

CITY OF NEEDVILLE, TEXAS
ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED SEPTEMBER 30, 2025

**CITY OF NEEDVILLE, TEXAS
TABLE OF CONTENTS
SEPTEMBER 30, 2025**

	<u>Page Number</u>
Independent Auditor's Report	1-2
Management's Discussion and Analysis	3-9
BASIC FINANCIAL STATEMENTS	
Government-Wide Financial Statements	
Statement of Net Position	10-11
Statement of Activities	12-13
Fund Financial Statements	
Governmental Funds Financial Statements	
Balance Sheets- Governmental Funds	14-15
Statements of Revenues, Expenditures, and Changes in Fund Balances-Governmental Funds	16-17
Proprietary Fund Financial Statements	
Balance Sheet	18
Statement of Revenues, Expenses, and Changes in Net Position	19
Statement of Cash Flows	20
Notes to Financial Statements	21-34
REQUIRED SUPPLEMENTARY INFORMATION	
Statement of Revenues, Expenditures, and Changes in Fund Balances -Budget and Actual-General Fund	35
Schedule of the City's Proportionate Share of the Net Pension Liability - Texas Municipal Retirement System (TMRS)	36-37
Schedule of City Contributions - Texas Municipal Retirement System	38-39
Schedule of the City's Proportionate Share of the Other Post Employment Benefits Net Liability - Texas Municipal Retirement System (TMRS)	40-41
Schedule of City Contributions - Other Post Employment Benefits	42-43
Notes to Required Supplementary Information	44
INTERNAL CONTROL AND COMPLIANCE	
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	45-46

This page left blank intentionally.



TRLICEK & CO., P.C.
Certified Public Accountants
113 W. Colorado St.
P.O. Box 817
La Grange, TX 78945
(979) 533-0925

INDEPENDENT AUDITOR'S REPORT

To the City Council
City of Needville, Texas

Opinion

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

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

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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 twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgement 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 judgement, 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.

Required Supplementary Information

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

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory section and individual fund financial statement but does not include the basic financial statements and our auditor's report thereon. Our opinion on the basic financial statements does not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Tribak & Co., P.C.

La Grange, Texas
February 26, 2026

**CITY OF NEEDVILLE, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2025**

The purpose of the Management's Discussion and Analysis (MD&A) is to give the readers an objective and easily readable analysis of the financial activities of the City of Needville, Texas (the City) for the year ended September 30, 2025. The analysis is based on currently known facts, decisions, or economic conditions. It presents short and long-term analysis of the City's activities, compares current year results with those of the prior year, and discusses the positive and negative aspects of that comparison. Governmental Accounting Standards Board (GASB) Statement No. 34 establishes the content of the minimum requirement for the MD&A. This MD&A should be read in conjunction with the City's financial statements, which is part of these financial statements:

STRUCTURE OF OUR ANNUAL REPORT

The table of contents presented at the beginning of this report provides an overview of the structure of the City's report, as well as the page numbers where the respective sections can be located within the report. The annual financial is present as compliant with the financial reporting model in effect pursuant to GASB Statement No. 34. The financial reporting model requires governments to present certain basic financial statements as well as the MD&A and certain other Required Supplementary Information (RSI). The basic financial statements include (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the financial statements.

Government-Wide Statements

The government-wide statements report information for the City as a whole. These statements include transactions and balances relating to all assets, including infrastructure capital assets. These statements are designed to provide information about cost of services, operating results, and financial position of the City as an economic entity. The Statement of Net Position and the Statement of Activities report information on the City's activities that enable the reader to understand the financial condition of the City. These statements are prepared using the accrual basis of accounting method which is similar to the accounting used by most private-sector companies. Under this method, revenues are recognized when earned and expenditures when they occur.

The Statement of Net Position reports net position as the difference in assets and liabilities. The increase or decrease in net position of the City can serve as a useful indicator of the City's financial position currently as compared to prior year (s). Other nonfinancial factors, such as the City's property tax base and the condition of the City's infrastructure, need to be considered in order to assess the overall health of the City. The Statement of Activities reflects the change in net position during the year.

**CITY OF NEEDVILLE, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2025**

These statements are divided into the following classes of activities:

Governmental Activities- Basic services are reported under this activity, including the general government, public safety and public works, and interest on the City's debt. Sales tax, property taxes, franchise taxes, municipal court fines and permit fees finance most of these activities.

Business-type Activities- Basic services involving a fee are reported here. These include the City's water and sewer services.

Component Units- The City of Needville itself is the primary government. The Development Corporation of Needville (DCN) is established as a separate legal entity. The City maintains financial accountability over the DCN; thus, the DCN is reported as a discrete component unit, separate from the financial transactions of the City.

FUND FINANCIAL STATEMENTS

Fund financial statements are segregated for specific activities and objectives. The use of fund accounting is to ensure and demonstrate compliance with finance related legal reporting requirements. Governmental and proprietary funds are the basic fund type financial statements.

Government Funds - The focus of the City's governmental funds is to provide information on 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 fiscal year. The City maintains two governmental funds. They are the general fund and debt service fund. Both the governmental fund balance sheets and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between government-wide statements and fund financial statement.

The City adopts an annual appropriated budget for its general fund. A budgetary comparison schedule has been provided for the general fund to demonstrate compliance with this budget.

Proprietary Funds – The focus of the City's proprietary funds statements is to account for all "business- like" activity. The City has only one proprietary fund which is the water and sewer fund. There is no difference in the reporting of proprietary funds under the government-wide financial statements and the fund financial statements.

**CITY OF NEEDVILLE, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2025**

NOTES TO FINANCIAL STATEMENTS

The Notes to the financial statement provide additional information that is essential to a full understanding of the financial data provided both in the government-wide and fund financial statements.

OTHER INFORMATION

GASB Statement No. 34 requires that budgetary comparison schedules for the general fund and a schedule of funding progress for the Texas Municipal Retirement System be presented.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Assets of the City exceeded its liabilities at current year end by \$13,671,652 as compared to the prior year of \$11,649,7891. A large portion of these net assets were investments in capital assets amounting to \$7,605,518 for the current fiscal year and \$5,488,754 for the prior fiscal year. These capital assets consist of land, buildings, machinery and equipment, infrastructure and public works facilities, less related debts used to acquire these assets. The capital assets are used to provide services to its citizens and consequently, are not available for future spending. Further, the City's debt related to the capital investments will require future current resources for their retirement. The City has further restriction on the use of its net position due to external restrictions.

A portion of the City's net position, \$1,696,108, represents resources that are subject to external restrictions on how they may be used.

**CITY OF NEEDVILLE, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2025**

The following is condensed statements of net position for the current fiscal and prior fiscal year:

CONDENSED STATEMENT OF NET POSITION

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2025	2024	2025	2024	2025	2024
ASSETS:						
Current and other assets	\$6,020,496	\$5,489,146	\$1,344,266	\$2,003,490	\$ 7,364,762	\$ 7,492,636
Capital assets, net	1,164,634	1,032,676	8,215,884	6,391,078	9,380,518	7,423,754
Deferred outflow	312,886	419,376	-	-	312,886	419,376
Total assets	7,498,016	6,941,198	9,560,150	8,394,568	17,058,166	15,335,766
LIABILITIES:						
Long-term liabilities	1,610,000	1,775,000	-	-	1,610,000	1,775,000
Other liabilities	873,439	790,309	261,433	245,166	1,134,872	1,035,475
Net pension liability	174,201	321,087	-	-	-	-
OPEB liability	82,999	81,330	-	-	82,999	81,330
Deferred inflow	384,442	473,093	-	-	384,442	473,093
Total liabilities	3,125,081	3,440,819	261,433	245,166	3,212,313	3,364,898
NET POSITION:						
Net investment in capital assets	(610,366)	(902,324)	8,215,884	6,391,078	7,605,518	5,488,754
Restricted	1,696,108	1,414,323	-	-	1,696,108	1,414,323
Unrestricted	3,287,193	2,988,380	1,082,833	1,758,324	4,370,026	4,746,704
Total net position	\$4,372,935	\$3,500,379	\$9,298,717	\$8,149,402	\$ 13,671,652	\$11,649,781

Governmental Activities

Total revenues for the governmental activities have decreased by \$111,962 for the current fiscal year compared to the prior fiscal year. The decrease is largely attributable to county contributions received in the prior fiscal year offset by increases in charges for services, property taxes, and other revenues. Total expenditures decreased by 27.38% for the current fiscal year compared to the prior fiscal year largely attributable to decreases in the general government department.

**CITY OF NEEDVILLE, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2025**

Business-Type Activities

Revenues for business-type activities increased \$40,173 for the current fiscal year compared to the prior fiscal year. This is a 3.23% increase from the current fiscal year to the prior fiscal year as the result of an increase in charges for services, interest income and other revenues received in the current year. The following is a condensed statement of changes in net position for the current fiscal and prior fiscal year.

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2025	2024	2025	2024	2025	2024
REVENUES:						
Program revenues:						
Charges for services	\$ 376,945	\$ 361,195	\$ 1,211,108	\$ 1,190,185	\$ 1,588,053	\$ 1,551,380
General revenues:						
Property taxes	1,286,755	1,017,322	-	-	1,286,755	1,017,322
Sales taxes	1,146,784	1,227,631	-	-	1,146,784	1,227,631
Franchise and local taxes	127,978	136,239	-	-	127,978	136,239
Interest income	222,768	266,527	20,516	16,705	243,284	283,232
County contributions	885,616	1,671,731	-	-	885,616	1,671,731
Other revenues	960,791	438,954	50,419	34,980	1,011,210	473,934
Total revenues	5,007,637	5,119,599	1,282,043	1,241,870	6,289,680	6,361,469
EXPENDITURES						
General government	1,041,877	2,611,491	-	-	1,041,877	2,611,491
Public safety	1,047,124	860,577	-	-	1,047,124	860,577
Public works	638,766	293,360	-	-	638,766	293,360
Interest and fees	33,118	36,168	-	-	33,118	36,168
Water and sewer	-	-	1,506,924	1,457,050	1,506,924	1,457,050
Total expenditures	2,760,885	3,801,596	1,506,924	1,457,050	4,267,809	5,258,646
Increase in net position						
before transfers	2,246,752	1,318,003	(224,881)	(215,180)	2,021,871	1,102,823
Transfers	(1,374,196)	(3,102,337)	1,374,196	3,102,337	-	-
Change in net position	872,556	(1,784,334)	1,149,315	2,887,157	2,021,871	1,102,823
Beginning net position	3,500,379	5,284,713	8,149,402	4,070,146	11,649,781	9,354,859
Prior period adjustment	-	-	-	1,192,099	-	1,192,099
Restated beginning net position	3,500,379	5,284,713	8,149,402	5,262,245	11,649,781	10,546,958
Ending net position	\$ 4,372,935	\$ 3,500,379	\$ 9,298,717	\$ 8,149,402	\$ 13,671,652	\$ 11,649,781

**CITY OF NEEDVILLE, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2025**

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

The City's governmental funds reflect combined fund balance of \$5,298,043 for the current fiscal year. Of this \$231,287 is reserved for debt service, \$815,589 for capital projects and \$649,232 for American Rescue Plan.

The General fund had revenues exceed expenditures by \$1,376,461 and, after transfers out of \$744,387, the net change in fund balance was an increase of \$632,074.

The Debt Service fund had revenues exceed expenditures by \$36,338 and, after transfers out of \$193,118, the net change in fund balance was a decrease of \$156,780.

The Capital Project Fund had revenues exceed expenditures by \$451,667 and, after transfers out of \$436,691, the net change in fund balance was an increase of \$14,976.

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

The general fund had total revenues of \$4,278,824 resulting in an unfavorable budget variance of \$657,480 from the final amended budget of \$4,936,304 for the current fiscal year. This unfavorable variance is primarily due to County contributions reporting less than expected revenues for the current fiscal year. The City's general fund expenditures were under the final budget by \$3,293,764 and transfers were over the final budget by \$1,374,588. This resulted in a favorable budget variance of \$1,261,696.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets -The City's governmental activities and business-type activities had invested \$9,380,518 for the current fiscal in a variety of capital assets and infrastructure net of accumulated depreciation. See notes to these financials for more detail.

Long-Term Debt – The City had long-term obligations in governmental-type activities of \$1,775,000 for the current fiscal year. During the current fiscal year, the City decreased its long-term debt by \$160,000. See notes to these financials for more detail.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

The City faces challenges in its Enterprise Fund due to its low unrestricted net position. The City took action and raised the water and sewer rates for fiscal year 2026 and will continue to monitor and raise rates as necessary. Even though the challenge will be there, the City is seeking to provide the best services possible for its residents.

**CITY OF NEEDVILLE, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2025**

REQUEST FOR INFORMATION

This financial report is designed to provide a general overview of the City's finances. Questions concerning this report or request for additional financial information should be directed to the Cynthia Sullivan, City Secretary, City of Needville, Texas 9022 Main Street, Needville, Texas 77461, telephone (979) 793-4254.

This page left blank intentionally.

BASIC FINANCIAL STATEMENTS

City of Needville, Texas
Statement of Net Position
September 30, 2025

	Governmental Activities	Business-Type Activities	Total
Assets			
Current assets			
Cash and cash equivalents	\$ 5,074,614	\$ 816,377	\$ 5,890,991
Receivables, net	273,729	98,399	372,128
Due from County	640,249	-	640,249
Due from other funds	31,904	429,490	461,394
Total current assets	<u>6,020,496</u>	<u>1,344,266</u>	<u>7,364,762</u>
Noncurrent assets			
Capital assets not being depreciated	174,445	-	174,445
Capital assets, net of accumulated depreciation	990,189	8,215,884	9,206,073
Net capital assets	<u>1,164,634</u>	<u>8,215,884</u>	<u>9,380,518</u>
Total assets	<u>\$ 7,185,130</u>	<u>\$ 9,560,150</u>	<u>\$ 16,745,280</u>
Deferred outflow of resources			
Deferred outflow related to pensions	\$ 304,617	\$ -	\$ 304,617
Deferred outflow related to OPEB	8,269	-	8,269
Total deferred outflow of resources	<u>\$ 312,886</u>	<u>\$ -</u>	<u>\$ 312,886</u>
Liabilities and Net Position			
Liabilities			
Current liabilities			
Current maturity of long-term debt	\$ 165,000	\$ -	\$ 165,000
Accounts payable and other accrual	221,548	36,643	258,191
Compensated absences	57,024	33,424	90,448
Security deposits	-	159,839	159,839
Due to other funds	429,867	31,527	461,394
Total current liabilities	<u>873,439</u>	<u>261,433</u>	<u>1,134,872</u>
Net pension liability	174,201	-	174,201
OPEB liability	82,999	-	82,999
Long-term debt, less current maturities	1,610,000	-	1,610,000
Total liabilities	<u>2,740,639</u>	<u>261,433</u>	<u>3,002,072</u>
Deferred inflow of resources			
Deferred inflow related to pensions	367,822	-	367,822
Deferred inflow related to OPEB	16,620	-	16,620
Total deferred inflow of resources	<u>384,442</u>	<u>-</u>	<u>384,442</u>
Net position			
Net investment in capital assets	(610,366)	8,215,884	7,605,518
Restricted for:			
Retirement of long-term debt	231,287	-	231,287
Capital projects	815,589	-	815,589
American Rescue Plan	649,232	-	649,232
Economic development	-	-	-
Unrestricted	3,287,193	1,082,833	4,370,026
Total net position	<u>\$ 4,372,935</u>	<u>\$ 9,298,717</u>	<u>\$ 13,671,652</u>

The accompanying notes are an integral part of these financial statements.

Component
Units

\$ 1,628,226
56,078
-
-
1,684,304

-
-
-
\$ 1,684,304

\$ -
-
\$ -

\$ -
10,799
-
-
-
10,799
-
-
-
10,799

-
-
-

-
-
-
1,673,505
-
\$ 1,673,505

City of Needville, Texas
Statement of Activities
For the Year Ended September 30, 2025

	<u>Expenses</u>	<u>Program Revenues</u>	
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>
Primary Government			
Governmental Activities			
General government	\$ 1,041,877	\$ 86,431	\$ 885,616
Public safety	1,047,124	290,514	-
Public works	638,766	-	-
Total Governmental Activities	<u>2,727,767</u>	<u>376,945</u>	<u>885,616</u>
Business-type Activities			
Water and sewer	1,506,924	1,211,108	-
Total Business-Type Activities	<u>1,506,924</u>	<u>1,211,108</u>	<u>-</u>
Total Primary Government	<u>\$ 4,234,691</u>	<u>\$ 1,588,053</u>	<u>\$ 885,616</u>
Component Units			
General administration	\$ 587,873	\$ -	\$ -
	<u>587,873</u>	<u>-</u>	<u>-</u>
General revenues:			
Taxes			
Property			
Sales taxes			
Franchise taxes and local taxes			
Unrestricted investment earnings			
Interest expense			
Miscellaneous			
Transfers			
Total general revenues and transfers			
Changes in net position			
Net position - beginning			
Net position - ending			

The accompanying notes are an integral part of these financial statements.

Net Revenues (Expenses) and Changes in Net Position			
Primary Government			
Governmental Activities	Business-type Activities	Total	Component Units
\$ (69,830)	\$ -	\$ (69,830)	\$ -
(756,610)	-	(756,610)	-
(638,766)	-	(638,766)	-
<u>(1,465,206)</u>	<u>-</u>	<u>(1,465,206)</u>	<u>-</u>
-	(295,816)	(295,816)	-
<u>-</u>	<u>(295,816)</u>	<u>(295,816)</u>	<u>-</u>
(1,465,206)	(295,816)	(1,761,022)	-
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 587,873</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>587,873</u>
1,286,755	-	1,286,755	-
1,146,784	-	1,146,784	350,911
127,978	-	127,978	-
222,768	20,516	243,284	75,086
(33,118)	-	(33,118)	-
960,791	50,419	1,011,210	5,100
<u>(1,374,196)</u>	<u>1,374,196</u>	<u>-</u>	<u>-</u>
<u>2,337,762</u>	<u>1,445,131</u>	<u>3,782,893</u>	<u>431,097</u>
872,556	1,149,315	2,021,871	(156,776)
<u>3,500,379</u>	<u>8,149,402</u>	<u>11,649,781</u>	<u>1,830,281</u>
<u>\$ 4,372,935</u>	<u>\$ 9,298,717</u>	<u>\$ 13,671,652</u>	<u>\$ 1,673,505</u>

City of Needville, Texas
Balance Sheet - Governmental Funds
September 30, 2025

Assets	General Fund
Cash and cash equivalents	\$3,598,625
Receivables	
Sales and franchise taxes	172,776
Accounts receivable (less allowance of \$11,437)	29,915
Delinquent taxes	54,397
Due from County	640,249
Due from Other Funds	31,527
Total assets	<u>\$4,527,489</u>
Liabilities, Deferred Inflows of Resources and Fund Balances	
Liabilities	
Accounts payable and accruals	\$ 221,548
Due to Other Funds	377
Total liabilities	<u>221,925</u>
Deferred inflows of resources	
Deferred inflows	54,397
Total deferred inflows of resources	<u>54,397</u>
Fund balances	
Restricted fund balances:	
American Rescue Plan	649,232
Retirement of long-term debt	-
Capital projects	-
Unassigned	3,601,935
Total fund balances	<u>4,251,167</u>
Total liabilities and fund balances	<u>\$4,527,489</u>

Reconciliation to the Statement of Net Position of Governmental Activities:

Total governmental fund balance
Add capital assets not reported in governmental funds, (net of accumulated depreciation of \$1,924,938)
Deferred revenues for property taxes receivable recognized as revenue in the government-wide statement of net position
Recognition of the City's proportionate share of the net pension liability is not reported in governmental funds. The net effect of the current year's liability is to decrease net position
Compensated absences not reported in governmental funds
Long-term liabilities not reported in governmental funds
Recognition of the City's proportionate share of the OPEB liability is not reported in governmental funds. The net effect of the current year's liability is to decrease net position
Recognition of the City's deferred outflows/(inflows) due to net pension liability is not reported in governmental funds. The net effect of deferred outflows (inflows) is to decrease net position
Recognition of the City's deferred outflows/(inflows) due to other post-employment benefits liability is not reported in governmental funds. The net effect of deferred outflows (inflows) is to increase net position
Net Position of Governmental Activities

The accompanying notes are an integral part of these financial statements.

Debt Service Fund	Capital Project Fund	Total Governmental Funds
\$ 660,400	\$ 815,589	\$ 5,074,614
-	-	172,776
-	-	29,915
16,641	-	71,038
-	-	640,249
377	-	31,904
<u>\$ 677,418</u>	<u>\$ 815,589</u>	<u>\$ 6,020,496</u>

\$ -	\$ -	\$ 221,548
429,490	-	429,867
<u>429,490</u>	<u>-</u>	<u>651,415</u>
16,641	-	71,038
<u>16,641</u>	<u>-</u>	<u>71,038</u>

-	-	649,232
231,287	-	231,287
-	815,589	815,589
-	-	3,601,935
<u>231,287</u>	<u>815,589</u>	<u>5,298,043</u>
<u>\$ 677,418</u>	<u>\$ 815,589</u>	<u>\$ 6,020,496</u>

\$ 5,298,043

1,164,634

71,038

(174,201)

(57,024)

(1,775,000)

(82,999)

(63,205)

(8,351)

\$ 4,372,935

City of Needville, Texas

**Statement of Revenues, Expenditures and Changes in Fund Balances-Governmental Funds
For the Year Ended September 30, 2025**

Revenues	General Fund
Property taxes	\$ 1,095,381
Sales taxes	1,146,784
Charges for services	290,514
Franchise and local taxes	127,978
Municipal court	86,431
Permits and licenses	417,312
Other revenue	77,186
Grant income	885,616
Interest	151,622
Total revenues	<u>4,278,824</u>
Expenditures	
General government	1,264,163
Public safety	1,047,124
Public works	591,076
Debt service	
Principal	-
Interest	-
Total expenditures	<u>2,902,363</u>
Revenues over (under) expenditures	1,376,461
Other Financial Sources (Uses)	
Operating transfers in (out)	<u>(744,387)</u>
Total other financial sources (uses)	<u>(744,387)</u>
Net change in fund balance	632,074
Beginning fund balance	<u>3,619,093</u>
Ending fund balance	<u><u>\$ 4,251,167</u></u>

Reconciliation to the Statement of Activities

Total net change in fund balance - governmental funds

Net increase in revenues on the Statement of Activities not included
in the governmental funds statement - Capital outlays/Fixed Assets Reclassified to Water & Sewer

Net decrease in revenues on the Statement of Activities not included
in the governmental funds statement - Property tax revenues

Expenses on the Statement of Activities not included in the
governmental funds statement - Depreciation expense

Net decrease in revenues on the Statement of Activities not included
in the governmental funds statement - Principal payments and new long-term debt

Net increase in revenues on the Statement of Activities not included
in the governmental funds statement - Compensated absences

Recognition of the City's proportionate share of the net pension expense is not reported in
governmental funds. The net effect of the current year's expense is to decrease net position

Change in net position of governmental activities

The accompanying notes are an integral part of these financial statements.

Debt Service Fund	Capital Project Fund	Total Governmental Funds
\$ 191,374	\$ -	\$ 1,286,755
-	-	1,146,784
-	-	290,514
-	-	127,978
-	-	86,431
-	-	417,312
-	466,293	543,479
-	-	885,616
38,082	33,064	222,768
<u>229,456</u>	<u>499,357</u>	<u>5,007,637</u>
-	-	1,264,163
-	-	1,047,124
-	47,690	638,766
160,000	-	160,000
33,118	-	33,118
<u>193,118</u>	<u>47,690</u>	<u>3,143,171</u>
36,338	451,667	1,864,466
<u>(193,118)</u>	<u>(436,691)</u>	<u>(1,374,196)</u>
<u>(193,118)</u>	<u>(436,691)</u>	<u>(1,374,196)</u>
<u>(156,780)</u>	<u>14,976</u>	<u>490,270</u>
<u>388,067</u>	<u>800,613</u>	<u>4,807,773</u>
<u>\$ 231,287</u>	<u>\$ 815,589</u>	<u>\$ 5,298,043</u>

\$ 490,270

311,667

2,035

(179,709)

160,000

(39,085)

127,378

\$ 872,556

City of Needville, Texas
Statement of Net Position - Proprietary Funds
September 30, 2025

	Business-type Activities Enterprise Fund
Assets	
Current assets	
Cash and cash equivalents	\$ 816,377
Customer receivables	98,399
Due from other funds	429,490
Total current assets	1,344,266
Capital assets	
Building	32,889
Water system	8,652,769
Sewer system	3,679,274
Furniture and equipment/vehicles	758,180
Construction in Progress	1,311,221
Total capital assets	14,434,333
Less accumulated depreciation	(6,218,449)
Net capital assets	8,215,884
 Total assets	 \$ 9,560,150
Liabilities and Net Position	
Liabilities	
Accounts payable and accruals	\$ 36,643
Compensated absences	33,424
Customer deposits	159,839
Due to other funds	31,527
Total liabilities	261,433
Net position	
Invested in capital assets	8,215,884
Restricted net position	-
Unrestricted net position	1,082,833
Total net position	9,298,717
Total liabilities and net position	\$ 9,560,150

The accompanying notes are an integral part of these financial statements.

City of Needville, Texas

Statement of Revenues, Expenses and Changes in Fund Net Position - Proprietary Funds

For the Year Ended September 30, 2025

	Business-type Activities
	Enterprise Fund
Operating revenues	
Water and sewer charges	\$ 1,191,108
Economic Development Corporation	20,000
Other	50,419
Total operating revenues	<u>1,261,527</u>
Operating expenses	
Salaries and benefits	646,310
Insurance	56,603
Repairs and maintenance	174,917
Utilities	59,868
Supplies	67,746
Bad debt expense	4,197
Sludge hauling	27,010
Computer maintenance	68,840
Postage	3,451
Chemicals	23,993
Fuel	11,279
Contracted services	16,187
Depreciation	308,954
Miscellaneous	37,569
Total operating expenses	<u>1,506,924</u>
Operating income (loss)	(245,397)
Non-operating income	
Transfers in (out)	1,374,196
Investment earnings	20,516
Total non-operating income	<u>1,394,712</u>
Changes in net position	1,149,315
Net position - beginning of year	<u>8,149,402</u>
Net position - end of year	<u>\$ 9,298,717</u>

The accompanying notes are an integral part of these financial statements.

City of Needville, Texas
Statement of Cash Flows - Proprietary Funds
For the Year Ended September 30, 2025

	<u>Business-type Activities Enterprise Fund</u>
Cash Flows Provided (Used) By Operating Activities	
Receipts from customers/others	\$ 1,218,876
Payments to suppliers	(514,626)
Payments to employees	(631,194)
Net cash provided (used) by operating activities	<u>73,056</u>
Cash Flows Provided (Used) By Non-Capital Financing Activities	
Operating transfers from (to) other funds	1,374,196
Net cash provided (used) by non-capital financing activities	<u>1,374,196</u>
Cash Flows Provided (Used) By Capital and Related Financing Activities	
Purchase of fixed assets	(2,133,760)
Net cash provided (used) by capital and related financing activities	<u>(2,133,760)</u>
Cash Flows Provided (Used) By Investing Activities	
Interest earned on investments	20,516
Net cash provided (used) by investing activities	<u>20,516</u>
Net increase (decrease) in cash and cash equivalents	(665,992)
Cash and cash equivalents - beginning of year	<u>1,482,369</u>
Cash and cash equivalents - end of year	<u><u>\$ 816,377</u></u>
<u>Reconciliation of Operating Income to Net Cash Provided by Operating Activities:</u>	
Operating (Loss):	\$ (245,397)
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:	
Depreciation	308,954
Effect of Increases and Decreases in Current Assets and Liabilities:	
Decrease (increase) in Customer Receivables	(6,768)
Increase (decrease) in Accounts Payable and Accrued Liabilities	(33,385)
Increase (decrease) in Compensated Absences	15,116
Increase (decrease) in Utility Deposits	3,009
Increase (decrease) in Due to General Fund	31,527
Net Cash Provided by Operating Activities	<u><u>\$ 73,056</u></u>

The accompanying notes are an integral part of these financial statements.

CITY OF NEEDVILLE, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2025

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the City of Needville, Texas have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the government's accounting policies are described below.

A. Reporting Entity

The City of Needville, Texas (the City) was incorporated in 1944 under the provisions of the State of Texas. The City operates as a Council-Administrator government. With few exceptions, all powers of the City are vested in an elective Council, which enacts local legislation, adopts budgets, determines policies, and appoints the City Attorney and the Municipal Court Judge. The residents also elect the City Mayor, who executes the laws and administers the government of the City. The City provides the following services to its citizens: public safety, street maintenance, solid waste collection and disposal, recreation programs, municipal court, community development, public improvements, water and sewer services, and general administrative services.

For financial reporting purposes, in conformance with generally accepted accounting principles, the City's financial statements include all funds, account groups, agencies, boards, commissions and other organizations over which the Council is financially accountable. In addition, component units which may be included are organizations for which the nature and the significance of their operational or financial relationship with the City is such that exclusion would cause the City's financial statements to be misleading or incomplete.

Based upon the foregoing criteria, the following entity has been included in this report:

Development Corporation of Needville (DCN) – Although the DCN is legally separate from the City, the DCN is reported as if it were part of the primary government because the City provides the majority of its funding; and the DCN provides services almost exclusively for the benefit of the primary government. The DCN is authorized to act on behalf of the City in order to encourage the promotion and development of commercial, industrial and manufacturing enterprises within the area. The DCN is discretely presented; it is reported in a separate column to emphasize that it is legally separate from the primary government.

B. Government-Wide and Fund Financial Statements

The Statement of Net Position and the Statement of Activities are government-wide financial statements. The report information on all of the City's nonfiduciary activities with most of the interfund activities removed. Governmental activities include programs supported primarily by taxes, grants and other intergovernmental revenues. Business-type activities include operations that rely to a significant extent on fees and charges for support. The primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

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

CITY OF NEEDVILLE, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2025

B. Government-Wide and Fund Financial Statements (Continued)

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

The fund financial statements provide reports on the financial condition and results of operations for two fund categories; governmental and proprietary. The City considers some governmental and enterprise funds major and reports their financial condition and results of operations in a separate column.

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

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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

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

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

Revenues from local sources consist primarily of property taxes. Property tax revenues are recognized under the "susceptible to accrual" concept, that is, when they are both measurable and available. The City considers them "available" if they will be collected within 60 days of the end of the fiscal year.

Miscellaneous revenues are recorded as revenue when received in cash because they are generally not measurable until actually received. Investment earnings are recorded as earned, since they are both measurable and available.

CITY OF NEEDVILLE, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2025

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued)

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

The Proprietary Fund Types are accounted for on a flow of economic resources measurement focus and utilize the accrual basis of accounting. This basis of accounting recognizes revenues in the accounting period in which they are earned and become measurable and expenses in the accounting period in which they are incurred and become measurable. With this measurement focus, all assets and liabilities associated with the operation of these funds are included on the Statement of Net Position. The fund equity is segregated into invested in capital assets net of related debt, restricted net position, and unrestricted net position.

D. Fund Accounting

The City reports the following major governmental funds:

General Fund

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

Debt Service Fund

The City accounts for resources accumulated and payments made for principal and interest on long-term general obligation debt of governmental funds in a debt service fund.

The City reports the following major enterprise fund:

Utility Fund

Water and wastewater services provided by the City are accounted for in the Utility Fund.

E. Other Accounting Policies

1. For the purpose of the statement of cash flows for proprietary funds, the City considers all highly liquid investments to be cash equivalents if they have a maturity of three months or less when purchased. Investments are carried at fair value, which is based on quoted market price.
2. The City reports inventories of supplies as the lower of cost (first-in, first-out) or market. Supplies are recorded as expenditures when they are consumed.
3. In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount.

CITY OF NEEDVILLE, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2025

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

4. It is the City’s policy to permit employees to accumulate earned but unused vacation, sick pay benefits and compensatory time. Amounts accumulated, up to certain amounts, may be paid to employees upon termination of employment. Upon retirement or termination, the employee is paid for accumulated, unpaid vacation at their then current rate of pay. All vacation and sick pay benefits are accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee retirement or termination.
5. Capital assets, which include land, infrastructure, buildings and improvements, machinery and equipment and construction in progress are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the City as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of 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.

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

Infrastructure, buildings and improvements, and machinery and equipment of the City are depreciated using the straight line method over the following estimated useful lives:

Infrastructure	20 – 40 years
Buildings and improvements	20 – 40 years
Machinery and equipment	10 years
Vehicles	5 years

6. In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose.
7. Fund balances of the governmental funds are classified as follows:

Nonspendable Fund Balance – Fund balance reported as “nonspendable” represents fund balance associated with inventory or prepaid items. The cash outlay for these types of items has already been made and, therefore, the resources represented by this fund balance classifications cannot be spent again.

Restricted Fund Balance – Fund balance reported as “restricted” represents amounts that can be spent only on the specific purposes stipulated by law or the external providers of those resources.

Committed Fund Balance – Fund balance reported as “committed” represents amounts that can be spent only for the specific purposes determined by a formal action of our City’s highest level of decision-making authority.

Assigned Fund Balance – Fund balance reported as “assigned” represents amounts intended to be used for specific purposes, but not meeting the criteria to be reported as “committed” or “restricted” fund balance. Our governing body may grant to an administrator within the organization the authority to assign fund balance.

CITY OF NEEDVILLE, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2025

Unassigned Fund Balance – Fund balance reported as “unassigned” represents the residual classification of fund balance and includes all spendable amounts not contained within the other classifications. These amounts are unconstrained in that they may be spent for any purpose.

When an expenditure is incurred for a purpose for which both restricted and unrestricted fund balance is available, the City considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the City considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds.

NOTE 2 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. BUDGETARY DATA

On or before the first day of June of each year, department and division leaders of the City submit requests for appropriations so that a budget can be prepared. The budget is prepared by fund, department, and activity, and includes information on the past year, current year budget and requested appropriations for the next fiscal year.

Before August 31, the proposed budget is presented to the City Council for review. The City Council holds public hearings and may add to, subtract from or change appropriations, but may not change the form of the budget. Any changes in the budget must be within the revenues and reserves estimated as available by the City or the revenue estimates must be changed by an affirmative vote of a majority of the City Council. Management may not amend the budget without Council approval. Expenditures may not legally exceed budgeted appropriations at the department level.

NOTE 3 – DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS

A. DEPOSITS AND INVESTMENTS

Legal and Contractual Provisions Governing Deposits and Investments

The funds of the City must be deposited and invested under the terms of a contract, contents of which are set out in the Depository Contract Law. The depository bank places approved pledged securities for safekeeping and trust with the City’s agent bank in an amount sufficient to protect City funds on a day-to-day basis during the period of the contract. The pledge of approved securities is waived only to the extent of the depository bank’s dollar amount of Federal Deposit Insurance Corporation (“FDIC”) insurance.

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

CITY OF NEEDVILLE, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2025

Policies Governing Deposits and Investments

In compliance with the **Public Funds Investments Act**, the City has adopted a deposit and investment policy. That policy does address the following risks:

Custodial Credit Risk – Deposits: This is risk that in the event of bank failure, the City’s deposits may not be returned to it. The City was not exposed to custodial credit risk since its deposits at year-end and during the year ended September 30, 2025 was covered by depository insurance or by pledged collateral held by the City’s agent bank in the City’s name.

B. PROPERTY TAXES

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

C. DELINQUENT TAXES RECEIVABLE

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

D. INTERFUND BALANCES AND TRANSFERS

Interfund transfers for the year ended September 30, 2025 consisted of the following amounts:

Due from General Fund to:	
Debt Service Fund	\$ 377
Due from Proprietary Fund to:	
General Fund	\$ 31,527
Due from Debt Service Fund to:	
Proprietary Fund	\$ 429,490
Transfer from General Fund to:	
Proprietary Fund	\$ 1,374,588
Transfer from Proprietary Fund to:	
General Fund	\$ 430,201
Capital Project Fund	731,799
	<u>\$ 1,162,000</u>
Transfer from Debt Service Fund to:	
Proprietary Fund	\$ 193,118
Transfer from Capital Project Fund to:	
General Fund	\$ 200,000
Proprietary Fund	968,490
	<u>\$ 1,168,490</u>

CITY OF NEEDVILLE, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2025

NOTE 4 – CAPITAL ASSET ACTIVITY

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

	Beginning Balance	Additions	Deletions	Ending Balance
Governmental Activities:				
Land	\$ 174,445	\$ -	\$ -	\$ 174,445
Infrastructure	337,405	-	-	337,405
Buildings	582,886	148,283	-	731,169
Vehicles and equipment	1,683,169	163,384	-	1,846,553
Totals at historical cost	<u>2,777,905</u>	<u>311,667</u>	-	<u>3,089,572</u>
Less accumulated depreciation	<u>(1,745,229)</u>	<u>(179,709)</u>	-	<u>(1,924,938)</u>
Governmental activities capital assets, net	<u>\$ 1,032,676</u>	<u>\$ 131,958</u>	<u>\$ -</u>	<u>\$ 1,164,634</u>
Business-Type Activities:				
Buildings	\$ 32,889	\$ -	\$ -	\$ 32,889
Furniture and equipment	745,333	12,847	-	758,180
Water system	5,465,627	3,187,142	-	8,652,769
Sewer system	3,446,940	232,334	-	3,679,274
Construction in Progress	2,609,784	2,120,914	(3,419,477)	1,311,221
Totals at historical cost	<u>12,300,573</u>	<u>5,553,237</u>	<u>(3,419,477)</u>	<u>14,434,333</u>
Less accumulated depreciation	<u>(5,909,495)</u>	<u>(308,954)</u>	-	<u>(6,218,449)</u>
Business-type activities capital assets, net	<u>\$ 6,391,078</u>	<u>\$ 5,244,283</u>	<u>\$(3,419,477)</u>	<u>\$ 8,215,884</u>

Depreciation expense was charged to business-type functions as follows:

Water system	\$ 210,470
Sewer system	98,484
Total Depreciation Expense	<u>\$ 308,954</u>

CITY OF NEEDVILLE, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2025

NOTE 5 – LONG-TERM DEBT

The following is a summary of long-term debt at September 30, 2025.

Description	Interest Rates	Balance
Governmental-Type Activities		
Certificates of obligation, Series 2015	2.39%	\$ 155,000
Certificates of obligation, Series 2021	2.90%	1,620,000
		<u>\$ 1,775,000</u>

A summary of changes in long-term debt for the year ended September 30, 2025 is as follows:

	Amounts Outstanding 10/1/2024	Additions	Reductions	Amounts Outstanding 9/30/2025	Due in One Year
Governmental-Type Activities:					
C.O.'s - Series 2015	\$ 230,000	\$ -	\$ (75,000)	\$ 155,000	\$ 75,000
C.O.'s - Series 2021	1,705,000	-	(85,000)	1,620,000	90,000
Totals	<u>\$ 1,935,000</u>	<u>\$ -</u>	<u>\$ (160,000)</u>	<u>\$ 1,775,000</u>	<u>\$ 165,000</u>

NOTE 6 – DEBT SERVICE REQUIREMENTS – BONDS AND CAPITAL LEASES

Debt service requirements for the bonds and certificates of obligation are as follows:

Year Ending	Series 2015		Series 2021		Total	
	Certificates of Obligation		Certificates of Obligation		Certificates of Obligation	
	Principal	Interest	Principal	Interest	Principal	Interest
2026	\$ 75,000	\$ 3,705	\$ 90,000	\$ 26,244	\$ 165,000	\$ 29,949
2027	80,000	1,912	85,000	24,786	165,000	26,698
2028	-	-	170,000	23,409	170,000	23,409
2029	-	-	175,000	20,655	175,000	20,655
2030	-	-	180,000	17,820	180,000	17,820
2031-2035	-	-	920,000	45,117	920,000	45,117
Totals	<u>\$ 155,000</u>	<u>\$ 5,617</u>	<u>\$ 1,620,000</u>	<u>\$ 158,031</u>	<u>\$ 1,775,000</u>	<u>\$ 163,648</u>

CITY OF NEEDVILLE, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2025

NOTE 7 – EMPLOYEE RETIREMENT SYSTEMS AND PLAN

Texas Municipal Retirement System (TMRS)

Plan Description

The City of Needville participates as one of 860 plans in the nontraditional, joint contributory, hybrid defined benefit pension plan administered by the Texas Municipal Retirement System (TMRS). TMRS is an agency created by the State of Texas and administered in accordance with the TMRS Act, Subtitle G, Title 8, Texas Government Code (The TMRS Act) as an agent multiple-employer retirement system for municipal employees in the State of Texas. The TMRS Act places the general administration and management of the System with a six-member Board of Trustees. Although the Governor, with the advice and consent of the Senate, appoints the Board, TMRS is not fiscally dependent on the State of Texas. TMRS's defined benefit pension plan is a tax-qualified plan under Section 401 (a) of the Internal Revenue Code. TMRS issues a publicly available comprehensive annual financial report (CAFR) that can be obtained at www.tmrs.com.

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

Benefits Provided

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

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

Plan provisions for the City were as follows:

	<u>Plan Year 2023</u>	<u>Plan Year 2024</u>
Employee deposit rate	7%	7%
Matching ratio (city to employee)	1 to 1	1 to 1.5
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)	0% of CPI	0% of CPI

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	16
Inactive employees entitled to but not yet receiving benefits	14
Active employees	<u>19</u>
	49

CITY OF NEEDVILLE, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2025

Contributions

The contribution rates for employees in TMRS are either 5%, 6%, or 7% of employee gross earnings, and the City matching contributions 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 Needville were required to contribute 7% of their annual gross earnings during the fiscal year. The contribution rates for the City of Needville were 3.91% and 8.44% in calendar years 2024 and 2025, respectively. The City's contributions to TMRS for the year ended September 30, 2025, were \$113,930, and were equal to the required contributions.

The funding status as of December 31, 2024, the most recent actuarial valuations, is presented as follows:

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Funded Ratio	Unfunded AAL (UAAL)	Covered Payroll	UAAL as a Percentage of Covered Payroll
12/31/2024	\$ 4,331,374	\$ 4,505,575	96.13%	\$ 174,201	\$ 1,217,711	14.31%

The schedule of funding progress, presented as Required Supplementary Information following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability of benefits.

Discount Rate Sensitivity Analysis

The following schedule shows the impact of the net pension liability if the discount rate used was 1 percentage point less and 1 percentage point greater than the discount rate that was used (6.75%) in measuring the 2025 net pension liability.

	1% Decrease 5.75%	Current Discount Rate 6.75%	1% Increase 7.75%
City's proportionate share of the net pension liability	\$ 674,667	\$ 174,201	\$ (250,571)

Pension Liabilities, Pension Expense and Deferred Outflows and Inflows of Resources Related to Pensions

At September 30, 2025, the City reported a liability of \$174,201 for its proportionate share of the TMRS's net pension liability. This liability reflects an addition for State pension support provided to the City. The amount recognized by the City as its proportionate share of the net pension liability, the related state support and the total portion of the net pension liability that was associated with the City were as follows:

City's proportionate share of the collective net pension liability	\$ 174,201
States's proportionate share of the net pension liability associated with the City	4,331,374
Total	\$ 4,505,575

CITY OF NEEDVILLE, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2025

The net pension liability was measured as of December 31, 2024 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

There were no changes of assumptions or other inputs that affected measurement of the total pension liability during the measurement period.

There were no changes of benefit terms that affected measurement of the total pension liability during the measurement period.

At September 30, 2025, the City of Needville, Texas reported its proportionate share of the TMRS' deferred/inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Economic Experiences	\$ 5,886	\$ 104,582
Changes in Actuarial Assumptions	-	6,946
Differences Between Projected and Actual Investment Earnings	211,772	256,294
Contributions Made Subsequent to Measurement Date	86,959	-
Total	\$ 304,617	\$ 367,822

The following is deferred outflows and deferred inflows of resources, by year, to be recognized in future pension expense as follows:

Year Ended	Balance
2025	\$ (105,751)
2026	46,068
2027	(62,142)
2028	(28,339)
2029	-
Thereafter	-
	\$ (150,164)

At September 30, 2025, the City of Needville, Texas recognized pension expense of \$(119,556) in the government-wide Statement of Activities.

Texas Municipal Retirement System (TMRS - Supplemental Death Benefits Fund)

Plan Description

Texas Municipal Retirement System ("TMRS") administers a defined benefit group-term life insurance plan known as the Supplemental Death Benefits Fund ("SDBF"). This is a voluntary program in which participating member cities may elect, by ordinance, to provide group-term life insurance coverage for their active members, including or not including retirees. The death benefit for active employees provides a lump-sum payment approximately equal to the employee's annual salary (calculated based on the employee's actual earnings, for the 12-month period preceding the month of death). The death benefit for retirees is considered an other postemployment benefit ("OPEB") and is a fixed amount of \$7,500. As the SDBF covers both active and retiree participants, with no segregation of assets, the SDBF is considered to be an unfunded OPEB plan (i.e. no assets are accumulated).

CITY OF NEEDVILLE, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2025

The member 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-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 retirees term life insurance during employees' entire careers.

The City of Needville Volunteer Firemen are covered by a separate pension plan, therefore they are not included in the Texas Municipal Retirement System plan.

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

Inactive employees or beneficiaries currently receiving benefits	13
Inactive employees entitled to but not yet receiving benefits	3
Active employees	<u>19</u>
	35

Discount Rate Sensitivity Analysis

The following schedule shows the impact of the net OPEB liability if the discount rate used was 1 percentage point less and 1 percentage point greater than the discount rate that was used (4.08%) in measuring the 2025 net pension liability.

	1% Decrease <u>3.08%</u>	Current Discount Rate 4.08%	1% Decrease <u>5.08%</u>
City's proportionate share of the total OPEB liability	\$ 94,799	\$ 82,999	\$ 73,337

The net OPEB liability was measured as of December 31, 2024 and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date. The City's proportion of the net OPEB liability was based on the City's contributions to the OPEB plan relative to the contributions of all employees to the plan for the period of October 31, 2024 through September 30, 2025.

There were no changes of assumptions or other inputs that affected measurement of the total OPEB liability during the measurement period.

There were no changes of benefit terms that affected measurement of the total OPEB liability during the measurement period.

At September 30, 2025, the City of Needville, Texas reported its proportionate share of the TMRS' deferred/inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences Between Expected and Actual Economic Experience	\$ 1,064	\$ 6,622
Changes in Actuarial Assumptions	1,435	9,998
Contributions Made Subsequent to Measurement Date	<u>5,770</u>	<u>-</u>
Total	<u>\$ 8,269</u>	<u>\$ 16,620</u>

CITY OF NEEDVILLE, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2025

The following is deferred outflows and deferred inflows of resources, by year, to be recognized in future pension expense as follows:

<u>Year Ended</u>	<u>Balance</u>
2025	\$ (11,070)
2026	(2,512)
2027	(493)
2028	(46)
2029	-
Thereafter	-
	<u>\$ (14,121)</u>

At September 30, 2025, the City of Needville, Texas recognized pension expense of \$(7,722) in the government – wide Statement of Activities.

NOTE 9 – ANALYSIS OF SPECIFIC DEPOSIT AND INVESTMENT RISKS

GASB Statement No. 40 requires a determination as to whether the City was exposed to the following specific investment risks at year end and if so, the reporting of certain related disclosures:

Credit Risk

The risk that an issuer or other counterparty to an investment will not fulfill its obligations. The ratings of securities by nationally recognized rating agencies are designed to give an indication of credit risk. At year end, the City was not exposed to credit risk.

Custodial Credit Risk

Deposits are exposed to custodial credit risk if they are not covered by depository insurance and the deposits are uncollateralized, collateralized with securities held by the pledging financial institution, or collateralized with securities held by the pledging financial institution’s trust department or agent but not in the City’s name.

Investment securities are exposed to custodial credit risk if the securities are uninsured, are not registered in the name of the government or are held by either the counterparty or the counterparty’s trust department or agent but not in the City’s name.

At year end, the City was not exposed to custodial credit risk.

Concentration of Credit Risk

The risk of loss attributed to the magnitude of a government’s investment in a single issuer. At year end, the City was not exposed to concentration of credit risk.

Interest Rate Risk

The risk that changes in interest rates will adversely affect the fair value of an investment. At year end, the City was not exposed to interest rate risk.

CITY OF NEEDVILLE, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2025

Foreign Currency Risk

The risk that exchange rates will adversely affect the fair value of an investment. At year end, the City was not exposed to foreign currency risk.

NOTE 10 – RISK MANAGEMENT

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City's risk management program encompasses obtaining property, workers compensation, health and liability insurance through commercial insurance carriers. The City has not had any significant reduction in insurance coverage, and the amounts of insurance settlements have not exceeded insurance coverage during the previous year. At year end, the City did not have any significant claims.

NOTE 11 - CONTINGENT LIABILITIES

Amounts received or receivable from Grantor 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 amount, if any, 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. The City is also subject to contingent liabilities for possible lawsuits that may be filed which, at year-end, have not been filed.

NOTE 12 – DATE OF MANAGEMENT'S REVIEW

Management has evaluated subsequent events through February 26, 2026 the date the financial statements were available to be issued.

REQUIRED SUPPLEMENTARY INFORMATION

This page left blank intentionally.

City of Needville, Texas
Statement of Revenues, Expenditures and Changes in Fund Balances
Budget (GAAP Basis) and Actual - General Fund
For the Year Ended September 30, 2025

	<u>Original Budget</u>	<u>Final Amended Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues				
Property taxes	\$ 1,084,176	\$ 1,095,382	\$ 1,095,381	(1)
Sales taxes	1,019,700	1,132,808	1,146,784	13,976
Charges for services	310,485	342,818	290,514	(52,304)
Franchise fees	141,165	123,376	127,978	4,602
Municipal court	60,000	86,431	86,431	-
Permits and licenses	149,025	417,762	417,312	(450)
Other revenue	67,785	86,105	77,186	(8,919)
Grant income	1,500,000	1,500,000	885,616	(614,384)
Interest income	125,000	151,622	151,622	-
Total revenues	<u>4,457,336</u>	<u>4,936,304</u>	<u>4,278,824</u>	<u>(657,480)</u>
Expenditures				
General government				
Mayor and council	685,305	710,042	173,518	536,524
General government	186,425	173,518	583,072	(409,554)
Finance	236,610	224,740	224,740	-
Municipal court	118,270	98,707	99,124	(417)
Community development	166,725	193,709	193,709	-
Grant expenses	2,690,128	2,697,675	-	2,697,675
Total general government	<u>4,083,463</u>	<u>4,098,391</u>	<u>1,274,163</u>	<u>2,824,228</u>
Public safety				
Police	1,117,460	1,046,570	1,037,124	9,446
Total public safety	<u>1,117,460</u>	<u>1,046,570</u>	<u>1,037,124</u>	<u>9,446</u>
Public works				
Streets and drainage	1,162,675	1,051,166	591,076	460,090
Total public works	<u>1,162,675</u>	<u>1,051,166</u>	<u>591,076</u>	<u>460,090</u>
Total expenditures	<u>6,363,598</u>	<u>6,196,127</u>	<u>2,902,363</u>	<u>3,293,764</u>
Revenues over (under) expenditures	(1,906,262)	(1,259,823)	1,376,461	2,636,284
Other Financing Sources (Uses)				
Transfers in (out)	952,201	630,201	(744,387)	(1,374,588)
Total other financing sources and uses	<u>952,201</u>	<u>630,201</u>	<u>(744,387)</u>	<u>(1,374,588)</u>
Net change in fund balance	<u>\$ (954,061)</u>	<u>\$ (629,622)</u>	632,074	<u>\$ 1,261,696</u>
Beginning fund balance			3,619,093	
Ending fund balance			<u>\$ 4,251,167</u>	

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

CITY OF NEEDVILLE, TEXAS
SCHEDULE OF THE CITY'S PROPORTIONATE
SHARE OF THE NET PENSION LIABILITY
TEXAS MUNICIPAL RETIREMENT SYSTEM
LAST 10 FISCAL YEARS

	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>
City's proportion of the net pension liability (asset)	0.0402184	0.0821415	0.0720416	-0.0745080	-0.0263324
City's proportionate share of the net pension liability (asset)	\$ 174,201	\$ 321,087	\$ 253,215	\$ (280,983)	\$ (87,283)
State's proportionate share of the net pension liability (asset) associated with the City	<u>4,331,374</u>	<u>3,908,951</u>	<u>3,514,845</u>	<u>3,771,177</u>	<u>3,314,667</u>
Total	<u>\$4,505,575</u>	<u>\$4,230,038</u>	<u>\$3,768,060</u>	<u>\$3,490,194</u>	<u>\$3,227,384</u>
City's covered payroll	\$1,217,711	\$1,114,161	\$1,136,562	\$1,068,887	\$ 968,993
City's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	14.31%	28.82%	22.28%	-26.29%	-9.01%
Plan fiduciary net position as a percentage of the total pension liability	96.13%	92.41%	93.28%	108.05%	102.70%

<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
-0.0109979	0.0673555	-0.0284068	0.0371257	0.0307272
\$ (33,708)	\$ 180,059	\$ (77,847)	\$ 89,094	\$ 69,412
<u>3,064,936</u>	<u>2,673,263</u>	<u>2,740,431</u>	<u>2,399,795</u>	<u>2,258,973</u>
<u>\$3,031,228</u>	<u>\$2,853,322</u>	<u>\$2,662,584</u>	<u>\$2,488,889</u>	<u>\$2,328,385</u>
\$ 925,965	\$ 868,935	\$ 810,683	\$ 771,407	\$ 689,514
-3.64%	20.72%	-9.60%	11.55%	10.07%
101.11%	93.69%	102.92%	96.42%	97.02%

CITY OF NEEDVILLE, TEXAS
TEXAS MUNICIPAL RETIREMENT SYSTEM
SCHEDULE OF CONTRIBUTIONS
LAST 10 FISCAL YEARS

	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
Actuarially determined contribution	\$ 113,125	\$ 39,998	\$ 40,689	\$ 41,900	\$ 40,795	\$ 38,798
Contributions in relation to the actuarially determined contribution	<u>(113,930)</u>	<u>(39,998)</u>	<u>(40,689)</u>	<u>(41,900)</u>	<u>(40,795)</u>	<u>(38,798)</u>
Contribution deficiency (excess)	<u>\$ (805)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 1,217,711	\$ 1,114,161	\$ 1,136,562	\$ 1,068,887	\$ 968,993	\$ 925,965
Contributions as a percentage of covered payroll	9.29%	3.59%	3.58%	3.92%	4.21%	4.19%

Notes to Schedule of Contributions:

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

Methods and Assumptions Used to Determine Contribution Rates:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percentage of Payroll, Closed
Remaining Amortization Period	18 years (longest amortization ladder)
Asset Valuation Method	10 year smoothed market; 12% soft corridor
Inflation	2.5%
Salary Increases	3.6% 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 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>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
\$ 35,973	\$ 31,130	\$ 25,148	\$ 30,615
<u>(35,973)</u>	<u>(31,130)</u>	<u>(25,148)</u>	<u>(30,615)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$868,935	\$810,683	\$771,407	\$689,514
4.14%	3.84%	3.26%	4.44%

CITY OF NEEDVILLE, TEXAS
SCHEDULE OF THE CITY'S PROPORTIONATE
SHARE OF THE NET OPEB LIABILITY
TEXAS MUNICIPAL RETIREMENT SYSTEM
LAST 10 FISCAL YEARS (will ultimately be displayed)

	Measurement Year 2024	Measurement Year 2023	Measurement Year 2022	Measurement Year 2021	Measurement Year 2020
City's proportion of the net OPEB liability (asset)	0.0000000	0.0000000	0.0000000	0.0000000	0.0000000
City's proportionate share of the net OPEB liability (asset)	\$ 82,999	\$ 81,330	\$ 86,828	\$ 117,751	\$ 110,133
State's proportionate share of the net OPEB liability (asset) associated with the City	-	-	-	-	-
Total	\$ 82,999	\$ 81,330	\$ 86,828	\$ 117,751	\$ 110,133
City's covered-employee payroll	\$ 1,217,711	\$ 1,114,161	\$ 1,136,562	\$ 1,068,887	\$ 968,993
City's proportionate share of the net OPEB liability (asset) as a percentage of its covered-employee payroll	6.82%	7.30%	7.64%	11.02%	11.37%
Plan fiduciary net position as a percentage of the total OPEB liability	0.00%	0.00%	0.00%	0.00%	0.00%

<u>Measurement Year 2019</u>	<u>Measurement Year 2018</u>	<u>Measurement Year 2017</u>
0.0000000	0.0000000	0.0000000
\$ 95,519	\$ 71,024	\$ 70,116
<u>-</u>	<u>-</u>	<u>-</u>
<u>\$ 95,519</u>	<u>\$ 71,024</u>	<u>\$ 70,116</u>
\$ 925,965	\$ 868,935 #	\$ 810,683
10.32%	8.17%	8.65%
0.00%	0.00%	0.00%

CITY OF NEEDVILLE, TEXAS
SCHEDULE OF CONTRIBUTIONS-OPEB
TEXAS MUNICIPAL RETIREMENT SYSTEM
LAST 10 FISCAL YEARS (will ultimately be displayed)

	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
Actuarially required contribution	\$ 8,280	\$ 8,579	\$ 5,569	\$ 5,131	\$ 4,651	\$ 3,889
Contributions in relation to the actuarially required contributor	<u>(8,280)</u>	<u>(8,579)</u>	<u>(5,569)</u>	<u>(5,131)</u>	<u>(4,651)</u>	<u>(3,889)</u>
Contribution deficiency (excess)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Covered payroll	\$1,217,711	\$1,114,161	\$1,136,562	\$1,068,887	\$968,993	\$925,965
Contributions as a percentage of covered payroll	0.68%	0.77%	0.49%	0.48%	0.48%	0.42%

<u>2019</u>	<u>2018</u>	<u>2017</u>
\$ 3,389	\$ 3,486	\$ 849
<u>(3,389)</u>	<u>(3,486)</u>	<u>(849)</u>
<u><u>-</u></u>	<u><u>-</u></u>	<u><u>-</u></u>
\$ 868,935	\$ 810,683	\$ 771,407
0.39%	0.43%	0.11%

CITY OF NEEDVILLE, TEXAS
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED SEPTEMBER 30, 2025

Budget

The official budget was prepared for adoption for all Governmental Fund Types. The budget was prepared in accordance with accounting practices generally accepted in the United States of America. The following procedures are followed in establishing the budgetary data:

- a. Prior to the end of the current fiscal year, the City prepares a budget for the next succeeding fiscal year. The operating budget includes proposed expenditures and the means of financing them.
- b. A meeting of the City Council is then called for the purpose of adopting the proposed budget after ten days' public notice of the meeting has been given.
- c. Prior to the beginning of the fiscal year, the budget is legally enacted through passage of an ordinance by the City Council.

Once a budget is approved, it can be amended at department and fund level only by approval of a majority of the members of the City Council. Amendments are presented to the Council at its regular meetings.

Each amendment must have Council approval. Such amendments are made before the fact, are reflected in the official minutes of the City Council and are not made after fiscal year end as required by law.

Each amendment is controlled by the budget coordinator at the revenue and expenditure function/department level. Budgeted amounts are as amended by the City Council. All budget appropriations lapse at year end.

Encumbrances for goods or purchased services are documented by purchase orders or contracts. Under Texas law, appropriations lapse at September 30, and encumbrances outstanding at that time are to be either cancelled or appropriately provided for in the subsequent year's budget. There were no end-of-year outstanding encumbrances that were provided for in the subsequent year's budget.

Defined Benefit Pension Plan

Changes of benefit terms

There were no changes of benefit terms that affected measurement of the total pension liability during the measurement period.

Changes of assumptions

There were no changes of assumptions or other inputs that affected measurement of the total pension liability during the measurement period.

INTERNAL CONTROL AND COMPLIANCE

This page left blank intentionally.



TRLICEK & CO., P.C.
Certified Public Accountants
113 W. Colorado St.
P.O. Box 817
La Grange, TX 78945
(979) 533-0925

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND
ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the City Council
City of Needville, Texas

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business – type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Needville, Texas, as of and for the year ended September 30, 2025, and the related notes to the financial statements, which collectively comprise the City of Needville's basic financial statements, and have issued our report thereon dated February 26, 2026.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City of Needville, Texas' internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City of Needville, Texas' internal control. Accordingly, we do not express an opinion on the effectiveness of the City of Needville, Texas' internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Needville, Texas' financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Trick & Co., P.C.

La Grange, Texas
February 26, 2026