148,500	2,249,445	(2,100,945) *
Debt service:			
Principal	-	295,545	(295,545) *
Interest	-	86,150	(86,150) *
Total Expenditures	<u>7,320,640</u>	<u>9,789,810</u>	<u>(2,469,170)</u>
Revenues Over (Under)			
Expenditures	<u>(1,973,860)</u>	<u>(3,945,006)</u>	<u>(1,971,146)</u>

City of Giddings, Texas
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND (Page 2 of 2)
For the Year Ended September 30, 2025

	<u>Original & Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
<u>Other Financing Sources (Uses)</u>			
Transfers in	\$ 1,964,000	\$ 2,111,553	\$ 147,553
Transfers out	-	(38,105)	(38,105) *
Note issuance	-	1,000,500	1,000,500
Lease issuance	-	253,078	253,078
Sale of capital assets	12,000	54,437	42,437
Total Other Financing Sources			
(Uses)	<u>1,976,000</u>	<u>3,381,463</u>	<u>1,405,463</u>
Net Change in Fund Balance	<u>\$ 2,140</u>	<u>(563,543)</u>	<u>\$ (565,683)</u>
Beginning fund balance		<u>2,321,625</u>	
Ending Fund Balance		<u>\$ 1,758,082</u>	

Notes to Required Supplementary Information

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

City of Giddings, Texas

SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS

Years Ended:

	12/31/2024	12/31/2023	12/31/2022	12/31/2021
Total pension liability				
Service cost	\$ 641,177	\$ 553,567	\$ 521,957	\$ 508,057
Interest (on the Total Pension Liability)	1,424,285	1,351,567	1,264,577	1,170,732
Differences between expected and actual experience	421,842	412,930	409,931	506,360
Changes of assumptions	-	(166,647)	-	-
Benefit payments, including refunds of participant contributions	(1,189,791)	(1,046,066)	(800,982)	(802,609)
Net change in total pension liability	1,297,513	1,105,351	1,395,483	1,382,540
Total pension liability - beginning	21,374,821	20,269,470	18,873,987	17,491,447
Total pension liability - ending (a)	\$ 22,672,334	\$ 21,374,821	\$ 20,269,470	\$ 18,873,987
Plan fiduciary net position				
Contributions - employer	\$ 705,256	\$ 601,791	\$ 550,346	\$ 569,510
Contributions - members	260,792	237,728	225,816	219,395
Net investment income (loss)	1,847,099	1,868,332	(1,273,506)	2,014,838
Benefit payments, including refunds of participant contributions	(1,189,791)	(1,046,066)	(800,982)	(802,609)
Administrative expenses	(11,863)	(11,894)	(11,022)	(9,324)
Other	(277)	(83)	13,153	65
Net change in plan fiduciary net position	1,611,216	1,649,808	(1,296,195)	1,991,875
Plan fiduciary net position - beginning	17,802,883	16,153,075	17,449,270	15,457,395
Plan fiduciary net position - ending (b)	19,414,099	17,802,883	16,153,075	17,449,270
Fund's net pension liability - ending (a) - (b)	\$ 3,258,235	\$ 3,571,938	\$ 4,116,395	\$ 1,424,717
Plan fiduciary net position as a percentage of the total pension liability	85.63%	83.29%	79.69%	92.45%
Covered payroll	\$ 3,725,607	\$ 3,396,117	\$ 3,225,941	\$ 3,134,220
Fund's net pension liability as a percentage of covered payroll	87.46%	105.18%	127.60%	45.46%

<u>12/31/2020</u>	<u>12/31/2019</u>	<u>12/31/2018</u>	<u>12/31/2017</u>	<u>12/31/2016</u>	<u>12/31/2015</u>
\$ 511,566	\$ 479,940	\$ 475,192	\$ 469,160	\$ 461,450	\$ 426,193
1,133,403	1,079,769	1,034,016	971,939	920,222	890,437
(327,113)	(87,072)	(218,573)	29,574	(97,412)	(6,459)
-	2,385	-	-	-	58,831
(723,553)	(668,962)	(561,412)	(546,661)	(497,219)	(451,262)
594,303	806,060	729,223	924,012	787,041	917,740
16,897,144	16,091,084	15,361,861	14,437,849	13,650,808	12,733,068
<u>\$ 17,491,447</u>	<u>\$ 16,897,144</u>	<u>\$ 16,091,084</u>	<u>\$ 15,361,861</u>	<u>\$ 14,437,849</u>	<u>\$ 13,650,808</u>
\$ 577,259	\$ 558,547	\$ 574,326	\$ 529,991	\$ 511,169	\$ 499,368
222,144	207,638	207,637	195,716	192,156	189,780
1,085,376	1,903,044	(373,423)	1,496,773	671,591	14,305
(723,553)	(668,962)	(561,412)	(546,661)	(497,219)	(451,262)
(7,025)	(10,757)	(7,221)	(7,763)	(7,585)	(8,713)
(274)	(324)	(377)	(394)	(408)	(430)
1,153,927	1,989,186	(160,470)	1,667,662	869,704	243,048
14,303,468	12,314,282	12,474,752	10,807,090	9,937,386	9,694,338
15,457,395	14,303,468	12,314,282	12,474,752	10,807,090	9,937,386
<u>\$ 2,034,052</u>	<u>\$ 2,593,676</u>	<u>\$ 3,776,802</u>	<u>\$ 2,887,109</u>	<u>\$ 3,630,759</u>	<u>\$ 3,713,422</u>
88.37%	84.65%	76.53%	81.21%	74.85%	72.80%
\$ 3,173,489	\$ 2,966,252	\$ 2,966,241	\$ 2,795,945	\$ 2,745,092	\$ 2,711,149
64.10%	87.44%	127.33%	103.26%	132.26%	136.97%

City of Giddings, Texas

SCHEDULE OF EMPLOYER CONTRIBUTIONS TO PENSION PLAN

Years Ended:

	9/30/2025	9/30/2024	9/30/2023	9/30/2022
Actuarially determined employer Contributions in relation to the actuarially determined contribution	\$ 787,546	\$ 680,412	\$ 583,607	\$ 550,579
Contribution deficiency (excess)	787,546	680,412	583,607	550,579
Annual covered payroll	\$ -	\$ -	\$ -	\$ -
Employer contributions as a percentage of covered payroll	\$ 3,930,432	\$ 3,657,000	\$ 3,327,439	\$ 3,169,004
	20.04%	18.61%	17.54%	17.37%

NOTES TO SCHEDULE OF EMPLOYER CONTRIBUTIONS TO PENSION PLAN

Valuation Date:

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

Methods and Assumptions Used to Determine Contribution Rates:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percentage of Payroll, Closed
Remaining Amortization Period	21 years (longest amortization ladder)
Asset Valuation Method	10 Year smoothed market; 12% soft corridor
Inflation	2.50%
Salary Increases	3.60% to 11.85% including inflation
Investment Rate of Return	6.75%
Retirement Age	Experience-based table of rates that vary by age. Last updated for the 2023 valuation pursuant to an experience study of the period ending 2022.
Mortality	Post-retirement: 2019 Municipal Retirees of Texas Mortality Tables. Male rates are multiplied by 103% and female rates are multiplied by 105%. The rates are projected on a fully generational basis by the most recent Scale MP-2021 (with immediate convergence). Pre-retirement: PUB(10) mortality tables, with the 110% of the Public Safety table used for males and the 100% of the General Employee table used for females. The rates are projected on a fully generational basis by the most recent Scale MP-2021 (with immediate convergence).

Other Information:

Notes There were no benefit changes during the year.

<u>9/30/2021</u>	<u>9/30/2020</u>	<u>9/30/2019</u>	<u>9/30/2018</u>	<u>9/30/2017</u>	<u>9/30/2016</u>
\$ 564,280	\$ 557,588	\$ 563,025	\$ 565,130	\$ 522,065	\$ 528,237
<u>564,280</u>	<u>557,588</u>	<u>563,025</u>	<u>565,130</u>	<u>522,065</u>	<u>528,237</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
\$ 3,104,653	\$ 3,041,007	\$ 2,970,448	\$ 2,932,720	\$ 2,844,838	\$ 2,845,909
18.18%	18.34%	18.95%	19.27%	18.35%	18.56%

City of Giddings, Texas

SCHEDULE OF CHANGES IN POSTEMPLOYMENT BENEFITS OTHER THAN PENSION (OPEB) LIABILITY AND RELATED RATIOS TEXAS MUNICIPAL RETIREMENT SYSTEM

Year Ended:

	¹	<u>12/31/2024</u>	<u>12/31/2023</u>	<u>12/31/2022</u>
Total OPEB liability				
Service cost	\$	10,059	\$ 8,830	\$ 14,839
Interest		9,675	9,331	5,902
Changes of assumptions		(12,643)	12,162	6,403
Differences in experience		5,895	4,751	(106,396)
Benefit payments, including refunds of participant contributions		(10,059)	(8,830)	(7,420)
Net changes		<u>2,927</u>	<u>26,244</u>	<u>(86,672)</u>
Total OPEB liability - beginning		<u>256,631</u>	<u>230,387</u>	<u>317,059</u>
Total OPEB liability - ending	² \$	<u><u>259,558</u></u>	<u><u>\$ 256,631</u></u>	<u><u>\$ 230,387</u></u>
 Covered payroll	 \$	 3,725,607	 \$ 3,396,117	 \$ 3,225,941
Total OPEB Liability as a percentage of covered payroll		6.97%	7.56%	7.14%

Notes to schedule:

¹ This schedule is presented to illustrate the requirement to show information for ten years. However, until a full ten-year trend is compiled, only available information is shown.

² No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB statement No. 75 to pay related benefits.

	<u>12/31/2021</u>	<u>12/31/2020</u>	<u>12/31/2019</u>	<u>12/31/2018</u>	<u>12/31/2017</u>
\$	14,731	\$ 12,694	\$ 8,602	\$ 10,382	\$ 8,388
	6,079	7,042	7,592	6,803	6,658
	(6,286)	37,691	39,920	(13,663)	15,047
	9,253	(6,195)	(4,527)	(1,617)	-
	(6,582)	(2,221)	(2,076)	(1,780)	(1,678)
	<u>17,195</u>	<u>49,011</u>	<u>49,511</u>	<u>125</u>	<u>28,415</u>
	<u>299,864</u>	<u>250,853</u>	<u>201,342</u>	<u>201,217</u>	<u>172,802</u>
\$	<u>317,059</u>	<u>\$ 299,864</u>	<u>\$ 250,853</u>	<u>\$ 201,342</u>	<u>\$ 201,217</u>
\$	3,134,220	\$ 3,173,489	\$ 2,966,252	\$ 2,966,241	\$ 2,795,945
	10.12%	9.45%	8.46%	6.79%	7.20%

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***COMBINING STATEMENTS AND
INDIVIDUAL FUND SCHEDULES***

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NONMAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

Special revenue funds account for the proceeds of specific revenue sources that are legally restricted or committed to expenditures for specific purposes.

City of Giddings, Texas
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
September 30, 2025

	Special Revenue Funds			
	Hotel Occupancy Tax	Cemetery Improvement	Library	Municipal Court
<u>Assets</u>				
Cash and cash equivalents	\$ 326,455	\$ 84,626	\$ 17,026	\$ 78,496
Receivables, net	45,942	-	-	-
Total Assets	\$ 372,397	\$ 84,626	\$ 17,026	\$ 78,496
<u>Liabilities</u>				
Accounts payable	\$ 25,001	\$ -	\$ -	\$ -
Due to other funds	-	-	-	-
Total Liabilities	25,001	-	-	-
<u>Fund Balances</u>				
Restricted for:				
Municipal court	-	-	-	78,496
Tourism	347,396	-	-	-
Law enforcement	-	-	-	-
Committed for:				
Special revenues	-	84,626	17,026	-
Unassigned	-	-	-	-
Total Fund Balances	347,396	84,626	17,026	78,496
Total Liabilities and Fund				
Balances	\$ 372,397	\$ 84,626	\$ 17,026	\$ 78,496

Special Revenue Funds

Police Drug and Swat	ROW Maintenance	TDEM - COVID Fund	Special Revenues	Capital Projects	Total
\$ 30,134	\$ 126,395	\$ -	\$ 29,236	\$ -	\$ 692,368
-	-	-	-	-	45,942
<u>\$ 30,134</u>	<u>\$ 126,395</u>	<u>\$ -</u>	<u>\$ 29,236</u>	<u>\$ -</u>	<u>\$ 738,310</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 25,001
-	-	76,991	-	-	76,991
<u>-</u>	<u>-</u>	<u>76,991</u>	<u>-</u>	<u>-</u>	<u>101,992</u>
-	-	-	-	-	78,496
-	-	-	-	-	347,396
30,134	-	-	-	-	30,134
-	126,395	-	29,236	-	257,283
-	-	(76,991)	-	-	(76,991)
<u>30,134</u>	<u>126,395</u>	<u>(76,991)</u>	<u>29,236</u>	<u>-</u>	<u>636,318</u>
<u>\$ 30,134</u>	<u>\$ 126,395</u>	<u>\$ -</u>	<u>\$ 29,236</u>	<u>\$ -</u>	<u>\$ 738,310</u>

City of Giddings, Texas

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

For the Year Ended September 30, 2025

	Special Revenue Funds			
	Hotel Occupancy Tax	Cemetery Improvement	Library	Municipal Court
Revenues				
Franchise and local taxes	\$ 215,346	\$ -	\$ -	\$ -
Fines and forfeitures	-	-	-	18,673
Investment income	6,743	3,313	-	1,920
Other revenue	-	-	-	-
Total Revenues	222,089	3,313	-	20,593
Expenditures				
General government	272,800	-	-	11,455
Public safety	-	-	-	-
Total Expenditures	272,800	-	-	11,455
Revenues Over (Under)				
Expenditures	(50,711)	3,313	-	9,138
Net Change in Fund Balances	(50,711)	3,313	-	9,138
Beginning fund balances, as previously reported	398,107	81,313	17,026	69,358
Change in financial reporting (nonmajor to major)	-	-	-	-
Beginning fund balances, as restated	398,107	81,313	17,026	69,358
Ending Fund Balances	\$ 347,396	\$ 84,626	\$ 17,026	\$ 78,496

Special Revenue Funds

Police Drug and Swat	ROW Maintenance	TDEM - COVID Fund	Special Revenues	Capital Projects	Total
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 215,346
7,836	-	-	-	-	26,509
-	2,398	204	627	-	15,205
-	-	-	7,398	-	7,398
<u>7,836</u>	<u>2,398</u>	<u>204</u>	<u>8,025</u>	<u>-</u>	<u>264,458</u>
-	-	77,195	2,524	-	363,974
8,643	-	-	-	-	8,643
<u>8,643</u>	<u>-</u>	<u>77,195</u>	<u>2,524</u>	<u>-</u>	<u>372,617</u>
<u>(807)</u>	<u>2,398</u>	<u>(76,991)</u>	<u>5,501</u>	<u>-</u>	<u>(108,159)</u>
(807)	2,398	(76,991)	5,501	-	(108,159)
30,941	123,997	-	23,735	442,073	1,186,550
-	-	-	-	(442,073)	(442,073)
30,941	123,997	-	23,735	-	744,477
<u>\$ 30,134</u>	<u>\$ 126,395</u>	<u>\$ (76,991)</u>	<u>\$ 29,236</u>	<u>\$ -</u>	<u>\$ 636,318</u>

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