

A stylized graphic of the Texas state flag, featuring a white star on a blue field, a white horizontal stripe, and a red horizontal stripe, all set against a dark blue background that has a wavy, ribbon-like shape.

CITY OF
DIBOLL, TX

2025
ANNUAL
FINANCIAL
REPORT

FOR FISCAL YEAR ENDED
SEPTEMBER 30, 2025

400 KENLEY ST. | DIBOLL, TX 75941
WWW.CITYOFDIBOLL.COM | 936.829.4757

(This page intentionally left blank.)

ANNUAL FINANCIAL REPORT

of the

City of Diboll, Texas

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

(This page intentionally left blank.)

City of Diboll, Texas

TABLE OF CONTENTS

September 30, 2025

FINANCIAL SECTION

Independent Auditor's Report	1
Management's Discussion and Analysis	7

Basic Financial Statements

Government-Wide Financial Statements

Statement of Net Position	18
Statement of Activities	20

Fund Financial Statements

Governmental Funds:

Balance Sheet	22
Reconciliation of the Balance Sheet to the Statement of Net Position- Governmental funds	25
Statement of Revenues, Expenditures, and Changes in Fund Balance- Governmental Funds	26
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	27

Proprietary Funds:

Statement of Net Position	28
Statement of Revenues, Expenses, and Changes in Net Position	31
Statement of Cash Flows	32

Fiduciary Funds:

Statement of Fiduciary Net Position	34
Statement of Changes in Fiduciary Net Position	35

Notes to Financial Statements	37
--------------------------------------	----

REQUIRED SUPPLEMENTARY INFORMATION

Schedule of Revenues, Expenditures, and Changes in Fund Balances- Budget and Actual – General Fund	75
Schedule of Changes in Net Pension Liability (Asset) and Related Ratios – Texas Municipal Retirement System	76
Schedule of Employer Contributions to Pension Plan – Texas Municipal Retirement System	78
Schedule of Changes in OPEB Liability and Related Ratios – Texas Municipal Retirement System	80

City of Diboll, Texas

TABLE OF CONTENTS

September 30, 2025

COMBINING AND INDIVIDUAL FUND STATEMENTS

Combining Balance Sheet – Nonmajor Governmental Funds	85
Combining Statement of Revenues, Expenditures, and Changes in Fund Balance - Nonmajor Governmental Funds	89



INDEPENDENT AUDITOR'S REPORT

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

Report on the Audit of the Financial Statements

Opinions

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

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

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of City of Diboll, 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.E. to the financial statements, the City restated beginning net position within governmental activities, business-type activities, general fund, nonmajor funds, and the water, sewer, and garbage fund to correct prior year accounts payable balances and accrued sick leave due to implementation of GASB 101 accounting pronouncements.. 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, 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 consider 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 Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The accompanying supplementary information, such as the combining statements, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The other 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 combining statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.



Brooks Watson & Co.
Certified Public Accountants
Houston, Texas
March 24, 2026

(This page intentionally left blank.)

*MANAGEMENT'S DISCUSSION
AND ANALYSIS*

(This page intentionally left blank.)

City of Diboll, Texas

MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)

September 30, 2025

As management of the City of Diboll, 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 was \$9,784,729 at September 30, 2025.
- At the close of the current fiscal year, the City's governmental funds reported combined fund balances of \$2,528,878, an increase of \$354,110.
- As of the end of the year, the unassigned fund balance of the general fund was \$1,410,706, or 35% of total general fund expenditures.
- The City had an overall increase in net position of \$557,536, which is primarily due to governmental 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 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 financial information on all of the City's assets, liabilities, and deferred inflows/outflows of resources, 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.

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 Diboll, 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, community development, and public works. The business-type activities of the City include water, sewer, and garbage operations.

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

Governmental Funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the 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 Diboll, Texas maintains sixteen individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund and the debt service fund, which are considered to be major funds. Fund data for the remaining nonmajor governmental funds is provided in the form of combining statements in the combining and individual fund statements and schedules section of this report.

The City of Diboll, Texas adopts an annual appropriated budget for its general, debt service, special revenue funds, and utility funds. A budgetary comparison schedule has been provided to demonstrate compliance with the general fund budget.

Proprietary Funds. The City maintains one type of proprietary fund. *Enterprise funds* are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for its water distribution, wastewater collection/treatment, garbage services. The proprietary fund financial statements provide separate information for the water

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

distribution and wastewater collection/treatment fund. The basic proprietary fund financial statements can be found in the basic financial statements of this report. *Internal service funds* are an accounting device used to accumulate and allocate costs internally among the City's various functions. The City uses internal service funds to account for the maintenance and purchase of equipment.

Notes to Financial Statements. The notes to the financial statements provide additional information that is necessary 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 and accompanying notes, this report also presents certain *required supplementary information* (RSI) concerning the City's progress in funding its obligation to provide pension and other post-employment benefits to its employees.

Government-Wide Financial Analysis

As noted previously, net position over time, may serve as a useful indicator of the City's financial position. For the year ending September 30, 2025, assets and deferred outflows exceeded liabilities and deferred inflows by \$9,784,729.

The largest portion of the City's net position, \$7,033,002, reflects its investments in capital assets (e.g., land, city hall, police station, streets, and drainage 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.

Governmental activities for current and other assets increased by \$305,977, or 11%. The increase is primarily due to greater cash flows, resulting from operating surpluses during the year.

Business-Type activities for current and other assets decreased by \$961,847, or 15%. The decrease is primarily due to declining cash balances, resulting from transfers to other funds, payoff of outstanding vendor payments, and debt repayments in the current year.

Total deferred outflows decreased by \$287,033, or 53%, and total deferred inflows increased by \$76,403, or 54%, when compared to the prior year. Both variances are due to actuarial changes in the City's pension inputs in the current year.

Total current liabilities for the primary government decreased by \$269,823, or 13%, primarily due to repayments of vendor payables in the current year.

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

Total long-term liabilities, which consists of bonds, notes, compensated absence, net pension liability and postemployment benefit obligations, decreased by \$1,311,341, or 10%, for the primary government. The decrease is primarily due to a reduction in the City's net pension liability and debt principal payments made in the current year.

Statement of Net Position:

The following table reflects the condensed Statement of Net Position:

	2025			2024		
	Governmental	Business-Type	Total	Governmental	Business-Type	Total
	Activities	Activities		Activities	Activities	
Current and other assets	\$ 3,006,566	\$ 5,396,038	\$ 8,402,604	\$ 2,700,589	\$ 6,357,885	\$ 9,058,474
Capital assets, net	3,956,126	11,329,895	15,286,021	3,916,711	11,373,631	15,290,342
Total Assets	6,962,692	16,725,933	23,688,625	6,617,300	17,731,516	24,348,816
Deferred Outflows of Resources	198,735	52,828	251,563	425,491	113,105	538,596
Other liabilities	646,783	1,084,990	1,731,773	720,054	1,281,541	2,001,595
Long-term liabilities	2,174,521	10,031,608	12,206,129	2,785,510	10,731,959	13,517,469
Total Liabilities	2,821,304	11,116,597	13,937,901	3,505,564	12,013,500	15,519,064
Deferred Inflows of Resources	176,950	40,608	217,558	116,474	24,681	141,155
Net Position:						
Net investment in capital assets	2,333,632	4,699,370	7,033,002	2,078,727	4,071,061	6,149,788
Restricted	1,121,363	175,065	1,296,428	995,259	758,024	1,753,283
Unrestricted	708,178	747,121	1,455,299	346,767	977,355	1,324,122
Total Net Position	\$ 4,163,173	\$ 5,621,556	\$ 9,784,729	\$ 3,420,753	\$ 5,806,440	\$ 9,227,193

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

Statement of Activities:

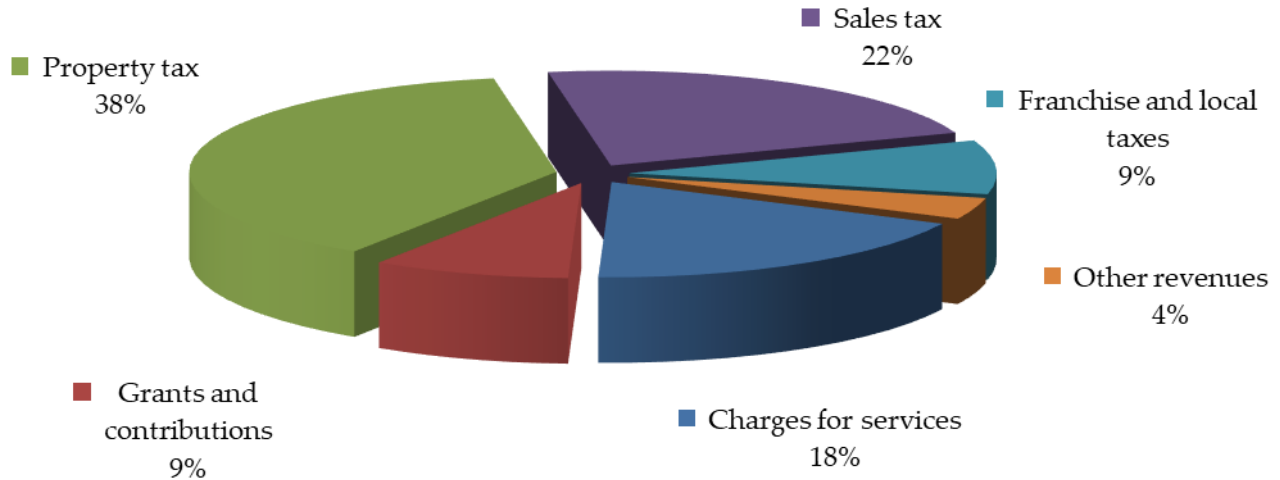
The following table provides a summary of the City's changes in net position:

	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	\$ 794,514	\$ 3,411,050	\$ 4,205,564	\$ 490,019	\$ 3,235,649	\$ 3,725,668
Grants and contri.	375,841	101,936	477,777	140,873	219,072	359,945
General revenues:						
Property tax	1,644,455	-	1,644,455	1,536,096	-	1,536,096
Sales tax	958,249	-	958,249	1,116,154	-	1,116,154
Franchise and local taxes	396,902	-	396,902	391,848	-	391,848
Other taxes	16,287	-	16,287	53,151	-	53,151
Investment income	28,887	249,177	278,064	34,765	260,541	295,306
Other revenues	129,850	-	129,850	50,375	-	50,375
Total Revenues	4,344,985	3,762,163	8,107,148	3,813,281	3,715,262	7,528,543
Expenses						
General government	820,269	-	820,269	805,864	-	805,864
Municipal court	122,143	-	122,143	101,950	-	101,950
Public safety	2,387,128	-	2,387,128	2,178,954	-	2,178,954
Public works	649,282	-	649,282	548,122	-	548,122
Cultural and recreation	242,788	-	242,788	287,441	-	287,441
Interest & fiscal chrgs.	33,414	292,539	325,953	37,122	309,023	346,145
Water, sewer & garbage	-	3,002,050	3,002,050	-	2,853,552	2,853,552
Total Expenses	4,255,023	3,294,589	7,549,612	3,959,453	3,162,575	7,122,028
Change in Net Position						
Before Transfers	89,962	467,574	557,536	(146,172)	552,687	406,515
Transfers in (out)	652,458	(652,458)	-	-	-	-
Total	652,458	(652,458)	-	-	-	-
Change in Net Position	742,420	(184,884)	557,536	(146,172)	552,687	406,515
Beginning Net Position	3,420,753	5,806,440	9,227,193	3,566,925	5,253,753	8,820,678
Ending Net Position	\$ 4,163,173	\$ 5,621,556	\$ 9,784,729	\$ 3,420,753	\$ 5,806,440	\$ 9,227,193

City of Diboll, 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

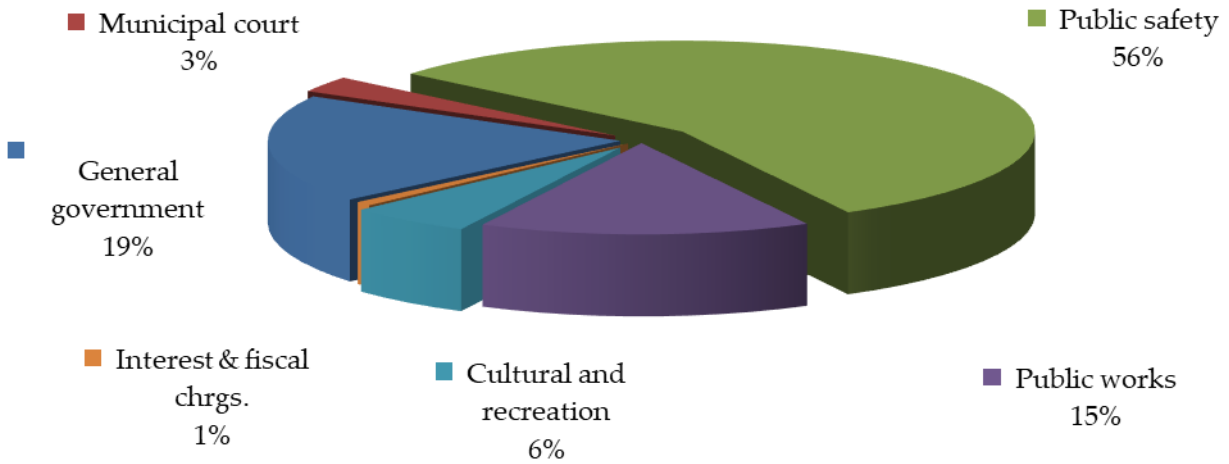


For the year ended September 30, 2025, revenues from governmental activities totaled \$4,344,985, an increase of \$531,704, or 14%. Property tax, sales tax, and charges for services were the City's largest revenue sources. Property tax increased \$108,359, or 7%, primarily due to greater appraised values in the current year. Sales tax decreased by \$157,905, or 14%, due to a reduction in local purchases and a slowdown in economic growth during the year. Grants and contributions increased by \$234,968, or over 100%, due to nonrecurring civic center and park improvement grants received in the current year. Charges for services increased by \$304,495, or 62%, primarily due to greater court fines collected in the current year. Other taxes decreased by \$36,864, or 69%, primarily due to a reduction in tax receipts from the Diboll correctional facility. The facility is now owned and operated by the state, which resulted in a tax-exempt status during the year. Other revenues increased \$79,475, or over 100%, primarily due to nonrecurring donations from the Diboll Booster Club during the year. All other revenues remained relatively consistent with the previous year.

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

This graph shows the governmental function expenses of the City:

Governmental Activities - Expenses

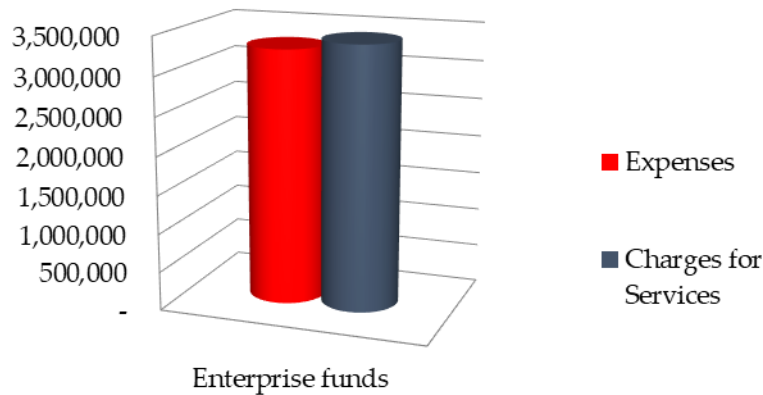


For the year ended September 30, 2025, expenses for governmental activities totaled \$4,255,023. This represents an increase of \$295,570, or 7%, from the prior year. Public safety expenses increased \$208,174, or 10%, primarily due to greater personnel expenses, resulting from salary increases and hiring of additional employees. In addition, the City incurred greater telephone and internet utilities during the current year. Municipal court expenses increased \$20,193, or 20%, primarily due to the City hiring an additional court clerk in the current year. Public works expenses increased by \$101,160, or 18%, primarily due to the increase in personnel costs as well as nonrecurring street maintenance/repairs in the current year. Cultural and recreation expenses decreased by \$44,653, or 16%, due to a reduction in Keep Diboll Beautiful expenses in the current year. All other expenses remained relatively consistent with the previous year.

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

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

Business-Type Activities - Revenues and Expenses



For the year ended September 30, 2025, charges for services by business-type activities totaled \$3,411,050. This represents an increase of \$175,401, or 5%, which is primarily a result of an increase in garage service rates during the year.

Water, sewer, and garbage expenses increased by \$148,498, or 5%, from the prior year primarily due to greater personnel expense related to new hires, greater contractual garbage service costs, and nonrecurring system/structure maintenance costs in the current 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, unreserved fund balance may serve as a useful measure of the City's net resources available for spending at the end of the year.

As of the end of the year, the general fund reflected a total fund balance of \$1,410,706. The general fund balance increased by \$230,943, primarily due to nonrecurring transfers in from the utility fund.

The debt service fund reflected a total fund balance of \$86,722 in the current year. This represents an increase of \$5,616 from the prior year, primarily due to the utilization of fund balance for debt payments, offset by transfers in from other funds.

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

There was an increase in governmental fund balance of \$354,110 over the prior year. The increase is primarily due to the transfers in from the utility fund 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 positive budget variance of \$464,926 in the general fund. Property tax and sales tax revenue received less actual revenue than anticipated. All other revenue sources received more actual revenue than anticipated during the year. The general fund revenues experienced a positive budget variance of \$160,893. There was a total positive budget variance of \$310,402 for current year expenditures. Actual expenditures exceeded appropriations at the legal level of control in the public safety department by \$267. There were supplemental budget appropriations made during the year; increasing the budgeted revenues by \$286,363 and increasing budgeted expenditures by \$520,346.

CAPITAL ASSETS

As of the end of the year, the City's governmental activities funds had invested \$3,956,126 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 \$11,329,895 in a variety of capital assets and infrastructure, net of accumulated depreciation.

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

- Fire department self-contained breathing apparatus gear totaling \$47,650.
- Purchased (2) 2024 Chevrolet Tahoes for the police department totaling \$137,981.
- Purchased (2) air conditioners at radio tower for the police department totaling \$14,770.
- Purchased (5) portable radios for the police department totaling \$15,861.
- Purchased camera surveillance system for parks totaling \$12,719.
- Purchased a 30x20 speedy stage with aluminum decking totaling \$106,008.
- Purchased and installed a new Daktronics electronic message center totaling \$18,111.
- Replaced Well #3 major well pumping equipment for public works totaling \$102,575.
- Completed ARPA waterline project totaling \$293,599.
- Continued the D1Well rehab project totaling \$139,436.

City of Diboll, Texas

MANAGEMENT'S DISCUSSION AND ANALYSIS, *Continued*

September 30, 2025

- Purchased (2) 15HP 2200 series in-line drive floats for the water department totaling \$68,057.
- Purchased Wacker Neuson 6" pump trailer \$19,400.

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

LONG-TERM DEBT

At the end of the current year, the City had total bonds outstanding of \$6,435,000 and notes payable/loan payable amounting to \$5,727,393. During the year, the City made principal payments on long-term debt totaling \$667,467. More detailed information about the City's long-term liabilities is presented in note V. D to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

The Mayor and City Council strive to present a fiscally responsible budget while continuing to provide quality service to their community. The City is budgeting conservatively in the upcoming year.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

This financial report is designed to provide a general overview of the City of Diboll, Texas' 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, 400 Kenley St., Diboll, Texas 75941.

FINANCIAL STATEMENTS

City of Diboll, Texas
STATEMENT OF NET POSITION (Pages 1 of 2)
September 30, 2025

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
<u>Assets</u>			
Current assets:			
Cash and cash equivalents	\$ 2,288,678	\$ 484,895	\$ 2,773,573
Investments	-	218,118	218,118
Restricted cash	-	4,711,251	4,711,251
Receivables, net	344,833	354,829	699,662
Internal balances	373,055	(373,055)	-
Total Current Assets	3,006,566	5,396,038	8,402,604
Capital assets:			
Non-depreciable	225,065	5,410,086	5,635,151
Net depreciable capital assets	3,731,061	5,919,809	9,650,870
Total Noncurrent Assets	3,956,126	11,329,895	15,286,021
Total Assets	6,962,692	16,725,933	23,688,625
<u>Deferred Outflows of Resources</u>			
Pension outflows	192,943	51,289	244,232
OPEB outflows	5,792	1,539	7,331
Total Deferred Outflows of Resources	198,735	52,828	251,563

See Notes to Financial Statements.

City of Diboll, Texas
STATEMENT OF NET POSITION (Pages 2 of 2)
September 30, 2025

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
<u>Liabilities</u>			
Current liabilities:			
Accounts payable and accrued liabilities	\$ 331,001	\$ 324,520	\$ 655,521
Accrued interest payable	6,459	69,825	76,284
Customer deposits	-	109,210	109,210
Due to fiduciary fund	-	25,556	25,556
Compensated absences, current	151,845	18,482	170,327
Current maturities of long-term debt	157,478	537,397	694,875
Total Current Liabilities	646,783	1,084,990	1,731,773
Noncurrent liabilities:			
Debt due in more than one year	1,805,225	9,935,873	11,741,098
Compensated absences, noncurrent	16,872	2,054	18,926
OPEB liability	126,636	33,663	160,299
Net pension liability	225,788	60,018	285,806
Total Liabilities	2,821,304	11,116,597	13,937,901
<u>Deferred Inflows of Resources</u>			
Deferred gain on refunding	46,338	5,888	52,226
Pension inflows	110,816	29,458	140,274
OPEB inflows	19,796	5,262	25,058
Total Deferred Inflows of Resources	176,950	40,608	217,558
<u>Net Position</u>			
Net investment in capital assets	2,333,632	4,699,370	7,033,002
Restricted for:			
Capital improvements	228,345	-	228,345
Debt service	86,722	175,065	261,787
Tourism	24,601	-	24,601
Municipal court	78,535	-	78,535
Police equipment	88,050	-	88,050
Public education	112,248	-	112,248
Special revenue	502,862	-	502,862
Unrestricted	708,178	747,121	1,455,299
Total Net Position	\$ 4,163,173	\$ 5,621,556	\$ 9,784,729

See Notes to Financial Statements.

City of Diboll, 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	\$ 820,269	\$ 794,514	\$ 20,057	\$ -
Municipal court	122,143	-	-	-
Public safety	2,387,128	-	-	-
Public works	649,282	-	-	10,210
Cultural and recreation	201,577	-	345,574	-
Tourism	41,211	-	-	-
Interest and fiscal charges	33,414	-	-	-
Total Governmental Activities	<u>4,255,023</u>	<u>794,514</u>	<u>365,631</u>	<u>10,210</u>
Business-Type Activities				
Water, Sewer & Garbage	3,294,589	3,411,050	101,936	-
Total Business-Type Activities	<u>3,294,589</u>	<u>3,411,050</u>	<u>101,936</u>	<u>-</u>
Total Primary Government	<u><u>\$ 7,549,612</u></u>	<u><u>\$ 4,205,564</u></u>	<u><u>\$ 467,567</u></u>	<u><u>\$ 10,210</u></u>

General Revenues:

- Taxes
 - Property tax
 - Sales tax
 - Franchise and local taxes
 - Other taxes
- Investment income
- Other revenues

Transfers

Total General Revenues and Transfers

Change in Net Position

- Beg. Net Position, as previously stated
- GASB 101 Implementation
- Error corrections
- Beg. Net Position, as adjusted
- Ending Net Position**

See Notes to Financial Statements.

Net (Expense) Revenue and Changes in Net Position

Primary Government		
Governmental Activities	Business-Type Activities	Total
\$ (5,698)	\$ -	\$ (5,698)
(122,143)	-	(122,143)
(2,387,128)	-	(2,387,128)
(639,072)	-	(639,072)
143,997	-	143,997
(41,211)	-	(41,211)
(33,414)	-	(33,414)
<u>(3,084,668)</u>	<u>-</u>	<u>(3,084,668)</u>
-	218,397	218,397
-	218,397	218,397
<u>(3,084,668)</u>	<u>218,397</u>	<u>(2,866,271)</u>
1,644,455	-	1,644,455
958,249	-	958,249
396,902	-	396,902
16,287	-	16,287
28,887	249,177	278,064
129,850	-	129,850
652,458	(652,458)	-
<u>3,827,088</u>	<u>(403,281)</u>	<u>3,423,807</u>
742,420	(184,884)	557,536
3,420,985	5,713,509	9,134,494
(88,455)	(7,995)	(96,450)
88,223	100,926	189,149
3,420,753	5,806,440	9,227,193
<u>\$ 4,163,173</u>	<u>\$ 5,621,556</u>	<u>\$ 9,784,729</u>

City of Diboll, Texas

BALANCE SHEET GOVERNMENTAL FUNDS September 30, 2025

	General Fund	Debt Service Fund	Nonmajor Governmental Funds
<u>Assets</u>			
Cash and cash equivalents	\$ 1,082,713	\$ 168,567	\$ 1,037,042
Receivables, net	325,238	15,547	4,048
Due from other funds	462,706	373,055	5,321
Total Assets	\$ 1,870,657	\$ 557,169	\$ 1,046,411
<u>Liabilities</u>			
Accounts payable	\$ 199,918	\$ -	\$ 1,834
Accrued liabilities	129,249	-	-
Due to other funds	-	454,900	13,127
Total Liabilities	329,167	454,900	14,961
<u>Deferred Inflows of Resources</u>			
Unavailable revenue:			
Property taxes	130,784	15,547	-
Total Deferred Inflows	130,784	15,547	-
<u>Fund Balances</u>			
Restricted for:			
Capital improvements	-	-	228,345
Debt service	-	86,722	-
Tourism	-	-	24,601
Municipal court	-	-	78,535
Police equipment	-	-	88,050
Public education	-	-	112,248
Special revenue	-	-	502,862
Unassigned	1,410,706	-	(3,191)
Total Fund Balances	1,410,706	86,722	1,031,450
Total Liabilities, Deferred Inflows, and Fund Balances	\$ 1,870,657	\$ 557,169	\$ 1,046,411

See Notes to Financial Statements.

**Total
Governmental
Funds**

\$ 2,288,322
344,833
841,082

\$ 3,474,237

\$ 201,752
129,249
468,027

799,028

146,331

146,331

228,345
86,722
24,601
78,535
88,050
112,248
502,862
1,407,515

2,528,878

\$ 3,474,237

(This page intentionally left blank.)

City of Diboll, Texas

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

September 30, 2025

Fund Balances - Total Governmental Funds	\$ 2,528,878
 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	225,065
Capital assets - net depreciable	3,731,061
 Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the governmental funds.	
Property tax receivable	146,331
 Deferred outflows (inflows) of resources, represent a consumption of net position that applies to a future period(s) and is not recognized as an outflow (inflow) of resources (expenditure) until then.	
Deferred losses on refunding	(46,338)
Pension contributions	182,541
Pension investment returns	(95,828)
Pension difference in experience	10,402
Pension changes in assumptions	(14,988)
OPEB contributions	3,630
OPEB changes in assumptions	(19,796)
OPEB actual experience vs. assumption	2,162
 Internal service funds are used by management to charge the cost of equipment services and replacement 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	356
 Some liabilities, including bonds payable and deferred charges, are not reported as liabilities in the governmental funds.	
Accrued interest	(6,459)
Premiums on bonds payable	(64,558)
Compensated absences	(168,717)
Net pension liability	(225,788)
OPEB liability	(126,636)
Non-current liabilities due in one year	(157,478)
Non-current liabilities due in more than one year	(1,740,667)
Net Position of Governmental Activities	\$ 4,163,173

See Notes to Financial Statements.

City of Diboll, Texas

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

For the Year Ended September 30, 2025

	General Fund	Debt Service Fund	Nonmajor Governmental Funds	Total Governmental Funds
<u>Revenues</u>				
Property tax	\$ 1,451,928	\$ 140,482	\$ -	\$ 1,592,410
Sales tax	958,249	-	-	958,249
Franchise and local taxes	388,109	-	8,793	396,902
Intergovernmental revenue	10,210	-	-	10,210
Other taxes	16,287	-	-	16,287
License and permits	35,811	-	-	35,811
Charges for services	639,318	-	119,385	758,703
Contributions and grants	17,446	-	348,185	365,631
Investment income	26,517	701	1,669	28,887
Other revenues	136,367	-	4,165	140,532
Total Revenues	3,680,242	141,183	482,197	4,303,622
<u>Expenditures</u>				
Current:				
General government	821,413	-	3,191	824,604
Municipal court	126,912	-	-	126,912
Public safety	2,622,754	-	10,571	2,633,325
Public works	475,475	-	97,703	573,178
Cultural and recreation	-	-	208,024	208,024
Tourism	-	-	41,211	41,211
Debt service:				
Principal	35,520	116,792	-	152,312
Interest and fiscal charges	-	42,404	-	42,404
Total Expenditures	4,082,074	159,196	360,700	4,601,970
Excess of Revenues Over (Under)				
Expenditures	(401,832)	(18,013)	121,497	(298,348)
<u>Other Financing Sources (Uses)</u>				
Transfers in	655,753	23,629	70,374	749,756
Transfers (out)	(22,978)	-	(74,320)	(97,298)
Total Other Financing Sources (Uses)	632,775	23,629	(3,946)	652,458
Net Change in Fund Balances	230,943	5,616	117,551	354,110
Beginning fund balances, as previously reported	1,097,660	81,106	907,779	2,086,545
Error corrections	82,103	-	6,120	88,223
Beginning fund balances, as adjusted	1,179,763	81,106	913,899	2,174,768
Ending Fund Balances	\$ 1,410,706	\$ 86,722	\$ 1,031,450	\$ 2,528,878

See Notes to Financial Statements.

City of Diboll, 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	\$	354,110
---	----	---------

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		468,443
Depreciation expense		(418,346)
Adjustment for disposal of capital assets		(10,682)

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

Property taxes		52,045
----------------	--	--------

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		(33,985)
Pension expense		164,311
OPEB expense		5,222

The issuance of long-term debt (e.g., bonds, leases, certificates of obligation)

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 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.

Principal payments		152,312
Amortization of bond premium		5,125
Amortization of deferred losses		3,865

Change in Net Position of Governmental Activities	\$	742,420
--	-----------	----------------

See Notes to Financial Statements.

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

	Business-Type Activities	Governmental Activities
	Water, Sewer, Garbage Fund	Internal Service Fund
<u>Assets</u>		
<u>Current Assets</u>		
Cash and cash equivalents	\$ 484,895	\$ 356
Investments	218,118	-
Restricted cash	4,711,251	-
Accounts receivables, net	354,829	-
Total Current Assets	5,769,093	356
<u>Noncurrent Assets</u>		
Capital assets:		
Non-depreciable	5,410,086	-
Net depreciable capital assets	5,919,809	554,437
Total Noncurrent Assets	11,329,895	554,437
Total Assets	17,098,988	554,793
<u>Deferred Outflows of Resources</u>		
Pension outflows	51,289	-
OPEB outflows	1,539	-
Total Deferred Outflows of Resources	52,828	-

See Notes to Financial Statements.

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

	Business-Type Activities	Governmental Activities
	Water, Sewer, Garbage Fund	Internal Service Fund
<u>Liabilities</u>		
<u>Current Liabilities</u>		
Accounts payable and accrued liabilities	\$ 324,520	\$ -
Customer deposits	109,210	-
Accrued interest	69,825	-
Compensated absences, current	18,482	-
Current maturities of long-term debt	537,397	-
Due to other funds	373,055	-
Due to fiduciary fund	25,556	-
Total Current Liabilities	1,458,045	-
<u>Noncurrent Liabilities</u>		
Compensated absences, noncurrent	2,054	-
Long-term liabilities	9,935,873	-
OPEB liability	33,663	-
Net pension liability	60,018	-
Total Liabilities	11,489,652	-
<u>Deferred Inflows of Resources</u>		
Pension inflows	29,458	-
OPEB inflows	5,262	-
Deferred gain on refunding	5,888	-
Total Deferred Inflows of Resources	40,608	-
<u>Net Position</u>		
Net investment in capital assets	4,699,370	554,437
Restricted for:		
Debt service	175,065	-
Unrestricted	747,121	356
Total Net Position	\$ 5,621,556	\$ 554,793

See Notes to Financial Statements.

(This page intentionally left blank.)

City of Diboll, Texas

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

For the Year Ended September 30, 2025

	Business-Type Activities	Governmental Activities
	Water, Sewer, Garbage Fund	Internal Service Fund
<u>Operating Revenues</u>		
Water and sewer revenue	\$ 2,493,319	\$ -
Garbage service revenue	894,323	-
Intergovernmental	101,936	-
Other revenue	23,408	-
Total Operating Revenues	3,512,986	-
<u>Operating Expenses</u>		
Personnel	620,685	-
Materials and supplies	229,869	-
Utilities	141,943	-
Contractual	1,205,534	-
Maintenance	232,409	-
Sundry charges	207	-
Depreciation	571,403	22,915
Total Operating Expenses	3,002,050	22,915
Operating Income (Loss)	510,936	(22,915)
<u>Nonoperating Revenues (Expenses)</u>		
Investment income	249,177	-
Interest expense	(292,539)	-
Total Nonoperating Revenues (Expenses)	(43,362)	-
Income (Loss) Before Transfers	467,574	(22,915)
<u>Transfers</u>		
Transfers (out)	(652,458)	-
Change in Net Position	(184,884)	(22,915)
Beginning net position, as previously stated	5,713,509	577,708
GASB 101 Implementation	(7,995)	-
Error corrections	100,926	-
Beginning net position, as adjusted	5,806,440	577,708
Ending Net Position	\$ 5,621,556	\$ 554,793

See Notes to Financial Statements.

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

	Business-Type Activities	Governmental Activities
	Water, Sewer, Garbage Fund	Internal Service Fund
<u>Cash Flows from Operating Activities</u>		
Receipts from customers	\$ 3,630,516	\$ -
Payments to employees	(660,784)	-
Payments to suppliers and contractors	(1,985,707)	-
Net Cash Provided by (Used for) Operating Activities	984,025	-
<u>Cash Flows from Noncapital Financing Activities</u>		
Transfers (out)	(652,458)	-
Net Cash Provided by (Used for) Noncapital Financing Activities	(652,458)	-
<u>Cash Flows from Capital and Related Financing Activities</u>		
Purchases of capital assets	(527,667)	-
Principal paid on capital debt	(515,155)	-
Interest paid on capital debt	(335,521)	-
Net Cash Provided by (Used for) Capital and Related Financing	(1,378,343)	-
<u>Cash Flows from Investing Activities</u>		
Purchase of investments	(109,820)	-
Interest on investments	249,177	-
Net Cash Provided by Investing Activities	139,357	-
Net Increase (Decrease) in Cash and Cash Equivalents	(907,419)	-
Beginning cash and cash equivalents	6,103,565	356
Ending Cash and Cash Equivalents	\$ 5,196,146	\$ 356

See Notes to Financial Statements.

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

	Business-Type Activities	Governmental Activities
	Water, Sewer, Garbage Fund	Internal Service Fund
<u>Reconciliation of Operating</u>		
<u>Income (Loss) to Net Cash Provided by</u>		
<u>(Used for) Operating Activities</u>		
Operating Income (Loss)	\$ 510,936	\$ (22,915)
Adjustments to reconcile operating income (loss) to net cash provided by (used):		
Depreciation	571,403	22,915
Changes in Operating Assets and Liabilities:		
(Increase) Decrease in:		
Accounts receivable	112,854	-
Pension outflows	60,322	-
Pension inflows	17,506	-
OPEB outflows	(45)	-
OPEB inflows	(402)	-
Increase (Decrease) in:		
Accounts payable and accrued liabilities	(252,695)	-
Customer deposits	4,676	-
Compensated absences	4,966	-
Due from other funds	76,950	-
OPEB liability	(940)	-
Net pension liability	(121,506)	-
Net Cash Provided by		
(Used for) Operating Activities	\$ 984,025	\$ -

See Notes to Financial Statements.

City of Diboll, Texas
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUND
September 30, 2025

		Endowment Trust Fund
<u>Assets</u>		
Investments		\$ 774,353
Due from primary government		25,556
	Total Assets	799,909
<u>Liabilities</u>		
Due to third parties		13,020
	Total Liabilities	13,020
<u>Net Position</u>		
Net position held in trust for the operations of the civic center, park and cemeteries		786,889
	Total Net Position	\$ 786,889

See Notes to Financial Statements.

City of Diboll, Texas
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUND
September 30, 2025

	Endowment Trust Fund
<u>Additions</u>	
Investment earnings	\$ 9,252
Intergovernmental revenue	47,500
Total Additions	56,752
Change in Net Position	56,752
Beginning net position, as adjusted	730,137
Ending Net Position	\$ 786,889

(This page intentionally left blank.)

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

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The City of Diboll, Texas (the "City") was incorporated in 1962. 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. The City provides a full range of municipal services including public safety, streets, parks and recreation, community development, planning and zoning, and general administrative services. In addition, the City provides water, sewer, and garbage services as an enterprise function of the City.

As required by generally accepted accounting principles, these basic financial statements have been prepared based on considerations regarding the potential for inclusion of other entities, organizations, or functions as part of the City's financial reporting entity. No other 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.

B. 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.

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

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

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, including its fiduciary 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:

General Fund

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

Debt Service Fund

The debt service fund is used to account for the accumulation of resources that are restricted, committed, or assigned for the payment of principal and interest on long-term obligations of governmental funds. The primary source of revenue for debt service is property taxes.

The City reports the following major enterprise funds:

Water, Sewer, Garbage Fund

This fund is used to account for the provision of water, sewer, and garbage services to the residents of the City. Activities of the fund include administration, operations and maintenance of the water production and distribution system, water/garbage collection and treatment systems. The fund also accounts for the accumulation of resources for and the payment of long-term debt. All costs are financed through charges to utility customers.

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

Additionally, the government reports the following fund types:

Special Revenue Funds

The City accounts for resources restricted to, or designated for, specific purposes in a special revenue fund. These funds consist of the special revenue fund, hotel/motel tax, municipal court security fund and technology fund, drug seizure fund, the PEG fund, the recreation sports fund, red light fund, road maintenance fund, truancy prevention fund, jury fund, Keep Diboll Beautiful fund, street projects fund, and the day fund.

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 funds include the equipment replacement fund.

Fiduciary Fund

The fiduciary fund accounts for donations made and held in trust by the City until the funds are expended per donor's intent.

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

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

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

C. 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 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 yearend). 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 yearend). All other revenue items are considered to be measurable and available only when cash is received by the government.

The proprietary, pension and other postemployment benefit trust, and private-purpose trust funds are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Custodial funds have no measurement focus but utilize the *accrual basis of accounting* for reporting its assets and liabilities.

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

D. Assets, Liabilities, and Fund Equity or Net Position

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.

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. 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.

City of Diboll, Texas

NOTES TO FINANCIAL STATEMENTS, *Continued*

September 30, 2025

3. Property Taxes

Property taxes are levied by October 1 on the assessed value listed as of the prior January 1 for all real and business personal property in conformity with Subtitle E, Texas Property Tax Code. Taxes are due on receipt of the tax bill and are delinquent if not paid before February 1 of the year following the year in which imposed. Penalties are calculated after February 1 up to the date collected. 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.

4. Inventories and Prepaid Items

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

5. 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 Diboll, Texas

NOTES TO FINANCIAL STATEMENTS, *Continued*

September 30, 2025

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

<u>Asset Description</u>	<u>Estimated Useful Life</u>
Vehicles	5 years
Furniture and equipment	5 - 10 years
Infrastructure	50 years
Water and sewer system	5 - 40 years
Buildings and improvements	25 years

6. Deferred Outflow/Inflows of Resources

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

An example is a deferred charge on refunding reported in the government-wide statement of net position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The government has only one type of item, which arises only under a modified accrual basis of accounting that qualifies for reporting in this category. Accordingly, the item, *unavailable revenue*, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from property taxes and fines and forfeitures. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. Deferred inflows of resources can also occur at the government wide level due to differences between investment gains and losses realized on pension investments compared to assumption used within the pension actuarial valuation model.

7. 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. It is the

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

government's policy to consider restricted – net position to have been depleted before unrestricted – net position is applied.

8. 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.

9. 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 the following spending constraints:

- Nonspendable fund balance – amounts that are not in spendable form (such as inventory) or are required to be maintained intact.
- Restricted fund balance – amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation.
- Committed fund balance – amounts constrained to specific purposes by the City itself, using its highest level of decision-making authority (i.e. City Council). To be reported as committed, amounts cannot be used for any other purpose unless the City takes the same highest level action to remove or change the constraint.
- Assigned fund balance – amounts the City intends to use for a specific purpose. Intent can be expressed by City Council or by an official or body to which the Council delegates the authority.
- Unassigned fund balance – amounts that are available for any purpose. Positive amounts are reported only in the general fund.

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

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

authority for the government that can, by adoption of an ordinance prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the ordinance remains in place until a similar action is taken (the adoption of another ordinance) to remove or revise the limitation.

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

10. 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.

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

Assets acquired under the terms of 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

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

upon payment with an appropriate reduction of principal recorded in the government-wide financial statements.

11. 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.

12. Pensions

For purposes of measuring the net pension liability (asset), 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.

13. Other Postemployment Benefits ("OPEB")

The City has implemented GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions. This statement applies to the individual employers (TMRS cities) in the TMRS Supplemental Death Benefits (SDB) plan, with retiree coverage. The TMRS SDBF covers both active and retiree benefits with no segregation of assets, and therefore doesn't meet the definition of a trust under GASB No. 75 (i.e., no assets are accumulated for OPEB) as such the SDBF is considered to be an unfunded OPEB plan. For purposes of reporting under GASB 75, the retiree portion of the SDBF is not considered a cost sharing plan and is instead considered a single employer, defined benefit OPEB plan. The death benefit for active employees provides a lump-sum payment approximately equal to the employee's annual salary, calculated based on the employee's actual earnings on which TMRS deposits are made, for the 12-month period preceding the month of death. The death benefit amount for retirees is \$7,500. GASB No. 75 requires the liability of employers and nonemployer contributing entities to employees for defined benefit OPEB (net OPEB liability) to be measured as the portion of the present value of projected benefit payments to be provided to current active and inactive employees that is attributed to those employees' past periods of service (total OPEB liability), less the amount of the OPEB plan's fiduciary net position.

City of Diboll, Texas

NOTES TO FINANCIAL STATEMENTS, *Continued*

September 30, 2025

II. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

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

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

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

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

III. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

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

A. Expenditures Over Appropriations

During the year, general fund expenditures exceeded appropriations at the legal level of control in the public safety department by \$267.

B. Deficit Fund Balance

At September 30, 2025, the Day fund had a deficit fund balance of \$3,191. The deficit balance will be eliminated in the future with transfers from other funds.

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

V. DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments

As stated in I.D.1., 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. The City’s investments in 2a7-like pools such as TexPool are included in this category. Although the City’s investments in TexPool and LOGIC are available for immediate withdrawal, disclosure of the pool’s weighted average maturity and bond rating are required.

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

<u>Investment Type</u>	<u>Carrying Value</u>	<u>Weighted Average Maturity (Years)</u>	<u>Credit Rating</u>
External investment pools			
TexPool	\$ 418,010	0.12	AAAm
LOGIC	206,250	0.14	AAAm
Certificates of deposit	218,118	2.89	N/A
Total value	<u>\$ 842,378</u>		
Portfolio weighted average maturity		0.84	

The City’s fiduciary fund complies with the City’s investment policy. As of September 30, 2025, the fiduciary fund had the following investments:

<u>Investment Type</u>	<u>Carrying Value</u>	<u>Weighted Average Maturity (Years)</u>
Certificates of deposit	\$ 774,353	2.97
Total value	<u>\$ 774,353</u>	

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

Credit risk – The City’s investment policy limits investments to obligations of the United States, State of Texas, or their agencies and instrumentalities with an investment quality rating of not less than “A” or its equivalent, by a nationally recognized investment rating

City of Diboll, Texas

NOTES TO FINANCIAL STATEMENTS, *Continued*

September 30, 2025

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. As of September 30, 2025, the City's investment in TexPool and LOGIC were rated AAAM by Standard & Poor's.

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. The City maintains its cash balances at two financial institutions. As of September 30, 2025, the market values of pledged securities and FDIC exceeded bank balances at the City's primary bank. The bank balance of the secondary account exceeds FDIC coverage by \$21,558 with no additional pledged securities.

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.

TexPool

TexPool was established as a trust company with the Treasurer of the State of Texas as trustee, segregated from all other trustees, investments, and activities of the trust company. The State Comptroller of Public Accounts exercises oversight responsibility over TexPool. Oversight includes the ability to significantly influence operations, designation of management, and accountability for fiscal matters. Additionally, the State Comptroller has established an advisory board composed of both participants in TexPool and other persons who do not have a business relationship with TexPool. The advisory board members review the investment policy and management fee structure. Finally, Standard & Poor's rate TexPool AAAM. As a requirement to maintain the rating, weekly portfolio information must be submitted to Standard & Poor's, as well as to the office of the Comptroller of Public Accounts for review. At September 30, 2025, the fair value of the position in TexPool approximates fair value of the shares. There were no limitations or restrictions on withdrawals.

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

LOGIC

The Local Government Investment Cooperative ("LOGIC") is a local government investment pool organized under the authority of the Interlocal Cooperation Act, Chapter 791, Texas Government Code, and the Public Funds Investment Act, Chapter 2256, Texas Government Code. LOGIC was created by contract among its participating governmental units and is governed by a board of directors. JPMorgan Fleming Asset Management (USA), Inc. and First Southwest Asset Management, Inc. act as co-administrators, providing investment management services, participant services, and marketing, respectively. JPMorgan Chase Bank and/or its subsidiary, J.P. Morgan Investor Services, Inc., provide custodial, transfer agency, fund accounting, and depository services.

LOGIC operates in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940. LOGIC uses the amortized cost valuation technique, which generally approximates the market value of the assets, has been deemed to be a proxy for fair value. Accordingly, the fair value of the position in LOGIC are the same as the value of LOGIC shares. There were no limitations or restrictions on withdrawals.

B. Receivables

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

	<u>General</u>	<u>Debt Service</u>	<u>Nonmajor Govt</u>	<u>Water, Sewer, & Garbage</u>	<u>Total</u>
Taxes					
Property taxes	\$ 130,784	\$ 15,547	\$ -	\$ -	\$ 146,331
Sales taxes	172,012	-	-	-	172,012
Franchise taxes	16,917	-	-	-	16,917
Accounts	5,525	-	4,048	8,012,770	8,022,343
Less allowance for uncollectibles	-	-	-	(7,657,941)	(7,657,941)
Total	<u>\$ 325,238</u>	<u>\$ 15,547</u>	<u>\$ 4,048</u>	<u>\$ 354,829</u>	<u>\$ 699,662</u>

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

C. Capital Assets

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

	<u>Beginning Balances</u>	<u>Increases</u>	<u>Decreases/ Reclassifications</u>	<u>Ending Balances</u>
Capital assets, not being depreciated:				
Land	\$ 225,065	\$ -	\$ -	\$ 225,065
Construction in progress	97,438	-	(97,438)	-
Total capital assets not being depreciated	<u>322,503</u>	<u>-</u>	<u>(97,438)</u>	<u>225,065</u>
Capital assets, being depreciated:				
Buildings and improvements	6,659,472	-	-	6,659,472
Furniture and equipment	5,864,969	347,757	(29,133)	6,183,593
Infrastructure	3,383,574	120,686	97,438	3,601,698
Total capital assets being depreciated	<u>15,908,015</u>	<u>468,443</u>	<u>68,305</u>	<u>16,444,763</u>
Less accumulated depreciation				
Buildings and improvements	(5,730,229)	(87,106)	-	(5,817,335)
Furniture and equipment	(4,858,115)	(157,456)	18,451	(4,997,120)
Infrastructure	(1,725,463)	(173,784)	-	(1,899,247)
Total accumulated depreciation	<u>(12,313,807)</u>	<u>(418,346)</u>	<u>18,451</u>	<u>(12,713,702)</u>
Net capital assets being depreciated	<u>3,594,208</u>	<u>50,097</u>	<u>86,756</u>	<u>3,731,061</u>
Total Capital Assets	<u>\$ 3,916,711</u>	<u>\$ 50,097</u>	<u>\$ (10,682)</u>	<u>\$ 3,956,126</u>

Depreciation was charged to governmental functions as follows:

General government	\$ 15,925
Public safety	68,704
Public works	196,727
Culture and recreation	136,990
Total Governmental Activities Depreciation Expense	<u>\$ 418,346</u>

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

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

	<u>Beginning Balances</u>	<u>Increases</u>	<u>Decreases/ Reclassifications</u>	<u>Ending Balances</u>
Capital assets, not being depreciated:				
Land	\$ 4,772	\$ -	\$ -	\$ 4,772
Construction in progress	6,410,619	383,922	(1,389,227)	5,405,314
Total capital assets not being depreciated	<u>6,415,391</u>	<u>383,922</u>	<u>(1,389,227)</u>	<u>5,410,086</u>
Capital assets, being depreciated:				
Buildings and improvements	599,934	-	-	599,934
Furniture and equipment	769,826	96,105	-	865,931
Utility systems and structures	17,395,201	47,640	1,389,227	18,832,068
Total capital assets being depreciated	<u>18,764,961</u>	<u>143,745</u>	<u>1,389,227</u>	<u>20,297,933</u>
Less accumulated depreciation				
Buildings and improvements	(490,433)	(26,490)	-	(516,923)
Furniture and equipment	(581,078)	(74,518)	-	(655,596)
Utility systems and structures	(12,735,210)	(470,395)	-	(13,205,605)
Total accumulated depreciation	<u>(13,806,721)</u>	<u>(571,403)</u>	<u>-</u>	<u>(14,378,124)</u>
Net capital assets being depreciated	<u>4,958,240</u>	<u>(427,658)</u>	<u>1,389,227</u>	<u>5,919,809</u>
Total Capital Assets	<u><u>\$ 11,373,631</u></u>	<u><u>\$ (43,736)</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 11,329,895</u></u>

Depreciation was charged to business-type functions as follows:

Water, sewer and garbage	<u>\$ 571,403</u>
Total Business-Type Activities Depreciation Expense	<u><u>\$ 571,403</u></u>

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

D. Long-term Debt

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

	Beginning Balance	Additions	Reductions	Ending Balance	Amounts Due Within One Year
Governmental Activities:					
GO Refunding Bonds	\$ 1,565,000	\$ -	\$ (95,000)	\$ 1,470,000	\$ 100,000
Premium	69,683	-	(5,125)	64,558	-
Total Bonds Payable	1,634,683	-	(100,125)	1,534,558	100,000
Due to State	329,390	-	(35,520)	293,870	35,520
Note payable	156,067	-	(21,792)	134,275	21,958
Total Governmental Activities	\$ 2,120,140	\$ -	\$ (157,437)	\$ 1,962,703	\$ 157,478
Long-term Liabilities Due in More than One Year				\$ 1,805,225	
Business-Type Activities:					
GO Refunding Bonds	\$ 1,520,000	\$ -	\$ (225,000)	\$ 1,295,000	\$ 235,000
Certificates of Obligation	3,785,000	-	(115,000)	3,670,000	115,000
Premium	250,827	-	(41,805)	209,022	-
Total Bonds Payable	5,555,827	-	(381,805)	5,174,022	350,000
Notes payable	5,474,403	-	(175,155)	5,299,248	187,397
Total Business-Type Activities	\$ 11,030,230	\$ -	\$ (556,960)	\$ 10,473,270	\$ 537,397
Long-term Liabilities Due in More than One Year				\$ 9,935,873	

Long-term liabilities applicable to the City's governmental activities are not due and payable in the current period and accordingly, are not reported as fund liabilities in the governmental funds. Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due. In addition, leases are secured by the underlying asset. In the event of default, the lender may demand immediate payment or take possession of the asset. As of September 30, 2025, the total net carrying value of the leased assets for governmental activities were fully depreciated.

On October 10, 2019, the City issued a General Obligation Refunding Bond in the amount of \$2,490,000 to pay off the 2010 Tax and Utility System Certificates of Obligation in the amount of \$2,830,000. The series 2019 General Obligation Refunding Bond has an interest rate of 5% and a maturity date of February 15, 2030.

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

On January 14, 2020, the City issued \$1,955,000 worth of General Obligation Refunding Bonds, Series 2020 to pay off the 2012 Tax and Revenue CO Bonds in the amount of \$2,005,000. The refunding bonds has an interest rate of 5% and a maturity date of February 15, 2037.

On June 25, 2021 the City authorized a State Infrastructure Bank loan with the Texas Transportation Commission, Department of Transportation of the State of Texas, in the amount of \$225,000. The loan has a term of 10 years with an interest rate of 0% the first three years and 0.76% the remaining seven years. The loan was issued as a required participation by the City of Diboll in the cost of construction of the US 59 relief route (future I-69) project.

On October 14, 2021, the City issued \$4,000,000 worth of Combination Tax and Surplus System Revenue Certificates of Obligation Bonds, Series 2021. The certificates have an interest rate ranging from 1.1% - 2.28% and a maturity date of February 15, 2051. The funds were awarded through the Texas Water Development Board and financed from the Clean Water State Revolving Fund for the planning, design, and construction of wastewater system improvements.

On June 28, 2022, the City entered into a note payable agreement in the amount of \$5,606,325 to purchase equipment and materials. The note has an interest rate of 3.68% and a maturity date of June 1, 2043. In addition, the City entered into a second note payable agreement with the same lender to purchase additional equipment in the amount of \$34,211. The note has an interest rate of 3.68% and a maturity date of June 1, 2032.

City of Diboll, 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
Certificates of Obligation Bonds		
\$4,000,000 Combination Tax and Surplus System Revenue Certificates of Obligation Bonds, Series 2021, due in installments through 2051, interest at 1.10% - 2.28%	\$ -	\$ 3,670,000
Total Certificates of Obligation Bonds	\$ -	\$ 3,670,000
General Obligation Refunding Bonds		
\$2,490,000 General Obligation Refunding Bonds Series 2019, due in annual installments through 2030, interest at 5%	\$ -	\$ 1,295,000
\$1,955,000 General Obligation Refunding Bonds, Series 2020, due in annual installments through 2037, interest at 5%	1,470,000	-
Total General Obligation Refunding Bonds	\$ 1,470,000	\$ 1,295,000
Due to State:		
\$781,121 sales and use taxes repayment due in installments through 2036, no interest.	\$ 293,870	\$ -
Total Due to State	\$ 293,870	\$ -
Notes Payable:		
\$5,640,325 note payable for water and sewer equipment, due in annual installments through 2043, interest at 3.68%	\$ -	\$ 5,299,248
Total Notes Payable	\$ -	\$ 5,299,248
Loan payable		
\$225,000 SIB Loan due in installments through 2031, interest at 0% to 0.76%.	\$ 134,275	\$ -
Total Loan Payable	\$ 134,275	\$ -
Total	\$ 1,898,145	\$ 10,264,248

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

The annual requirements to amortize long-term debt outstanding at year ending were as follows:

General Obligation Refunding Bonds

		Governmental Activities		
		<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2026	\$	100,000	\$ 35,394	\$ 135,394
2027		105,000	30,269	135,269
2028		110,000	26,544	136,544
2029		115,000	24,294	139,294
2030		120,000	21,944	141,944
2031		125,000	19,494	144,494
2032		125,000	16,916	141,916
2033		130,000	14,206	144,206
2034		130,000	11,281	141,281
2035		135,000	8,134	143,134
2036		135,000	4,928	139,928
2037		140,000	1,663	141,663
Total	\$	1,470,000	\$ 215,067	\$ 1,685,067

General Obligation Refunding Bonds

		Business- Type Activities		
		<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2026	\$	235,000	\$ 58,875	\$ 293,875
2027		245,000	46,875	291,875
2028		260,000	34,250	294,250
2029		270,000	21,000	291,000
2030		285,000	7,125	292,125
Total	\$	1,295,000	\$ 168,125	\$ 1,463,125

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

Certificates of Obligation Bonds

	Business- Type Activities		
	Principal	Interest	Total
2026	\$ 115,000	\$ 60,065	\$ 175,065
2027	120,000	58,772	178,772
2028	120,000	57,452	177,452
2029	120,000	56,132	176,132
2030	120,000	54,812	174,812
2031	125,000	53,465	178,465
2032	125,000	52,090	177,090
2033	130,000	50,687	180,687
2034	130,000	49,707	179,707
2035	130,000	48,245	178,245
2036	135,000	46,183	181,183
2037	135,000	44,367	179,367
2038-2042	705,000	188,441	893,441
2043-2047	775,000	117,933	892,933
2048-2051	685,000	31,277	716,277
Total	\$ 3,670,000	\$ 969,626	\$ 4,639,626

Notes Payable - SIB Loan

	Governmental Activities		
	Principal	Interest	Total
2026	\$ 21,958	\$ 1,020	\$ 22,978
2027	22,124	854	22,978
2028	22,293	685	22,978
2029	22,462	516	22,978
2030	22,633	345	22,978
2031	22,805	173	22,978
Total	\$ 134,275	\$ 3,593	\$ 137,868

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

Notes Payable - First Security Finance

	Business-type Activities		
	Principal	Interest	Total
2026	\$ 187,397	\$ 195,012	\$ 382,409
2027	200,183	188,116	388,299
2028	213,534	180,749	394,283
2029	227,469	172,891	400,360
2030	242,017	164,520	406,537
2031-2035	1,397,805	678,914	2,076,719
2036-2040	1,672,370	402,235	2,074,605
2041-4043	1,158,473	86,291	1,244,764
Total	\$ 5,299,248	\$2,068,728	\$ 7,367,976

Sales Tax Overpayment Due to State

	Governmental Activities		
	Principal	Interest	Total
2026	\$ 35,520	\$ -	\$ 35,520
2027	35,520	-	35,520
2028	35,520	-	35,520
2029	35,520	-	35,520
2030	35,520	-	35,520
2031-2034	116,270	-	116,270
Total	\$ 293,870	\$ -	\$ 293,870

City of Diboll, Texas

NOTES TO FINANCIAL STATEMENTS, *Continued*

September 30, 2025

E. Deferred Gain on Refunding

A deferred gain resulting from the issuance of the 2019 and 2020 general obligation refunding bonds has been recorded as a deferred inflow of resources and is being amortized to interest expense over the term of the refunded debt. Current year balances for governmental and business-type activities totaled \$46,338 and \$5,888, respectively. Current year amortization expense for governmental and business-type activities totaled \$3,865 and \$1,177, respectively.

F. Other Long-term Liabilities

The following is a summary of changes in the City's other long-term liabilities for the year ended. The general fund normally liquidates compensated absences for all governmental funds.

	Beginning Balance	Additions	Reductions	Ending Balance	Amounts Due Within One Year
Governmental Activities:					
Compensated Absences	\$ 134,732	\$ 155,244	\$ (121,259)	\$ 168,717	\$ 151,845
Total Governmental Activities	\$ 134,732	\$ 155,244	\$ (121,259)	\$ 168,717	\$ 151,845
Other Long-term Liabilities Due in More than One Year				\$ 16,872	
Business-Type Activities:					
Compensated Absences	\$ 15,569	\$ 11,783	\$ (6,817)	\$ 20,535	\$ 18,482
Total Business-Type Activities	\$ 15,569	\$ 11,783	\$ (6,817)	\$ 20,535	\$ 18,482
Other Long-term Liabilities Due in More than One Year				\$ 2,054	

G. Interfund Transactions

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

Due From (Receiving Fund):	Due to (Payable Fund:)			Total
	Debt Service	Nonmajor Governmental	Water, Sewer & Garbage	
General	\$ 454,900	\$ 7,806	\$ -	\$ 462,706
Debt service	-	-	373,055	373,055
Nonmajor governmental	-	5,321	-	5,321
Total	\$ 454,900	\$ 13,127	\$ 373,055	\$ 841,082

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

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

Transfers out:	Transfers In:			Total
	General	Debt Service	Nonmajor Governmental	
General	\$ -	\$ 22,978	\$ -	\$ 22,978
Water, Sewer & Garbage	645,433	651	6,374	652,458
Nonmajor governmental	10,320	-	64,000	74,320
Total	\$ 655,753	\$ 23,629	\$ 70,374	\$ 749,756

Transfers between the funds were primarily to support debt service requirements, utilize capital funds for capital projects, and administrative operations of funds.

H. Fund Equity

The City records restricted net position / fund balance to indicate that a portion is legally restricted for a specific future use.

The following is a list of restricted net position / fund balance of the City:

	Governmental Funds	Governmental Activities	Business-Type Activities
Restricted for:			
Capital improvements	\$ 228,345	\$ 228,345	\$ -
Debt service	86,722	86,722	175,065
Tourism	24,601	24,601	-
Municipal court	78,535	78,535	-
Police equipment *	88,050	88,050	-
Public education	112,248	112,248	-
Special revenue	502,862	502,862	-
Total Restricted	\$ 1,121,363	\$ 1,121,363	\$ 175,065

*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 over 2,700 other entities in the Texas Municipal League's Intergovernmental Risk Pools. The Pool purchases commercial insurance at group rates for participants in the Pool. The City has no additional risk or responsibility to the Pool outside of the payment of insurance premiums. The City has not significantly reduced insurance coverage or had settlements which exceeded coverage amounts for the past three years.

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

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.

GASB 62 defines probability of loss contingencies as the following:

Probable. The future event or events are likely to occur.

Reasonably possible. The chance of the future event or events occurring is more than remote but less than likely.

Remote. The chance of the future event or events occurring is slight.

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

The City is a defendant in a lawsuit. Although the outcome of the lawsuit is not presently determinable, in the case the plaintiff was to prevail on their claims, they may be entitled to injunctive relief and attorney fees, which could range from \$45,000 to \$80,000 through trial.

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.

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

D. Pension Plans

Texas Municipal Retirement System

1. Plan Description

The City of Diboll, 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 annual comprehensive financial report (ACFR) that can be obtained at www.tmr.com.

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

2. Benefits Provided

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

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

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

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 2024</u>	<u>Plan Year 2023</u>
Employee deposit rate	7%	7%
Matching ratio (city to employee)	2 to 1	2 to 1
Years required for vesting	5	5
Service retirement eligibility (expressed as age / years of service)	60/5, 0/20	60/5, 0/20
Updated service credit	100% Repeating Transfers	100% Repeating Transfers
Annuity increase (to retirees)	70% of CPI Retroactive Repeating	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	56
Inactive employees entitled to but not yet receiving benefits	51
Active employees	38
Total	145

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 Diboll, Texas were required to contribute 7% of their annual gross earnings during the fiscal year. The contribution rates for the City of Diboll, Texas were 14.43% and 15.09% in calendar years 2024 and 2025, respectively. The City's contributions to TMRS for the year ended September 30, 2025, were \$318,762, and were equal to the required contributions.

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

4. Net Pension Liability (Asset)

The City's Net Pension Liability (Asset) was measured as of December 31, 2024, and the Total Pension Liability (TPL) used to calculate the Net Pension Liability (Asset) was determined by an actuarial valuation as of that date.

Actuarial assumptions

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

Inflation	2.50% per year
Overall payroll growth	3.60% to 11.85%, including inflation
Investment Rate of Return	6.75%, net of pension plan investment expense, including inflation

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

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

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. In determining their best estimate of a recommended investment return assumption under the various alternative asset allocation portfolios, Gabriel, Roeder,

City of Diboll, Texas

NOTES TO FINANCIAL STATEMENTS, *Continued*

September 30, 2025

Smith & Company (GRS) focused on the area between (1) arithmetic mean (aggressive) without an adjustment for time (conservative) and (2) the geometric mean (conservative) with an adjustment for time (aggressive).

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

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

Discount Rate

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

Sensitivity of the Net Pension Liability (Asset) 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 (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (5.75%) or 1-percentage-point higher (7.75%) than the current rate:

1% Decrease	Current Single Rate	1% Increase
5.75%	6.75%	7.75%
\$ 2,068,884	\$ 285,806	\$ (1,173,122)

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

Changes in the Net Pension Liability (Asset)

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a) – (b)
Balance at 12/31/23	\$ 12,846,496	\$ 11,982,091	\$ 864,405
Changes for the year:			
Service cost	381,351	-	381,351
Interest	844,991	-	844,991
Change in benefit terms	(134,983)	-	(134,983)
Difference between expected and actual experience	11,172	-	11,172
Changes of assumptions	-	-	-
Contributions – employer	-	301,363	(301,363)
Contributions – employee	-	146,191	(146,191)
Net investment income	-	1,241,747	(1,241,747)
Benefit payments, including refunds of emp. contributions	(767,617)	(767,617)	-
Administrative expense	-	(7,985)	7,985
Other changes	-	(186)	186
Net changes	334,914	913,513	(578,599)
Balance at 12/31/24	\$ 13,181,410	\$ 12,895,604	\$ 285,806

Pension Plan Fiduciary Net Position

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

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

For the year ended September 30, 2025, the City recognized pension expense of \$110,774.

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

	Deferred Outflows of Resources	Deferred (Inflows) of Resources
Difference between projected and investment earnings	\$ -	\$ (121,301)
Differences between expected and actual economic experience	13,167	-
Changes in actuarial assumptions	-	(18,973)
Contributions subsequent to the measurement date	231,065	-
Total	\$ 244,232	\$ (140,274)

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

The City reported \$231,065 as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date that will be recognized as a reduction of the net pension liability for the year ending September 30, 2026. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended December 31:	
2025	\$ 1,737
2026	150,892
2027	(193,143)
2028	(86,593)
2029	-
Thereafter	-
	\$ (127,107)

Other Postemployment Benefits

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

The death benefit for active employees provides a lump-sum payment approximately equal to the employee's annual salary (calculated based on the employee's actual earnings, for the 12-month period preceding the month of death); retired employees are insured for \$7,500; this coverage is an "other postemployment benefit," or OPEB.

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

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

Employees covered by benefit terms

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

Inactive employees or beneficiaries currently receiving benefits	37
Inactive employees entitled to but not yet receiving benefits	10
Active employees	38
Total	85

The City's retiree contribution rates to the TMRS SDBF for the years ended 2025, 2024, and 2023 were \$6,052, \$4,884, and \$4,952, respectively, which equaled the required contributions each year.

Plan/ Calendar Year	Annual Required Contribution (Rate)	Actual Contribution Made (Rate)	Percentage of ARC Contributed
2023	0.28%	0.28%	100.0%
2024	0.24%	0.24%	100.0%
2025	0.30%	0.30%	100.0%

Total OPEB Liability

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

Actuarial assumptions:

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

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

Salary increases were based on a service-related table. Mortality rates for active members, retirees, and beneficiaries were based on the gender-distinct 2019 Municipal Retirees of Texas Mortality Tables. Male rates are multiplied by 103% and female rates are multiplied by 105%. The

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

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 Fidelity Index's "20-Year Municipal GO AA Index" rate as of December 31, 2024.

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

The following presents the total OPEB liability of the City, calculated using the discount rate of 4.08%, as well as what the City's total OPEB liability 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 4.08%	1% Increase 5.08%
\$ 192,040	\$ 160,299	\$ 135,764

Changes in the Total OPEB Liability:

	Total OPEB Liability
Balance at 12/31/23	\$ 164,776
Changes for the year:	
Service Cost	3,759
Interest	6,188
Difference between expected and actual experience	(423)
Changes of assumptions	(8,989)
Benefit payments	(5,012)
Net changes	(4,477)
Balance at 12/31/24	\$ 160,299

City of Diboll, Texas
NOTES TO FINANCIAL STATEMENTS, Continued
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 \$559.

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

	Deferred Outflows of Resources	Deferred (Inflows) of Resources
Difference between expected and actual experience	\$ 2,737	\$ -
Changes in assumptions	-	(25,058)
Contributions subsequent to the measurement date	4,594	-
Total	\$ 7,331	\$ (25,058)

The City reported \$4,594 as deferred outflows of resources related to OPEB resulting from contributions subsequent to the measurement date that will be recognized as a reduction of the OPEB liability for the year ending September 30, 2026.

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

Year ended December 31:	
2025	\$ (15,392)
2026	(5,532)
2027	(1,397)
2028	-
2029	-
Thereafter	-
	\$ (22,321)

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

E. Restatement

The City restated the beginning fund balance/net position for governmental activities, business-type activities, general fund, nonmajor governmental funds, and water, sewer, and garbage fund. The restatements related to corrections to prior year accounts payable balances and accrued sick leave due to implementation of GASB 101 accounting pronouncements. The restatement of beginning fund balance/net position is as follows:

	<u>Governmental</u> <u>Activities</u>	<u>General</u> <u>Fund</u>	<u>Nonmajor</u> <u>Govt</u>	<u>Business-Type</u> <u>Activities</u> <u>Water, Sewer</u> <u>& Garbage Fund</u>
Prior year ending net position/fund balance, as reported	\$ 3,420,985	\$ 1,097,660	\$ 907,779	\$ 5,713,509
Correction to accounts payable balances	88,223	82,103	6,120	100,926
GASB 101 - restate sick leave liability	(88,455)	-	-	(7,995)
Restated beginning net position/fund balance	<u>\$ 3,420,753</u>	<u>\$ 1,179,763</u>	<u>\$ 913,899</u>	<u>\$ 5,806,440</u>

F. New Accounting Pronouncements

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

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

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

This standard was applied retroactively and resulted in a sick leave liability of \$96,450 as of September 30, 2025.

G. Subsequent Events

On December 9, 2025 the City entered into an equipment lease in the amount of \$76,806 with an interest rate of 5.65% to be paid monthly over 3 years. There were no other material subsequent events through March 24, 2026, the date the financial statements were issued.

(This page intentionally left blank.)

REQUIRED SUPPLEMENTARY INFORMATION

(This page intentionally left blank.)

City of Diboll, Texas

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

For the Year Ended September 30, 2025

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
<u>Revenues</u>				
Property tax	\$ 1,455,188	\$ 1,455,188	\$ 1,451,928	\$ (3,260)
Sales tax	944,405	997,405	958,249	(39,156)
Franchise and local taxes	375,000	375,000	388,109	13,109
Intergovernmental revenue	-	10,210	10,210	-
Other taxes	12,000	12,000	16,287	4,287
License and permits	20,000	20,000	35,811	15,811
Charges for services	402,308	545,300	639,318	94,018
Contributions and donations	-	17,446	17,446	-
Investment income	20,000	20,000	26,517	6,517
Other revenues	4,085	66,800	136,367	69,567
Total Revenues	<u>3,232,986</u>	<u>3,519,349</u>	<u>3,680,242</u>	<u>160,893</u>
<u>Expenditures</u>				
Current:				
General government	827,120	914,474	821,413	93,061
Municipal court	101,268	152,913	126,912	26,001
Public safety	2,382,377	2,622,487	2,622,754	(267) *
Public works	525,845	667,082	475,475	191,607
Debt service:				
Principal	35,520	35,520	35,520	-
Total Expenditures	<u>3,872,130</u>	<u>4,392,476</u>	<u>4,082,074</u>	<u>310,402</u>
Excess of Revenues Over (Under) Expenditures	(639,144)	(873,127)	(401,832)	471,295
<u>Other Financing Sources (Uses)</u>				
Transfers in	662,122	662,122	655,753	(6,369)
Transfers (out)	(22,978)	(22,978)	(22,978)	-
Total Other Financing Sources (Uses)	<u>639,144</u>	<u>639,144</u>	<u>632,775</u>	<u>(6,369)</u>
Net Change in Fund Balance	<u>\$ -</u>	<u>\$ (233,983)</u>	230,943	<u>\$ 464,926</u>
Beginning fund balance			1,179,763	
Ending Fund Balance			<u>\$ 1,410,706</u>	

Notes to Required Supplementary Information:

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

*2. Expenditures exceeded appropriations at legal level of control.

City of Diboll, Texas

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

Years Ended:

	<u>12/31/2024</u>	<u>12/31/2023</u>	<u>12/31/2022</u>	<u>12/31/2021</u>
Total pension liability				
Service cost	\$ 381,351	\$ 317,283	\$ 342,829	\$ 287,220
Interest	844,991	830,473	803,492	788,332
Differences between expected and actual experience	(134,983)	35,483	(23,908)	(117,562)
Changes of assumptions	11,172	(94,859)	-	-
Benefit payments, including refunds of participant contributions	(767,617)	(773,094)	(646,737)	(875,667)
Net change in total pension liability	<u>334,914</u>	<u>315,286</u>	<u>475,676</u>	<u>82,323</u>
Total pension liability - beginning	<u>12,846,496</u>	<u>12,531,210</u>	<u>12,055,534</u>	<u>11,973,211</u>
Total pension liability - ending (a)	<u>13,181,410</u>	<u>12,846,496</u>	<u>12,531,210</u>	<u>12,055,534</u>
Plan fiduciary net position				
Contributions - employer	\$ 301,363	\$ 260,779	\$ 280,496	\$ 254,440
Contributions - members	146,191	124,774	133,027	116,015
Net investment income	1,241,747	1,281,758	(890,622)	1,467,349
Benefit payments, including refunds of participant contributions	(767,617)	(773,094)	(646,737)	(875,667)
Administrative expenses	(7,985)	(8,170)	(7,718)	(6,794)
Other	(186)	(57)	9,210	47
Net change in plan fiduciary net position	<u>913,513</u>	<u>885,990</u>	<u>(1,122,344)</u>	<u>955,390</u>
Plan fiduciary net position - beginning	<u>11,982,091</u>	<u>11,096,101</u>	<u>12,218,445</u>	<u>11,263,055</u>
Plan fiduciary net position - ending (b)	<u>\$ 12,895,604</u>	<u>\$ 11,982,091</u>	<u>\$ 11,096,101</u>	<u>\$ 12,218,445</u>
Fund's net pension liability (asset) - ending (a) - (b)	<u>\$ 285,806</u>	<u>\$ 864,405</u>	<u>\$ 1,435,109</u>	<u>\$ (162,911)</u>
Plan fiduciary net position as a percentage of the total pension liability	97.83%	93.27%	88.55%	101.35%
Covered payroll	\$ 2,088,448	\$ 1,782,491	\$ 1,900,383	\$ 1,657,359
Fund's net pension liability as a percentage of covered payroll	13.69%	48.49%	75.52%	-9.83%

	<u>12/31/2020</u>	<u>12/31/2019</u>	<u>12/31/2018</u>	<u>12/31/2017</u>	<u>12/31/2016</u>	<u>12/31/2015</u>
\$	310,995	\$ 284,383	\$ 287,597	\$ 302,621	\$ 315,844	\$ 302,087
	772,170	744,150	725,059	713,068	674,630	662,246
	(111,640)	(42,599)	(112,684)	(325,078)	48,432	2,197
	-	25,679	-	-	-	(6,195)
	(564,737)	(654,886)	(576,175)	(434,744)	(490,935)	(375,771)
	406,788	356,727	323,797	255,867	547,971	584,564
	11,566,423	11,209,696	10,885,899	10,630,032	10,082,061	9,497,497
	11,973,211	11,566,423	11,209,696	10,885,899	10,630,032	10,082,061
\$	263,550	\$ 234,555	\$ 250,367	\$ 252,768	\$ 260,446	\$ 256,814
	125,763	117,030	119,548	126,588	134,647	131,998
	806,863	1,465,481	(299,323)	1,224,208	565,667	12,324
	(564,737)	(654,886)	(576,175)	(434,744)	(490,935)	(375,771)
	(5,225)	(8,284)	(5,786)	(6,344)	(6,388)	(7,507)
	(204)	(251)	(302)	(324)	(344)	(371)
	626,010	1,153,645	(511,671)	1,162,152	463,093	17,487
	10,637,045	9,483,400	9,995,071	8,832,919	8,369,826	8,352,339
\$	11,263,055	\$ 10,637,045	\$ 9,483,400	\$ 9,995,071	\$ 8,832,919	\$ 8,369,826
\$	710,156	\$ 929,378	\$ 1,726,296	\$ 890,828	\$ 1,797,113	\$ 1,712,235
	94.07%	91.96%	84.60%	91.82%	83.09%	83.02%
\$	1,796,621	\$ 1,671,856	\$ 1,707,822	\$ 1,807,770	\$ 1,923,530	\$ 1,885,684
	39.53%	55.59%	101.08%	49.28%	93.43%	90.80%

City of Diboll, Texas

SCHEDULE OF EMPLOYER CONTRIBUTIONS TO PENSION PLAN - TEXAS MUNICIPAL RETIREMENT SYSTEM

Years Ended:

	9/30/2025	9/30/2024	9/30/2023	9/30/2022
Actuarially determined employer contributions	\$ 318,762	\$ 283,181	\$ 274,153	\$ 268,067
Contributions in relation to the actuarially determined contribution	318,762	283,181	274,153	268,067
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -
Annual covered payroll	\$ 2,138,990	\$ 1,955,860	\$ 1,868,917	\$ 1,797,178
Employer contributions as a percentage of covered payroll	14.90%	14.48%	14.67%	14.92%

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	2.50%
Salary Increases	3.60% to 11.85% including inflation
Investment Rate of Return	6.75%
Retirement Age	Experience-based table of rates that vary by age. Last updated for the 2023 valuation pursuant to an experience study of the period ending 2022.

Mortality Post-retirement: 2019 Municipal Retirees of Texas Mortality Tables. Male rates are multiplied by 103% and female rates are multiplied by 105%. The rates are projected on a fully generational basis by the most recent Scale MP-2021 (with immediate convergence).
Pre-retirement: PUB(10) mortality tables, with the 110% of the Public Safety table used for males and the 100% of the General Employee table used for females. The rates are projected on a fully generational basis by the most recent Scale MP-2021 (with immediate convergence).

Other Information:

Notes There were no benefit changes during the year.

<u>9/30/2021</u>	<u>9/30/2020</u>	<u>9/30/2019</u>	<u>9/30/2018</u>	<u>9/30/2017</u>	<u>9/30/2016</u>
\$ 255,347	\$ 248,440	\$ 239,185	\$ 243,237	\$ 256,749	\$ 276,368
<u>255,347</u>	<u>248,440</u>	<u>239,185</u>	<u>243,237</u>	<u>256,749</u>	<u>276,368</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
\$ 1,684,625	\$ 1,711,089	\$ 1,684,735	\$ 1,677,595	\$ 1,850,360	\$ 2,037,859
15.16%	14.52%	14.20%	14.50%	13.88%	13.56%

City of Diboll, Texas

SCHEDULE OF CHANGES IN POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) LIABILITY AND RELATED RATIOS TEXAS MUNICIPAL RETIREMENT SYSTEM SUPPLEMENTAL DEATH BENEFITS PLAN

Years Ended

	<u>12/31/2024</u>	<u>12/31/2023</u>	<u>12/31/2022</u>	<u>12/31/2021</u>
Total OPEB liability				
Service cost	\$ 3,759	\$ 2,852	\$ 7,982	\$ 6,464
Interest	6,188	5,906	3,899	4,119
Differences between expected and actual experience	(423)	5,097	5,374	(7,726)
Changes of assumptions	(8,989)	9,011	(76,087)	6,416
Benefit payments, including refunds of participant contributions	(5,012)	(4,991)	(4,371)	(3,812)
Net change in total OPEB liability	<u>(4,477)</u>	<u>17,875</u>	<u>(63,203)</u>	<u>5,461</u>
Total OPEB liability - beginning	<u>164,776</u>	<u>146,901</u>	<u>210,104</u>	<u>204,643</u>
Total OPEB liability - ending	<u><u>\$ 160,299</u></u>	<u><u>\$ 164,776</u></u>	<u><u>\$ 146,901</u></u>	<u><u>\$ 210,104</u></u>
Covered payroll	\$ 1,782,491	\$ 1,782,491	\$ 1,900,383	\$ 1,657,359
City's total OPEB liability as a percentage of covered payroll	8.99%	9.24%	7.73%	12.68%

Notes to schedule:

- ¹ This schedule is presented to illustrate the requirement to show information for ten years. However, until a full ten-year trend is compiled, only available information is shown.
- ² No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB statement No. 75 to pay related benefits.

<u>12/31/2020</u>	<u>12/31/2019</u>	<u>12/31/2018</u>	<u>12/31/2017</u> ¹
\$ 6,109	\$ 4,012	\$ 4,953	\$ 4,519
4,725	5,238	5,013	4,964
(1,349)	(5,806)	(8,613)	-
27,101	27,537	(9,956)	11,476
<u>(1,437)</u>	<u>(1,337)</u>	<u>(1,024)</u>	<u>(1,086)</u>
<u>35,149</u>	<u>29,644</u>	<u>(9,627)</u>	<u>19,873</u>
<u>169,494</u>	<u>139,850</u>	<u>149,477</u>	<u>129,604</u>
<u>\$ 204,643</u>	<u>\$ 169,494</u>	<u>\$ 139,850</u>	<u>\$ 149,477</u> ²
\$ 1,796,621	\$ 1,671,856	\$ 1,707,822	\$ 1,807,770
11.39%	10.14%	8.19%	8.27%

(This page intentionally left blank.)

NONMAJOR GOVERNMENTAL FUNDS

(This page intentionally left blank.)

City of Diboll, Texas
COMBINING BALANCE SHEET (Page 1)
NONMAJOR GOVERNMENTAL FUNDS
September 30, 2025

	Special Revenue Fund	Hotel and Motel Tax Fund	Municipal Court Security Fund	Municipal Court Technology Fund
<u>Assets</u>				
Cash and cash equivalents	\$ 331,224	\$ 25,437	\$ 53,874	\$ 24,225
Receivables, net	-	-	-	-
Due from other funds	-	-	-	-
Total Assets	\$ 331,224	\$ 25,437	\$ 53,874	\$ 24,225
<u>Liabilities</u>				
Accounts payable	\$ 603	\$ 836	\$ -	\$ 254
Due to other funds	9,936	-	-	-
Total Liabilities	10,539	836	-	254
<u>Fund Balances</u>				
Restricted for:				
Capital improvements	-	-	-	-
Tourism	-	24,601	-	-
Municipal court	-	-	53,874	23,971
Police equipment	-	-	-	-
Public education	-	-	-	-
Special revenue	320,685	-	-	-
Unassigned	-	-	-	-
Total Fund Balances	320,685	24,601	53,874	23,971
Total Liabilities, Deferred Inflows, and Fund Balances	\$ 331,224	\$ 25,437	\$ 53,874	\$ 24,225

City of Diboll, Texas

COMBINING BALANCE SHEET (Page 2)

NONMAJOR GOVERNMENTAL FUNDS

September 30, 2025

	Drug Seizure Fund	PEG Fund	Recreation Sports Programs Fund	Red Light Fund
	<u>Fund</u>	<u>Fund</u>	<u>Fund</u>	<u>Fund</u>
<u>Assets</u>				
Cash and cash equivalents	\$ 7,758	\$ 57,604	\$ 77,864	\$ 76,244
Receivables, net	4,048	-	-	-
Due from other funds	-	-	5,321	-
Total Assets	\$ 11,806	\$ 57,604	\$ 83,185	\$ 76,244
<u>Liabilities</u>				
Accounts payable	\$ -	\$ -	\$ 141	\$ -
Due to other funds	-	-	-	-
Total Liabilities	-	-	141	-
<u>Fund Balances</u>				
Restricted for:				
Capital improvements	-	-	-	-
Tourism	-	-	-	-
Municipal court	-	-	-	-
Police equipment	11,806	-	-	76,244
Public education	-	57,604	-	-
Special revenue	-	-	83,044	-
Unassigned	-	-	-	-
Total Fund Balances	11,806	57,604	83,044	76,244
Total Liabilities, Deferred Inflows and Fund Balances	\$ 11,806	\$ 57,604	\$ 83,185	\$ 76,244

<u>Road Maintenance</u>	<u>Truancy Prevention</u>	<u>Jury Fund</u>	<u>Keep Diboll Beautiful</u>	<u>Street Project Fund</u>	<u>Day Fund</u>	<u>Total Nonmajor Governmental</u>
\$ 97,459	\$ 54,644	\$ 690	\$ 1,674	\$ 228,345	\$ -	\$ 1,037,042
-	-	-	-	-	-	4,048
-	-	-	-	-	-	5,321
<u>\$ 97,459</u>	<u>\$ 54,644</u>	<u>\$ 690</u>	<u>\$ 1,674</u>	<u>\$ 228,345</u>	<u>\$ -</u>	<u>\$ 1,046,411</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,834
-	-	-	-	-	3,191	13,127
-	-	-	-	-	3,191	14,961
-	-	-	-	228,345	-	228,345
-	-	-	-	-	-	24,601
-	-	690	-	-	-	78,535
-	-	-	-	-	-	88,050
-	54,644	-	-	-	-	112,248
97,459	-	-	1,674	-	-	502,862
-	-	-	-	-	(3,191)	(3,191)
<u>97,459</u>	<u>54,644</u>	<u>690</u>	<u>1,674</u>	<u>228,345</u>	<u>(3,191)</u>	<u>1,031,450</u>
<u>\$ 97,459</u>	<u>\$ 54,644</u>	<u>\$ 690</u>	<u>\$ 1,674</u>	<u>\$ 228,345</u>	<u>\$ -</u>	<u>\$ 1,046,411</u>

(This page intentionally left blank.)

City of Diboll, Texas

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES (Page 1)

NONMAJOR GOVERNMENTAL FUNDS

For the Year Ended September 30, 2025

	Special Revenue Fund	Hotel and Motel Tax Fund	Municipal Court Security Fund	Municipal Court Technology Fund
Revenues				
Franchise and other local taxes	\$ -	\$ 8,793	\$ -	\$ -
Charges for services	-	-	17,934	14,987
Contributions and grants	345,574	-	-	-
Interest income	-	-	-	-
Other revenue	-	-	-	-
Total Revenues	345,574	8,793	17,934	14,987
Expenditures				
General government	-	-	-	-
Public safety	-	-	-	10,571
Public works	-	-	-	-
Culture and recreation	153,371	-	-	-
Tourism	-	-	-	-
Total Expenditures	153,371	-	-	10,571
Revenues Over (Under) Expenditures	192,203	8,793	17,934	4,416
Other Financing Sources (Uses)				
Transfers in	-	-	-	-
Transfers (out)	(50,000)	(14,000)	(10,320)	-
Total Other Financing Sources (Uses)	(50,000)	(14,000)	(10,320)	-
Net Change in Fund Balances	142,203	(5,207)	7,614	4,416
Beginning fund balances, as previously reported	178,482	29,808	46,260	19,555
Error corrections	-	-	-	-
Beginning fund balances, as adjusted	178,482	29,808	46,260	19,555
Ending Fund Balances	\$ 320,685	\$ 24,601	\$ 53,874	\$ 23,971

City of Diboll, Texas

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES (Page 2)

NONMAJOR GOVERNMENTAL FUNDS

For the Year Ended September 30, 2025

	Drug Seizure Fund	PEG Fund	Recreation Sports Programs Fund	Red Light Fund
Revenues				
Franchise and other local taxes	\$ -	\$ -	\$ -	\$ -
Charges for services	-	-	68,628	-
Contributions and grants	-	-	-	-
Interest income	16	-	-	400
Other revenue	4,165	-	-	-
Total Revenues	4,181	-	68,628	400
Expenditures				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	-	-	49,989	-
Tourism	-	-	41,211	-
Total Expenditures	-	-	91,200	-
Revenues Over (Under) Expenditures	4,181	-	(22,572)	400
Other Financing Sources (Uses)				
Transfers in	-	-	64,000	-
Transfers (out)	-	-	-	-
Total Other Financing Sources (Uses)	-	-	64,000	-
Net Change in Fund Balances	4,181	-	41,428	400
Beginning fund balances, as previously reported	7,625	57,604	35,586	75,844
Error corrections	-	-	6,030	-
Beginning fund balances, as adjusted	7,625	57,604	41,616	75,844
Ending Fund Balances	\$ 11,806	\$ 57,604	\$ 83,044	\$ 76,244

<u>Road Maintenance</u>	<u>Truancy Prevention</u>	<u>Jury Fund</u>	<u>Keep Diboll Beautiful</u>	<u>Street Project Fund</u>	<u>Day Fund</u>	<u>Total Nonmajor Governmental</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 8,793
-	17,488	348	-	-	-	119,385
-	-	-	2,611	-	-	348,185
-	-	-	-	1,253	-	1,669
-	-	-	-	-	-	4,165
-	17,488	348	2,611	1,253	-	482,197
-	-	-	-	-	3,191	3,191
-	-	-	-	-	-	10,571
97,703	-	-	-	-	-	97,703
-	-	-	4,664	-	-	208,024
-	-	-	-	-	-	41,211
97,703	-	-	4,664	-	3,191	360,700
(97,703)	17,488	348	(2,053)	1,253	(3,191)	121,497
-	-	-	-	-	6,374	70,374
-	-	-	-	-	-	(74,320)
-	-	-	-	-	6,374	(3,946)
(97,703)	17,488	348	(2,053)	1,253	3,183	117,551
195,162	37,156	342	3,637	227,092	(6,374)	907,779
-	-	-	90	-	-	6,120
195,162	37,156	342	3,727	227,092	(6,374)	913,899
\$ 97,459	\$ 54,644	\$ 690	\$ 1,674	\$ 228,345	\$ (3,191)	\$ 1,031,450

(This page intentionally left blank.)