

ANNUAL FINANCIAL REPORT

of the

City of Bellville, Texas

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

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City of Bellville, 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 Bellville, 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 Bellville, 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 Bellville, Texas, as of September 30, 2025, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (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 Bellville, 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, due to the implementation of GASB 101, *Compensated Absences*, the City restated beginning net position for governmental activities, the utilities fund, and business-type activities. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the general fund budgetary comparison information, the schedule of changes in net pension liabilities and related ratios, the schedule of employer contributions to pension plan, and schedule of changes in the other postemployment benefits liability and related ratios, 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 opinion on the financial statements that collectively comprise City of Bellville, Texas' 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.

A handwritten signature in black ink that reads "Brooks Watson & Co." in a cursive, professional style.

BrooksWatson & Co., PLLC
Certified Public Accountants
Houston, Texas
March 16, 2026

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

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City of Bellville, Texas

MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)

September 30, 2025

As management of the City of Bellville, 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 City's total combined net position is \$13,037,832 at September 30, 2025.
- At the close of the current fiscal year, the City's governmental funds reported combined fund balances of \$4,979,476, an increase of \$812,876.
- As of the end of the year, the unassigned fund balance of the general fund was \$2,456,017 or 55% of total general fund expenditures.
- The City had an overall increase in net position of \$1,084,684, which is due to business-type activities revenues exceeding expenses.

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 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).

City of Bellville, Texas

MANAGEMENT'S DISCUSSION AND ANALYSIS, *Continued*

September 30, 2025

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 water, sewer, gas, electric, and sanitation operations.

The government-wide financial statements include not only the City itself (known as the *primary government*), but also the legally separate Bellville 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.

FUND FINANCIAL STATEMENTS

Funds may be considered as operating companies of the parent corporation, which is the City of Bellville. They are usually segregated for specific activities or objectives. The City of Bellville uses fund accounting to ensure and demonstrate compliance with finance-related legal reporting requirements. The two categories of City funds are governmental and proprietary.

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 year. Such information may be useful in evaluating the City'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*.

The City of Bellville maintains nine 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, capital projects, the ARPA fund, and nonmajor governmental funds. The general, capital projects, ARPA funds are considered to be major funds.

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

The City of Bellville adopts an annual appropriated budget for the general, capital projects, and enterprise fund. A budgetary comparison schedule has been provided to demonstrate compliance with the general fund budget.

Proprietary Funds

The City maintains two different types of proprietary funds. Proprietary funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses a proprietary fund to account for its public utilities. All activities associated with providing such services are accounted for in these funds, 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. Internal service funds are an accounting device used to accumulate and allocate costs internally among the City's various functions. The City uses an internal service fund to account for health insurance expenses.

Component Unit

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

Notes to Financial Statements

The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes are the last section of the basic financial statements.

Other Information

In addition to the basic financial statements, MD&A, and accompanying notes, this report also presents certain Required Supplementary Information (RSI). The RSI that GASB Statement No. 34 requires is a budgetary comparison schedule for the general fund and schedules for the City's Defined Pension Plan and Other Post Employment Benefit Plans. RSI can be found after the basic financial statements.

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 Bellville, assets and deferred outflows exceeded liabilities and deferred inflows by \$13,037,832 as of September 30, 2025, in the primary government.

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

The largest portion of the City's net position, \$12,358,807, reflects its investments in capital assets (e.g., land, city hall, city playground and parks, streets, and utility systems, as well as the public works facilities), less any debt used to acquire those assets that are 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 governmental activities decreased by \$1,235,334 primarily as a result of lending to proprietary funds during the year.

Capital assets for governmental activities increased by \$717,944 to street/drainage improvements and purchase of vehicles/equipment outweighing current year depreciation.

Long-term liabilities of the primary government decreased by \$920,909 due primarily to debt principal payments and decrease in the City's pension liability over the course of the year.

Total deferred outflows of the primary government decreased by \$242,062 or 35%. Total deferred inflows of the primary government increased by \$74,670 or 56%. Both variances were directly related to the decrease in City's net pension liability and actuarial changes in the City's pension inputs over the course of the year.

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

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	\$ 3,802,354	\$ 4,223,879	\$ 8,026,233	\$ 5,037,688	\$ 3,751,535	\$ 8,789,223
Capital assets, net	11,612,675	5,751,268	17,363,943	10,894,731	5,790,087	16,684,818
Internal balances	1,529,051	(1,529,051)	-	(7,745)	7,745	-
Total Assets	16,944,080	8,446,096	25,390,176	15,924,674	9,549,367	25,474,041
Deferred Outflows						
of Resources	256,529	186,958	443,487	392,621	292,928	685,549
Other liabilities	493,584	1,081,670	1,575,254	853,374	1,065,009	1,918,383
Long-term liabilities	8,180,057	2,833,675	11,013,732	8,502,557	3,432,084	11,934,641
Total Liabilities	8,673,641	3,915,345	12,588,986	9,355,931	4,497,093	13,853,024
Deferred Inflows						
of Resources	119,647	87,198	206,845	75,699	56,476	132,175
Net Position:						
Net investment						
in capital assets	7,452,129	4,906,678	12,358,807	6,745,045	4,683,967	11,429,012
Restricted	1,472,786	-	1,472,786	716,596	-	716,596
Unrestricted	(517,594)	(276,167)	(793,761)	(575,976)	604,759	28,783
Total Net Position	\$ 8,407,321	\$ 4,630,511	\$ 13,037,832	\$ 6,885,665	\$ 5,288,726	\$ 12,174,391

City of Bellville, 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:

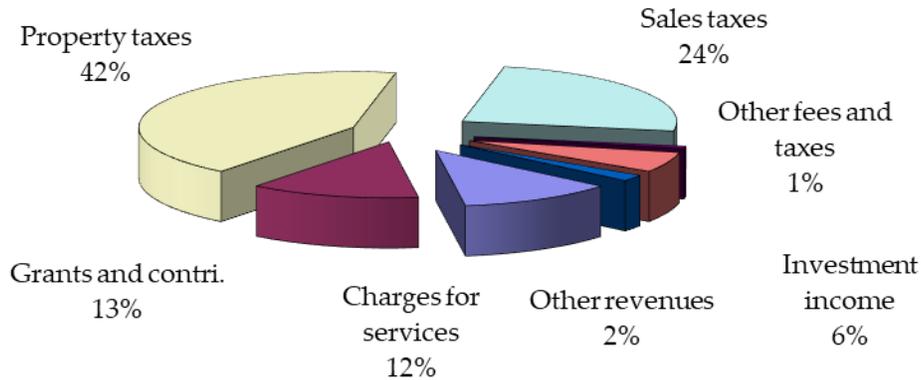
	For the Year Ended September 30, 2025			For the Year Ended September 30, 2024		
	Governmental Activities	Business-Type Activities	Total	Governmental Activities	Business-Type Activities	Total
			Primary Government			Primary Government
Revenues						
Program revenues:						
Charges for services	\$ 443,655	\$ 10,094,701	\$ 10,538,356	\$ 467,459	\$ 10,319,669	\$ 10,787,128
Grants and contri.	483,400	-	483,400	373,561	-	373,561
General revenues:						
Property taxes	1,617,949	-	1,617,949	1,588,136	-	1,588,136
Sales taxes	932,868	-	932,868	836,240	-	836,240
Other fees and taxes	27,847	-	27,847	28,273	-	28,273
Investment income	219,894	53,306	273,200	269,899	86,828	356,727
Other revenues	69,640	318,019	387,659	501,868	363,929	865,797
Total Revenues	3,795,253	10,466,026	14,261,279	4,065,436	10,770,426	14,835,862
Expenses						
General government	898,884	-	898,884	1,076,131	-	1,076,131
Public safety	1,975,599	-	1,975,599	2,255,893	-	2,255,893
Highways and streets	415,589	-	415,589	537,008	-	537,008
Culture and recreation	847,472	-	847,472	1,114,611	-	1,114,611
Interest & fiscal charges	207,499	35,427	242,926	202,726	46,007	248,733
Utility services	-	8,796,125	8,796,125	-	9,767,624	9,767,624
Total Expenses	4,345,043	8,831,552	13,176,595	5,186,369	9,813,631	15,000,000
Change in Net Position						
Before Transfers	(549,790)	1,634,474	1,084,684	(1,120,933)	956,795	(164,138)
Transfers	2,246,717	(2,246,717)	-	1,771,166	(1,771,166)	-
Total	2,246,717	(2,246,717)	-	1,771,166	(1,771,166)	-
Change in Net Position	1,696,927	(612,243)	1,084,684	650,233	(814,371)	(164,138)
Beg. Net Position, as restated *	* 6,710,394	* 5,242,754	11,953,148	6,235,432	6,103,097	12,338,529
Ending Net Position	\$ 8,407,321	\$ 4,630,511	\$ 13,037,832	\$ 6,885,665	\$ 5,288,726	\$ 12,174,391

*Includes restatement for implementation of GASB 101, Compensated Absences.

City of Bellville, 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.

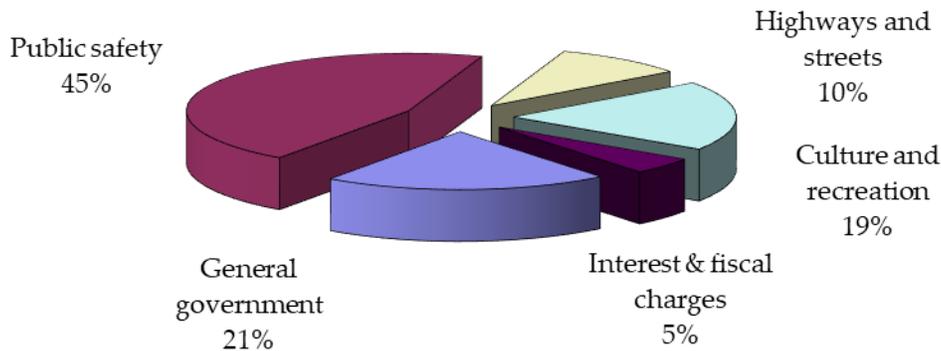
Governmental Activities - Revenues



For the year ended September 30, 2025, revenues from governmental activities totaled \$3,795,253. Property taxes and sales taxes are the City's largest revenue sources. Grants and contributions increased by \$109,839 or 29% primarily due to nonrecurring FEMA grants related to storm damage in the current year. Sales taxes increased by \$96,628 or 12% due to economic growth fueled by local purchases. Investment income decreased by \$50,005 or 19% primarily due to realization of lower interest rates in the current year. Other revenues decreased by \$432,228 or 86% primarily due to nonrecurring insurance claim proceeds received in the prior year. All other revenues remained relatively stable when compared to the previous year.

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 \$4,345,043. This represents a decrease of \$841,326 or 16% from the prior year. The City's largest functional expense is public safety of \$1,975,599, which includes administrative and operating costs for the City's police department. Public safety expenses decreased by \$280,294 or 12% primarily due to nonrecurring vehicle maintenance, IT services, internet costs in the prior year, and changes in actuarial inputs

City of Bellville, Texas

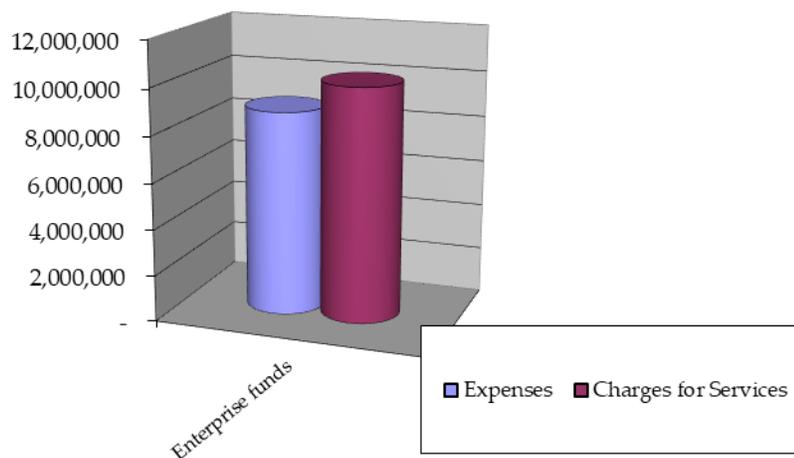
MANAGEMENT'S DISCUSSION AND ANALYSIS, *Continued*

September 30, 2025

resulting from a lower pension and OPEB - healthcare liability at the end of the current year. General government, highways and streets, and culture and recreation expenses decreased by \$177,247 or 16%, \$121,419 or 23%, and \$267,139 or 24%, respectively, primarily due to reduced employee benefit expenses resulting from decreases in the City's pension and OPEB - healthcare liability. All other expenses remained relatively consistent with the previous year.

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 \$10,094,701. Charges for services remained consistent with the prior year.

Total business-type expenses decreased \$982,079 or 10% compared to the prior year primarily due to nonrecurring group insurance costs and employee benefit expenses, resulting from actuarial input changes concerning the City's healthcare liability. In addition, the City recognized nonrecurring utility system maintenance expenses, and water impact study fees in the prior year.

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 Bellville, Texas
MANAGEMENT'S DISCUSSION AND ANALYSIS, Continued
September 30, 2025

As of the end of the year the general fund reflected a total fund balance of \$2,756,969, \$2,456,017 of which was unassigned. The general fund decreased by \$163,343 primarily due to greater than anticipated expenses and less than anticipated transfers in from other funds during the year.

As of the end of the year the capital projects fund reflected a total fund balance of \$1,024,585, an increase of \$182,425. The increase was due to nonrecurring transfers in from other funds in the current year.

The ARPA fund had a ending fund balance of \$767,742. This fund was created in fiscal year 2025. The increase of \$767,742 is primarily due to transfers received from other funds 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 total negative budget variance of \$166,243 in the general fund. This was a combination of a positive revenue variance of \$334,050, a negative expenditure variance of \$253,061, and a negative variance of \$247,232 in other financing sources and uses. The most significant revenue variances were for sales taxes, license/permits, and contributions/donations. General fund expenditures exceeded appropriations at the legal level of control for the police department by \$400,668.

CAPITAL ASSETS

As of the end of the year, the City's governmental activities funds had invested \$11,612,675 in a variety of capital assets and infrastructure, net of accumulated depreciation. Depreciation is included with the governmental capital assets as required by GASB Statement No. 34. The City's business-type activities funds had invested \$5,751,268 in a variety of capital assets and infrastructure, net of accumulated depreciation.

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

- New vehicles purchased through lease financing totaling \$523,510.
- Purchased 2024 Chevrolet Tahoe for \$51,930.
- Street and drainage improvements totaling \$769,835.
- Electric infrastructure improvements for \$232,675.
- Main St. water line improvements totaling \$230,215.

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

City of Bellville, Texas

MANAGEMENT'S DISCUSSION AND ANALYSIS, *Continued*

September 30, 2025

LONG-TERM DEBT

At the end of the current year, the City had total bonds outstanding of \$5,235,000. During the year, the City made principal payments on these bonds of \$395,000. More detailed information about the City's long-term liabilities is presented in note IV. E to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

The Mayor and City Council are committed to maintaining and improving the overall wellbeing of the City of Bellville and improving services provided to their public citizens. The City is budgeting conservatively for the upcoming fiscal year's budget.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

This financial report is designed to provide a general overview of the City of Bellville's finances for all those with an interest in the City's finances. Questions concerning this report or requests for additional financial information should be directed to the City Administrator at 30 South Holland, Bellville, TX, 77418; telephone 979-865-3136.

FINANCIAL STATEMENTS

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

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
Assets			
Current assets:			
Cash and cash equivalents	\$ 3,246,209	\$ 933,789	\$ 4,179,998
Investments	300,000	1,115,000	1,415,000
Receivables, net	256,145	1,639,209	1,895,354
Due from primary government	-	-	-
Inventory	-	535,881	535,881
Internal balances	1,529,051	(1,529,051)	-
Total Current Assets	5,331,405	2,694,828	8,026,233
Capital assets:			
Non-depreciable	1,067,387	547,085	1,614,472
Net depreciable capital assets	10,545,288	5,204,183	15,749,471
Total Noncurrent Assets	11,612,675	5,751,268	17,363,943
Total Assets	16,944,080	8,446,096	25,390,176
Deferred Outflows of Resources			
Pension outflows	252,835	184,266	437,101
OPEB outflows	3,694	2,692	6,386
Total Deferred Outflows of Resources	256,529	186,958	443,487

See Notes to Financial Statements.

Component Unit
Bellville
EDC

\$ 130,606
785,641
-
76,520
-
-

992,767

-
430,904

430,904

1,423,671

-
-

-

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

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
<u>Liabilities</u>			
Current liabilities:			
Accounts payable and accrued liabilities	\$ 159,410	\$ 573,450	\$ 732,860
Accrued interest	26,088	7,669	33,757
Customer deposits	-	421,506	421,506
Due to component unit	76,520	-	76,520
Compensated absences, current	231,566	79,045	310,611
Long term debt due within one year	251,673	255,000	506,673
Total Current Liabilities	745,257	1,336,670	2,081,927
Noncurrent liabilities:			
Debt due in more than one year	4,933,457	589,590	5,523,047
Compensated absences, noncurrent	25,729	8,783	34,512
OPEB liability- TMRS	127,934	93,238	221,172
OPEB liability - Healthcare benefits	1,501,817	910,881	2,412,698
Net pension liability	1,339,447	976,183	2,315,630
Total Noncurrent Liabilities	7,928,384	2,578,675	10,507,059
Total Liabilities	8,673,641	3,915,345	12,588,986
<u>Deferred Inflows of Resources</u>			
Pension inflows	99,080	72,209	171,289
OPEB inflows	20,567	14,989	35,556
Total Deferred Inflows of Resources	119,647	87,198	206,845
<u>Net Position</u>			
Net investment in capital assets	7,452,129	4,906,678	12,358,807
Restricted for:			
Library	620,095	-	620,095
Municipal court	30,674	-	30,674
Tourism	32,426	-	32,426
Senior center	5,186	-	5,186
Capital projects	784,405	-	784,405
Economic development	-	-	-
Unrestricted	(517,594)	(276,167)	(793,761)
Total Net Position	\$ 8,407,321	\$ 4,630,511	\$ 13,037,832

#

See Notes to Financial Statements.

City of Bellville, 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	\$ 898,884	\$ 413,234	\$ -	\$ -
Public safety	1,975,599	-	81,048	-
Public works	415,589	-	93,177	309,175
Culture and recreation	847,472	30,421	-	-
Interest and fiscal charges	207,499	-	-	-
Total Governmental Activities	<u>4,345,043</u>	<u>443,655</u>	<u>174,225</u>	<u>309,175</u>
Business-Type Activities				
City utility services	8,036,430	9,142,873	-	-
City sanitation services	795,122	951,828	-	-
Total Business-Type Activities	<u>8,831,552</u>	<u>10,094,701</u>	<u>-</u>	<u>-</u>
Total Primary Government	<u>\$ 13,176,595</u>	<u>\$ 10,538,356</u>	<u>\$ 174,225</u>	<u>\$ 309,175</u>
Component Units				
Bellville EDC	283,885	-	-	-
	<u>\$ 283,885</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

General Revenues:

- Taxes
 - Property taxes
 - Sales taxes
 - Franchise and local taxes
 - Hotel and occupancy 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

Beginning Net Position, as adjusted

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	Bellville EDC
\$ (485,650)	\$ -	\$ (485,650)	\$ -
(1,894,551)	-	(1,894,551)	-
(13,237)	-	(13,237)	-
(817,051)	-	(817,051)	-
(207,499)	-	(207,499)	-
<u>(3,417,988)</u>	<u>-</u>	<u>(3,417,988)</u>	<u>-</u>
-	1,106,443	1,106,443	-
-	156,706	156,706	-
<u>-</u>	<u>1,263,149</u>	<u>1,263,149</u>	<u>-</u>
<u>(3,417,988)</u>	<u>1,263,149</u>	<u>(2,154,839)</u>	<u>-</u>
			(283,885)
			<u>(283,885)</u>
1,617,949	-	1,617,949	-
932,868	-	932,868	466,434
24,357	-	24,357	-
3,490	-	3,490	-
219,894	53,306	273,200	25,178
69,640	318,019	387,659	-
2,246,717	(2,246,717)	-	-
<u>5,114,915</u>	<u>(1,875,392)</u>	<u>3,239,523</u>	<u>491,612</u>
1,696,927	(612,243)	1,084,684	207,727
6,885,665	5,288,726	12,174,391	1,200,816
(175,271)	(45,972)	(221,243)	-
6,710,394	5,242,754	11,953,148	1,200,816
<u>\$ 8,407,321</u>	<u>\$ 4,630,511</u>	<u>\$ 13,037,832</u>	<u>\$ 1,408,543</u>

City of Bellville, Texas

BALANCE SHEET GOVERNMENTAL FUNDS September 30, 2025

	General	Capital Projects	ARPA Fund	Nonmajor Governmental
<u>Assets</u>				
Cash and cash equivalents	\$ 911,018	\$ 1,057,047	\$ 767,742	\$ 436,744
Investments	300,000	-	-	-
Receivables, net	249,077	-	-	7,068
Due from other funds	1,535,615	-	-	-
Total Assets	\$ 2,995,710	\$ 1,057,047	\$ 767,742	\$ 443,812
<u>Liabilities</u>				
Accounts payable and accrued liabilities	\$ 126,948	\$ 32,462	\$ -	\$ -
Due to component unit	76,520	-	-	-
Due to other funds	-	-	-	6,564
Total Liabilities	203,468	32,462	-	6,564
<u>Deferred Inflows of Resources</u>				
Unavailable revenue				
Property taxes	35,273	-	-	7,068
Total Deferred Inflows of Resources	35,273	-	-	7,068
<u>Fund Balances</u>				
Restricted for:				
Library	300,952	-	-	319,143
Capital projects	-	1,024,585	767,742	49,124
Special revenue	-	-	-	68,286
Unassigned reported in:				
General fund	2,456,017	-	-	-
Debt service	-	-	-	(6,373)
Total Fund Balances	2,756,969	1,024,585	767,742	430,180
Total Liabilities, Deferred Inflows, and Fund Balances	\$ 2,995,710	\$ 1,057,047	\$ 767,742	\$ 443,812

See Notes to Financial Statements.

**Total
Governmental
Funds**

\$ 3,172,551
300,000
256,145
1,535,615

\$ 5,264,311

\$ 159,410
76,520
6,564

242,494

42,341

42,341

620,095
1,841,451
68,286

2,456,017
(6,373)

4,979,476

\$ 5,264,311

City of Bellville, Texas

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

September 30, 2025

Fund Balances - Total Governmental Funds

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

Capital assets - net depreciable

Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the governmental funds.

Property tax receivable

Deferred outflows (inflows) of resources, represent a consumption (acquisition) of net position that applies to a future period(s) and is not recognized as an outflow of resources (expense/ expenditure)/(revenue) until then.

Pension outflows

OPEB outflows

Pension inflows

OPEB inflows

Internal service funds are used by management to charge the cost of internal services to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position.

Net position - governmental activities

Some liabilities, including bonds payable and deferred charges, are not reported as liabilities in the governmental funds.

Accrued interest

Compensated absences

Long-term debt obligations

Net pension liability

OPEB liability - TMRS

OPEB liability - Healthcare benefits

Net Position of Governmental Activities

See Notes to Financial Statements.

\$ 4,979,476

1,067,387
10,545,288

42,341

252,835
3,694
(99,080)
(20,567)

73,658

(26,088)
(257,295)
(5,185,130)
(1,339,447)
(127,934)
(1,501,817)

\$ 8,407,321

City of Bellville, Texas

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

For the Year Ended September 30, 2025

	General	Capital Projects	ARPA Fund	Nonmajor Governmental
<u>Revenues</u>				
Property tax	\$ 1,253,580	\$ -	\$ -	\$ 363,678
Sales tax	932,868	-	-	-
Franchise and local taxes	24,357	-	-	-
License and permits	355,091	-	-	-
Charges for services	30,421	-	-	-
Contributions and donations	174,225	-	-	-
Hotel occupancy taxes	-	-	-	3,490
Fines and forfeitures	53,299	-	-	4,844
Investment income	176,414	19,602	-	23,878
Other revenue	17,940	309,175	-	1,645
Total Revenues	3,018,195	328,777	-	397,535
<u>Expenditures</u>				
Current:				
General government	910,697	-	-	-
Police department	2,376,729	-	-	-
Municipal court	81,273	-	-	9,944
Parks and recreation	772,207	-	-	-
Public works	262,361	-	-	-
Debt service:				
Principal	74,213	-	-	150,000
Interest	14,837	-	-	212,450
Capital outlay	-	389,474	71,544	300,041
Total Expenditures	4,492,317	389,474	71,544	672,435
Excess of Revenues Over (Under) Expenditures	(1,474,122)	(60,697)	(71,544)	(274,900)
<u>Other Financing Sources (Uses)</u>				
Transfers in	863,357	243,122	1,046,442	300,952
Transfers (out)	-	-	(207,156)	-
Sale of capital assets	42,558	-	-	-
Lease issuance	404,864	-	-	-
Total Other Financing Sources	1,310,779	243,122	839,286	300,952
Net Change in Fund Balances	(163,343)	182,425	767,742	26,052
Beginning fund balances	2,920,312	842,160	-	404,128
Ending Fund Balances	\$ 2,756,969	\$ 1,024,585	\$ 767,742	\$ 430,180

See Notes to Financial Statements.

**Total
Governmental
Funds**

\$ 1,617,258
932,868
24,357
355,091
30,421
174,225
3,490
58,143
219,894
328,760

3,744,507

910,697
2,376,729
91,217
772,207
262,361

224,213
227,287
761,059

5,625,770

(1,881,263)

2,453,873
(207,156)
42,558
404,864

2,694,139

812,876

4,166,600

\$ 4,979,476

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City of Bellville, 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	\$	812,876
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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		1,377,070
Depreciation expense		(626,617)
Adjustment for sale of assets		(32,509)

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

Property tax receivable		691
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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		4,992
Accrued interest		937
Pension expense		69,824
OPEB - TMRS expense		7,399
OPEB - Healthcare benefits		204,058

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		(404,864)
Net effect of disposal of leased assets during the year		40,006
Amortization of bond premium		18,851
Principal payments		224,213

Change in Net Position of Governmental Activities	\$	1,696,927
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See Notes to Financial Statements.

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

	<u>Utilities Fund</u>	<u>Sanitation Fund</u>	<u>Total</u>
<u>Assets</u>			
<u>Current Assets</u>			
Cash and cash equivalents	\$ 600	\$ 897,117	\$ 897,717
Investments	1,115,000	-	1,115,000
Receivables, net	1,496,631	142,578	1,639,209
Inventory	535,881	-	535,881
Total Current Assets	3,148,112	1,039,695	4,187,807
<u>Noncurrent Assets</u>			
Capital assets:			
Non-depreciable	547,085	-	547,085
Net depreciable capital assets	5,204,183	-	5,204,183
Total Noncurrent Assets	5,751,268	-	5,751,268
Total Assets	8,899,380	1,039,695	9,939,075
<u>Deferred Outflows of Resources</u>			
Pension outflows	184,266	-	184,266
OPEB outflows	2,692	-	2,692
Total Deferred Outflows of Resources	186,958	-	186,958

**Internal Service
Fund**

**Health
Insurance**

\$ 109,730
-
-
-

109,730

-
-

109,730

-
-

-

City of Bellville, Texas
STATEMENT OF NET POSITION (Page 2 of 2)
PROPRIETARY FUNDS
September 30, 2025

	<u>Utilities Fund</u>	<u>Sanitation Fund</u>	<u>Total</u>
<u>Liabilities</u>			
<u>Current Liabilities</u>			
Accounts payable and accrued liabilities	\$ 498,185	\$ 67,084	\$ 565,269
Accrued interest	7,669	-	7,669
Sales tax payable	8,181	-	8,181
Customer deposits	421,506	-	421,506
Due to other funds	1,529,051	-	1,529,051
Compensated absences - current	79,045	-	79,045
Long-term debt-current	255,000	-	255,000
Total Current Liabilities	<u>2,798,637</u>	<u>67,084</u>	<u>2,865,721</u>
<u>Noncurrent Liabilities</u>			
Compensated absences, noncurrent	8,783	-	8,783
Net pension liability	976,183	-	976,183
OPEB liability - TMRS	93,238	-	93,238
OPEB liability - Healthcare benefits	910,881	-	910,881
Long term debt-noncurrent	589,590	-	589,590
Total Liabilities	<u>5,377,312</u>	<u>67,084</u>	<u>5,444,396</u>
<u>Deferred Inflows of Resources</u>			
Pension inflows	72,209	-	72,209
OPEB inflows	14,989	-	14,989
Total Deferred Inflow of Resources	<u>87,198</u>	<u>-</u>	<u>87,198</u>
<u>Net Position</u>			
Net investment in capital assets	4,906,678	-	4,906,678
Unrestricted	(1,284,850)	972,611	(312,239)
Total Net Position	<u>\$ 3,621,828</u>	<u>\$ 972,611</u>	<u>\$ 4,594,439</u>
Adjustment to report the cumulative internal balance for the net effect of the activity between the internal service fund and the proprietary funds			<u>36,072</u>
Net position of business-type activities			<u>\$ 4,630,511</u>

See Notes to Financial Statements.

City of Bellville, Texas

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS (Page 1 of 2)
For the Year Ended September 30, 2025

	Utilities Fund	Sanitation Fund	Total
<u>Operating Revenues</u>			
Charges for services	\$ 9,055,246	\$ 951,828	\$ 10,007,074
Tap, reconnect, and service charges	87,627	-	87,627
Other revenue	318,019	-	318,019
Total Operating Revenues	9,460,892	951,828	10,412,720
 <u>Operating Expenses</u>			
Administration	947,840	-	947,840
Electric department	4,758,832	-	4,758,832
Gas department	538,771	-	538,771
Water department	454,356	-	454,356
Wastewater department	499,270	-	499,270
Sanitation department	-	795,122	795,122
Recycling department	300,225	-	300,225
Depreciation	501,709	-	501,709
Total Operating Expenses	8,001,003	795,122	8,796,125
Operating Income (Loss)	1,459,889	156,706	1,616,595

City of Bellville, Texas

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION PROPRIETARY FUNDS (Page 2 of 2) For the Year Ended September 30, 2025

	Utilities Fund	Sanitation Fund	Total
<u>Nonoperating Revenues (Expenses)</u>			
Investment income	\$ 5,732	\$ 47,574	\$ 53,306
Interest expense	(35,427)	-	(35,427)
Total Nonoperating Revenues (Expenses)	(29,695)	47,574	17,879
Income (Loss) Before Transfers	1,430,194	204,280	1,634,474
<u>Transfers</u>			
Transfers (out)	(2,246,717)	-	(2,246,717)
Transfers	(2,246,717)	-	(2,246,717)
Change in Net Position	(816,523)	204,280	(612,243)
Beginning net position, as previously reported	4,484,323	768,331	5,252,654
New Acct. Standard - GASB 101	(45,972)	-	(45,972)
Beginning net position, as adjusted	4,438,351	768,331	5,206,682
Ending Net Position	\$ 3,621,828	\$ 972,611	
Adjustment for net effect of current year activity between the internal service fund and the proprietary funds			-
Change in net position of business-type activities			\$ (612,243)

See Notes to Financial Statements.

**Internal Service
Fund**

**Health
Insurance**

\$ -
-

-

-

-

-

-

109,730

-

109,730

\$ 109,730

City of Bellville, Texas

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

	Utilities Fund	Sanitation Fund	Total
<u>Cash Flows from Operating Activities</u>			
Receipts from customers	\$ 9,486,449	\$ 943,803	\$ 10,430,252
Payments to suppliers	(5,581,470)	(355,389)	(5,936,859)
Payments to employees	(1,156,232)	-	(1,156,232)
Net Cash Provided by (Used) by Operating Activities	2,748,747	588,414	3,337,161
<u>Cash Flows from Noncapital Financing Activities</u>			
Operating transfers (out)	(2,246,717)	-	(2,246,717)
Net Cash Provided by (Used) by Noncapital Financing Activities	(2,246,717)	-	(2,246,717)
<u>Cash Flows from Capital and Related Financing Activities</u>			
Capital purchases	(462,890)	-	(462,890)
Principal paid on debt	(245,000)	-	(245,000)
Interest paid on debt	(51,957)	-	(51,957)
Net Cash (Used) by Capital and Related Financing Activities	(759,847)	-	(759,847)
<u>Cash Flows from Investing Activities</u>			
Interest on investments	5,732	47,574	53,306
Net Cash Provided by Investing Activities	5,732	47,574	53,306
Net Increase (Decrease) in Cash and Cash Equivalents	(252,085)	635,988	383,903
Beginning cash and cash equivalents	252,685	261,129	513,814
Ending Cash and Cash Equivalents	\$ 600	\$ 897,117	\$ 897,717

See Notes to Financial Statements.

City of Bellville, Texas

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

	Utilities Fund	Sanitation Fund	Total
<u>Reconciliation of Operating Income</u>			
<u>to Net Cash Provided by Operating Activities</u>			
Operating Income / (Loss)	\$ 1,459,889	\$ 156,706	\$ 1,616,595
Adjustments to reconcile operating income / (loss) to net cash provided / (used):			
Depreciation	501,709	-	501,709
Changes in Operating Assets and Liabilities:			
(Increase) Decrease in:			
Accounts receivable	8,074	(8,025)	49
Inventory	(88,490)	-	(88,490)
Due from/to other funds	1,101,309	435,487	1,536,796
Deferred outflows of resources - pension	106,272	-	106,272
Deferred outflows of resources - OPEB	(2,681)	-	(2,681)
Deferred inflows of resources - pension	33,101	-	33,101
Increase (Decrease) in:			
Accounts payable and accrued liabilities	(41,526)	4,246	(37,280)
Sales tax payable	(1,309)	-	(1,309)
Compensated absences	(4,008)	-	(4,008)
Customer deposits	17,483	-	17,483
Net pension liability	(211,969)	-	(211,969)
OPEB liabilities	(129,107)	-	(129,107)
Net Cash Provided (Used) by Operating Activities	\$ 2,748,747	\$ 588,414	\$ 3,337,161

See Notes to Financial Statements.

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

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of Government-Wide Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units. *Governmental activities*, which normally are supported by taxes, intergovernmental revenues, and other nonexchange transactions, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges to external customers for support. Likewise, the *primary government* is reported separately from certain legally separate *component units* for which the primary government is financially accountable.

B. Reporting Entity

The City of Bellville, Texas (the “City”) was incorporated on January 18, 1927, and operates under a Mayor-Council form of government.

The City Council is the principal legislative and administrative body of the City. Subject to confirmation of the City Council, the Mayor has the power to appoint all boards, commissions, agencies, and officers provided for in the charter or by ordinance. The Mayor is the presiding officer of the City Council and does not vote except in the case of a tie vote.

The City Administrator is the head of the administrative departments of the City and is the supervisor of all administrative officers, employees, directors, and department heads. Departments and agencies of the City submit budget requests to the City Administrator.

The City provides the following services: general government, streets, public safety, culture and recreation, public works, water and wastewater services, natural gas and electric, and sanitation services.

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. The Bellville Economic Development Corporation (“EDC”), although legally separate, are considered part of the reporting entity. No other

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

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

Bellville Economic Development Corporation ("EDC")

In 1998, the voters authorized the creation of the Bellville Economic Development Corporation for the purpose of promoting economic development within the community. The Corporation Board consists of seven members, one of which is a member of City Council, appointed by the entire City Council. The other six members are appointed by City Council. The Corporation's budget and all contracts are approved by City Council, making the City financially accountable. The Corporation does not issue separate financial statements. The fiscal year end for the Corporation is September 30.

C. Basis of Presentation 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.

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

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.

The fund financial statements provide information about the government's funds. Separate statements for each fund category—governmental and proprietary are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds. Major individual governmental and enterprise funds are reported as separate columns in the fund financial statements.

The government reports the following major governmental funds:

Governmental Funds

Governmental funds are those funds through which most governmental functions are typically financed. The City presents 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, street department, parks department, library, public safety, and municipal court. The general fund is always considered a major fund for reporting purposes.

Capital Projects Fund

The City's capital projects fund accounts for the acquisition and construction of the government's major capital facilities, other than those financed by proprietary funds.

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

ARPA Fund

The City's ARPA fund accounts for federal grants the City receives through the American Rescue plan program and the related expenditures.

The government reports the following nonmajor governmental funds:

Hotel Tax Fund

This fund accounts for hotel tax revenues that are legally restricted for tourism related expenses.

Court Technology and Security Fund

This fund accounts for court fees that are legally restricted for court technology and security expenses.

Street Improvement

This fund accounts for the capital expenditures related to street improvements.

Senior Center Fund

This fund accounts for the funds that are legally restructured for the senior center.

Library Rest Donation Fund

This fund accounts for the funds that are legally established for library restoration and maintenance.

Debt Service Fund

This fund accounts for accumulation of financial resources for the payments of principal, interest, and related costs on general long-term debt paid primarily from taxes levied by the City.

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

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

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:

Utilities Fund

This fund is used to account for the operations that provide electricity, natural gas, water, wastewater collection, and wastewater treatment, and recycling services to the citizens of the City. The services are financed and operated in a manner similar to private business enterprises where the intent of the governing body is that the costs (expenses including depreciation) of providing goods or services to the general public on a continuing basis will be financed or recovered primarily through user charges.

Sanitation Fund

This fund is used to account for the operations that provide sanitation and garbage services to the citizens of the City.

Additionally, the government reports the following fund type:

Internal Service Fund

Revenues and expenses related to services provided to organizations inside the City on a cost reimbursement basis are accounted for in an internal service fund. The City's internal service fund was set up to account for health insurance expenses of the City.

During the course of operations the government has activity between funds for various purposes. Any residual balances outstanding at year end are reported as

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

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.

D. Measurement Focus and Basis of Accounting

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as *current financial resources* or *economic resources*. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

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

The governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days

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

of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, and claims and judgments, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under leases are reported as other financing sources.

Property taxes, sales taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Entitlements are recorded as revenues when all eligibility requirements are met, including any time requirements, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year end). Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year end). All other revenue items are considered to be measurable and available only when cash is received by the government.

E. 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 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 TexPool, are reported using the pools' share price.

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

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
Statewide investment pools

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.”

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.

City of Bellville, Texas

NOTES TO FINANCIAL STATEMENTS, *Continued*

September 30, 2025

Penalties are calculated after February 1 up to the date collected by the government at the rate of 6% for the first month and increased 1% per month up to a total of 12%. Interest is calculated after February 1 at the rate of 1% per month 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 average cost method. Certain payments to vendors reflect costs applicable to future accounting periods (prepaid expenditures) are recognized as expenditures when utilized.

6. 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.

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.

City of Bellville, Texas

NOTES TO FINANCIAL STATEMENTS, *Continued*

September 30, 2025

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>
Equipment	3.5 - 15 years
Infrastructure	30 years
Buildings and improvements	20 - 40 years

7. 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, which 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 two sources: property taxes and EMS revenues. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

8. 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 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.

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

9. 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.

10. 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 City Manager 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 Bellville, Texas
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2025

11. Compensated Absences

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.

Upon retirement from the City, an employee will receive compensation for unused vacations hours up to a maximum of 160 hours and compensated absences up to a maximum of 40 hours.

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 and proprietary funds recognize accrued compensated absences when it is paid.

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

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

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 in accordance with GASB statement no. 65.

Assets acquired under the terms of 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.

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. 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.

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

14. 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.

15. 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 (SDBF) 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 are accumulated for OPEB) and 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.

In addition to the contributions made to TMRS, the City provides certain other post-employment benefits to its retirees and dependents. Full time City of Bellville employees hired before October 31, 2018 who have ten years of consecutive service immediately prior to retirement and meet retirement eligibility with TMRS are eligible for retiree health insurance. When the retiree reaches the age of 65 and/or becomes eligible for Medicare coverage the benefit will automatically convert to a Medicare product offered by the City's insurance carrier at the time. All retirees that

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

qualify will have health insurance premiums at the same rate as active employees. During this time, the City will also contribute up to \$500 per month toward the monthly premiums for each retiree that qualifies.

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 for the general fund and enterprise fund.

The appropriated budget is prepared by fund, function, and department. The legal level of control is the department level. Each department head, with the approval of the City Administrator, can reclassify items within the department without approval of the City Council. However, to amend the total of a department, a budget amendment approved by the City Council is required. All annual budget appropriations lapse at fiscal year end.

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

During the current year ended September 30, 2025, general fund expenditures exceeded appropriations at the legal level of control for the police department by \$400,668.

As of September 30, 2025, the debt service fund had a deficit fund balance of \$6,373. The deficit is expected to be reduced or eliminated in the future with property tax revenues.

IV. DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments

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

<u>Investment Type</u>	<u>Carrying Value</u>	<u>Average Maturity (Years)</u>
Certificates of deposit	\$ 1,415,000	0.50
External investment pool	175,776	0.10
Total	<u>\$ 1,590,776</u>	
Portfolio weighted average maturity		0.46

As of September 30, 2025, the component unit had the following investments:

<u>Investment Type</u>	<u>Carrying Value</u>	<u>Average Maturity (Years)</u>
Certificates of deposit	\$ 785,641	0.51
Total	<u>\$ 785,641</u>	
Portfolio weighted average maturity		0.51

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 five years; 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

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

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 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.

TexasCLASS

Texas CLASS is a local government investment pool created to meet the cash management and short-term investment needs of Texas governmental entities. Texas CLASS Government seeks to provide participants with a competitive market yield while maintaining daily liquidity and a stable net asset value. Texas CLASS Government is rated 'AAAm' by S&P Global Ratings. There were no limitations or restrictions on withdrawals.

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

B. Receivables

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

	<u>General</u>	<u>Nonmajor Govt</u>	<u>Utilities Fund</u>	<u>Sanitation Fund</u>	<u>Total</u>
Property taxes	\$ 37,180	\$ 7,068	\$ -	\$ -	\$ 44,248
Sales tax	211,433	-	-	-	211,433
Mixed beverage	2,174	-	-	-	2,174
Accounts	197	-	1,609,249	157,040	1,766,486
Allowance	(1,907)	-	(112,618)	(14,462)	(128,987)
	<u>\$ 249,077</u>	<u>\$ 7,068</u>	<u>\$ 1,496,631</u>	<u>\$ 142,578</u>	<u>\$ 1,895,354</u>

C. Inventory

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

<u>Inventory type</u>	<u>Cost</u>
Electric Department	\$ 508,222
Water Department	16,883
Gas Department	13,628
Sewer Department	17,862
Construction Department	5,411
Reserve	(26,125)
Total	<u>\$ 535,881</u>

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

D. 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>Disposals / Reclassifications</u>	<u>Ending Balances</u>
Capital assets, not being depreciated:				
Land	\$ 641,174	\$ 300,041	\$ -	\$ 941,215
Construction in progress	124,011	469,794	(467,633)	126,172
Total capital assets not being	<u>765,185</u>	<u>769,835</u>	<u>(467,633)</u>	<u>1,067,387</u>
Capital assets, being depreciated:				
Buildings and improvements	6,126,069	-	-	6,126,069
Other improvements	4,351,873	-	-	4,351,873
Infrastructure	4,258,271	19,605	467,633	4,745,509
Vehicles and equipment	754,782	51,930	(150,671)	656,041
Office furniture and equipment	447,758	12,190	-	459,948
Collections	722,578	-	-	722,578
Right-of-use assets	251,317	523,510	(115,042)	659,785
Total capital assets being depreciated	<u>16,912,648</u>	<u>607,235</u>	<u>201,920</u>	<u>17,721,803</u>
Less accumulated depreciation				
Buildings and improvements	(1,244,503)	(147,164)	-	(1,391,667)
Other improvements	(2,122,291)	(145,201)	-	(2,267,492)
Infrastructure	(1,763,262)	(146,053)	-	(1,909,315)
Vehicles and equipment	(633,540)	(27,824)	150,671	(510,693)
Office furniture and equipment	(169,136)	(70,123)	-	(239,259)
Collections	(716,726)	(3,196)	-	(719,922)
Right-of-use assets	(133,644)	(87,056)	82,533	(138,167)
Total accumulated depreciation	<u>(6,783,102)</u>	<u>(626,617)</u>	<u>233,204</u>	<u>(7,176,515)</u>
Net capital assets being depreciated	10,129,546	(19,382)	435,124	10,545,288
Total Capital Assets	<u>\$ 10,894,731</u>	<u>\$ 750,453</u>	<u>\$ (32,509)</u>	<u>\$ 11,612,675</u>

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

Depreciation was charged to governmental functions as follows:

General government	\$	24,745
Public safety		277,977
Library		9,795
Parks and recreation		132,325
Street		181,775
Total Governmental Activities Depreciation Expense	\$	626,617

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>Disposals / Reclassifications</u>	<u>Ending Balances</u>
Capital assets, not being depreciated:				
Land	\$ 316,870	\$ -	\$ -	\$ 316,870
Construction in progress	-	230,215	-	230,215
Total capital assets not being depreciated	<u>316,870</u>	<u>230,215</u>	<u>-</u>	<u>547,085</u>
Capital assets, being depreciated:				
Infrastructure	17,574,133	232,675	-	17,806,808
Buildings	660,479	-	-	660,479
Furniture, vehicles, and equipment	1,930,962	-	(97,840)	1,833,122
Right-of-use assets	23,600	-	(5,900)	17,700
Total capital assets being depreciated	<u>20,189,174</u>	<u>232,675</u>	<u>(103,740)</u>	<u>20,318,109</u>
Less accumulated depreciation				
Infrastructure	(12,559,839)	(455,057)	-	(13,014,896)
Buildings	(344,637)	(20,685)	-	(365,322)
Furniture, vehicles, and equipment	(1,787,881)	(25,967)	97,840	(1,716,008)
Right-of-use assets	(23,600)	-	5,900	(17,700)
Total accumulated depreciation	<u>(14,715,957)</u>	<u>(501,709)</u>	<u>103,740</u>	<u>(15,113,926)</u>
Net capital assets being depreciated	<u>5,473,217</u>	<u>(269,034)</u>	<u>-</u>	<u>5,204,183</u>
Total Capital Assets	\$ <u>5,790,087</u>	\$ <u>(38,819)</u>	\$ <u>-</u>	\$ <u>5,751,268</u>

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

Depreciation was charged to business-type activities as follows:

Water	\$	188,920
Wastewater		203,696
Electric		86,776
Gas		8,647
Other		13,670
Total Business-type Activities Depreciation Expense	\$	501,709

A summary of changes in the discretely presented component unit (Bellville EDC) capital assets for the year end was as follows:

	<u>Beginning Balances</u>	<u>Additions</u>	<u>Retirements/ Reclassifications</u>	<u>Ending Balances</u>
Capital assets, being depreciated:				
Other improvements	\$ 733,824	\$ -	\$ -	\$ 733,824
Total capital assets being depreciated	<u>733,824</u>	<u>-</u>	<u>-</u>	<u>733,824</u>
Less accumulated depreciation				
Other improvements	(277,352)	(25,568)	-	(302,920)
Total accumulated depreciation	<u>(277,352)</u>	<u>(25,568)</u>	<u>-</u>	<u>(302,920)</u>
Net capital assets being depreciated	456,472	(25,568)	-	430,904
Total Capital Assets	<u>\$ 456,472</u>	<u>\$ (25,568)</u>	<u>\$ -</u>	<u>\$ 430,904</u>

The component unit recognized depreciation expense of \$25,568 during the year ended September 30, 2025.

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

E. Long-term Debt

The following is a summary of changes in the City's total long-term liabilities for the year ended. The City uses the enterprise fund to liquidate business-type activities debts.

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Payments/ Reductions</u>	<u>Ending Balance</u>	<u>Amounts Due within One Year</u>
Governmental Activities:					
Bonds, notes and other payables:					
Certificates of Obligation	\$ 4,590,000	\$ -	\$ (150,000)	\$ 4,440,000	\$ 160,000
Less deferred amounts:					
For issuance premiums	346,382	-	(18,851)	327,531	-
Lease liabilities	126,954	404,864	(114,219)	417,599	91,673
Total Governmental Activities	<u>\$ 5,063,336</u>	<u>\$ 404,864</u>	<u>\$ (283,070)</u>	<u>\$ 5,185,130</u>	<u>\$ 251,673</u>
Long-term liabilities due in more than one year				<u>\$ 4,933,457</u>	
Business-Type Activities:					
Bonds, notes and other payables:					
GO Refunding Bond	1,040,000	-	(245,000)	795,000	255,000
Less deferred amounts:					
For issuance premiums	66,120	-	(16,530)	49,590	-
Total Business-Type Activities	<u>\$ 1,106,120</u>	<u>\$ -</u>	<u>\$ (261,530)</u>	<u>\$ 844,590</u>	<u>\$ 255,000</u>
Long-term liabilities due in more than one year				<u>\$ 589,590</u>	

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

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

	Governmental Activities	Business - Type Activities
General Obligation Bonds:		
\$2,380,000 General Obligation Refunding Bond, Series 2019, due in annual installments through 2023, interest at 4.0%	\$ -	\$ 795,000
Total General Obligation Bonds	\$ -	\$ 795,000
Certificates of Obligation:		
\$4,745,000 Certificates of Obligation, Series 2023, due in annual installments through 2043, interest at 4% to 5%	\$ 4,440,000	\$ -
Total Certificates of Obligation	\$ 4,440,000	\$ -
Plus deferred amounts:		
Issuance premium	\$ 327,531	\$ 49,590
Total Deferred Amounts	\$ 327,531	\$ 49,590
Lease Liabilities	\$ 417,599	\$ -
Total Long-term Liabilities	\$ 5,185,130	\$ 844,590

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

Year ending September 30,	Certificates of Obligation		Lease Liabilities	
	Principal	Interest	Principal	Interest
2026	\$ 160,000	\$ 204,700	\$ 91,673	\$ 18,791
2027	165,000	196,575	85,614	14,210
2028	175,000	188,075	66,706	10,501
2029	185,000	179,075	70,119	7,088
2030	195,000	169,575	73,706	3,501
2031-2035	1,115,000	689,875	29,781	395
2036-2040	1,430,000	374,575	-	-
2041-2045	1,015,000	61,900	-	-
	\$ 4,440,000	\$ 2,064,350	\$ 417,599	\$ 54,486

The City entered into multiple lease agreements under governmental activities during the year ended September 30, 2025. The lease agreements were for police vehicles. The lease agreements will be fully paid off in 2031. The current carrying value of all lease right-of-use assets was \$521,618 as of September 30, 2025.

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

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

Year ending September 30,	General Obligation Refunding Bonds	
	Principal	Interest
2026	\$ 255,000	\$ 31,800
2027	265,000	21,600
2028	275,000	11,000
	\$ 795,000	\$ 64,400

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.

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	\$ 262,287	\$ 231,067	\$ (236,059)	\$ 257,295	\$ 231,566
Total Governmental Activities	\$ 262,287	\$ 231,067	\$ (236,059)	\$ 257,295	\$ 231,566
Other Long-term Liabilities Due in More than One Year				\$ 25,729	
Business-Type Activities:					
Compensated Absences	\$ 91,836	\$ 78,646	\$ (82,654)	\$ 87,828	\$ 79,045
Total Business-Type Activities	\$ 91,836	\$ 78,646	\$ (82,654)	\$ 87,828	\$ 79,045
Other Long-term Liabilities Due in More than One Year				\$ 8,783	

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

G. Interfund Transactions

Amounts transferred between funds relate to amounts collected, various capital expenditures, annual funding, and reallocation of pension expenses.

Transfers Out:	Transfers In:				Total
	General	Capital Projects	ARPA	Nonmajor Govt.	
Utilities	\$ 863,357	\$ 35,966	\$ 1,046,442	\$ 300,952	\$ 2,246,717
ARPA	-	207,156	-	-	207,156
	\$ 863,357	\$ 243,122	\$ 1,046,442	\$ 300,952	\$ 2,453,873

The composition of interfund due to/from balances as of the year ended September 30, 2025 were as follows:

Receivable Fund: Due From	Payable Fund: Due To		
	Utilities	Nonmajor Govt	Total
General fund	\$ 1,529,051	\$ 6,564	\$ 1,535,615
	\$ 1,529,051	\$ 6,564	\$ 1,535,615

Interfund balances resulted from the timing difference between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made. All balances are expected to be paid in the subsequent year.

The composition of amounts owed to/from the primary government to the component unit as of September 30, 2025 were as follows:

Payable	Receivable Bellville EDC
General	\$ 76,520
	\$ 76,520

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

H. Restricted Fund Balances

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. The following is a list of restrictions of the fund balances restricted by the City:

	Restricted
Special revenue:	
Municipal court	\$ 30,674 *
Tourism	32,426
Library	620,095
Senior center	5,186
Capital projects	1,841,451
Total	\$ 2,529,832

* Restricted by enabling legislation.

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 2,800 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.

City of Bellville, Texas
NOTES TO FINANCIAL STATEMENTS, Continued
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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 corrects billing errors when identified. The City then assesses the impact of prior billings to determine whether any refunds or further billings are appropriate. Liabilities for any prior billing errors are recorded if and when known and probable, and calculable.

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. Defined Benefit Pension Plans

1. Plan Description

The City of Bellville, 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 (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.tmr.com.

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

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 seven payments 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	5.0%	5.0%
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, 0/20
Updated service credit	100% Repeating Transfers	100% Repeating Transfers
Annuity increase (to retirees)	70% of CPI	70% of CPI

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	54
Active employees	51
Total	155

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

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 Bellville were required to contribute 5% of their annual gross earnings during the fiscal year. The contribution rates for the City of Bellville were 17.52% and 17.72% in calendar years 2024 and 2025, respectively. The City's contributions to TMRS for the year ended September 30, 2025, were \$546,450, and were less than 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	2.5% per year
Overall payroll growth	3.60 to 11.85% per year
Investment Rate of Return	6.75%, net of pension plan investment expense, including inflation

Salary increases are based on a service-related table. Mortality rates for active members are based on the PUB(10) mortality tables with the Public Safety table used for males and the General Employee table used for females. Mortality rates for healthy retirees and beneficiaries are based on the Gender-distinct 2019 Municipal Retirees of Texas mortality tables. The rates for actives, healthy retirees and beneficiaries are projected on a fully generational basis by Scale UMP to account for future mortality improvements. For disabled annuitants, the same mortality tables for healthy retirees is used with a 4-year set-forward for males and a 3-year set-

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

forward for females. In addition, a 3.5% and 3.0% minimum 16 mortality rate is applied, for males and females respectively, to reflect the impairment for younger members who become disabled. The rates are projected on a fully generational basis by Scale UMP to account for future mortality improvements subject to the floor.

The actuarial assumptions were developed primarily from the actuarial investigation of the experience of TMRS over the period ending December 31, 2022. They were adopted in 2023 and first used in the December 31, 2022 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, GRS focused on the area between (1) arithmetic mean (aggressive) without an adjustment for time (conservative) and (2) the geometric mean (conservative) with an adjustment for time (aggressive). The target allocation and best estimates of 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%	

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

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.

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	\$ 15,329,904	\$ 12,549,237	\$ 2,780,667
Changes for the year:			
Service Cost	351,252	-	351,252
Interest (on the Total Pension Liab.)	1,020,380	-	1,020,380
Change in assumptions	-	-	-
Difference between expected and actual experience	106,474	-	106,474
Contributions – employer	-	505,248	(505,248)
Contributions – employee	-	144,192	(144,192)
Net investment income	-	1,302,261	(1,302,261)
Benefit payments, including refunds of emp. contributions	(777,575)	(777,575)	-
Administrative expense	-	(8,363)	8,363
Other changes	-	(195)	195
Net changes	700,531	1,165,568	(465,037)
Balance at 12/31/24	\$ 16,030,435	\$ 13,714,805	\$ 2,315,630

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:

City of Bellville, Texas
NOTES TO FINANCIAL STATEMENTS, Continued
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1% Decrease 5.75%	Current Single Rate Assumption 6.75%	1% Increase 7.75%
\$ 4,334,842	\$ 2,315,630	\$ 636,774

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 and Inflows of Resources Related to Pensions

For the year ended September 30, 2025, the City recognized pension expense of \$404,030.

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

	Deferred Outflows of Resources	Deferred (Inflows) of Resources
Differences between expected and actual economic experience	\$ 32,912	\$ -
Changes in assumptions	-	(40,315)
Difference between projected and investment earnings	-	(130,974)
Contributions subsequent to the measurement date	404,189	-
Total	\$ 437,101	\$ (171,289)

The City reported \$404,189 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.

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

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

Year ended December 31:	
2025	(20,177)
2026	173,969
2027	(201,134)
2028	(91,035)
2029	-
Thereafter	-
	\$ (138,377)

E. Postemployment Benefits Other Than Pensions

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 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.

City of Bellville, Texas
NOTES TO FINANCIAL STATEMENTS, Continued
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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	39
Inactive employees entitled to but not yet receiving benefits	11
Active employees	51
Total	101

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	0.33%	0.33%	100.0%
2024	0.27%	0.27%	100.0%
2025	0.28%	0.28%	100.0%

The City's contributions to the TMRS SDBF for the years ended 2025, 2024, and 2023 were \$6,387, \$5,594, and \$6,379, respectively, which equaled the required contributions each year.

Total OPEB Liability – Supplemental Death Benefits Insurance Fund

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.

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

Actuarial assumptions:

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

Inflation	2.5% 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.

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 as of December 31, 2024.

City of Bellville, Texas
NOTES TO FINANCIAL STATEMENTS, Continued
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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 Single Rate Assumption 4.08%	1% Increase (5.08%)
\$ 259,353	\$ 221,172	\$ 190,661

Changes in the Total OPEB Liability:

	Total OPEB Liability
Balance at 12/31/23	\$ 230,709
Changes for the year:	
Service Cost	5,768
Interest	8,660
Difference between expected and actual experience	(5,224)
Changes of assumptions	(10,955)
Benefit payments	(7,786)
Net changes	(9,537)
Balance at 12/31/24	\$ 221,172

City of Bellville, Texas
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September 30, 2025

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

For the year ended September 30, 2025, the City recognized OPEB income of \$6,845.

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

	Deferred Outflows of Resources	Deferred (Inflows) of Resources
Difference between expected and actual experience	\$ -	\$ (5,587)
Changes in assumptions	-	(29,969)
Contributions subsequent to measurement date	6,386	-
Total	\$ 6,386	\$ (35,556)

The City reported \$6,386 as deferred outflows of resources related to 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 of resources related to OPEB will be recognized in OPEB expense as follows:

Year ended December 31:	
2025	(24,219)
2026	(7,978)
2027	(3,359)
2028	-
2029	-
Thereafter	-
	\$ (35,556)

F. Other Post-Employment Benefits

Health Care Benefit Provided by Plan

The City provides medical benefits to eligible retirees through an unfunded single-employer defined benefit plan (the "Plan"). Employees, along with their spouse and/or eligible dependents, are eligible for retiree health benefits if they have a minimum of 10 years of consecutive coverage immediately prior to retirement from

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

the City and meeting the TMRS retirement criteria. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB 75.

Benefits

The contribution requirements of Plan members established by the City and may be amended as needed. Medical coverage levels for retirees are the same coverage provided to active City employees in accordance with terms and conditions of the current City benefit plan. The City contributes up to \$500 of the monthly premium for group health care coverage.

Discount Rate

The discount rate used to measure the Total OPEB Liability was 4.85%. The discount rate was based on the Bond Buyer GO Bond 20 Year Index rate as of September 30, 2025.

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 4.85%, as well as what the City's Total OPEB Liability would be if it were calculated using a discount rate that is 1-percentage-point lower (3.85%) or 1-percentage-point higher (5.85%) than the current rate:

1% Decrease (3.85%)	Current Single Rate Assumption 4.85%	1% Increase (5.85%)
\$ 2,683,732	\$ 2,412,698	\$ 2,182,347

Healthcare Costs Trend Rate Assumptions

The following presents the Total OPEB Liability of the City, as well as what the City's total OPEB liability would be if it were calculated using the assumed trend rates if that rate was one percentage point lower or one percentage point higher than the current trend rates:

1% Decrease	Current Healthcare Costs Trend Rate Assumption	1% Increase
\$ 2,348,713	\$ 2,412,698	\$ 2,486,097

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

Changes in the Total OPEB Liability

	Total OPEB Liability
Balance at 9/30/2024	\$ 2,740,521
Changes for the year:	
Service Cost	59,647
Interest	77,285
Change in benefit terms	-
Difference between expected and actual experience	176,495
Changes of assumptions	(620,909)
Benefit payments	(20,341)
Net changes	(327,823)
Balance at 9/30/2025	\$ 2,412,698

OPEB Expense for healthcare and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB - Healthcare

For the year ended September 30, 2025, the City recognized OPEB income of \$307,482. There were no deferred inflows or outflows related to this plan.

Employees covered by benefit terms

At the September 30, 2025 valuation and measurement date, the following employees were covered by the benefit terms:

<u>Subscribers by Status</u>	<u>Employee</u>
Inactive employees or beneficiaries currently receiving benefits	12
Active employees	20
Total	32

Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive program (the program as understood by the employer and the Program members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and Program members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of

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

short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

The following is a summary of the actuarial assumptions:

Actuarial Cost Method	Entry Age Normal Cost
Amortization Method	Level Percent-of-Payroll
Asset Valuation Method	N/A
Discount Rate	4.85%
Salary Growth	4.0%
Average Retirement Age	61
Medical cost trend rate	4.1% - 5.8%
Pharmacy cost trend rate	4.1% - 11.7%
Dental cost trend rate	3.0% - 3.5%
Vision cost trend rate	3.0% - 3.0%
Mortality Table	Pub-2010 Mortality Table
Turnover Assumption	Based on data from U.S. Office of Personnel Management for recent experience of the employee group covered by the Federal Employees Retirement System.
Amortization Period	20 years

G. Restatement

Due to the implementation of GASB 101, *Compensated Absences*, the City restated beginning net position for governmental activities, business-type activities, and the utilities fund. Below is a summary of the restatements:

	<u>Governmental Activities</u>	<u>Utilities Fund</u>	<u>Busniess-Type Activities</u>
Prior year ending net position, as reported	\$ 6,885,665	\$ 4,484,323	\$ 5,288,726
Implementation of GASB 101	<u>(175,271)</u>	<u>(45,972)</u>	<u>(45,972)</u>
Restated beginning fund balance/net position	<u>\$ 6,710,394</u>	<u>\$ 4,438,351</u>	<u>\$ 5,242,754</u>

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

H. Related Party Transactions

Monte Richardson, Mayor Pro Tem of the City, owns J&S Water Wells. The Company provided service on the City's water wells totaling \$45,924 during the year ended September 30, 2025.

I. New Accounting Standard

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).

This standard was applied retroactively and resulted in a total sick leave liability of \$221,243 as of September 30, 2024.

J. Subsequent Events

There were no material subsequent events through March 16, 2026, the date the financial statements were available to be issued.

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REQUIRED SUPPLEMENTARY INFORMATION

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City of Bellville, Texas

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

For the Year Ended September 30, 2025

	Original Budget	Final Budget	Actual	Variance with Final Budget
Revenues				
Property tax	\$ 1,212,607	\$ 1,212,607	\$ 1,253,580	\$ 40,973
Sales tax	850,000	850,000	932,868	82,868
Franchise and local taxes	29,000	29,000	24,357	(4,643)
License and permits	276,000	286,000	355,091	69,091
Charges for services	35,000	35,000	30,421	(4,579)
Contributions and donations	9,416	74,138	174,225	100,087
Fines and forfeitures	41,400	41,400	53,299	11,899
Investment income	150,000	150,000	176,414	26,414
Other revenue	6,000	6,000	17,940	11,940
Total Revenues	2,609,423	2,684,145	3,018,195	334,050
Expenditures				
Current:				
General government	941,356	951,357	910,697	40,660
Police department	1,890,374	1,976,061	2,376,729	(400,668) *
Municipal court	89,493	89,493	81,273	8,220
Parks and recreation	770,414	809,414	772,207	37,207
Public works	362,881	323,881	262,361	61,520
Debt service:				
Principal	74,213	74,213	74,213	-
Interest	14,837	14,837	14,837	-
Total Expenditures	4,143,568	4,239,256	4,492,317	(253,061)
Revenues Over (Under) Expenditures	(1,534,145)	\$ (1,555,111)	\$ (1,474,122)	\$ 80,989
Other Financing Sources (Uses)				
Transfers in	1,537,045	\$ 1,537,045	\$ 863,357	\$ (673,688)
Sale of capital assets	-	20,966	42,558	21,592
Lease issuance	-	-	404,864	404,864
Total Other Financing Sources (Uses)	1,537,045	1,558,011	1,310,779	(247,232)
Net Change in Fund Balance	2,900	\$ 2,900	(163,343)	\$ (166,243)
Beginning fund balance			2,920,312	
Ending Fund Balance			\$ 2,756,969	

Notes to Required Supplementary Information

1. Annual budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP).

* Expenditures exceeded appropriations at the legal level of control.

City of Bellville, Texas

SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS

Years ended December 31,

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>
Total pension liability				
Service cost	\$ 351,252	\$ 308,372	\$ 304,998	\$ 301,301
Interest (on the Total Pension Liability)	1,020,380	998,899	962,081	909,841
Changes in benefit terms	-	-	-	-
Differences between expected and actual experience	106,474	(104,070)	50,774	283,790
Changes of assumptions	-	(122,596)	-	-
Benefit payments, including refunds of participant contributions	(777,575)	(790,030)	(758,139)	(687,580)
Net change in total pension liability	<u>700,531</u>	<u>290,575</u>	<u>559,714</u>	<u>807,352</u>
Total pension liability - beginning	<u>15,329,904</u>	<u>15,039,329</u>	<u>14,479,615</u>	<u>13,672,263</u>
Total pension liability - ending (a)	<u>\$ 16,030,435</u>	<u>\$ 15,329,904</u>	<u>\$ 15,039,329</u>	<u>\$ 14,479,615</u>
Plan fiduciary net position				
Contributions - employer	505,248	454,781	438,001	430,209
Contributions - members	144,192	134,075	133,537	129,425
Net investment income	1,302,261	1,322,452	(914,535)	1,460,767
Benefit payments, including refunds of participant contributions	(777,575)	(790,030)	(758,139)	(687,580)
Administrative expenses	(8,363)	(8,421)	(7,919)	(6,762)
Other	(195)	(60)	9,449	46
Net change in plan fiduciary net position	<u>1,165,568</u>	<u>1,112,797</u>	<u>(1,099,606)</u>	<u>1,326,105</u>
Plan fiduciary net position - beginning	<u>12,549,237</u>	<u>11,436,440</u>	<u>12,536,046</u>	<u>11,209,941</u>
Plan fiduciary net position - ending (b)	<u>\$ 13,714,805</u>	<u>\$ 12,549,237</u>	<u>\$ 11,436,440</u>	<u>\$ 12,536,046</u>
Fund's net pension liability - ending (a) - (b)	<u>\$ 2,315,630</u>	<u>\$ 2,780,667</u>	<u>\$ 3,602,889</u>	<u>\$ 1,943,569</u>
Plan fiduciary net position as a percentage of the total pension liability	85.55%	81.86%	76.04%	86.58%
Covered payroll	\$ 2,883,843	\$ 2,681,492	\$ 2,670,737	\$ 2,588,501
Fund's net position as a percentage of covered payroll	80.30%	103.70%	134.90%	75.08%

2020	2019	2018	2017	2016	2015
\$ 303,127	\$ 293,474	\$ 266,812	\$ 274,316	\$ 274,804	\$ 268,064
871,945	828,776	801,293	768,321	727,972	706,660
-	-	-	-	-	-
1,105	62,591	(87,731)	(19,254)	17,185	63,114
-	8,554	-	-	-	23,857
(540,123)	(577,211)	(595,896)	(466,408)	(377,524)	(373,331)
636,054	616,184	384,478	556,975	642,437	688,364
13,036,209	12,420,025	12,035,547	11,478,572	10,836,135	10,147,771
\$ 13,672,263	\$ 13,036,209	\$ 12,420,025	\$ 12,035,547	\$ 11,478,572	\$ 10,836,135
408,832	397,677	359,543	\$ 358,310	\$ 338,369	\$ 354,747
129,541	129,284	118,583	121,379	120,846	125,264
790,927	1,404,190	(284,313)	1,154,409	522,451	11,241
(540,123)	(577,211)	(595,896)	(466,408)	(377,524)	(373,331)
(5,121)	(7,932)	(5,493)	(5,981)	(5,899)	(6,847)
(199)	(237)	(287)	(303)	(318)	(338)
783,857	1,345,771	(407,863)	1,161,406	597,925	110,736
10,426,084	9,080,313	9,488,176	8,326,770	7,728,845	7,618,109
\$ 11,209,941	\$ 10,426,084	\$ 9,080,313	\$ 9,488,176	\$ 8,326,770	\$ 7,728,845
\$ 2,462,322	\$ 2,610,125	\$ 3,339,712	\$ 2,547,371	\$ 3,151,802	\$ 3,107,290
81.99%	79.98%	73.11%	78.83%	72.54%	71.32%
\$ 2,590,828	\$ 2,585,677	\$ 2,371,665	\$ 2,427,579	\$ 2,416,924	\$ 2,505,274
95.04%	100.95%	140.82%	104.93%	130.41%	124.03%

City of Bellville, 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	\$ 546,450	\$ 489,925	\$ 451,074	\$ 433,567
Contributions in relation to the actuarially determined contribution	\$ 546,450	\$ 489,925	\$ 451,074	\$ 433,567
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -
Annual covered payroll	\$ 3,092,966	\$ 2,820,297	\$ 2,684,447	\$ 2,634,110
Employer contributions as a percentage of covered payroll	17.67%	17.37%	16.80%	16.46%

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
Asset Valuation Method	10 Year smoothed market; 12% soft corridor
Inflation	2.5%
Salary Increases	3.60% to 11.85% including inflation
Investment Rate of Return	6.75%
Retirement Age	Experience-based table of rates that are specific to the City's plan of benefits. Last updated for the 2023 valuation pursuant to an experience study of the period ending 2022.
Mortality	Post-retirement: 2019 Municipal Retirees of Texas Mortality Tables. Male rates are multiplied by 103% and female rates are multiplied by 105%. The rates are projected on a fully generational basis by the most recent Scale MP-2021 (with immediate convergence). Pre-retirement: PUB(10) mortality tables, with the 110% of the Public Safety table used for males and the 100% of the General Employee table used for females. The rates are projected on a fully generational basis by the most recent Scale MP-2021 (with immediate convergence).

Other Information:

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>
\$ 423,460	\$ 403,009	\$ 376,899	\$ 374,282	\$ 349,922	\$ 361,762
<u>\$ 423,460</u>	<u>\$ 403,009</u>	<u>\$ 376,899</u>	<u>\$ 374,282</u>	<u>\$ 349,922</u>	<u>\$ 361,762</u>
<u>\$ -</u>					
\$ 2,583,782	\$ 2,571,431	\$ 2,458,642	\$ 2,486,791	\$ 2,404,510	\$ 2,505,274
16.39%	15.67%	15.33%	15.05%	14.55%	14.44%

City of Bellville, Texas

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

Years ended December 31,

	2024	2023	2022
Total OPEB liability			
Service cost	\$ 5,768	\$ 5,363	\$ 10,149
Interest (on the OPEB Liability)	8,660	8,680	5,680
Changes in benefit terms	-	-	-
Differences between expected and actual experience	(5,224)	(2,019)	(2,513)
Changes of assumptions	(10,955)	11,481	(97,429)
Benefit payments, including refunds of participant contributions	(7,787)	(8,849)	(6,944)
Net changes	(9,538)	14,656	(91,057)
Total OPEB liability - beginning	230,709	216,053	307,110
Total OPEB liability - ending	\$ 221,172	\$ 230,709	\$ 216,053
Covered payroll	\$ 2,883,843	\$ 2,681,492	\$ 2,670,737
Total OPEB Liability as a percentage of	7.67%	8.60%	8.09%

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>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	¹
\$	10,613	\$ 9,845	\$ 6,723	\$ 6,641	\$ 5,826	
	5,809	7,024	7,493	6,742	6,750	
	-	-	-	-	-	
	670	(11,871)	2,563	629	-	
	8,368	34,320	37,292	(13,317)	14,787	
	(6,989)	(2,333)	(2,069)	(2,846)	(2,428)	
	18,471	36,985	52,002	(2,151)	24,935	
	288,639	251,654	199,652	201,803	176,868	
\$	<u>307,110</u>	<u>\$ 288,639</u>	<u>\$ 251,654</u>	<u>\$ 199,652</u>	<u>\$ 201,803</u>	²
\$	2,588,501	\$ 2,590,828	\$ 2,585,677	\$ 2,371,665	\$ 2,427,579	
	11.86%	11.14%	9.73%	8.42%	8.31%	

City of Bellville, Texas

SCHEDULE OF CHANGES IN POSTEMPLOYMENT BENEFITS OTHER THAN PENSION (OPEB) LIABILITY AND RELATED RATIOS RETIREE HEALTHCARE BENEFITS

Years Ended September 30,

	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>
Total OPEB liability				
Service cost	\$ 59,647	\$ 27,978	\$ 30,992	\$ 62,359
Interest (on the OPEB Liability)	77,285	51,721	57,640	51,385
Changes in benefit terms	-	-	-	-
Differences between expected and actual experience	176,495	1,054,201	(183,964)	(455,494)
Changes of assumptions	(620,909)	446,161	-	(373,873)
Benefit payments, including refunds of participant contributions	(20,340)	(56,458)	(25,715)	(49,997)
Net changes	<u>(327,822)</u>	<u>1,523,603</u>	<u>(121,047)</u>	<u>(765,620)</u>
Total OPEB liability - beginning	<u>2,740,521</u>	<u>1,216,918</u>	<u>1,337,965</u>	<u>2,103,585</u>
Total OPEB liability - ending	<u><u>\$ 2,412,698</u></u>	<u><u>\$ 2,740,521</u></u>	<u><u>\$ 1,216,918</u></u>	<u><u>\$ 1,337,965</u></u>
Covered payroll	\$ 2,883,835	\$ 2,820,297	\$ 2,684,447	\$ 2,634,110
Total OPEB liability as a percentage of covered payroll	83.66%	97.17%	45.33%	50.79%

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>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	¹			
\$	69,005	\$	63,139	\$	150,383	\$	174,286	
	77,909		65,817		124,950		93,219	
	-		-		-		-	
	(469,274)		87,891		(1,844,937)		696,267	
	285,984		157,762		-		-	
	(33,696)		(36,288)		(29,077)		(37,391)	
	(70,072)		338,321		(1,598,681)		926,381	
	<u>2,173,657</u>		<u>1,835,336</u>		<u>3,434,017</u>		<u>2,507,636</u>	
\$	<u>2,103,585</u>	\$	<u>2,173,657</u>	\$	<u>1,835,336</u>	\$	<u>3,434,017</u>	²
\$	2,583,782	\$	2,600,642	\$	2,371,665	\$	2,526,535	
	81.41%		83.58%		77.39%		135.92%	

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OTHER SUPPLEMENTARY INFORMATION

NONMAJOR GOVERNMENTAL FUNDS

COURT TECHNOLOGY AND SECURITY FUND

This fund accounts for court fees that are legally restricted for technology or security expenses.

HOTEL TAX FUND

This fund accounts for hotel tax revenues that are legally restricted for tourism.

STREET IMPROVEMENT FUND

The City's street improvement fund accounts for the improvements and construction of the government's streets, other than those financed by proprietary funds.

SENIOR CENTER FUND

This fund accounts for the funds that are legally restructured for the senior center.

LIBRARY REST DONATION FUND

This fund accounts for the funds that are legally established for library restoration and maintenance.

DEBT SERVICE FUND

This fund accounts for accumulation of financial resources for the payments of principal, interest, and related costs on general long-term debt paid primarily from taxes levied by the City.

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

	Court Technology and Security	Hotel Tax Fund	Street Improvement	Senior Center
<u>Assets</u>				
Cash and cash equivalents	\$ 30,674	\$ 32,617	\$ 49,124	\$ 5,186
Receivables, net	-	-	-	-
Total Assets	\$ 30,674	\$ 32,617	\$ 49,124	\$ 5,186
<u>Liabilities</u>				
Due to other funds	\$ -	\$ 191	\$ -	\$ -
Total Liabilities	-	191	-	-
<u>Deferred Inflows of Resources</u>				
Unavailable revenue				
Property taxes	-	-	-	-
Total Deferred Inflows of Resources	-	-	-	-
<u>Fund Balances</u>				
Restricted for:				
Capital projects	-	-	49,124	-
Special revenue	30,674	32,426	-	5,186
Unassigned	-	-	-	-
Total Fund Balances	30,674	32,426	49,124	5,186
Total Liabilities and Fund Balances	\$ 30,674	\$ 32,617	\$ 49,124	\$ 5,186

Library Rest Donation Fund	Debt Service	Total Nonmajor Governmental
\$ 319,143	\$ -	\$ 436,744
-	7,068	7,068
<u>\$ 319,143</u>	<u>\$ 7,068</u>	<u>\$ 443,812</u>
\$ -	\$ 6,373	\$ 6,564
-	6,373	6,564
-	7,068	7,068
-	7,068	7,068
-	-	49,124
319,143	-	387,429
-	(6,373)	(6,373)
<u>319,143</u>	<u>(6,373)</u>	<u>430,180</u>
<u>\$ 319,143</u>	<u>\$ 7,068</u>	<u>\$ 443,812</u>

City of Bellville, Texas

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

For the Year Ended September 30, 2025

	Court Technology and Security	Hotel Tax Fund	Street Improvement	Senior Center
Revenues				
Property tax	\$ -	\$ -	\$ -	\$ -
Fines and forfeitures	4,844	-	-	-
Hotel occupancy taxes	-	3,490	-	-
Investment income	-	1,849	-	418
Other revenue	-	-	-	800
Total Revenues	4,844	5,339	-	1,218
Expenditures				
Current:				
General government	-	6,000	-	3,594
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
Capital outlay	-	-	300,041	-
Total Expenditures	-	6,000	300,041	3,594
Excess of Revenues Over (Under)				
Expenditures	4,844	(661)	(300,041)	(2,376)
Other Financing Sources (Uses)				
Transfers in	-	-	-	-
Total Other Financing Sources	-	-	-	-
(Uses)	-	-	-	-
Net Change in Fund Balances	4,844	(661)	(300,041)	(2,376)
Beginning fund balances	25,830	33,087	349,165	7,562
Ending Fund Balances	\$ 30,674	\$ 32,426	\$ 49,124	\$ 5,186

Library Rest Donation Fund	Debt Service	Total Nonmajor Governmental
\$ -	\$ 363,678	\$ 363,678
-	-	4,844
-	-	3,490
17,346	4,265	23,878
845	-	1,645
<u>18,191</u>	<u>367,943</u>	<u>397,535</u>
-	350	9,944
-	150,000	150,000
-	212,450	212,450
-	-	300,041
<u>-</u>	<u>362,800</u>	<u>672,435</u>
<u>18,191</u>	<u>5,143</u>	<u>(274,900)</u>
<u>300,952</u>	<u>-</u>	<u>300,952</u>
<u>300,952</u>	<u>-</u>	<u>300,952</u>
319,143	5,143	26,052
-	(11,516)	404,128
<u>\$ 319,143</u>	<u>\$ (6,373)</u>	<u>\$ 430,180</u>

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