

**CITY OF  
GILMER, TX**

**2025**

**ANNUAL COMPREHENSIVE  
FINANCIAL REPORT**

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FOR FISCAL YEAR ENDED  
SEPTEMBER 30, 2025



***ANNUAL COMPREHENSIVE  
FINANCIAL REPORT***

**of the**

**City of Gilmer, Texas**

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

**Prepared by**

Mary Bullock  
*City Manager*

Garrett Williamson  
*Accounting Manager*



# City of Gilmer, Texas

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***INTRODUCTORY SECTION***





March 6, 2026

To the Citizens, Honorable Mayor, and City Council of the City of Gilmer:

The Texas Local Government Code states that a municipality shall have its records and accounts audited annually and shall have annual financial statements prepared based on the audit. The Annual Comprehensive Financial Report (ACFR) of the City of Gilmer, Texas (the “City”) for the year ended September 30, 2025, is hereby submitted to fulfill that requirement.

Responsibility for both the accuracy of the presented data and the completeness and fairness of the presentation, including all disclosures, rests with the city. To the best of our knowledge and belief, the enclosed data is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds of the City. All disclosures necessary to gain an understanding of the City’s financial affairs have been included. Because the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements.

BrooksWatson & Co., PLLC, has issued an unmodified (“clean”) opinion on the City of Gilmer’s financial statements for the year ended September 30, 2025. The independent auditor’s report is located at the front of the financial section of this report.

Management’s discussion and analysis (the “MD&A”) immediately follows the independent auditor’s report and provides a narrative introduction, overview, and analysis of the basic financial statements. The MD&A complements this letter of transmittal and should be read in conjunction with it.

#### PROFILES OF THE CITY

The City of Gilmer, founded in 1848, is the county seat of Upshur County. Gilmer is located 35 miles northeast of Tyler and 22 miles northwest of Longview. The City’s namesake is Thomas W. Gilmer who died during the test firing of a new cannon on the USS *Princeton* on February 28, 1844. The city has a population of 5,200 and is within the Gilmer ISD school district. Gilmer ISD operates one early childhood development center, one elementary school, one intermediate school, one junior high, and one high school. The City of Gilmer operates under a council-manager form of government. The governing body is comprised of two at-large elected council members, and four council members elected from their respective districts. The governing body is made up of a Mayor and six Council members. Length of office for all Council members and the Mayor are two-year staggered terms. The City Council appoints the City Manager, City Attorney, Fire Marshal and Municipal Court Judge. All other staff members work either directly or indirectly under the direction of the City Manager.

The combined Financial Statements of the City of Gilmer include all governmental activities, business-type activities, organizations, and functions for which the City exercises significant oversight responsibility. The criteria considered in determining governmental activities to be reported within the City’s combined financial statements are based upon and consistent with those set forth in Section 2100 of GASB’s “Codification of Governmental

Accounting and Financial Reporting Standards”. Based on this criterion the Gilmer Economic Development Corporation is included in this report as a component unit of the City of Gilmer.

The City Council appoints its boards and commissions, which do not meet the established criteria for inclusion in the reporting entity and are therefore excluded from this report. They are the following:

1. Planning & Zoning Commission
2. Board of Adjustments
3. Airport Advisory Board
4. Park Advisory Board
5. Condemnation Board
6. Cemetery Board

By direction of the City Council, the city provides services to its citizens that are considered necessary and meaningful and that can be provided by the city at a reasonable cost. Major service provided under general government and enterprise functions are: police and fire protection, water, wastewater, solid waste, street upkeep and maintenance, stormwater, and general administrative services. Other services include code enforcement, health and building inspection, animal control, civic center, parks, municipal airport, and economic development. The City operates a municipal court as established by City ordinance.

#### LOCAL ECONOMY

The City of Gilmer, the Northeast Texas Region, and the State of Texas have experienced steady economic growth over the last several years with continued expansion expected. The population (area and City) is expected to incrementally increase over the next few years. As such, the number and types of businesses will increase within the city. Types of existing businesses supporting the local economy include manufacturing, a lumber mill, trucking companies, large box retailers, car dealerships, banking institutions, feed stores, repair businesses, restaurants, convenience stores, fitness gyms/studios, motels, small business retail shops, and other service-oriented businesses. The City’s major sources of revenue are sales and ad valorem property taxes which have seen steady improvements over the years.

City finances continue to advance with improving property tax collections because of higher property valuations, higher sales tax receipts, and improvement in other areas of City revenue. Real estate sales and development continue to increase in and around Gilmer, which inadvertently supplements City finances in the future.

The area unemployment rate for FY 2025 ranged from a low of 3.9% in April 2025 to a high of 4.9% in August 2025. The state unemployment rate ending FY 2025 was 4.1%. The unemployment rate continues to improve as the city, county, and state, benefit from the influx of people and jobs into Texas.

The city and area economic development groups continue to combine efforts to make Gilmer and the surrounding area a better place to live, work, and play. The Economic Development Corporation, Gilmer Industrial Foundation, Upshur Area Business Roundtable, and Gilmer Area Chamber of Commerce are committed to marketing the city’s assets and encouraging business relocation, retention, and entrepreneurial activity.

After a long legislative session at the State Capital and general election in November, The City of Gilmer is preparing for major changes in programs such as deregulation and fee structure changes regarding food and alcohol permits which directly impact the Community Development Department’s budget. Management is also focused on the continuing debate from legislators about abolishing or placing caps on City property tax rates.

However, the City is pursuing newly elected opportunities such as the Texas Water Fund for expansion of water projects using state grants. These funds would allow the City to update aging infrastructure throughout the City.

Despite the political and economic changes, management is confident that the continued community growth and future development projects combined with continued fiscal responsibility will help the City remain in a competent financial position.

### LONG-TERM FINANCIAL PLANNING

The City's overall financial position is sound. Due to major initiative projects being completed within the next year, some of the reserves (park account and a water fund certificate of deposit) will be spent on completing parks and water tank restoration projects. The remaining reserves in all funds are adequate and will continue to increase over the next few years since they are monitored through the continual refinement of long-range fund projections. Management will focus on cost containment and technology innovations to improve internal processes to reduce expenses and increase revenue.

The City actively pursues grant funding opportunities each year to supplement department and community goals including CDBG funds (Streets), Texas A&M Forest Service (Fire), TWDB (Water), and ETCOG Scholarship funds (Police).

### FINANCIAL PROCEDURES AND BUDGETARY CONTROLS

The City's accounting records for general government are maintained on a modified accrual basis, with revenues being recorded when available and measurable, and expenditures being recorded when the services or goods are received and the liabilities are incurred. Accounting records for the city's water and sewer utility and other proprietary activities are maintained on an accrual basis. The budgetary process begins each year with the preparation of both current and proposed year's revenue estimates by the City's financial management staff, and expenditure estimates by each City's division. Budgets are reviewed by the City Manager who submits a recommended budget to the City Council. The City Council approves all budget amendments.

### MAJOR INITIATIVES

#### Major initiatives completed during the fiscal year include:

- Yamboree Park Renovations
  - Children's playground equipment
  - Canopy over swings
- Abney Park Renovations
  - Children's playground
  - Fitness trail & equipment
  - Restroom facility
  - Basketball courts
- Airport Improvements
  - Security cameras
  - Animal control fence on the west side of the runway
- Streetlight Maintenance on US Highway 271 S
- Waste Water Treatment Plant (WWTP)
  - Aeration equipment
  - Installation of transfer switches for generators

- Water System
  - Multiple Pump refurbishments
  - Inspection and cleaning of the Mountain Storage Tank

Projects currently in process and/or undertaken in this fiscal year include:

- Creating a competitive competency-based pay structure with pay increases for Police Department employees
- Remodeling of the EMS building for the Community Development Department offices
- Montgomery Street Improvement from (State Highway 154 W to Newsom Street)
- Airport and Industrial Park Improvements
  - Animal control fence on the east side of the runway
  - AWOS update
  - Business site development
- Water System:
  - Inspection and tank restoration of all water storage tanks
  - Lake Gilmer Dam updates
- Park Renovations:
  - Yamboree Phase I – completion of the baseball and soccer fields
  - Abney Park – playground and picnic shade canopies
- Comprehensive Software Packages:
  - Utility Billing and Court – Emailing capabilities and enhanced communication with residents/respondents
  - Full service permitting package for health and building inspections
  - Backflow testing and RPZ notification and database maintenance
- Waste Water Treatment Plant
  - Bar screen installation
  - Clarifier refurbishment
  - Catwalk repair

Projects (short term & long term) in the planning stage include:

- Yamboree Phase II – Softball and Fitness Area
- Street Paving Projects
- Additional Security Cameras on City Property
- External IT Service Provider Audit and RFP
- Competitive RFP for cost reduction on Employee Insurance package (Medical, Dental, Eyes, Life)

OTHER INFORMATION

Lastly, the preparation of this report could not have been accomplished without the efficient and dedicated services of the entire staff. I would like to express my appreciation to all members of the departments who assisted and contributed to the preparation of this report. Due credit is also given to the Mayor and City Council for their interest and support in planning and conducting the financial operations of the City in a responsible and progressive manner.

Respectfully Submitted,



Mary Bullock  
City Manager



Government Finance Officers Association

Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting

Presented to

**City of Gilmer  
Texas**

For its Annual Comprehensive  
Financial Report  
For the Fiscal Year Ended

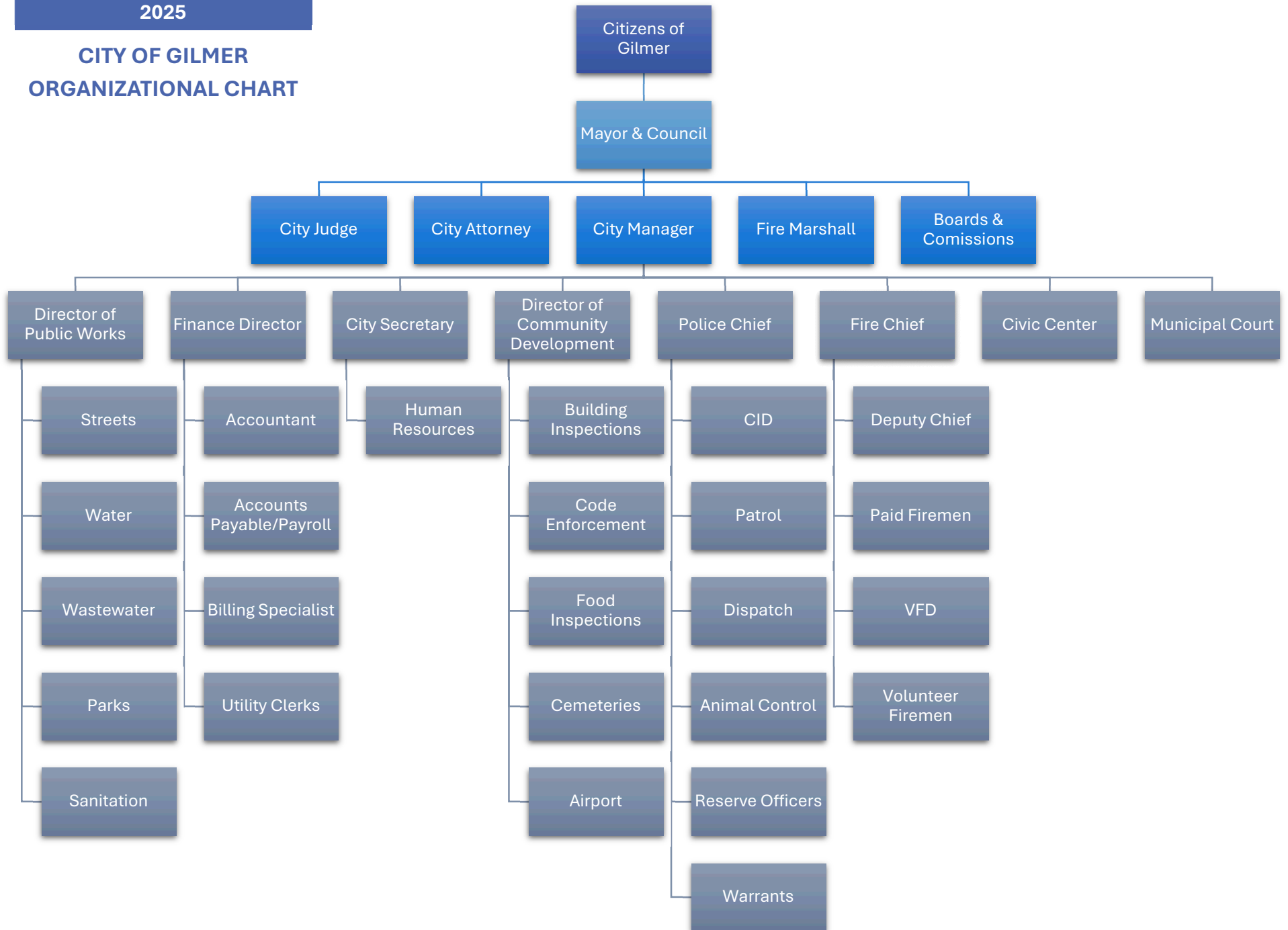
September 30, 2024

*Christopher P. Morill*

Executive Director/CEO

2025

# CITY OF GILMER ORGANIZATIONAL CHART



**City of Gilmer, Texas**  
*ELECTED AND APPOINTED OFFICIALS*  
September 30, 2025

**City Council**

Tim Marshall	Mayor
Jerry Webb	Council Member, District 1
Brian Williams	Council Member, District 2
Edwin P. Herrmann	Council Member, District 3
Jasmine McDowell	Council Member, District 4
Michael Chevalier	Council Member, At-Large
Jarom Tefteller	Council Member, At-Large

**Appointed Officials**

Greg Hutson	City Manager
Mary Bullock	City Secretary
Michael D Martin	City Attorney





## *INDEPENDENT AUDITOR'S REPORT*

To the Honorable Mayor and  
Members of the City Council  
City of Gilmer, 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, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Gilmer, Texas (the "City") as of and for the year ended September 30, 2025, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

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

#### *Basis for Opinions*

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. 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 Gilmer, 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 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 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.F. to the financial statements, due to the new accounting standard GASB 101, *Compensated Absences*, the City restated beginning net position within governmental activities. Our opinion is not modified with respect to this matter.

## *Other Matters*

### *Required Supplementary Information*

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

### *Other 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 combining and individual nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

*Brooks Watson & Co.*

Brooks Watson & Company, PLLC  
Certified Public Accountants  
Houston, Texas  
March 6, 2026



*MANAGEMENT'S DISCUSSION  
AND ANALYSIS*



# City of Gilmer, Texas

## MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)

September 30, 2025

As management of the City of Gilmer, 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. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on pages i-iv of this report.

### Financial Highlights

- The City's total combined net position was \$29,937,521 at September 30, 2025. Of this, \$5,879,559 (unrestricted net position) may be used to meet the City's ongoing obligations to its citizens and creditors.
- At the close of the current fiscal year, the City's governmental funds reported combined fund balances of \$8,991,922, a decrease of \$640,429 compared to the previous year.
- As of the end of the year, the unassigned fund balance of the general fund was \$2,658,345 or 62% of total general fund expenditures.
- The City had an overall increase in net position of \$1,229,613, which is primarily due to new grants and reduction of long-term debt obligations in the current year.

### 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

# City of Gilmer, Texas

## MANAGEMENT'S DISCUSSION AND ANALYSIS, *Continued*

September 30, 2025

reported for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the City include general government, treasurer/finance, streets, fire operations, police operation, municipal court, parks, community, lake, council, contingency, civic center. The business-type activities of the City include a water and sewer, sanitation, and airport 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 two categories: governmental funds and proprietary 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 Gilmer, Texas maintains seven individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund, debt service fund, parks capital projects fund, and grant fund, which are considered to be major funds. Fund data for the remaining nonmajor governmental funds are provided in the form of combining statements in the combining and individual fund statements and schedules section of this report.

# City of Gilmer, Texas

## MANAGEMENT'S DISCUSSION AND ANALYSIS, *Continued*

September 30, 2025

The City of Gilmer, Texas adopts an annual appropriated budget for its general, debt service, certain special revenue, and utility funds. A budgetary comparison schedule has been provided for the general fund, debt service fund, parks capital projects fund, PD seizure fund, and civic center fund to demonstrate compliance with all governmental funds for which the City adopted a fiscal year 2025 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, water construction, sanitation, and airport operations. The proprietary fund financial statements provide separate information for the water and sewer, sanitation, and airport funds. The basic proprietary fund financial statements can be found in the basic financial statements of this report.

### **Component Units**

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

### **Notes to Financial Statements**

The notes to the financial statements provide additional information that is 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.

The combining statements referred to earlier in connection with nonmajor governmental funds and budgetary schedules are presented immediately following the required supplementary information on pension.

### **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 City of Gilmer, Texas, assets and deferred outflows exceeded liabilities and deferred inflows by \$29,937,521 as of September 30, 2025.

# City of Gilmer, Texas

## MANAGEMENT'S DISCUSSION AND ANALYSIS, *Continued*

September 30, 2025

The largest portion of the City's net position, \$23,203,473, 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 is still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the assets themselves cannot be used to liquidate these liabilities.

Current and other assets for business-type activities decreased by \$504,792, or 11% primarily as a result of a decrease of cash on hand, which was used to invest in new capital improvements and payoff long-term debt obligations in the current year.

Capital assets for governmental activities increased by \$1,215,673, or 13%, due to the initiation of the CDBG 24/25 street improvement project and continuation of the Yamboree Park improvements in the current year.

Total other liabilities for the primary government increased \$1,148,013, or 62%, primarily due to greater capital project payables due at the end of the current year and timing of payments.

Total long-term liabilities for the primary government decreased by \$1,490,572, or 13%, due to a decrease in the City's net pension liability and continued debt payoffs in the current year.

Total deferred outflows of the primary government decreased and total deferred inflows of the primary government increased by \$364,475 and \$81,605, respectively. These changes are strictly due to actuarial changes in the City's pension inputs over the course of the year.

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

**Statement of Net Position:**

The following table reflects the condensed Statement of Net Position:

	2025			2024		
	Governmental	Business-Type	Total	Governmental	Business-Type	Total
	Activities	Activities		Activities	Activities	
Current and						
other assets	\$ 10,382,662	\$ 4,300,015	\$ 14,682,677	\$ 10,021,954	\$ 4,804,807	\$ 14,826,761
Capital assets, net	10,799,644	17,415,912	28,215,556	9,583,971	17,269,133	26,853,104
<b>Total Assets</b>	<b>21,182,306</b>	<b>21,715,927</b>	<b>42,898,233</b>	<b>19,605,925</b>	<b>22,073,940</b>	<b>41,679,865</b>
<b>Deferred Outflows</b>	<b>373,490</b>	<b>221,582</b>	<b>595,072</b>	<b>613,807</b>	<b>345,740</b>	<b>959,547</b>
Other liabilities	1,816,025	1,184,438	3,000,463	792,386	1,060,064	1,852,450
Long-term liabilities	6,924,392	3,378,102	10,302,494	7,568,677	4,224,389	11,793,066
<b>Total Liabilities</b>	<b>8,740,417</b>	<b>4,562,540</b>	<b>13,302,957</b>	<b>8,361,063</b>	<b>5,284,453</b>	<b>13,645,516</b>
<b>Deferred Inflows</b>	<b>159,613</b>	<b>93,214</b>	<b>252,827</b>	<b>99,231</b>	<b>71,991</b>	<b>171,222</b>
Net Position:						
Net investment						
in capital assets	9,390,685	13,812,788	23,203,473	8,779,175	12,978,091	21,757,266
Restricted	762,118	92,371	854,489	408,908	91,230	500,138
Unrestricted	2,502,963	3,376,596	5,879,559	2,571,355	3,993,915	6,565,270
<b>Total Net Position</b>	<b>\$ 12,655,766</b>	<b>\$ 17,281,755</b>	<b>\$ 29,937,521</b>	<b>\$ 11,759,438</b>	<b>\$ 17,063,236</b>	<b>\$ 28,822,674</b>

**City of Gilmer, 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:

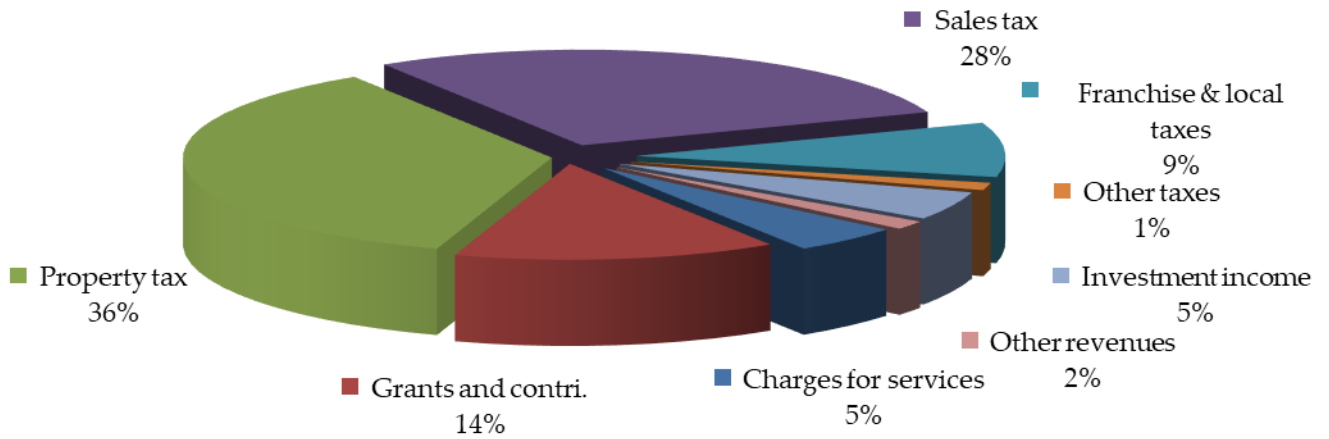
	For the Year Ended September 30, 2025			For the Year Ended September 30, 2024		
	Governmental Activities	Business-Type Activities	Total	Governmental Activities	Business-Type Activities	Total
			Primary Government			Primary Government
<b>Revenues</b>						
Program revenues:						
Charges for services	\$ 314,567	\$ 3,641,950	\$ 3,956,517	\$ 350,974	\$ 3,493,179	\$ 3,844,153
Grants and contri.	936,265	100,000	1,036,265	279,253	100,000	379,253
General revenues:						
Property tax	2,377,800	-	2,377,800	2,294,740	-	2,294,740
Sales tax	1,876,301	-	1,876,301	1,848,345	-	1,848,345
Franchise & local taxes	607,599	-	607,599	589,277	-	589,277
Other taxes	83,598	-	83,598	81,023	-	81,023
Investment income	318,542	104,486	423,028	335,684	60,174	395,858
Other revenues	97,615	-	97,615	65,709	-	65,709
<b>Total Revenues</b>	<b>6,612,287</b>	<b>3,846,436</b>	<b>10,458,723</b>	<b>5,845,005</b>	<b>3,653,353</b>	<b>9,498,358</b>
<b>Expenses</b>						
General government	634,950	-	634,950	573,729	-	573,729
Public works	893,566	-	893,566	1,055,116	-	1,055,116
Public safety	2,974,742	-	2,974,742	2,898,019	-	2,898,019
Community services	185,190	-	185,190	172,630	-	172,630
Civic center	339,737	-	339,737	325,129	-	325,129
Interest	127,736	-	127,736	137,090	-	137,090
Water & sewer	-	2,673,137	2,673,137	-	2,473,089	2,473,089
Sanitation	-	1,168,775	1,168,775	-	1,113,928	1,113,928
Airport	-	231,277	231,277	-	215,854	215,854
<b>Total Expenses</b>	<b>5,155,921</b>	<b>4,073,189</b>	<b>9,229,110</b>	<b>5,161,713</b>	<b>3,802,871</b>	<b>8,964,584</b>
<b>Change in Net Position</b>						
<b>Before Transfers</b>	1,456,366	(226,753)	1,229,613	683,292	(149,518)	533,774
Transfers in (out)	(445,272)	445,272	-	(340,721)	340,721	-
<b>Total</b>	<b>(445,272)</b>	<b>445,272</b>	<b>-</b>	<b>(340,721)</b>	<b>340,721</b>	<b>-</b>
<b>Change in Net Position</b>	<b>1,011,094</b>	<b>218,519</b>	<b>1,229,613</b>	<b>342,571</b>	<b>191,203</b>	<b>533,774</b>
Beginning Net Position	* 11,644,672	17,063,236	* 28,707,908	11,416,867	16,872,033	28,288,900
<b>Ending Net Position</b>	<b>\$ 12,655,766</b>	<b>\$ 17,281,755</b>	<b>\$ 29,937,521</b>	<b>\$ 11,759,438</b>	<b>\$ 17,063,236</b>	<b>\$ 28,822,674</b>

\* Includes restatement for New Acct. Standard GASB 101

**City of Gilmer, 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**

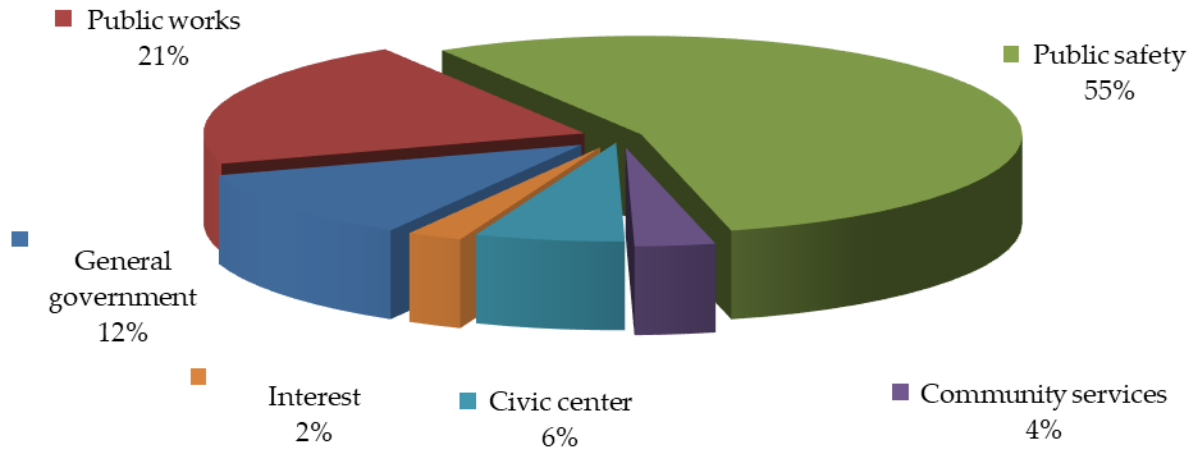


For the year ended September 30, 2025, revenues from governmental activities totaled \$6,612,287. Overall revenues increased by \$767,282, or 13%. Property tax is the City's largest revenue source, experiencing a slight increase of \$83,060, or 4%. Grants and contributions increased by \$657,012, or over 100%, due to nonrecurring capital contributions received in the current year. Charges for services decreased by \$36,407, or 10%, primarily due to a reduction in building permits and civic center building rentals when compared to the prior year. Other revenues increased by \$31,906, or 49%, primarily due to nonrecurring insurance proceeds received during fiscal year 2025 after damage from a lightning strike. All other revenues remained relatively stable when compared to the prior year.

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

This graph shows the governmental function expenses of the City:

**Governmental Activities - Expenses**

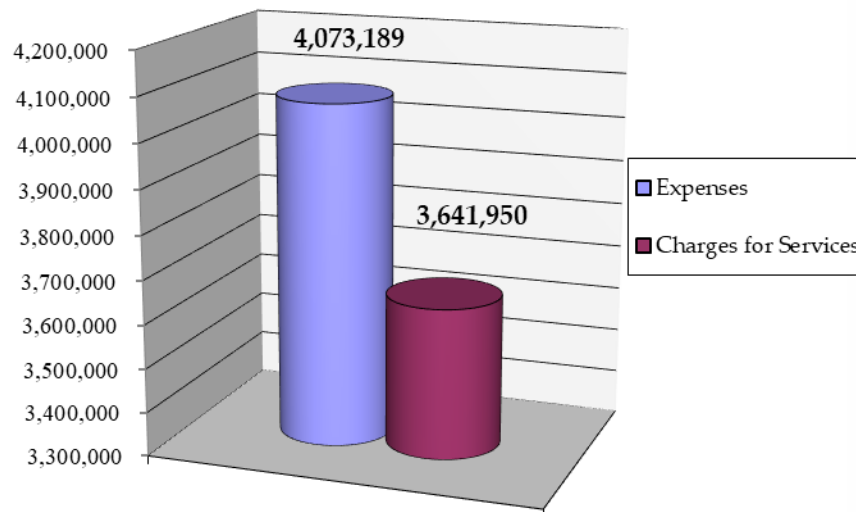


For the year ended September 30, 2025, expenses for governmental activities totaled \$5,155,921. This represents a modest decrease of \$5,792, or 0%, compared to the prior year. The City's largest functional expense is public safety of \$2,974,742 and slightly increased by \$76,723, or 3%. General government increased by \$61,221, or 11%, primarily due to a final retirement payout of compensated leave to an employee in the current year. No such payouts were made in the previous year. Public works decreased by \$161,550, or 15%, due to greater depreciation and greater nonrecurring repair and maintenance expenses for vehicles/equipment, buildings/grounds, and roads compared to the prior year. All other expenses remained relatively stable when compared to the prior year.

**City of Gilmer, 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 \$3,641,950. This represents a slight increase of \$148,771, or 4%. Investment income increased by \$44,312, or 74%, primarily due to greater interest bearing accounts and realization of higher interest rates.

Total expenses increased by \$270,318, or 7%, which is primarily due to greater depreciation, personnel costs, nonrecurring water and sewer infrastructure repairs, and increased commercial and residential contractual sanitation related expenses 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.

# City of Gilmer, Texas

## MANAGEMENT'S DISCUSSION AND ANALYSIS, *Continued*

September 30, 2025

As of the end of the year the general fund reflected a total fund balance of \$3,802,469. The general fund increased by \$169,334. This is a direct result of revenues and transfer in exceeding expenditures and transfers out of the fund in the current year. General fund expenditures decreased by \$168,260 primarily due to a decline in contingency expenses when compared to the prior year.

The debt service fund reflected a fund balance of \$52,535, a slight increase of \$9,788, which is primarily due to revenues and transfer in exceeding expenditures and transfer out in the current year.

The parks capital projects fund reflected a fund balance of \$5,010,950. The fund balance decreased by \$791,825 due to the utilization of available cash for capital outlay expenditures.

The grant fund is a new fund. This fund ended the year with a deficit balance of \$26,975 due to expenditures exceeding current year revenues.

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

### GENERAL FUND BUDGETARY HIGHLIGHTS

There was a positive budget variance of \$850,450 before other financing sources and uses, with a total positive budget variance of \$444,080 in the general fund after other financing sources and uses. Actual revenues exceeded budgeted revenues by \$308,115. Total actual expenditures were \$542,335 under budget. Expenditures exceeding appropriations at the legal level of control by \$4,920, \$69,942, \$6,083, \$16,587, and \$3,240 for treasurer/finance, streets, municipal court, parks, and lake, respectively. All other expenditures were less than budgeted.

### CAPITAL ASSETS

As of the end of the year, the City's governmental activities funds had invested \$10,799,644 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 \$17,415,912 in a variety of capital assets and infrastructure, net of accumulated depreciation.

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

- Abney Park improvements totaling \$239,588.
- Yamboree Park improvements for \$694,216.
- Street improvement project for \$514,470, funded by the Community Development Block Grant
- Street improvements for \$62,418.
- Police department mobile CAD access project for \$16,055.
- Hwy 271 street lamp fixtures for \$45,524.

# City of Gilmer, Texas

## MANAGEMENT'S DISCUSSION AND ANALYSIS, *Continued*

September 30, 2025

- (18) portable XL-95P radios for police department totaling \$30,570.
- Continued water tank project for \$428,327.
- WWTP Catwalk improvements for \$33,220.
- WWTP Clarifier improvements for \$38,913.
- Completed fence installation at the airport for \$116,447.
- Water well improvements for \$147,408.
- Westside lift station improvements for \$22,567.
- Sewer aerator for \$17,668.
- WWTP automatic transfer switch for \$17,635.
- Lift station controller for \$12,115.
- Purchased new pumps totaling \$100,106.

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

### **LONG-TERM DEBT**

At the end of the current year, the City had total governmental bonds outstanding of \$5,385,730 after making \$415,325 in principal payments on these outstanding bonds. Within business-type activities, the City paid \$694,677 in principal payments for the \$3,464,270 of outstanding certificates of obligation bonds in the current year. More detailed information about the City's long-term liabilities is presented in note IV.F to the financial statements.

### **ECONOMIC FACTORS AND NEXT YEAR'S BUDGET**

The Mayor and City Council are committed to maintaining and improving the overall wellbeing of the City of Gilmer, Texas and improving services provided to their public citizens. The City is budgeting conservatively for the upcoming year and planning to maintain similar services.

### **CONTACTING THE CITY'S FINANCIAL MANAGEMENT**

This financial report is designed to provide a general overview of the City of Gilmer, Texas's finances for all those with an interest in the City's finances. Questions concerning this report or requests for additional financial information should be directed to the City Secretary, 110 Buffalo St. Gilmer, Texas 75644



## ***FINANCIAL SECTION***

# City of Gilmer, Texas

## STATEMENT OF NET POSITION (Page 1 of 2)

September 30, 2025

	Primary Government			Component Unit
	Governmental	Business-Type	Total	Gilmer
	Activities	Activities		Economic Development Corporation
<b>Assets</b>				
Current assets:				
Cash and cash equivalents	\$ 7,534,895	\$ 1,332,487	\$ 8,867,382	\$ 2,621,741
Investments	1,751,262	2,341,238	4,092,500	516,584
Receivables, net	1,021,521	594,323	1,615,844	158,332
Lease receivable-current	-	5,042	5,042	-
Prepays	5,665	-	5,665	-
Inventory	-	26,311	26,311	-
Due from component unit	23,750	-	23,750	-
Internal balances	45,569	(45,569)	-	-
<b>Total Current Assets</b>	<b>10,382,662</b>	<b>4,253,832</b>	<b>14,636,494</b>	<b>3,296,657</b>
Lease receivable-noncurrent	-	46,183	46,183	-
Capital assets:				
Non-depreciable	3,524,819	5,991,821	9,516,640	-
Net depreciable capital assets	7,274,825	11,424,091	18,698,916	1,221,567
<b>Total Noncurrent Assets</b>	<b>10,799,644</b>	<b>17,462,095</b>	<b>28,261,739</b>	<b>1,221,567</b>
<b>Total Assets</b>	<b>21,182,306</b>	<b>21,715,927</b>	<b>42,898,233</b>	<b>4,518,224</b>
<b>Deferred Outflows of Resources</b>				
Pension outflows - TMRS	326,611	97,394	424,005	-
Pension outflows - TESRS	43,906	-	43,906	-
OPEB outflows	2,973	887	3,860	-
Deferred charge on refunding	-	123,301	123,301	46,363
<b>Total Deferred Outflows of Resources</b>	<b>373,490</b>	<b>221,582</b>	<b>595,072</b>	<b>46,363</b>

# City of Gilmer, Texas

## STATEMENT OF NET POSITION (Page 2 of 2)

September 30, 2025

	Primary Government			Component Unit
	Governmental	Business-Type	Total	Gilmer
	Activities	Activities		Economic Development Corporation
<b>Liabilities</b>				
Current liabilities:				
Accounts payable	\$ 987,826	\$ 180,258	\$ 1,168,084	\$ -
Accrued liabilities	204,475	86,698	291,173	-
Accrued interest payable	19,381	17,803	37,184	5,672
Unearned revenues	4,500	-	4,500	-
Customer deposits	-	165,332	165,332	-
Due to primary government	-	-	-	23,750
Compensated absences-current	170,345	17,212	187,557	-
Long-term debt-current	429,498	717,135	1,146,633	135,000
<b>Total Current Liabilities</b>	<b>1,816,025</b>	<b>1,184,438</b>	<b>3,000,463</b>	<b>164,422</b>
Noncurrent liabilities:				
Long-term debt-noncurrent	5,506,575	2,991,406	8,497,981	990,000
Compensated absences-noncurrent	54,911	9,805	64,716	-
Net pension liability - TMRS	1,122,919	334,849	1,457,768	-
Net pension liability - TESRS	99,016	-	99,016	-
OPEB liability	140,971	42,042	183,013	-
<b>Total Noncurrent Liabilities</b>	<b>6,924,392</b>	<b>3,378,102</b>	<b>10,302,494</b>	<b>990,000</b>
<b>Total Liabilities</b>	<b>8,740,417</b>	<b>4,562,540</b>	<b>13,302,957</b>	<b>1,154,422</b>
<b>Deferred Inflows of Resources</b>				
Pension inflows - TMRS	136,769	40,784	177,553	-
Pension inflows - TESRS	185	-	185	-
OPEB inflows	22,659	7,420	30,079	-
Lease related	-	45,010	45,010	-
<b>Total Deferred Inflows of Resources</b>	<b>159,613</b>	<b>93,214</b>	<b>252,827</b>	<b>-</b>
<b>Net Position</b>				
Net investment in capital assets	9,390,685	13,812,788	23,203,473	142,930
Restricted for:				
Debt service	52,535	92,371	144,906	-
Capital projects	459,608	-	459,608	-
Public safety	61,192	-	61,192	-
Civic center	2,128	-	2,128	-
Tourism	56,854	-	56,854	-
USDA revolving loan	129,801	-	129,801	-
Unrestricted	2,502,963	3,376,596	5,879,559	3,267,235
<b>Total Net Position</b>	<b>\$ 12,655,766</b>	<b>\$ 17,281,755</b>	<b>\$ 29,937,521</b>	<b>\$ 3,410,165</b>

See Notes to Financial Statements.



**City of Gilmer, Texas**  
**STATEMENT OF ACTIVITIES**  
For the Year Ended September 30, 2025

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position			Component Unit
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			Gilmer Economic Development Corporation
					Governmental Activities	Business-Type Activities	Total	
<b>Primary Government</b>								
<b>Governmental Activities</b>								
General government	\$ 634,950	\$ 89,193	\$ 292,958	\$ -	\$ (252,799)	\$ -	\$ (252,799)	\$ -
Public works	893,566	-	-	643,307	(250,259)	-	(250,259)	-
Public safety	2,974,742	184,886	-	-	(2,789,856)	-	(2,789,856)	-
Community services	185,190	40,488	-	-	(144,702)	-	(144,702)	-
Civic center	339,737	-	-	-	(339,737)	-	(339,737)	-
Interest	127,736	-	-	-	(127,736)	-	(127,736)	-
<b>Total Governmental Activities</b>	<b>5,155,921</b>	<b>314,567</b>	<b>292,958</b>	<b>643,307</b>	<b>(3,905,089)</b>	<b>-</b>	<b>(3,905,089)</b>	<b>-</b>
<b>Business-Type Activities</b>								
Water & sewer	2,673,137	2,341,332	-	-	-	(331,805)	(331,805)	-
Sanitation	1,168,775	1,209,431	-	-	-	40,656	40,656	-
Airport	231,277	91,187	100,000	-	-	(40,090)	(40,090)	-
<b>Total Business-Type Activities</b>	<b>4,073,189</b>	<b>3,641,950</b>	<b>100,000</b>	<b>-</b>	<b>-</b>	<b>(331,239)</b>	<b>(331,239)</b>	<b>-</b>
<b>Total Primary Government</b>	<b>\$ 9,229,110</b>	<b>\$ 3,956,517</b>	<b>\$ 392,958</b>	<b>\$ 643,307</b>	<b>(3,905,089)</b>	<b>(331,239)</b>	<b>(4,236,328)</b>	<b>-</b>
<b>Component Unit</b>								
Gilmer Economic								
Development Corp.	\$ 478,340	\$ -	\$ -	\$ -				\$ 478,340
<b>Total Component Unit Activities</b>	<b>\$ 478,340</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>				<b>\$ 478,340</b>
General Revenues:								
Taxes								
Property tax					2,377,800	-	2,377,800	-
Sales tax					1,876,301	-	1,876,301	938,150
Franchise and local taxes					607,599	-	607,599	-
Other taxes					83,598	-	83,598	-
Investment income					318,542	104,486	423,028	76,146
Other revenues					97,615	-	97,615	-
Transfers:					(445,272)	445,272	-	-
<b>Total General Revenues and Transfers</b>					<b>4,916,183</b>	<b>549,758</b>	<b>5,465,941</b>	<b>1,014,296</b>
<b>Change in Net Position</b>					<b>1,011,094</b>	<b>218,519</b>	<b>1,229,613</b>	<b>535,956</b>
Beginning Net Position, as previously reported					11,759,438	17,063,236	28,822,674	2,874,209
New Acct. Standard - GASB 101					(114,766)	-	(114,766)	-
Beginning Net Position, as adjusted					11,644,672	17,063,236	28,707,908	2,874,209
<b>Ending Net Position</b>					<b>\$ 12,655,766</b>	<b>\$ 17,281,755</b>	<b>\$ 29,937,521</b>	<b>\$ 3,410,165</b>

See Notes to Financial Statements.

# City of Gilmer, Texas

## BALANCE SHEET GOVERNMENTAL FUNDS September 30, 2025

	General Fund	Debt Service Fund	Parks Capital Projects Fund	Grant Fund	Nonmajor Governmental Funds	Total Governmental Funds
<b><u>Assets</u></b>						
Cash and cash equivalents	\$ 1,815,755	\$ 52,535	\$ 5,487,974	\$ -	\$ 178,631	\$ 7,534,895
Investments	1,751,262	-	-	-	-	1,751,262
Receivables, net	534,485	42,529	-	444,507	-	1,021,521
Due from other funds	490,076	-	-	-	3,694	493,770
Due from component unit	23,750	-	-	-	-	23,750
Prepays	5,665	-	-	-	-	5,665
<b>Total Assets</b>	<b>\$ 4,620,993</b>	<b>\$ 95,064</b>	<b>\$ 5,487,974</b>	<b>\$ 444,507</b>	<b>\$ 182,325</b>	<b>\$ 10,830,863</b>
<b><u>Liabilities</u></b>						
Accounts payable	\$ 504,669	\$ -	\$ 477,024	\$ -	\$ 6,133	\$ 987,826
Accrued liabilities	181,226	-	-	-	23,249	204,475
Due to other funds	3,694	-	-	444,507	-	448,201
Unearned revenue	4,500	-	-	-	-	4,500
<b>Total Liabilities</b>	<b>694,089</b>	<b>-</b>	<b>477,024</b>	<b>444,507</b>	<b>29,382</b>	<b>1,645,002</b>
<b><u>Deferred Inflows of Resources</u></b>						
Unavailable revenue-grants	-	-	-	26,975	-	26,975
Unavailable revenue-property taxes	124,435	42,529	-	-	-	166,964
<b>Total Deferred Inflows of Resources</b>	<b>124,435</b>	<b>42,529</b>	<b>-</b>	<b>26,975</b>	<b>-</b>	<b>193,939</b>
<b><u>Fund Balances</u></b>						
Nonspendable:						
Prepays	5,665	-	-	-	-	5,665
Restricted for:						
Debt service	-	52,535	-	-	-	52,535
Capital projects	-	-	5,010,950	-	-	5,010,950
Public safety	40,178	-	-	-	21,014	61,192
Tourism	56,854	-	-	-	-	56,854
Civic center	-	-	-	-	2,128	2,128
USDA revolving loan	-	-	-	-	129,801	129,801
Assigned for:						
Capital projects	893,482	-	-	-	-	893,482
Committed for:						
Public safety	147,945	-	-	-	-	147,945
Unassigned	2,658,345	-	-	(26,975)	-	2,631,370
<b>Total Fund Balances</b>	<b>3,802,469</b>	<b>52,535</b>	<b>5,010,950</b>	<b>(26,975)</b>	<b>152,943</b>	<b>8,991,922</b>
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</b>	<b>\$ 4,620,993</b>	<b>\$ 95,064</b>	<b>\$ 5,487,974</b>	<b>\$ 444,507</b>	<b>\$ 182,325</b>	<b>\$ 10,830,863</b>

See Notes to Financial Statements.

**City of Gilmer, Texas**  
**RECONCILIATION OF THE BALANCE SHEET**  
**TO THE STATEMENT OF NET POSITION**  
**GOVERNMENTAL FUNDS**  
**September 30, 2025**

**Fund Balances - Total Governmental Funds** \$ 8,991,922

**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	3,524,819
Capital assets - net depreciable	7,274,825

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

Property tax receivable	166,964
Grant receivable	26,975

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

Pension outflows - TMRS	326,611
Pension inflows - TMRS	(136,769)
Pension outflows - TESRS	43,906
Pension inflows - TESRS	(185)
OPEB outflows	2,973
OPEB inflows	(22,659)

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

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

Accrued interest	(19,381)
Premiums on bonds payable	(538,032)
Compensated absences payable	(225,256)
Non-current liabilities due in one year	(429,498)
Non-current liabilities due in more than one year	(4,968,543)
Net pension liability - TMRS	(1,122,919)
Net pension liability - TESRS	(99,016)
OPEB liability	(140,971)

<b>Net Position of Governmental Activities</b>	<b>\$ 12,655,766</b>
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See Notes to Financial Statements.

# City of Gilmer, Texas

## STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE

### GOVERNMENTAL FUNDS

For the Year Ended September 30, 2025

	General Fund	Debt Service Fund	Parks Capital Projects Fund	Grant Fund	Nonmajor Governmental Funds	Total Governmental Funds
<b>Revenues</b>						
Property tax	\$ 1,802,755	\$ 584,971	\$ -	\$ -	\$ -	\$ 2,387,726
Sales tax	1,876,301	-	-	-	-	1,876,301
Franchise and local taxes	607,599	-	-	-	-	607,599
Other taxes	83,598	-	-	-	-	83,598
Penalty and interest	34,604	-	-	-	-	34,604
Intergovernmental revenue	292,958	-	150,000	466,332	-	909,290
License and permits	54,589	-	-	-	-	54,589
Fines and forfeitures	184,886	-	-	-	-	184,886
Rents and royalties	2,175	-	-	-	38,313	40,488
Investment income	78,842	462	238,381	-	857	318,542
Other revenues	61,459	-	-	-	36,156	97,615
<b>Total Revenues</b>	<b>5,079,766</b>	<b>585,433</b>	<b>388,381</b>	<b>466,332</b>	<b>75,326</b>	<b>6,595,238</b>
<b>Expenditures</b>						
Current:						
General government	442,617	3,600	-	-	-	446,217
Treasurer/finance	175,412	-	-	-	-	175,412
Streets	418,816	-	-	-	-	418,816
Fire operations	856,165	-	-	-	-	856,165
Police operation	1,764,576	-	-	-	-	1,764,576
Municipal court	118,856	-	-	-	-	118,856
Parks	89,127	-	-	-	-	89,127
Community	174,961	-	-	-	-	174,961
Lake	7,440	-	-	-	-	7,440
Council	31,374	-	-	-	-	31,374
Contingency	211,884	-	-	-	-	211,884
Civic center	-	-	-	-	233,969	233,969
Debt service:						
Principal	-	415,323	-	-	6,627	421,950
Interest expenses	-	165,576	-	-	559	166,135
Capital outlay	-	-	1,180,206	493,307	-	1,673,513
<b>Total Expenditures</b>	<b>4,291,228</b>	<b>584,499</b>	<b>1,180,206</b>	<b>493,307</b>	<b>241,155</b>	<b>6,790,395</b>
<b>Revenues Over (Under) Expenditures</b>	<b>788,538</b>	<b>934</b>	<b>(791,825)</b>	<b>(26,975)</b>	<b>(165,829)</b>	<b>(195,157)</b>
<b>Other Financing Sources (Uses)</b>						
Transfers in	26,925	245,500	-	-	167,003	439,428
Transfers (out)	(646,129)	(236,646)	-	-	(1,925)	(884,700)
<b>Total Other Financing Sources (Uses)</b>	<b>(619,204)</b>	<b>8,854</b>	<b>-</b>	<b>-</b>	<b>165,078</b>	<b>(445,272)</b>
<b>Net Change in Fund Balances</b>	<b>169,334</b>	<b>9,788</b>	<b>(791,825)</b>	<b>(26,975)</b>	<b>(751)</b>	<b>(640,429)</b>
Beginning fund balances	3,633,135	42,747	5,802,775	-	153,694	9,632,351
<b>Ending Fund Balances</b>	<b>\$ 3,802,469</b>	<b>\$ 52,535</b>	<b>\$ 5,010,950</b>	<b>\$ (26,975)</b>	<b>\$ 152,943</b>	<b>\$ 8,991,922</b>

See Notes to Financial Statements.

# City of Gilmer, 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	\$	(640,429)
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Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.

Capital outlay		1,876,005
Depreciation expense		(660,332)

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

Property taxes		(9,926)
Grant		26,975

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		42,337
Accrued interest		1,316
Pension expense - TMRS		(74,733)
Pension expense - TESRS		(7,530)
OPEB expense		(1,622)
Amortization of debt premium		37,083

The issuance of long-term debt (e.g., bonds, leases, certificates of obligation) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of 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		421,950
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		<table style="width: 100%; border-collapse: collapse;"> <tr> <td style="border-top: 1px solid black; border-bottom: 3px double black;">\$</td> <td style="border-top: 1px solid black; border-bottom: 3px double black; text-align: right;">1,011,094</td> </tr> </table>	\$	1,011,094
\$	1,011,094			

See Notes to Financial Statements.

**City of Gilmer, Texas**  
**STATEMENT OF NET POSITION**  
**PROPRIETARY FUNDS**  
September 30, 2025

	Water & Sewer	Sanitation	Airport	Total Business-Type Activities
<b><u>Assets</u></b>				
<b><u>Current Assets</u></b>				
Cash and cash equivalents	\$ 803,364	\$ 292,924	\$ 236,199	\$ 1,332,487
Investments	2,069,329	271,909	-	2,341,238
Accounts receivables, net	390,937	203,226	160	594,323
Lease receivable-current	-	-	5,042	5,042
Inventories	26,311	-	-	26,311
<b>Total Current Assets</b>	<b>3,289,941</b>	<b>768,059</b>	<b>241,401</b>	<b>4,299,401</b>
<b><u>Noncurrent Assets</u></b>				
Lease receivable-noncurrent	-	-	46,183	46,183
Capital assets:				
Non-depreciable	4,844,851	230,484	916,486	5,991,821
Net depreciable capital assets	10,061,516	-	1,362,575	11,424,091
<b>Total Noncurrent Assets</b>	<b>14,906,367</b>	<b>230,484</b>	<b>2,325,244</b>	<b>17,462,095</b>
<b>Total Assets</b>	<b>18,196,308</b>	<b>998,543</b>	<b>2,566,645</b>	<b>21,761,496</b>
<b><u>Deferred Outflows of Resources</u></b>				
Deferred charge on refunding	123,301	-	-	123,301
Pension outflows	97,394	-	-	97,394
OPEB outflows	887	-	-	887
<b>Total Def. Outflows of Resources</b>	<b>221,582</b>	<b>-</b>	<b>-</b>	<b>221,582</b>
<b><u>Liabilities</u></b>				
<b><u>Current Liabilities</u></b>				
Accounts payable	\$ 84,726	\$ 94,336	\$ 1,196	\$ 180,258
Accrued liabilities	86,698	-	-	86,698
Accrued interest	17,803	-	-	17,803
Due to other funds	-	45,569	-	45,569
Customer deposits	165,332	-	-	165,332
Compensated absences-current	17,212	-	-	17,212
Long term debt-current	717,135	-	-	717,135
<b>Total Current Liabilities</b>	<b>1,088,906</b>	<b>139,905</b>	<b>1,196</b>	<b>1,230,007</b>
<b><u>Noncurrent Liabilities</u></b>				
Long term debt-noncurrent	2,991,406	-	-	2,991,406
Compensated absences-noncurrent	9,805	-	-	9,805
Net pension liability	334,849	-	-	334,849
OPEB liability	42,042	-	-	42,042
<b>Total Liabilities</b>	<b>4,467,008</b>	<b>139,905</b>	<b>1,196</b>	<b>4,608,109</b>
<b><u>Deferred Inflows of Resources</u></b>				
Pension inflows	40,784	-	-	40,784
OPEB inflows	7,420	-	-	7,420
Lease related	-	-	45,010	45,010
<b>Total Def. Inflows of Resources</b>	<b>48,204</b>	<b>-</b>	<b>45,010</b>	<b>93,214</b>
<b><u>Net Position</u></b>				
Net investment in capital assets	11,303,243	230,484	2,279,061	13,812,788
Restricted for debt service	92,371	-	-	92,371
Unrestricted	2,507,064	628,154	241,378	3,376,596
<b>Total Net Position</b>	<b>\$ 13,902,678</b>	<b>\$ 858,638</b>	<b>\$ 2,520,439</b>	<b>\$ 17,281,755</b>

See Notes to Financial Statements.

# City of Gilmer, Texas

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

For the Year Ended September 30, 2025

	Water & Sewer	Sanitation	Airport	Total Business-Type Activities
<b><u>Operating Revenues</u></b>				
Water sales	\$ 1,479,097	\$ -	\$ -	\$ 1,479,097
Sewer revenue	799,406	-	-	799,406
Sanitation services	-	1,196,350	-	1,196,350
Penalties and reconnect fees	30,736	13,081	25	43,842
License and permits	6,500	-	-	6,500
Other revenue	25,593	-	91,162	116,755
<b>Total Operating Revenues</b>	<b>2,341,332</b>	<b>1,209,431</b>	<b>91,187</b>	<b>3,641,950</b>
<b><u>Operating Expenses</u></b>				
Personnel	678,363	-	-	678,363
Utilities	983,688	-	8,883	992,571
Contractual services	-	1,168,775	9,008	1,177,783
WWTP services	263,446	-	-	263,446
Airport	-	-	64,067	64,067
Depreciation	609,625	-	149,319	758,944
<b>Total Operating Expenses</b>	<b>2,535,122</b>	<b>1,168,775</b>	<b>231,277</b>	<b>3,935,174</b>
<b>Operating Income (Loss)</b>	<b>(193,790)</b>	<b>40,656</b>	<b>(140,090)</b>	<b>(293,224)</b>
<b><u>Nonoperating Revenues (Expenses)</u></b>				
Investment income	92,155	12,331	-	104,486
Interest expense	(106,026)	-	-	(106,026)
Loss on disposal of assets	(31,989)	-	-	(31,989)
<b>Total Nonoperating Revenues (Expenses)</b>	<b>(45,860)</b>	<b>12,331</b>	<b>-</b>	<b>(33,529)</b>
<b>Income (Loss) Before Contributions and Transfers</b>	<b>(239,650)</b>	<b>52,987</b>	<b>(140,090)</b>	<b>(326,753)</b>
Capital contributions	-	-	100,000	100,000
Transfers in	470,272	-	-	470,272
Transfers (out)	-	(25,000)	-	(25,000)
<b>Total Transfers</b>	<b>470,272</b>	<b>(25,000)</b>	<b>100,000</b>	<b>545,272</b>
<b>Change in Net Position</b>	<b>230,622</b>	<b>27,987</b>	<b>(40,090)</b>	<b>218,519</b>
Beginning net position	13,672,056	830,651	2,560,529	17,063,236
<b>Ending Net Position</b>	<b>\$ 13,902,678</b>	<b>\$ 858,638</b>	<b>\$ 2,520,439</b>	<b>\$ 17,281,755</b>

See Notes to Financial Statements.

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

	Water	Sanitation	Airport	Total Business-Type Activities
<b><u>Cash Flows from Operating Activities</u></b>				
Receipts from customers	\$ 2,328,967	\$ 1,210,938	\$ 91,757	\$ 3,631,662
Payments to employees	(654,990)	-	-	(654,990)
Payments to suppliers and contractors	(1,200,276)	(1,165,370)	(86,746)	(2,452,392)
<b>Net Cash Provided (Used) by Operating Activities</b>	<b>473,701</b>	<b>45,568</b>	<b>5,011</b>	<b>524,280</b>
<b><u>Cash Flows from Noncapital Financing Activities</u></b>				
Transfers from other funds	470,272	-	-	470,272
Transfers to other funds	-	(25,000)	-	(25,000)
<b>Net Cash Provided (Used) by Noncapital Financing Activities</b>	<b>470,272</b>	<b>(25,000)</b>	<b>-</b>	<b>445,272</b>
<b><u>Cash Flows from Capital and Related Financing Activities</u></b>				
Purchase of capital assets	(801,376)	-	(136,336)	(937,712)
Principal paid on capital debt	(694,677)	-	-	(694,677)
Capital grants	-	-	100,000	100,000
<b>Net Cash Provided (Used) by Capital and Related Financing Activities</b>	<b>(1,496,053)</b>	<b>-</b>	<b>(36,336)</b>	<b>(1,532,389)</b>
<b><u>Cash Flows from Investing Activities</u></b>				
Interest on investments	92,155	12,331	-	104,486
Requisition (purchase) of investments	(78,264)	(12,331)	-	(90,595)
Interest paid on long-term debt	(94,599)	-	-	(94,599)
<b>Net Cash Provided (Used) by Investing Activities</b>	<b>(80,708)</b>	<b>-</b>	<b>-</b>	<b>(80,708)</b>
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	<b>(632,788)</b>	<b>20,568</b>	<b>(31,325)</b>	<b>(643,545)</b>
Beginning cash and cash equivalents	1,436,152	272,356	267,524	1,976,032
<b>Ending Cash and Cash Equivalents</b>	<b>\$ 803,364</b>	<b>\$ 292,924</b>	<b>\$ 236,199</b>	<b>\$ 1,332,487</b>

See Notes to Financial Statements.

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

	<u>Water</u>	<u>Sanitation</u>	<u>Airport</u>	<u>Total Business-Type Activities</u>
<b><u>Reconciliation of Operating Income</u></b>				
<b><u>to Net Cash Provided by Operating Activities</u></b>				
Operating Income (Loss)	\$ (193,790)	\$ 40,656	\$ (140,090)	\$ (293,224)
Adjustments to reconcile operating income to net cash provided:				
Depreciation	609,625	-	149,319	758,944
<b>Changes in Operating Assets and Liabilities:</b>				
<b>(Increase) Decrease in:</b>				
Receivables	(16,530)	1,507	(3,014)	(18,037)
Inventories	(26,311)			(26,311)
Deferred outflows - pension	88,342	-	-	88,342
Deferred outflows - OPEB	(35)	-	-	(35)
Deferred inflows - pension	17,493	-	-	17,493
Deferred inflows - OPEB	(274)	-	-	(274)
Deferred inflows - lease related	-	-	4,004	4,004
<b>Increase (Decrease) in:</b>				
Accounts payable and accrued liab.	73,169	7,215	(4,788)	75,596
Due to other funds	-	(3,810)	-	(3,810)
Customer deposits	4,165	-	(420)	3,745
Net pension liability	(94,510)	-	-	(94,510)
OPEB liability	(838)	-	-	(838)
Compensated absences	13,195	-	-	13,195
<b>Net Cash Provided (Used) by Operating Activities</b>	<b>\$ 473,701</b>	<b>\$ 45,568</b>	<b>\$ 5,011</b>	<b>\$ 524,280</b>

See Notes to Financial Statements.



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

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Reporting Entity**

The City of Gilmer, Texas (the "City") was incorporated in 1846 and adopted a "Home Rule Charter", which provided for a "Council-Manager" form of government. A Mayor and six Council members are elected by voters of the City at large for two-year terms. The City Manager is appointed by a majority vote of the City Council. The City Manager is the head of the administrative departments of the City and is the supervisor of all administrative officers, employees, directors, and department heads. Departments and agencies of the City submit budget requests to the City Manager.

The City provides the following services: public safety (police, fire, and emergency medical services); water and sewer services; solid waste collection and disposal (contract); airport services; public works; transportation; culture and recreation; municipal courts; economic development/tourism; and general government.

As required by generally accepted accounting principles, these basic financial statements have been prepared based on considerations regarding the potential for inclusion of other entities, organizations, or functions as part of the City's financial reporting entity. The Gilmer Economic Corporation ("GEDC") is legally separate and presented as a discretely presented component unit. 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.

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

**Discretely Presented Component Unit**

Gilmer Economic Development Corporation

Gilmer Economic Development Corporation is a nonprofit organization organized in accordance with the Texas Development Corporation Act of 1979. It is a Type A Economic Development Corporation governed by the Texas Local Government Code Chapters 501 and 504, and it is operated exclusively for the purpose of benefitting and accomplishing public purposes for the City of Gilmer community. The City Council appoints the governing board of the EDC. The EDC is funded by a one-half cent sales tax which is received by the City from the State and is passed to the corporation. All sales tax revenues produced by the EDC are pledged to debt service on Sales Tax and Revenue Bonds. The scope of public service of the EDC benefits the City and its citizens and is operated within the geographic boundaries of the City. Since the EDC's governing body is not substantively the same as the governing body of the primary government, does not provide services entirely, or almost entirely to the primary government, nor does it maintain debt of any type that are repaid using City resources, it has been reported as a discretely presented component unit.

Separate financial statements are not prepared. However, additional financial information for the EDC may be obtained from the City's Finance Department.

**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 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 and blended component units. 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.

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

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 other taxes, franchise fees, licenses and permits, fines and forfeitures, penalties and interest and intergovernmental revenues. Expenditures include general government, public safety, public works, streets, culture and recreation, municipal courts, community and economic development. The general service fund is considered a major fund for reporting purposes.

**Debt Service Fund**

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

**Parks Capital Projects Fund**

The City's capital projects fund accounts for the acquisition and construction of the government's various park projects throughout the City, other than those financed by proprietary funds. The parks capital projects fund is considered a major fund for reporting purposes.

**Grant Fund**

The City's grant fund accounts for street improvement projects throughout the City with funds provided through a Community Development Block Grant (CDBG). The grant fund is considered a major fund for reporting purposes.

The City reports the following enterprise funds:

**Water and Sewer, Sanitation, and Airport Funds**

These *enterprise funds* are used to account for the operations that provide water and wastewater collection, wastewater treatment operations, and airport operations. The services are financed and operated in a manner similar to private business enterprises where the intent of the governing body is that the costs (expenses including depreciation) of providing goods or services to the general public on a continuing basis will be financed or recovered primarily through user charges. The water and sewer, sanitation, and airport funds are considered major funds for reporting purposes.

**City of Gilmer, 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 PD seizure, civic center, and USDA revolving loan funds.

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

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

**C. Measurement Focus and Basis of Accounting**

The 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

# City of Gilmer, Texas

## NOTES TO FINANCIAL STATEMENTS, *Continued*

September 30, 2025

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. Agency funds have no measurement focus but utilize the accrual basis of accounting for reporting its assets and liabilities.

### **D. Assets, Liabilities, Deferred Outflows/Inflows, and Net Position/Fund Balance**

#### **1. Deposits and Investments**

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

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

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

- Direct obligations of the U.S. Government
- Fully collateralized certificates of deposit and money market accounts
- Statewide investment pools

**2. Fair Value Measurement**

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

**3. Receivables and Interfund Transactions**

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

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

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

**4. Property Taxes**

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

**City of Gilmer, Texas**  
**NOTES TO FINANCIAL STATEMENTS, Continued**  
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**5. Inventories and Prepaid Items**

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

**6. 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 acquisition value at the date of donation. Capital assets received in service concession arrangement are reported at acquisition value. 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.

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

<b>Asset Description</b>	<b>Estimated Useful Life</b>
Infrastructure	25 - 50 years
Buildings	10 - 60 years
Land improvements	60 - 100 years
Machinery and equipment	5 - 12 years
Heavy equipment	10 - 20 years
Vehicles	4 - 7 years
Computer equipment	3 - 5 years

**7. Deferred outflows/inflows of resources**

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

**City of Gilmer, Texas**  
*NOTES TO FINANCIAL STATEMENTS, Continued*  
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has one item that qualifies for reporting in this category. It is the 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 assets 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 three sources: property taxes, fines, and special assessments. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

**8. Net Position Flow Assumptions**

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

**9. Fund Balance Flow Assumptions**

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

**10. Fund Balance Policies**

Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The government itself can establish limitations on the use of resources through the following spending constraints:

# City of Gilmer, Texas

## NOTES TO FINANCIAL STATEMENTS, *Continued*

September 30, 2025

- 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 - represents amounts that can only be used for a specific purpose because of a formal action by the City's City Council. Committed amounts cannot be used for any other purpose unless the City Council removes those constraints by taking the same type of formal action. Committed fund balance amounts may be used for other purposes with appropriate due process by the City Council. Commitments are typically accomplished by a formal action or resolution by the City Council. Committed fund balance amounts differ from restricted balances in that the constraints on their use do not come from outside parties, constitutional provisions, or enabling legislation.
- Assigned Fund Balance - represents amounts which the City intends to use for a specific purpose, but that do not meet the criteria to be classified as restricted or committed. Intent may be stipulated by the City Council or by an official or body to which the City Council delegates the authority. Specific amounts that are not restricted or committed in a special revenue, capital projects, debt service or permanent fund are assigned for purposes in accordance with the nature of their fund type or the fund's primary purpose. Assignments within the general fund conveys that the intended use of those amounts is for a specific purpose that is narrower than the general purposes of the City itself.
- 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 authority for the government that can, by adoption of an ordinance prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the ordinance remains in place until a similar action is taken (the adoption of another ordinance) to remove or revise the limitation.

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

**City of Gilmer, Texas**  
*NOTES TO FINANCIAL STATEMENTS, Continued*  
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**11. Compensated Absences**

It is the City's policy to permit employees to accumulate certain earned but unused benefits. Amounts accumulated may be paid to employees upon termination of employment or during employment in accordance with the City's personnel policy. The estimated amount that will be paid as compensation for services provided is recorded as a liability in the general fund. All eligible time is accrued when incurred in the government-wide and proprietary fund financial statements.

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

**12. Long-Term Obligations**

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

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

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

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

**13. Estimates**

The preparation of financial statements, in conformity with generally accepted accounting principles, requires management to make estimates and assumptions that affect the reported

**City of Gilmer, Texas**  
*NOTES TO FINANCIAL STATEMENTS, Continued*  
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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.

**14. Pensions**

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

**15. Other Postemployment Benefits ("OPEB")**

The City has implemented GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions. This statement applies to the individual employers (TMRS cities) in the TMRS Supplemental Death Benefits (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.

**16. Leases**

Lessor: The City is a lessor for noncancellable leases for the use of their airport land and facilities. The City recognizes a lease receivable and a deferred inflow of resources in the government-wide and governmental fund financial statements.

At the commencement of a lease, the City initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease

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**NOTES TO FINANCIAL STATEMENTS, Continued**  
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receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term.

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

- The City uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancellable period of the lease. Lease receipts included in the measurement of the lease receivable is composed of fixed payments from the lessee.

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

**17. Subscription-Based Information Technology Arrangements**

The City has noncancellable subscription-based information technology arrangements (SBITAs) to finance the use of information technology software. The City would recognize a liability (the "subscription liability") and an intangible, right-to-use subscription asset (the "subscription asset") in the financial statements. The City's SBITAs to report are immaterial to the financial statements as a whole and are not recognized as a subscription liability or a subscription asset.

**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,

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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, parks capital projects, civic center, and PD seizure funds. The original budget is adopted by the City Council prior to the beginning of the year. The legal level of control, as defined by the City Charter, is the department level for all funds. 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**

For the year ended, expenditures, including transfers out, exceeded appropriations at the legal level of control and as follows:

General Fund:		
Treasurer/finance	\$	4,920
Streets		69,942
Municipal court		6,083
Parks		16,587
Lake		3,240
Debt Service Fund:		
General government	\$	600
Transfers (out)		236,646
Civic Center:		
Principal	\$	6,627
Interest		559
PD Seizure		
Transfers (out)	\$	1,925

**B. Deficit Fund Balance**

For the current year ended, the grant fund had a deficit fund balance of \$26,975. The deficit is to be replenished by anticipated grant funds and transfers in the next fiscal year.

**City of Gilmer, Texas**  
**NOTES TO FINANCIAL STATEMENTS, Continued**  
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**IV. DETAILED NOTES ON ALL FUNDS**

**A. Deposits and Investments**

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

Investment Type	Value	Weighted Average Maturity (Years)
External investment pools	\$ 154	0.15
Certificates of deposit	4,092,500	0.81
Total fair value	\$ 4,092,654	
Portfolio weighted average maturity		0.81

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

Investment Type	Value	Weighted Average Maturity (Years)
Certificates of deposit	\$ 516,584	0.74
Total fair value	\$ 516,584	
Portfolio weighted average maturity		0.74

*Interest rate risk* In accordance with its investment policy, the City manages its exposure to declines in fair values by structuring the investment portfolio so that securities mature to meet cash requirements for ongoing operations and invest operating funds primarily in short-term securities.

*Credit risk* The City's policy requires that investment pools must be rated no lower than 'AAA' or 'AAA-m' and that government obligation investments such as municipal bonds be rated no lower than 'A'. Bankers' acceptances must be issued in the United States and carry a rating of 'A1'/PI' as provided by two of the top nationally recognized rating agencies. As of September 30, 2024, the City's investments in investment pools were rated 'AAAm' by Standard & Poor's and municipal bonds were rated not less than 'AA' by Standard & Poor's. All other investments are guaranteed (either express or implied) by the full faith and credit of the U.S. Government or the issuing U.S. agency. These investments were rated not less than 'AAA' by both Moody's and 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

**City of Gilmer, Texas**  
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that have a market value of not less than the principal amount of the deposits. As of September 30, 2025, the market values of pledged securities and FDIC exceeded bank balances.

*Custodial credit risk – investments* For an investment, this is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The City's investment policy requires that it will seek to safekeeping securities at financial institutions, avoiding physical possession. Further, all trades, where applicable, shall be conducted on a delivery versus payment basis or commercial book entry system as utilized by the Federal Reserve and shall be protected through the use of a third-party custody/safekeeping agent.

**Uncollateralized Deposits**

As of September 30, 2025, the City held certificates of deposit totaling \$4,092,501. Of which, \$564,534 that were not secured by pledged collateral in accordance with state law and the City's investment policy. Public funds deposited in financial institutions must be collateralized in compliance with the provisions of the Public Funds Collateral Act. The uncollateralized balance represents a custodial credit risk, as it was not secured by either federal depository insurance or by collateral held by the City or its agent in the City's name.

City management is aware of the issue and is taking steps to ensure that all deposits are fully collateralized in future periods.

**LOGIC**

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.

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**NOTES TO FINANCIAL STATEMENTS, Continued**  
**September 30, 2025**

**B. Receivables**

The following comprise receivable balances of the governmental activities at year end:

	<b>General</b>	<b>Debt Service</b>	<b>Grant</b>	<b>Water &amp; Sewer</b>	<b>Sanitation</b>	<b>Airport</b>	<b>Total</b>
Property tax	\$ 255,645	\$ 105,091	\$ -	\$ -	\$ -	\$ -	\$ 360,736
Sales tax	475,905	-	-	-	8,961	-	484,866
Franchise tax	86,359	-	-	-	-	-	86,359
Grants	-	-	444,507	-	-	-	444,507
Hotel occupancy taxes	4,309	-	-	-	-	-	4,309
Accounts, net	1,809	-	-	471,493	225,128	2,310	700,740
Allowance	(289,542)	(62,562)	-	(80,556)	(30,863)	(2,150)	(465,673)
<b>Total</b>	<b>\$ 534,485</b>	<b>\$ 42,529</b>	<b>\$ 444,507</b>	<b>\$ 390,937</b>	<b>\$ 203,226</b>	<b>\$ 160</b>	<b>\$ 1,615,844</b>

The City entered several leases for the use of its airport facilities. The leases bear interest rates of 3.00% and maturity dates ranging from December 31, 2028, through November 30, 2038. As of September 30, 2025, the business-type activities lease receivable and offsetting deferred inflows amounted to \$51,225 and \$45,010, respectively. The annual principal and interest payments to be received over the life of the lease are as follows:

<b>Business-Type Activities</b>		
<b>Year ending</b>	<b>Lease Receivable</b>	
<b>September 30,</b>	<b>Principal</b>	<b>Interest</b>
2026	\$ 5,042	\$ 1,226
2027	5,193	1,093
2028	5,349	956
2029	3,555	814
2030	3,662	728
2031-2035	20,023	2,243
2036-2040	8,401	207
<b>Total</b>	<b>\$ 51,225</b>	<b>\$ 7,267</b>

The following comprise receivable balances of the discretely presented component unit at year end:

	<b>Gilmer Economic Development Corp.</b>
Sales tax	\$ 158,332
<b>Total</b>	<b>\$ 158,332</b>

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**NOTES TO FINANCIAL STATEMENTS, Continued**  
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**C. Capital Assets**

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

	<u>Beginning Balances</u>	<u>Increases</u>	<u>Decreases/ Reclassifications</u>	<u>Ending Balances</u>
Capital assets, not being depreciated:				
Land	\$ 1,727,028	\$ -	\$ 239,588	\$ 1,966,616
Construction in progress	1,220,460	1,730,593	(1,392,850)	1,558,203
Total capital assets not being depreciated	<u>2,947,488</u>	<u>1,730,593</u>	<u>(1,153,262)</u>	<u>3,524,819</u>
Capital assets, being depreciated:				
Buildings and improvements	5,211,824	6,900	1,153,262	6,371,986
Machinery & equipment	3,050,499	30,570	(36,465)	3,044,604
Infrastructure	7,870,632	107,942	-	7,978,574
Total capital assets being depreciated	<u>16,132,955</u>	<u>145,412</u>	<u>1,116,797</u>	<u>17,395,164</u>
Less accumulated depreciation				
Buildings and improvements	(2,534,015)	(440,424)	-	(2,974,439)
Machinery & equipment	(2,298,757)	(162,168)	36,465	(2,424,460)
Infrastructure	(4,663,700)	(57,740)	-	(4,721,440)
Total accumulated depreciation	<u>(9,496,472)</u>	<u>(660,332)</u>	<u>36,465</u>	<u>(10,120,339)</u>
Net capital assets being depreciated	<u>6,636,483</u>	<u>(514,920)</u>	<u>1,153,262</u>	<u>7,274,825</u>
<b>Total Capital Assets</b>	<u><u>\$ 9,583,971</u></u>	<u><u>\$ 1,215,673</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 10,799,644</u></u>

Depreciation was charged to governmental functions as follows:

General government	\$ 11,658
Public safety	351,816
Culture and recreation	140,598
Public works	156,260
<b>Total Governmental Activities Depreciation Expense</b>	<u><u>\$ 660,332</u></u>

**City of Gilmer, 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	\$ 5,413,638	\$ -	\$ -	\$ 5,413,638
Construction in progress	184,358	616,905	(223,080)	578,183
Total capital assets not being depreciated	<u>5,597,996</u>	<u>616,905</u>	<u>(223,080)</u>	<u>5,991,821</u>
Capital assets, being depreciated:				
Land improvements	5,187,269	-	232,080	5,419,349
Infrastructure	16,536,052	180,061	(105,041)	16,611,072
Buildings and improvements	944,942	-	-	944,942
Machinery, furniture, and equipment	1,514,107	140,746	(44,566)	1,610,287
Total capital assets being depreciated	<u>24,182,370</u>	<u>320,807</u>	<u>82,473</u>	<u>24,585,650</u>
Less accumulated depreciation				
Land improvements	(2,323,875)	(82,326)	-	(2,406,201)
Infrastructure	(8,663,263)	(302,834)	55,177	(8,910,920)
Buildings and improvements	(359,142)	(16,120)	-	(375,262)
Machinery, furniture, and equipment	(1,164,953)	(357,664)	53,441	(1,469,176)
Total accumulated depreciation	<u>(12,511,233)</u>	<u>(758,944)</u>	<u>108,618</u>	<u>(13,161,559)</u>
Net capital assets being depreciated	<u>11,671,137</u>	<u>(438,137)</u>	<u>191,091</u>	<u>11,424,091</u>
<b>Total Capital Assets</b>	<u>\$ 17,269,133</u>	<u>\$ 178,768</u>	<u>\$ (31,989)</u>	<u>\$ 17,415,912</u>

Depreciation was charged to business-type functions as follows:

Water and sewer	\$ 609,625
Airport	149,319
<b>Total Governmental Activities Depreciation Expense</b>	<u>\$ 758,944</u>

**City of Gilmer, Texas**  
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**September 30, 2025**

A summary of changes in component unit 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, being depreciated:				
Infrastructure	\$ 4,800,000	\$ -	\$ -	\$ 4,800,000
Total capital assets being depreciated	<u>4,800,000</u>	<u>-</u>	<u>-</u>	<u>4,800,000</u>
Less accumulated depreciation				
Infrastructure	(3,291,006)	(287,427)	-	(3,578,433)
Total accumulated depreciation	<u>(3,291,006)</u>	<u>(287,427)</u>	<u>-</u>	<u>(3,578,433)</u>
Net capital assets being depreciated	1,508,994	(287,427)	-	1,221,567
<b>Total Capital Assets</b>	<u>\$ 1,508,994</u>	<u>\$ (287,427)</u>	<u>\$ -</u>	<u>\$ 1,221,567</u>

**D. Deferred Charge on Refunding**

A deferred charge resulting from the issuance of the 2013 general obligation refunding bonds has been recorded as a deferred outflow of resources and is being amortized to interest expense over the term of the refunded debt. Current year balances for business-type activities totaled \$65,906. Current year amortization expense for business-type activities totaled \$29,291.

A deferred charge resulting from the issuance of the 2020 general obligation refunding bonds has been recorded as a deferred outflow of resources and is being amortized to interest expense over the term of the refunded debt. Current year balances for business-type activities totaled \$57,395. Current year amortization expense for business-type activities totaled \$6,559.

A deferred charge resulting from the issuance of the 2021 general obligation refunding bonds has been recorded as a deferred outflow of resources and is being amortized to interest expense over the term of the refunded debt. Current year balances for component unit activities totaled \$46,363. Current year amortization expense for component unit activities totaled \$5,795.

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

**E. Compensated Absences**

The following summarizes the changes in the compensated absences balances of the primary government during the year. In general, the City uses the general and utility funds to liquidate governmental and business-type activities compensated absences, respectively.

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Amounts Due within One Year</u>
<b>Governmental Activities:</b>					
Compensated absences	\$ 267,593	\$ -	\$ (42,337)	\$ 225,256	\$ 170,345
<b>Total Governmental Activities</b>	<u>\$ 267,593</u>	<u>\$ -</u>	<u>\$ (42,337)</u>	<u>\$ 225,256</u>	<u>\$ 170,345</u>
<b>Other long-term liabilities due in more than one year</b>				<u>\$ 54,911</u>	
<b>Business-Type Activities:</b>					
Compensated absences	\$ 13,822	\$ 13,195	\$ -	\$ 27,017	\$ 17,212
<b>Total Business-Type Activities</b>	<u>\$ 13,822</u>	<u>\$ 13,195</u>	<u>\$ -</u>	<u>\$ 27,017</u>	<u>\$ 17,212</u>
<b>Other long-term liabilities due in more than one year</b>				<u>\$ 9,805</u>	

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

**F. Long-term Debt**

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

	<b>Beginning Balance</b>	<b>Additions</b>	<b>Reductions</b>	<b>Ending Balance</b>	<b>Amounts Due Within One Year</b>
<b>Governmental Activities:</b>					
Certificates of Obligation	\$ 5,801,055	\$ -	\$ (415,325)	\$ 5,385,730	\$ 422,865
Note payables	18,936	-	(6,625)	12,311	6,633
Less: Deferred Amounts					
Premiums	575,115	-	(37,083)	538,032	-
<b>Total Governmental Activities</b>	<u>\$ 6,395,106</u>	<u>\$ -</u>	<u>\$ (459,033)</u>	<u>\$ 5,936,073</u>	<u>\$ 429,498</u>
<b>Long-term Liabilities Due in More than One Year</b>				<u>\$ 5,506,575</u>	
<b>Business-Type Activities:</b>					
Certificates of Obligation	\$ 498,947	\$ -	\$ (164,677)	\$ 334,270	\$ 167,135
General Obligation Bonds	3,660,000	-	(530,000)	3,130,000	550,000
Less: Deferred Amounts					
Premiums	286,498	-	(42,227)	244,271	-
<b>Total Business-Type Activities</b>	<u>\$ 4,445,445</u>	<u>\$ -</u>	<u>\$ (736,904)</u>	<u>\$ 3,708,541</u>	<u>\$ 717,135</u>
<b>Long-term Liabilities Due in More than One Year</b>				<u>\$ 2,991,406</u>	
<b>Component Unit Activities:</b>					
Sales Tax Refunding Bonds	\$ 1,255,000	\$ -	\$ (130,000)	\$ 1,125,000	\$ 135,000
<b>Total Component Unit Activities</b>	<u>\$ 1,255,000</u>	<u>\$ -</u>	<u>\$ (130,000)</u>	<u>\$ 1,125,000</u>	<u>\$ 135,000</u>
<b>Long-term Liabilities Due in More than One Year</b>				<u>\$ 990,000</u>	

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. The City intends to retire all of its general long-term liabilities, plus accrued interest, from property taxes and other current revenues from the debt service fund as has been done in prior years. The business-type long term debt will be repaid, plus accrued interest, from operating revenues of the water and sewer fund.

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

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

Description	Interest Rates	Maturity Date	Original Balance	Current Balance
<b>Governmental Activities:</b>				
2021 Certificates of obligation	2.0% - 3.0%	10/1/2041	\$ 5,945,000	\$ 5,040,000
2015 Certificates of obligation	2.0% - 3.0%	8/15/2027	3,560,000	345,730
		<b>Total Certificates of Obligation</b>	<b>\$ 9,505,000</b>	<b>\$ 5,385,730</b>
Note Payables	3.25%	9/5/2027	\$ 56,500	\$ 12,311
		<b>Total Note Payables</b>	<b>\$ 56,500</b>	<b>\$ 12,311</b>
<b>Business-Type Activities:</b>				
2015 Certificates of obligation	2.0% - 3.0%	8/15/2027	\$ 3,560,000	\$ 334,270
		<b>Total Certificates of Obligation</b>	<b>\$ 3,560,000</b>	<b>\$ 334,270</b>
2020 General obligation	2.0% - 4.0%	8/15/2034	\$ 3,140,000	\$ 2,370,000
2013 General obligation	2.0% - 3.0%	5/15/2027	4,250,000	760,000
		<b>Total General Obligation Refunding Bonds</b>	<b>\$ 7,390,000</b>	<b>\$ 3,130,000</b>
<b>Component Unit Activities:</b>				
2021 Sales tax refunding bonds	2.16%	10/1/2032	\$ 1,620,000	\$ 1,125,000
		<b>Total Sales Tax Refunding Bonds</b>	<b>\$ 1,620,000</b>	<b>\$ 1,125,000</b>

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

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

<b>Governmental Activities</b>		
<b>Year ending September 30,</b>	<b>Certificates of Obligation Bonds</b>	
	<b>Principal</b>	<b>Interest</b>
2026	\$ 422,865	\$ 154,820
2027	432,865	143,689
2028	265,000	132,000
2029	275,000	124,050
2030	280,000	115,800
2031	290,000	107,400
2032	300,000	98,700
2033	310,000	89,700
2034	315,000	80,400
2035	325,000	70,950
2035	335,000	61,200
2036	345,000	51,150
2037	355,000	40,800
2038	365,000	30,150
2039	380,000	19,200
2040	390,000	7,800
<b>Total</b>	<b>\$ 5,385,730</b>	<b>\$ 1,327,809</b>

<b>Governmental Activities</b>		
<b>Year ending September 30,</b>	<b>Note Payables</b>	
	<b>Principal</b>	<b>Interest</b>
2026	\$ 6,633	\$ 323
2027	5,678	115
<b>Total</b>	<b>\$ 12,311</b>	<b>\$ 438</b>

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

<b>Business-Type Activities</b>		
<b>Year ending September 30,</b>	<b>Certificates of Obligation Bonds</b>	
	<b>Principal</b>	<b>Interest</b>
2026	\$ 167,135	\$ 7,270
2027	167,135	3,761
<b>Total</b>	<b>\$ 334,270</b>	<b>\$ 11,031</b>

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

<b>Business-Type Activities</b>		
<b>Year ending September 30,</b>	<b>General Obligation Refunding Bonds</b>	
	<b>Principal</b>	<b>Interest</b>
	2026	\$ 550,000
2027	570,000	71,250
2028	255,000	54,150
2029	275,000	46,500
2030	280,000	38,250
2031	285,000	29,850
2032	300,000	21,300
2033	305,000	12,300
2034	310,000	6,200
<b>Total</b>	<b>\$ 3,130,000</b>	<b>\$ 369,350</b>

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

<b>Component Unit Activities</b>		
<b>Year ending September 30,</b>	<b>Sales Tax Refunding</b>	
	<b>Principal</b>	<b>Interest</b>
	2026	\$ 135,000
2027	135,000	21,384
2028	135,000	18,468
2029	140,000	15,552
2030	140,000	12,528
2031	145,000	9,504
2032	145,000	6,372
2033	150,000	3,240
<b>Total</b>	<b>\$ 1,125,000</b>	<b>\$ 111,348</b>

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

**G. Interfund Transactions**

Transfers between the primary government funds during the year were as follows:

Transfer In:	Transfer Out:				Total
	General	Debt Service	Nonmajor Governmental	Sanitation	
General	\$ -	\$ -	\$ 1,925	\$ 25,000	\$ 26,925
Debt service	245,500	-	-	-	245,500
Water and sewer	233,626	236,646	-	-	470,272
Nonmajor governmental	167,003	-	-	-	167,003
<b>Total</b>	\$ 646,129	\$ 236,646	\$ 1,925	\$ 25,000	\$ 909,700

Amounts transferred between funds relate to amounts collected by the governmental and enterprise funds for various operational and capital expenditures and principal and interest payments. During the year, the EDC transferred \$152,702 to the general fund.

The compositions of interfund balances as of the year ended September 30, 2025 were as follows:

Due From: Receivable Fund	Due To: Payable Fund			Total
	General	Grant	Sanitation	
General	\$ -	\$ 444,507	\$ 45,569	\$ 490,076
Nonmajor governmental	3,694	-	-	3,694
<b>Total</b>	\$ 3,694	\$ 444,507	\$ 45,569	\$ 493,770

**H. Restricted Fund Balances**

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

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

	Restricted	Assigned	Committed
Debt service	\$ 52,535	\$ -	\$ -
Capital projects	5,010,950	893,482	-
Public safety	61,192	-	147,945
Tourism	56,854	-	-
Civic center	2,128	-	-
USDA revolving loan	129,801	-	-
<b>Total</b>	\$ 5,313,460	\$ 893,482	\$ 147,945

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

**I. Construction Commitments**

A summary of the City's outstanding construction commitments as of yearend was as follows:

**Governmental Activities**

<b>Project</b>	<b>Project Budget Appropriation</b>	<b>Total in Progress</b>	<b>Remaining Commitment</b>
Yamboree Park	\$ 4,808,777	\$ 715,678	\$ 4,093,099
Yamboree Park Engineering	275,000	267,500	7,500
Abney Park Shade Canopy	149,519	-	149,519
Community Development Building	28,175	10,000	18,175
Roosevelt Park	36,000	15,000	21,000
24/25 Street Repavement Project	525,000	514,470	10,530
Police Department CAD Equipment	24,000	16,055	7,945
Total Construction in Progress	<u>\$ 5,846,471</u>	<u>\$ 1,538,703</u>	<u>\$ 4,307,768</u>

**Business-Type Activities**

<b>Project</b>	<b>Project Budget Appropriation</b>	<b>Total in Progress</b>	<b>Remaining Commitment</b>
Water Tank Modifications	\$ 1,043,083	\$ 453,127	\$ 589,956
WWTP Bar Screen	51,000	41,800	9,200
WWTP Catwalk	33,600	33,220	380
Gilmer ISD Sewer Line	15,500	11,125	4,375
Total Construction in Progress	<u>\$ 1,143,183</u>	<u>\$ 539,272</u>	<u>\$ 603,911</u>

**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 Intergovernmental Risk Pools. The Pool purchases commercial insurance at group rates for participants in the Pool. The City has no additional risk or responsibility to the Pool outside of the payment of insurance premiums. The City has not significantly reduced insurance coverage or had settlements which exceeded coverage amounts for the past three years.

**B. Contingent Liabilities**

Amounts received or receivable from granting agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amounts of expenditures

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

which may be disallowed by the grantor cannot be determined at this time although the City expects such amounts, if any, to be immaterial.

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

**C. Arbitrage**

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

**D. Pension Plans**

**Texas Municipal Retirement Systems**

**1. Plan Description**

The City 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.tmrs.com](http://www.tmrs.com).

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

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

**2. Benefits Provided**

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

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

The plan provisions are adopted by the governing body of the City, within the options available in the state statutes governing TMRS. Plan provisions for the City were as follows:

	<u>Plan Year 2023</u>	<u>Plan Year 2024</u>
Employee deposit rate	6.0%	6.0%
Matching ratio (city to employee)	2 to 1	2 to 1
Years required for vesting	5	5
Service retirement eligibility (expressed as age / years of service)	60/5, 0/20	60/5, 0/20
Updated service credit	100% Repeating Transfers	100% Repeating Transfers
Annuity increase (to retirees)	70% of CPI Retroactive Repeating	70% of CPI Retroactive Repeating

**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	53
Inactive employees entitled to but not yet receiving benefits	38
Active employees	47
<b>Total</b>	<b>138</b>

**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

**City of Gilmer, Texas**  
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benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability.

Employees for the City of Gilmer were required to contribute 6% of their annual gross earnings during the fiscal year. The contribution rates for the City of Gilmer were 14.46% and 15.24% in calendar years 2024 and 2025, respectively. The City's contributions to TMRS for the year ended September 30, 2025, were \$404,073 and were equal to the required contributions.

**4. Net Pension Liability**

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

**Actuarial assumptions:**

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

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

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

**City of Gilmer, Texas**  
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an emphasis on both capital appreciation as well as the production of income in order to satisfy the short-term and long-term funding needs of TMRS.

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

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.

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**NOTES TO FINANCIAL STATEMENTS, Continued**  
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**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%
\$ 3,302,044	\$ 1,457,768	\$ (52,424)

**Changes in the Net Pension Liability:**

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) – (b)
<b>Balance at 12/31/23</b>	\$ 13,117,168	\$ 11,314,653	\$ 1,802,515
Changes for the year:			
Service Cost	413,895	-	413,895
Interest	874,152	-	874,152
Change in benefit terms	-	-	-
Difference between expected and actual experience	74,085	-	74,085
Changes of assumptions	-	-	-
Contributions – employer	-	382,179	(382,179)
Contributions – employee	-	158,580	(158,580)
Net investment income	-	1,173,836	(1,173,836)
Benefit payments, including refunds of emp. contributions	(747,419)	(747,419)	-
Administrative expense	-	(7,540)	7,540
Other changes	-	(176)	176
Net changes	614,713	959,460	(344,747)
<b>Balance at 12/31/24</b>	\$ 13,731,881	\$ 12,274,113	\$ 1,457,768

**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.tmrs.com](http://www.tmrs.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 \$494,842.

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

	<b>Deferred Outflows of Resources</b>	<b>Deferred (Inflows) of Resources</b>
Differences between expected and actual economic experience	\$ 129,855	\$ -
Changes in actuarial assumptions	-	(60,315)
Difference between projected and investment earnings	-	(117,238)
Contributions subsequent to the measurement date	294,150	-
<b>Total</b>	<b>\$ 424,005</b>	<b>\$ (177,553)</b>

The City reported \$294,150 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:

<b>Year ended December 31:</b>	
2025	\$ 59,736
2026	147,792
2027	(173,209)
2028	(82,017)
2029	-
Thereafter	-
	<b>\$ (47,698)</b>

**Texas Emergency Services Retirement System**

**1. Plan Description**

The Fire Fighter’s Pension Commissioner is the administrator of the Texas Emergency Services Retirement System (TESRS), a cost-sharing multiple employer pension system established and administered by the State of Texas to provide pension benefits for emergency services personnel who serve without significant monetary remuneration. At August 31, 2024, there were 244 member fire or emergency services departments actively participating in TESRS. Eligible participants include volunteer emergency services personnel who are members in good standing of a participating department.

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At August 31, 2024, TESRS membership consisted of:

Retirees and Beneficiaries Currently Receiving Benefits	4,122
Terminated Participants Entitled to Benefits but Not Yet Receiving Them	1,806
Active Participants (Vested and Nonvested)	<u>3,394</u>
Total	<u>9,322</u>

Senate Bill 411, 65th Legislature, Regular Session (1977), created TESRS and established the applicable benefit provisions. The 79th Legislature, Regular Session (2005), recodified the provisions and gave the TESRS Board of Trustees authority to establish vesting requirements, contribution levels, benefit formulas, and eligibility requirements by board rule. The benefit provisions include retirement benefits as well as death and disability benefits. Members are 50% vested after the tenth year of service, with the vesting percent increasing 10% for each of the next five years of service so that a member becomes 100% vested with 15 years of service.

Upon reaching age 55, each vested member may retire and receive a monthly pension equal to his vested percent multiplied by six times the governing body's average monthly contribution over the member's years of qualified service. For years of service in excess of 15 years, this monthly benefit is increased at the rate of 6.2% compounded annually.

On and off-duty death benefits and on-duty disability benefits are dependent on whether or not the member was engaged in the performance of duties at the time of death or disability. Death benefits include a lump sum amount and continuing monthly payments to a member's surviving spouse and dependent children.

**2. Funding Policy**

Contributions are made by governing bodies for the participating departments. No contributions are required from the individuals who are members of the System, nor are they allowed. The governing bodies of each participating department are required to make contributions for each month a member performs emergency services for a department (this minimum contribution is \$36 per member and the department may make a higher monthly contribution for its members). This is referred to as a Part One contribution, which is the legacy portion of the System contribution that directly impacts future retiree annuities.

According to the state law governing the System, the state is required to contribute an amount necessary to make the System "actuarially sound" each year, which may not exceed one-third of the total of all contributions made by participating governing bodies in a particular year.

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

The board rule defining contributions was amended in 2014 to add the potential for actuarially determined Part Two contributions that would be required only if the expected future annual contributions from the state are not enough with the Part One contributions to provide an adequate contribution arrangement as determined by the most recent actuarial valuation. This Part Two portion, which is actuarially determined as a percent of the Part One portion (not to exceed 15%), is to be actuarially adjusted every two years based on the most recent actuarial valuation. Based on the August 31, 2024 actuarial valuation, even the maximum 15% Part Two contributions are not enough to have an adequate contribution arrangement.

Additional contributions may be made by governing bodies within two years of joining the System, to grant up to fifteen years of credit for service per member. Prior service purchased must have occurred before the department began participation in the System.

A small subset of participating departments have a different contribution arrangement which is being phased out over time. In this arrangement, contributions made in addition to the monthly contributions for active members, are made by local governing bodies on a pay-as-you-go basis for members who were pensioners when their respective departments merged into the System. There is no actuarial impact associated with this arrangement as the pay-as-you-go contributions made by these governing bodies are always equal to benefit payments paid by the System.

Ultimately, the contribution policy also depends upon the total return of the System's assets, which varies from year to year. Investment policy decisions are established and maintained by the board of trustees. For the year ending August 31, 2024, the money-weighted rate of return on pension plan investments was 11.85%. This measurement of the investment performance is net of investment-related expenses, reflecting the effect of the timing of the contributions received and the benefits paid during the year.

**3. Contributions**

The contribution requirement per active emergency services personnel member per month is not actuarially determined. Rather, the minimum contribution provisions were set by board rule, and there is no maximum contribution rate. For the fiscal year ending August 31, 2024 total contributions (dues and) prior service of \$4,172,237 were paid into TESRS by the political subdivisions served by the member volunteer emergency services personnel. The state appropriated \$1,292,763 for the fiscal year ending August 31, 2024.

The purpose of the biennial actuarial valuation is to test the adequacy of the contribution arrangement to determine if it is adequate to pay the benefits that are promised. The most recently completed biennial actuarial valuation as of August 31, 2024 stated that TESRS has an inadequate contribution arrangement for the benefit provisions recognized in the valuation based on the expected total contributions, including the expected contributions both from the governing body of each participating department and from the state.

# City of Gilmer, Texas

## NOTES TO FINANCIAL STATEMENTS, *Continued*

September 30, 2025

The expected contributions from the state are state appropriations equal to (1) the maximum annual contribution (one-third of all contributions to TESRS by governing bodies of participating departments in a year) as needed in accordance with state law governing TESRS and (2) approximately \$825,000 each year to pay for part of the System’s administrative expenses. Based on this August 31, 2024 actuarial valuation, they project that with the expected Part One contributions from the governing bodies of participating departments and \$825,000 each year from the state for administrative expenses, the maximum annual contributions from the state for 30 years would be inadequate for the System to have a 30-year amortization period for is UAAL. This valuation also determined that even if the board established the maximum Part Two contributions, the System still has an inadequate contribution arrangement because the UAAL will never be amortized but instead will increase every year.

To the best of our knowledge, the actuarial information supplied in this section is complete, accurate and in compliance with GASB Statement No. 25. In our opinion, the assumptions used are reasonably related to the experience of the System and to reasonable expectations. The assumptions represent a reasonable estimate of anticipated experience of the System over the long-term future, and their selection complies with the appropriate actuarial standards of practice.

Valuation Date	<u>August 31, 2020</u>	<u>August 31, 2022</u>	<u>August 31, 2024</u>
Actuarial Cost Method	Entry Age	Entry Age	Entry Age
Amortization Method	Level dollar, open	Level dollar, open	Level dollar, open
Amortization	30 years	30 years	30 years
Asset Valuation Method	Market value smoothed by a 5-year deferred recognition method with a 80%/120% corridor on market value	Market value smoothed by a 5-year deferred recognition method with a 80%/120% corridor on market value	Market value smoothed by a 5-year deferred recognition method with a 80%/120% corridor on market value
 Actuarial Assumptions:			
Investment Rate of Return *	7.50% per year, net of investment expenses	7.50% per year, net of investment expenses	7.25% per year, net of investment expenses
Projected Salary Increases *	N/A	N/A	N/A
* Includes Inflation at	3.00%	3.00%	2.75%
Cost-of-Living Adjustments	None	None	None

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

The target allocation for each major asset class is summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Net Real Rate of Return
Equities:		
Large cap domestic	20%	5.71%
Small/mid cap domestic	10%	5.98%
Developed international	15%	6.19%
Emerging markets	5%	7.38%
Global infrastructure	5%	6.63%
Real estate	10%	4.50%
Multi asset income	5%	3.75%
Fixed income	30%	1.97%
Cash	0%	0%
Total	100.0%	
Weighted average		4.60%

**Discount Rate:**

The discount rate used to measure the Total Pension Liability was 5.38%. The projection of cash flows used to determine the discount rate assumed that contributions of the governing bodies will be made at the contribution rate as of August 31, 2024 actuarial valuation. Based on those assumptions, the System's fiduciary net position was projected to make projected future benefit payments of current active and inactive employees through 2051. Therefore, the discount rate of 5.38% is the single rate of return that results in a present value of all projected benefits equal to the sum of (1) the present value of benefits through 2051 discounted at the long-term expected rate of return of 7.25% and (b) the present value of benefits after 2051 discounted at the 3.87% discount rate based on the Bond Buyer Index of general obligation bonds with 20 years to maturity at/near August 31, 2024.

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

**4. Changes in the Net Pension Liability**

	<b>Total Pension Liability (a)</b>	<b>Plan Fiduciary Net Position (b)</b>	<b>Net Pension Liability (a) – (b)</b>
<b>Balance at 8/31/2023</b>	\$ 157,389	\$ 117,471	\$ 39,918
Changes for the year:			
Service Cost	1,496	-	1,496
Interest (on the Total Pension Liab.)	11,610	-	11,610
Change in benefit terms	1,974	-	1,974
Difference between expected and actual experience	5,362	-	5,362
Changes of assumptions	57,046	-	57,046
Contributions – members	-	3,848	(3,848)
Contributions – state	-	1,192	(1,192)
Net investment income	-	13,631	(13,631)
Benefit payments, including refunds of emp. contributions	(8,166)	(8,166)	-
Administrative expense	-	(281)	281
Net changes	<u>69,322</u>	<u>10,224</u>	<u>59,098</u>
<b>Balance at 8/31/2024</b>	<u>\$ 226,711</u>	<u>\$ 127,695</u>	<u>\$ 99,016</u>

**Sensitivity of the net pension liability to changes in the discount rate**

The following presents the net pension liability of the City, calculated using the discount rate of 5.38%, as well as what the City’s net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (4.38%) or 1-percentage-point higher (6.38%) than the current rate:

<b>1% Decrease 4.38%</b>	<b>Current Single Rate 5.38%</b>	<b>1% Increase 6.38%</b>
\$ 136,655.0	\$ 99,016	\$ 69,307

**Pension Plan Fiduciary Net Position:**

Detailed information about the pension plan’s Fiduciary Net Position is available in a separately-issued TESRS financial report. That report may be obtained on the internet at [www.tesrs.com](http://www.tesrs.com).

**5. Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources**

For the year ended September 30, 2025, the City recognized pension expense of \$32,683.

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

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

	<b>Deferred Outflows of Resources</b>	<b>Deferred (Inflows) of Resources</b>
Difference between expected and actual economic experience	\$ 3,316	\$ -
Difference between projected and investment earnings	5,317	-
Change in actuarial assumptions	35,273	-
Changes in pension proportion	-	(185)
<b>Total</b>	<b>\$ 43,906</b>	<b>\$ (185)</b>

The City did not report deferred outflows of resources related to TESRS pension resulting from contributions subsequent to the measurement date that will be recognized as a reduction of the TESRS pension liability for the year ending September 30, 2026.

Other amounts reported as deferred outflows related to the TESRS pension will be recognized in pension expense as follows:

**Year ended August 31:**

2025	\$ 25,970
2026	19,325
2027	(693)
2028	(1,101)
2029	(101)
Thereafter	321
	<b>\$ 43,721</b>

**Supplemental Death Benefits Fund**

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.

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

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.

**1. 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	35
Inactive employees entitled to but not yet receiving benefits	8
Active employees	47
<b>Total</b>	<b>90</b>

The City's contributions to the TMRS SDBF for the years ended 2024 and 2025 were \$5,033 and \$5,305, respectively, which equaled the required contributions each year.

Three-Year Contribution Information

Plan/ Calendar Year	Annual Required Contribution (Rate)	Actual Contribution Made (Rate)	Percentage of ARC Contributed
2023	0.20%	0.20%	100.0%
2024	0.19%	0.19%	100.0%
2025	0.20%	0.20%	100.0%

**2. 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.

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

**3. Actuarial assumptions:**

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

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

Salary increases were based on a service-related table. Mortality rates for active members, retirees, and beneficiaries were based on the gender-distinct 2019 Municipal Retirees of Texas Mortality Tables. Male rates are multiplied by 103% and female rates are multiplied by 105%. The rates are projected on a fully generational basis by the most recent Scale MP-2021 (with immediate convergence) to account for future mortality improvements. For disabled annuitants, the mortality tables for healthy retirees are used with a 4-year set-forward for males and a 3-year set-forward for females. In addition, a 3.5% and 3% minimum mortality rate will be applied to reflect the impairment for younger members who become disabled for males and females. The rates are projected on a fully generational basis by the most recent Scale MP=2021 (with immediate convergence) to account for future mortality improvements subject to the 3.5% and 3% floor.

**4. 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.

**5. 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%
\$ 212,250	\$ 183,013	\$ 157,262

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

**Changes in the Total OPEB Liability:**

	<b>Total OPEB Liability</b>
<b>Balance at 12/31/23</b>	\$ 180,032
Changes for the year:	
Service Cost	6,872
Interest	6,822
Difference between expected and actual experience	3,451
Changes of assumptions	(9,142)
Benefit payments	(5,022)
Net changes	2,981
<b>Balance at 12/31/24</b>	<b>\$ 183,013</b>

**6. OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB**

For the year ended September 30, 2025, the City recognized OPEB expense of \$5,779.

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:

	<b>Deferred Outflows of Resources</b>	<b>Deferred (Inflows) of Resources</b>
Change in assumptions	\$ -	\$ (29,733)
Difference between expected and actual experience	-	(346)
Contributions subsequent to measurement date	3,860	-
<b>Total</b>	<b>\$ 3,860</b>	<b>\$ (30,079)</b>

The City reported \$3,860 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.

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

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

<b>Year ended December 31:</b>	
2025	\$ (11,401)
2026	(15,079)
2027	(3,208)
2028	(280)
2029	(111)
Thereafter	-
	\$ (30,079)

**E. Deferred Compensation Plan**

The City offers its employees a deferred compensation plan (the “Plan”) created in accordance with the Internal Revenue Code Section 457. The Plan, available to all City employees, permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or an unforeseeable emergency. The Plan’s trust arrangements are established to protect deferred compensation amounts of employees under the Plan from any other use than intended under the Plan (eventual payments to employees deferring the compensation) in accordance with federal tax laws. Amounts of compensation deferred by employees under Plan provisions are disbursed monthly by the City to a third-party administrator. The third-party administrator handles all funds in the Plan and makes investment decisions and disburses funds to employees in accordance with Plan provisions. Employee contributions totaled \$5,200 during the year.

**F. Restatement**

The City restated beginning net position for governmental activities due to implementation of the new accounting standard, GASB 101, *Compensated Absences*, during the year.

The restatement of beginning net position for governmental activities is as follows:

	<b>Governmental Activities</b>
Prior year ending net position/fund balance, as reported	\$ 11,759,438
New Acct. Standard GASB 101	(114,766)
Restated beginning net position/fund balance	\$ 11,644,672

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

**G. 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 \$5,821 of September 30, 2025.

**H. Subsequent Events**

There were no material subsequent events through March 6, 2026, the date the financial statements were issued.



***REQUIRED SUPPLEMENTARY INFORMATION***

# City of Gilmer, Texas

## SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (Page 1 of 2) GENERAL FUND

For the Year Ended September 30, 2025

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues</b>				
Property tax	\$ 1,794,445	\$ 1,794,445	\$ 1,802,755	\$ 8,310
Sales tax	1,821,334	1,821,334	1,876,301	54,967
Franchise and local taxes	511,550	511,550	607,599	96,049
Other taxes	60,000	60,000	83,598	23,598
Penalty and interest	-	-	34,604	34,604
Intergovernmental revenue	272,925	272,925	292,958	20,033
License and permits	49,400	49,400	54,589	5,189
Fines and forfeitures	175,475	175,475	184,886	9,411
Rents and royalties	2,600	2,600	2,175	(425)
Investment income	60,500	60,500	78,842	18,342
Other revenues	11,900	23,422	61,459	38,037
<b>Total Revenues</b>	4,760,129	4,771,651	5,079,766	308,115
<b>Expenditures</b>				
Current:				
Current:				
General government	442,662	442,662	442,617	45
Treasurer/finance	170,492	170,492	175,412	(4,920) *
Streets	348,874	348,874	418,816	(69,942) *
Fire operations	921,722	921,722	856,165	65,557
Police operation	1,853,401	1,853,401	1,764,576	88,825
Municipal court	102,658	112,773	118,856	(6,083) *
Parks	72,540	72,540	89,127	(16,587) *
Community	198,460	198,460	174,961	23,499
Lake	4,200	4,200	7,440	(3,240) *
Council	42,718	42,718	31,374	11,344
Contingency	50,488	665,721	211,884	453,837
<b>Total Expenditures</b>	4,208,215	4,833,563	4,291,228	542,335

# City of Gilmer, Texas

## SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (Page 2 of 2) GENERAL FUND

For the Year Ended September 30, 2025

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues Over (Under)</b>				
<b>Expenditures</b>	551,914	(61,912)	788,538	850,450
<b><u>Other Financing Sources (Uses)</u></b>				
Transfers in	83,000	683,675	26,925	(656,750)
Transfers (out)	(315,653)	(896,509)	(646,129)	250,380
<b>Total Other</b>				
<b>Financing Sources (Uses)</b>	(232,653)	(212,834)	(619,204)	(406,370)
<b>Net Change in Fund Balance</b>	\$ 319,261	\$ (274,746)	169,334	\$ 444,080
		Beginning fund balance	3,633,135	
		<b>Ending Fund Balance</b>	<b>\$ 3,802,469</b>	

Notes to Required Supplementary Information

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

**City of Gilmer, Texas**  
**SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS**  
**TEXAS MUNICIPAL RETIREMENT SYSTEM**  
**Years Ended December 31,**

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Total pension liability										
Service cost	\$ 413,895	\$ 374,640	\$ 344,149	\$ 331,963	\$ 319,480	\$ 322,212	\$ 314,796	\$ 311,374	\$ 312,601	\$ 279,905
Interest	874,152	842,189	788,715	737,002	715,144	682,742	657,972	614,768	572,622	556,162
Differences between expected and actual experience	74,085	73,321	282,190	247,836	(208,736)	(79,307)	(202,214)	58,777	52,439	(18,474)
Changes of assumptions	-	(135,243)	-	-	-	46,124	-	-	-	26,163
Benefit payments, including refunds of participant contributions	(747,419)	(654,589)	(621,594)	(491,946)	(524,684)	(456,067)	(358,522)	(334,623)	(290,697)	(353,280)
<b>Net change in total pension liability</b>	<b>614,713</b>	<b>500,318</b>	<b>793,460</b>	<b>824,855</b>	<b>301,204</b>	<b>515,704</b>	<b>412,032</b>	<b>650,296</b>	<b>646,965</b>	<b>490,476</b>
<b>Total pension liability - beginning</b>	<b>\$ 13,117,168</b>	<b>\$ 12,616,850</b>	<b>\$ 11,823,390</b>	<b>\$ 10,998,535</b>	<b>\$ 10,697,331</b>	<b>\$ 10,181,627</b>	<b>\$ 9,769,595</b>	<b>\$ 9,119,299</b>	<b>\$ 8,472,334</b>	<b>\$ 7,981,858</b>
<b>Total pension liability - ending (a)</b>	<b>\$ 13,731,881</b>	<b>\$ 13,117,168</b>	<b>\$ 12,616,850</b>	<b>\$ 11,823,390</b>	<b>\$ 10,998,535</b>	<b>\$ 10,697,331</b>	<b>\$ 10,181,627</b>	<b>\$ 9,769,595</b>	<b>\$ 9,119,299</b>	<b>\$ 8,472,334</b>
<b>Plan fiduciary net position</b>										
Contributions - employer	\$ 382,179	\$ 333,264	\$ 301,537	\$ 302,524	\$ 288,745	\$ 299,742	\$ 296,037	\$ 290,031	\$ 274,402	\$ 273,687
Contributions - members	158,580	151,370	140,949	135,495	129,870	131,694	129,368	128,049	127,332	120,303
Net investment income	1,173,836	1,191,899	(825,123)	1,310,665	717,114	1,269,294	(251,574)	1,012,684	456,045	9,890
Benefit payments, including refunds of participant contributions	(747,419)	(654,589)	(621,593)	(491,946)	(524,684)	(456,067)	(358,522)	(334,623)	(290,697)	(353,280)
Administrative expenses	(7,540)	(7,584)	(7,140)	(6,064)	(4,640)	(7,171)	(4,862)	(5,249)	(5,149)	(6,024)
Other	(176)	(53)	8,520	41	(181)	(216)	(254)	(266)	(277)	(298)
<b>Net change in plan fiduciary net position</b>	<b>959,460</b>	<b>1,014,307</b>	<b>(1,002,850)</b>	<b>1,250,715</b>	<b>606,224</b>	<b>1,237,276</b>	<b>(189,807)</b>	<b>1,090,626</b>	<b>561,656</b>	<b>44,278</b>
<b>Plan fiduciary net position - beginning</b>	<b>11,314,653</b>	<b>10,300,346</b>	<b>11,303,196</b>	<b>10,052,481</b>	<b>9,446,257</b>	<b>8,208,981</b>	<b>8,398,788</b>	<b>7,308,162</b>	<b>6,746,506</b>	<b>6,702,228</b>
<b>Plan fiduciary net position - ending (b)</b>	<b>\$ 12,274,113</b>	<b>\$ 11,314,653</b>	<b>\$ 10,300,346</b>	<b>\$ 11,303,196</b>	<b>\$ 10,052,481</b>	<b>\$ 9,446,257</b>	<b>\$ 8,208,981</b>	<b>\$ 8,398,788</b>	<b>\$ 7,308,162</b>	<b>\$ 6,746,506</b>
<b>Fund's net pension liability - ending (a) - (b)</b>	<b>\$ 1,457,768</b>	<b>\$ 1,802,515</b>	<b>\$ 2,316,504</b>	<b>\$ 520,194</b>	<b>\$ 946,054</b>	<b>\$ 1,251,074</b>	<b>\$ 1,972,646</b>	<b>\$ 1,370,807</b>	<b>\$ 1,811,137</b>	<b>\$ 1,725,828</b>
<b>Plan fiduciary net position as a percentage of the total pension liability</b>	<b>89.38%</b>	<b>86.26%</b>	<b>81.64%</b>	<b>95.60%</b>	<b>91.40%</b>	<b>88.30%</b>	<b>80.63%</b>	<b>85.97%</b>	<b>80.14%</b>	<b>79.63%</b>
<b>Covered payroll</b>	<b>\$ 2,643,006</b>	<b>\$ 2,522,827</b>	<b>\$ 2,349,142</b>	<b>\$ 2,258,254</b>	<b>\$ 2,164,495</b>	<b>\$ 2,194,903</b>	<b>\$ 2,156,138</b>	<b>\$ 2,134,157</b>	<b>\$ 2,122,206</b>	<b>\$ 2,005,048</b>
<b>Fund's net position as a percentage of covered payroll</b>	<b>55.16%</b>	<b>71.45%</b>	<b>98.61%</b>	<b>23.04%</b>	<b>43.71%</b>	<b>57.00%</b>	<b>91.49%</b>	<b>64.23%</b>	<b>85.34%</b>	<b>86.07%</b>

**City of Gilmer, 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	9/30/2021	9/30/2020	9/30/2019	9/30/2018	9/30/2017	9/30/2016
Actuarially determined employer contributions	404,073	\$ 368,405	\$ 332,816	\$ 295,582	\$ 290,463	\$ 300,042	\$ 304,415	\$ 299,244	\$ 290,855	\$ 282,331
Contributions in relation to the actuarially determined contribution	404,073	368,405	332,816	295,582	290,463	300,042	304,415	299,244	290,855	282,331
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Annual covered payroll	\$ 2,690,307	\$ 2,610,675	\$ 2,544,389	\$ 2,224,327	\$ 2,130,159	\$ 2,199,804	\$ 2,190,102	\$ 2,151,563	\$ 2,197,347	\$ 2,104,321
Employer contributions as a percentage of covered payroll	15.02%	14.11%	13.08%	13.29%	13.64%	13.64%	13.90%	13.91%	13.24%	13.42%

<sup>1</sup> 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.

**NOTES TO SCHEDULE OF EMPLOYER CONTRIBUTIONS TO PENSION PLAN**

**Valuation Date:**

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

**Methods and Assumptions Used to Determine Contribution Rates:**

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

**Other Information:**

Notes There were no benefit changes during the year.

# City of Dayton, Texas

## SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS TEXAS EMERGENCY SERVICES RETIREMENT SYSTEM

Years Ended:

	8/31/2024	8/31/2023	8/31/2022	8/31/2021	8/31/2020	8/31/2019	8/31/2018	8/31/2017	8/31/2016	8/31/2015
Total pension liability										
Service cost	\$ 1,496	\$ 2,601	\$ 1,536	\$ 1,556	\$ 3,009	\$ 2,967	\$ 2,119	\$ 1,912	\$ 1,762	\$ 2,033
Interest	11,610	19,571	11,342	11,118	17,739	16,779	13,172	11,362	9,258	10,165
Changes in benefit terms	1,974	-	2,397	-	4,820	-	3,758	-	751	-
Differences between expected and actual experience	5,362	-	2,458	-	(3,169)	-	(120)	-	67	-
Changes of assumptions	57,046	-	(325)	-	(109)	-	-	-	926	-
Benefit payments, including refunds of participant contributions	(8,166)	(13,680)	(7,845)	(7,432)	(11,098)	(10,227)	(7,767)	(6,039)	(4,890)	(5,399)
<b>Net change in total pension liability</b>	<b>69,322</b>	<b>8,492</b>	<b>9,563</b>	<b>5,242</b>	<b>11,192</b>	<b>9,519</b>	<b>11,162</b>	<b>7,235</b>	<b>7,874</b>	<b>6,799</b>
<b>Total pension liability - beginning</b>	<b>\$ 157,389</b>	<b>\$ 265,186</b>	<b>\$ 153,616</b>	<b>\$ 150,403</b>	<b>\$ 231,433</b>	<b>218,648</b>	<b>171,732</b>	<b>147,711</b>	<b>120,142</b>	<b>131,826</b>
<b>Total pension liability - ending (a)</b>	<b>\$ 226,711</b>	<b>\$ 273,678</b>	<b>\$ 163,179</b>	<b>\$ 155,645</b>	<b>\$ 242,625</b>	<b>\$ 228,167</b>	<b>\$ 182,894</b>	<b>\$ 154,946</b>	<b>\$ 128,016</b>	<b>\$ 138,625</b>
<b>Plan fiduciary net position</b>										
Contributions - employer	\$ 3,848	\$ 5,992	\$ 3,995	\$ 3,813	\$ 6,056	\$ 5,534	\$ 5,451	\$ 6,015	\$ 3,602	\$ 4,219
Contributions - state	1,192	2,025	1,246	1,329	2,144	2,113	1,768	1,901	1,647	1,965
Net investment income	13,631	11,100	(17,509)	22,294	19,663	1,814	15,047	11,732	5,155	(3,951)
Benefit payments, including refunds of participant contributions	(8,166)	(13,680)	(7,845)	(7,432)	(11,098)	(10,227)	(7,767)	(6,039)	(4,890)	(5,399)
Administrative expenses	(281)	(562)	(238)	(268)	(517)	(361)	(210)	(221)	(174)	(259)
<b>Net change in plan fiduciary net position</b>	<b>10,224</b>	<b>4,875</b>	<b>(20,351)</b>	<b>19,736</b>	<b>16,248</b>	<b>(1,127)</b>	<b>14,289</b>	<b>13,388</b>	<b>5,340</b>	<b>(3,425)</b>
<b>Plan fiduciary net position - beginning</b>	<b>117,471</b>	<b>199,391</b>	<b>143,044</b>	<b>125,198</b>	<b>185,719</b>	<b>184,224</b>	<b>139,809</b>	<b>112,757</b>	<b>92,382</b>	<b>110,020</b>
<b>Plan fiduciary net position - ending (b)</b>	<b>\$ 127,695</b>	<b>\$ 204,266</b>	<b>\$ 122,693</b>	<b>\$ 144,934</b>	<b>\$ 201,967</b>	<b>\$ 183,097</b>	<b>\$ 154,098</b>	<b>\$ 126,145</b>	<b>\$ 97,722</b>	<b>\$ 106,595</b>
<b>Fund's net pension liability - ending (a) - (b)</b>	<b>\$ 99,016</b>	<b>\$ 69,412</b>	<b>\$ 40,486</b>	<b>\$ 10,711</b>	<b>\$ 40,658</b>	<b>\$ 45,070</b>	<b>\$ 28,796</b>	<b>\$ 28,801</b>	<b>\$ 30,294</b>	<b>\$ 32,030</b>
Plan fiduciary net position as a percentage of the total pension liability	56.33%	74.64%	75.19%	93.12%	83.24%	80.25%	84.26%	81.41%	76.34%	76.89%
Number of active members	3,394	3,379	3,379	3,571	3,634	3,702	3,927	4,046	3,634	4,036 <sup>1</sup>
Net pension liability per active member	\$ 29	\$ 21	\$ 12	\$ 3	\$ 11	\$ 12	\$ 7	\$ 7	\$ 35	\$ 34
City's proportion of the net pension liability	0.0922%	0.1604%	0.0987%	0.1000%	0.1613%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%

**Notes to schedule:**

1) There is no compensation for active members, so number of active members is used instead.

2) The System's net pension liability was measured as of August 31, 2025, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of August 31, 2025.

## City of Gilmer, Texas

### SCHEDULE OF EMPLOYER CONTRIBUTIONS TO PENSION PLAN TEXAS EMERGENCY SERVICES RETIREMENT SYSTEM

Years Ended:

	<u>9/30/2025</u>	<u>9/30/2024</u>	<u>9/30/2023</u>	<u>9/30/2022</u>	<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>
Actuarially determined employer contributions	\$ 4,760	\$ 7,640	\$ 5,200	\$ 4,800	\$ 7,360	\$ 5,602	\$ 8,335	\$ 7,585	\$ 7,244	\$ 6,572
Contributions in relation to the actuarially determined contribution	<u>4,760</u>	<u>\$ 7,640</u>	<u>\$ 5,200</u>	<u>\$ 4,800</u>	<u>\$ 7,360</u>	<u>\$ 5,602</u>	<u>\$ 8,335</u>	<u>\$ 7,585</u>	<u>\$ 7,244</u>	<u>\$ 6,572</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Active members	<u>11</u>	<u>11</u>	<u>11</u>	<u>10</u>	<u>10</u>	<u>13</u>	<u>14</u>	<u>13</u>	<u>12</u>	<u>11</u>
Contributions per active member	433	695	473	480	736	431	595	583	604	597

#### NOTES TO SCHEDULE OF EMPLOYER CONTRIBUTIONS TO PENSION PLAN

**Valuation Date:**

Notes

Contribution rates are determined by board rule and become effective August 31.

**Methods and Assumptions Used to Determine Contribution Rates:**

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percentage of Payroll, Closed
Remaining Amortization Period	28 years
Asset Valuation Method	5 Year smoothed market; 20% soft corridor
Inflation	2.75%
Salary Increases	n/a
Investment Rate of Return	7.25%
Retirement Age	Experience-based table of rates that are specific to the City's plan of benefits.

Mortality

Mortality rates were based on the PubS-2010 (public safety) below-median income mortality tables for employees and for retirees, projected for mortality improvement generationally using projection scale MP-2019.

**Other Information:**

Notes

There were no benefit changes during the year.

# City of Gilmer, 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 December 31,

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<sup>1</sup>
Total OPEB liability									
Service cost	\$ 6,872	\$ 5,803	\$ 10,571	\$ 10,388	\$ 8,225	\$ 6,146	\$ 6,684	\$ 5,762	
Interest	6,822	6,619	4,470	4,384	5,111	5,702	5,589	5,499	
Differences between expected and actual experience	3,451	567	(10,185)	5,654	(5,655)	(7,618)	(15,327)	-	
Changes of assumptions	(9,142)	9,029	(77,334)	7,011	26,824	28,093	(10,733)	12,713	
Benefit payments, including refunds of participant contributions	(5,022)	(5,046)	(4,228)	(3,387)	(1,082)	(1,317)	(861)	(314)	
<b>Net change in total OPEB liability</b>	<u>2,981</u>	<u>16,972</u>	<u>(76,706)</u>	<u>24,050</u>	<u>33,423</u>	<u>31,006</u>	<u>(14,648)</u>	<u>23,660</u>	
<b>Total OPEB liability - beginning</b>	<u>\$ 180,032</u>	<u>\$ 163,060</u>	<u>\$ 239,766</u>	<u>\$ 215,716</u>	<u>\$ 182,293</u>	<u>\$ 151,287</u>	<u>\$ 165,935</u>	<u>\$ 142,275</u>	
<b>Total OPEB liability - ending</b>	<u><u>\$ 183,013</u></u>	<u><u>\$ 180,032</u></u>	<u><u>\$ 163,060</u></u>	<u><u>\$ 239,766</u></u>	<u><u>\$ 215,716</u></u>	<u><u>\$ 182,293</u></u>	<u><u>\$ 151,287</u></u>	<u><u>\$ 165,935</u></u>	<sup>2</sup>
<b>Covered employee payroll</b>	\$ 2,643,006	\$ 2,522,827	\$ 2,349,142	\$ 2,258,254	\$ 2,166,506	\$ 2,194,903	\$ 2,156,138	\$ 2,134,157	
<b>Fund's net position as a percentage of covered employee payroll</b>	6.92%	7.14%	6.94%	10.62%	9.96%	8.31%	7.02%	7.78%	

**Notes to schedule:**

<sup>1</sup> 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.

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

***OTHER SUPPLEMENTARY INFORMATION***



***NONMAJOR GOVERNMENTAL FUNDS***

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

	<u>PD Seizure</u>	<u>Civic Center</u>	<u>USDA Revolving Loan</u>	<u>Total Nonmajor Governmental</u>
<b><u>Assets</u></b>				
Cash and cash equivalents	\$ 21,014	\$ 27,816	\$ 129,801	\$ 178,631
Due from other funds	-	3,694	-	3,694
<b>Total Assets</b>	<b>\$ 21,014</b>	<b>\$ 31,510</b>	<b>\$ 129,801</b>	<b>\$ 182,325</b>
<b><u>Liabilities</u></b>				
Accounts payable	\$ -	\$ 6,133	\$ -	\$ 6,133
Accrued liabilities	-	23,249	-	23,249
<b>Total Liabilities</b>	<b>-</b>	<b>29,382</b>	<b>-</b>	<b>29,382</b>
<b><u>Fund Balances</u></b>				
Restricted for:				
Public safety	21,014	-	-	21,014
Civic center	-	2,128	-	2,128
USDA revolving loan	-	-	129,801	129,801
<b>Total Fund Balances</b>	<b>21,014</b>	<b>2,128</b>	<b>129,801</b>	<b>152,943</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 21,014</b>	<b>\$ 31,510</b>	<b>\$ 129,801</b>	<b>\$ 182,325</b>

See Notes to Financial Statements.

**City of Gilmer, Texas**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES,**  
**AND CHANGES IN FUND BALANCES**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**For the Year Ended September 30, 2025**

	<u>PD Seizure</u>	<u>Civic Center</u>	<u>USDA Revolving Loan</u>	<u>Total Nonmajor Governmental</u>
<b><u>Revenues</u></b>				
Rents and royalties	\$ -	\$ 38,313	\$ -	\$ 38,313
Investment income	22	-	835	857
Other revenues	317	35,839	-	36,156
<b>Total Revenues</b>	<u>339</u>	<u>74,152</u>	<u>835</u>	<u>75,326</u>
<b><u>Expenditures</u></b>				
Civic center	-	233,969	-	233,969
Debt service:				
Principal	-	6,627	-	6,627
Interest	-	559	-	559
<b>Total Expenditures</b>	<u>-</u>	<u>241,155</u>	<u>-</u>	<u>241,155</u>
<b>Revenues Over (Under) Expenditures</b>	<u>339</u>	<u>(167,003)</u>	<u>835</u>	<u>(165,829)</u>
<b><u>Other Financing Sources (Uses)</u></b>				
Transfers in	-	167,003	-	167,003
Transfers (out)	(1,925)	-	-	(1,925)
<b>Total Other Financing Sources (Uses)</b>	<u>(1,925)</u>	<u>167,003</u>	<u>-</u>	<u>165,078</u>
<b>Net Change in Fund Balances</b>	(1,586)	-	835	(751)
Beginning fund balances	22,600	2,128	128,966	153,694
<b>Ending Fund Balances</b>	<u>\$ 21,014</u>	<u>\$ 2,128</u>	<u>\$ 129,801</u>	<u>\$ 152,943</u>

See Notes to Financial Statements.



# City of Gilmer, Texas

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

For the Year Ended September 30, 2025

	Original & Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b><u>Revenues</u></b>			
Property tax	\$ 576,349	\$ 584,971	\$ 8,622
Investment income	-	462	462
<b>Total Revenues</b>	576,349	585,433	9,084
<b><u>Expenditures</u></b>			
General government	3,000	3,600	(600) *
Debt service:			
Principal	940,000	415,323	524,677
Interest expenses	209,740	165,576	44,164
<b>Total Expenditures</b>	1,152,740	584,499	568,241
<b>Revenues Over (Under) Expenditures</b>	(576,391)	934	577,325
<b><u>Other Financing Sources (Uses)</u></b>			
Transfers in	576,391	245,500	(330,891)
Transfers (out)	-	(236,646)	(236,646) *
<b>Total Other Financing Sources (Uses)</b>	576,391	8,854	(567,537)
<b>Net Change in Fund Balance</b>	\$ -	9,788	\$ 9,788
Beginning fund balance		42,747	
<b>Ending Fund Balance</b>		\$ 52,535	

Notes to Other Supplementary Information

1. Annual budgets are adopted on a basis consistent with generally accepted accounting principle.
2. \* Expenditures exceeded appropriations at the legal level of control.

# City of Gilmer, Texas

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

### CIVIC CENTER

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>
<b><u>Revenues</u></b>				
Rents and royalties	\$ 31,369	\$ 31,369	\$ 38,313	\$ 6,944
Other revenue	15,109	15,109	35,839	20,730
<b>Total Revenues</b>	<u>46,478</u>	<u>46,478</u>	<u>74,152</u>	<u>27,674</u>
<b><u>Expenditures</u></b>				
Civic Center	\$ 222,166	\$ 254,835	\$ 233,969	\$ 20,866
Debt service:				
Principal	-	-	6,627	(6,627) *
Interest	-	-	559	(559) *
<b>Total Expenditures</b>	<u>222,166</u>	<u>254,835</u>	<u>241,155</u>	<u>13,680</u>
<b>Revenues Over (Under)</b>				
<b>Expenditures</b>	<u>(175,688)</u>	<u>(208,357)</u>	<u>(167,003)</u>	<u>41,354</u>
<b><u>Other Financing Sources (Uses)</u></b>				
Transfers in	175,688	182,588	167,003	(15,585)
<b>Total Other Financing Sources (Uses)</b>	<u>175,688</u>	<u>182,588</u>	<u>167,003</u>	<u>(15,585)</u>
<b>Net Change in Fund Balance</b>	<u>\$ -</u>	<u>\$ (25,769)</u>	<u>-</u>	<u>\$ 25,769</u>
Beginning fund balance			2,128	
<b>Ending Fund Balance</b>			<u>\$ 2,128</u>	

Notes to Other Supplementary Information

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

# City of Gilmer, Texas

## SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL PARKS CAPITAL PROJECTS

For the Year Ended September 30, 2025

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues</b>				
Intergovernmental revenue	\$ -	\$ -	\$ 466,332	\$ 466,332
<b>Total Revenues</b>	-	-	466,332	466,332
<b>Expenditures</b>				
Capital outlay	\$ 1,091,200	\$ 6,204,798	\$ 493,307	\$ 5,711,491
<b>Total Expenditures</b>	1,091,200	6,204,798	493,307	5,711,491
<b>Revenues Over (Under)</b>				
<b>Expenditures</b>	(1,091,200)	(6,204,798)	(26,975)	6,177,823
<b>Net Change in Fund Balance</b>	\$ (1,091,200)	\$ (6,204,798)	(26,975)	\$ 6,177,823
Beginning fund balance			-	
<b>Ending Fund Balance</b>			\$ (26,975)	

Notes to Other Supplementary Information

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

# City of Gilmer, Texas

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

### PD SEIZURE

For the Year Ended September 30, 2025

	Original & Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b><u>Revenues</u></b>			
Investment income	\$ -	\$ 22	\$ 22
Other revenue	2,000	317	(1,683)
<b>Total Revenues</b>	2,000	339	(1,661)
<b><u>Expenditures</u></b>			
General government	2,000	-	2,000
<b>Total Expenditures</b>	2,000	-	2,000
<b>Revenues Over (Under)</b>			
<b>Expenditures</b>	-	339	339
<b><u>Other Financing Sources (Uses)</u></b>			
Transfers (out)	-	(1,925)	(1,925) *
<b>Total Other Financing Sources (Uses)</b>	-	(1,925)	(1,925)
<b>Net Change in Fund Balance</b>	\$ -	(1,586)	\$ (1,586)
Beginning fund balance		22,600	
<b>Ending Fund Balance</b>		\$ 21,014	

Notes to Other Supplementary Information

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

## STATISTICAL SECTION

This part of the City's annual comprehensive financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the City's overall financial health.

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Financial Trends	96
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*These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.*

Revenue Capacity	102
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*These schedules contain information to help the reader assess the City's most significant local revenue source, property tax.*

Debt Capacity	106
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*These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.*

Demographic and Economic Information	109
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*These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.*

Operating Information	111
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*These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.*



**City of Gilmer, Texas**  
**NET POSITION BY COMPONENT**  
**Last Ten Fiscal Years**  
**(accrual basis of accounting)**

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
<b>Governmental Activities</b>										
Net investment in										
capital assets	\$ 6,702,490	\$ 7,955,663	\$ 7,358,654	\$ 6,821,524	\$ 7,039,867	\$ 8,048,209	\$ 7,809,291	\$ 7,962,844	\$ 8,779,175	\$ 9,390,685
Restricted	1,501,965	1,465,125	1,563,527	1,673,212	1,936,525	958,908	1,282,777	2,700,374	408,908	762,118
Unrestricted	(576,036)	(142,932)	357,574	916,400	913,340	1,605,938	2,685,857	743,649	2,456,589	2,502,963
<b>Total Governmental Activities Net Position</b>	<b>\$ 7,628,419</b>	<b>\$ 9,277,856</b>	<b>\$ 9,279,755</b>	<b>\$ 9,411,136</b>	<b>\$ 9,889,732</b>	<b>\$ 10,613,055</b>	<b>\$ 11,777,925</b>	<b>\$ 11,406,867</b>	<b>\$ 11,644,672</b>	<b>\$ 12,655,766</b>
<b>Business-type Activities</b>										
Net investment in										
capital assets	\$ 5,907,504	\$ 9,636,185	\$ 10,209,670	\$ 10,612,940	\$ 11,400,545	\$ 11,520,465	\$ 11,842,507	\$ 12,685,690	\$ 12,978,091	\$ 13,812,788
Restricted	109,518	109,835	110,099	109,639	89,166	724,942	89,273	90,562	91,230	92,371
Unrestricted	5,397,271	1,757,345	2,188,859	2,436,261	2,917,649	3,335,438	4,881,995	4,095,781	3,993,915	3,376,596
<b>Total Business-type Activities Net Position</b>	<b>\$ 11,414,293</b>	<b>\$ 11,503,365</b>	<b>\$ 12,508,628</b>	<b>\$ 13,158,840</b>	<b>\$ 14,407,360</b>	<b>\$ 15,580,845</b>	<b>\$ 16,813,775</b>	<b>\$ 16,872,033</b>	<b>\$ 17,063,236</b>	<b>\$ 17,281,755</b>
<b>Primary Government</b>										
Net investment in										
capital assets	\$ 12,609,994	\$ 17,591,848	\$ 17,568,324	\$ 17,434,464	\$ 18,440,412	\$ 19,568,674	\$ 19,651,798	\$ 20,648,534	\$ 21,757,266	\$ 23,203,473
Restricted	1,611,483	1,574,960	1,673,626	1,782,851	2,025,691	1,683,850	1,372,050	2,790,936	500,138	854,489
Unrestricted	4,821,235	1,614,413	2,546,433	3,352,661	3,830,989	4,941,376	7,567,852	4,839,430	6,450,504	5,879,559
<b>Total Primary Government Net</b>	<b>\$ 19,042,712</b>	<b>\$ 20,781,221</b>	<b>\$ 21,788,383</b>	<b>\$ 22,569,976</b>	<b>\$ 24,297,092</b>	<b>\$ 26,193,900</b>	<b>\$ 28,591,700</b>	<b>\$ 28,278,900</b>	<b>\$ 28,707,908</b>	<b>\$ 29,937,521</b>

Source: City's Audited Financial Statements

# City of Gilmer, Texas

## CHANGES IN NET POSITION

Last Ten Fiscal Years  
(accrual basis of accounting)

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
<b>Expenses</b>										
Governmental activities:										
General government	\$ 947,749	\$ 968,971	\$ 848,024	\$ 794,536	\$ 758,804	\$ 819,532	\$ 722,619	\$ 679,557	\$ 573,729	\$ 634,950
Public works	899,680	571,870	621,519	939,092	813,594	844,336	813,510	944,580	1,055,116	893,566
Public safety	2,150,448	2,238,950	2,316,510	2,263,525	2,278,625	2,162,602	2,130,537	2,816,309	2,898,019	2,974,742
Community services	180,719	167,866	174,063	167,865	158,916	144,067	140,531	174,556	172,630	185,190
Civic Center	185,372	191,787	262,703	278,199	266,937	210,922	288,590	309,638	325,129	339,737
Interest and fiscal agent fees	210,818	211,190	201,809	198,267	174,782	333,255	183,572	193,561	137,090	127,736
<b>Total governmental activities</b>	<b>4,574,786</b>	<b>4,350,634</b>	<b>4,424,628</b>	<b>4,641,484</b>	<b>4,451,658</b>	<b>4,514,714</b>	<b>4,279,359</b>	<b>5,118,201</b>	<b>5,161,713</b>	<b>5,155,921</b>
Business-type activities:										
Water and sewer	1,754,049	1,745,905	1,809,312	1,947,329	2,041,456	1,767,271	1,917,074	2,293,898	2,473,089	2,673,137
Sanitation	644,852	669,563	682,409	697,238	727,774	763,210	843,035	995,773	1,113,928	1,168,775
Airport	72,915	88,715	79,790	123,348	81,711	211,130	236,892	257,531	215,854	231,277
<b>Total business-type activities</b>	<b>2,471,816</b>	<b>2,504,183</b>	<b>2,571,511</b>	<b>2,767,915</b>	<b>2,850,941</b>	<b>2,741,611</b>	<b>2,997,001</b>	<b>3,547,202</b>	<b>3,802,871</b>	<b>4,073,189</b>
<b>Total primary government</b>	<b>\$ 7,046,602</b>	<b>\$ 6,854,817</b>	<b>\$ 6,996,139</b>	<b>\$ 7,409,399</b>	<b>\$ 7,302,599</b>	<b>\$ 7,256,325</b>	<b>\$ 7,276,360</b>	<b>\$ 8,665,403</b>	<b>\$ 8,964,584</b>	<b>\$ 9,229,110</b>
<b>Program Revenues</b>										
Governmental activities:										
Charges for services	\$ 386,407	\$ 421,763	\$ 403,071	\$ 443,157	\$ 373,334	\$ 420,334	\$ 424,190	\$ 439,378	\$ 350,974	\$ 314,567
Operating grants and contributions	1,831	1,686	7,627	6,953	288,446	41,090	1,325	2,828	279,253	292,958
Capital grants and contributions	100,000	1,468,902	58,937	15,882	-	-	-	529,175	-	643,307
<b>Total governmental activities</b>	<b>488,238</b>	<b>1,892,351</b>	<b>469,635</b>	<b>465,992</b>	<b>661,780</b>	<b>461,424</b>	<b>425,515</b>	<b>971,381</b>	<b>630,227</b>	<b>1,250,832</b>
Business-type activities:										
Charges for services	2,840,434	3,018,087	3,179,677	2,976,975	2,999,656	3,032,047	3,220,901	3,392,924	3,493,179	3,641,950
Operating grants and contributions	-	8,563	11,000	6,298	29,739	21,489	7,165	31,837	100,000	100,000
Capital grants and contributions	600,503	214,573	179,623	296,669	591,184	657,385	639,700	508,000	-	-
<b>Total business-type activities</b>	<b>3,440,937</b>	<b>3,241,223</b>	<b>3,370,300</b>	<b>3,279,942</b>	<b>3,620,579</b>	<b>3,710,921</b>	<b>3,867,766</b>	<b>3,932,761</b>	<b>3,593,179</b>	<b>3,741,950</b>
<b>Total primary government</b>	<b>\$ 3,929,175</b>	<b>\$ 5,133,574</b>	<b>\$ 3,839,935</b>	<b>\$ 3,745,934</b>	<b>\$ 4,282,359</b>	<b>\$ 4,172,345</b>	<b>\$ 4,293,281</b>	<b>\$ 4,904,142</b>	<b>\$ 4,223,406</b>	<b>\$ 4,992,782</b>

**City of Gilmer, Texas**  
**CHANGES IN NET POSITION (Continued)**  
**Last Ten Fiscal Years**  
**(accrual basis of accounting)**

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
<b>Net (Expense)/Revenue</b>										
Governmental activities	\$ (4,086,548)	\$ (2,458,283)	\$ (3,954,993)	\$ (4,175,492)	\$ (3,789,878)	\$ (4,053,290)	\$ (3,853,844)	\$ (4,146,820)	\$ (4,531,486)	\$ (3,905,089)
Business-type activities	969,121	737,040	798,789	512,027	769,638	969,310	870,765	385,559	(209,692)	(331,239)
Total primary government	<u>\$ (3,117,427)</u>	<u>\$ (1,721,243)</u>	<u>\$ (3,156,204)</u>	<u>\$ (3,663,465)</u>	<u>\$ (3,020,240)</u>	<u>\$ (3,083,980)</u>	<u>\$ (2,983,079)</u>	<u>\$ (3,761,261)</u>	<u>\$ (4,741,178)</u>	<u>\$ (4,236,328)</u>
<b>General Revenues</b>										
Governmental activities:										
Taxes:										
Property taxes	\$ 1,786,542	\$ 1,814,689	\$ 1,908,068	\$ 1,948,381	\$ 2,019,621	\$ 2,026,907	\$ 2,049,772	\$ 2,215,150	\$ 2,294,740	\$ 2,377,800
Sales taxes	1,602,074	1,649,954	1,767,272	1,900,238	2,105,042	2,253,551	2,545,005	2,744,074	1,848,345	1,876,301
Franchise and local taxes	318,245	319,980	332,181	322,465	392,935	407,668	456,345	537,131	589,277	607,599
Other taxes	61,625	56,213	54,268	61,302	54,022	62,348	62,147	77,589	81,023	83,598
Penalty and interest	24,188	21,520	14,469	16,235	18,233	29,990	29,312	34,253	-	-
Other revenue	62,740	72,395	89,365	67,646	78,456	73,229	123,852	56,321	65,709	97,615
Investment income	23,074	17,858	23,815	38,871	32,299	39,224	87,041	228,538	335,684	318,542
Gain(loss) disposal of assets	-	80,277	96,170	8,808	(10,942)	-	-	-	-	-
Transfers, net	64,628	74,834	(216,318)	(57,072)	(421,192)	(116,304)	(334,759)	(81,929)	(340,721)	(445,272)
Total governmental activities	<u>3,943,116</u>	<u>4,107,720</u>	<u>4,069,290</u>	<u>4,306,874</u>	<u>4,268,474</u>	<u>4,776,613</u>	<u>5,018,715</u>	<u>5,811,127</u>	<u>4,874,057</u>	<u>4,916,183</u>
Business-type activities:										
Investment earnings	11,719	13,273	18,091	18,429	18,558	15,548	11,855	15,175	60,174	104,486
Other revenue	-	-	-	62,270	14,204	8,552	15,550	11,544	-	-
Gain(loss) on disposal assets	(563,485)	56,231	1,942	39,770	24,926	(2,990)	-	-	-	-
Transfers, net	(64,628)	(74,834)	216,318	57,072	421,192	116,304	334,759	81,929	340,721	445,272
Total business-type activities	<u>(616,394)</u>	<u>(5,330)</u>	<u>236,351</u>	<u>177,541</u>	<u>478,880</u>	<u>137,414</u>	<u>362,164</u>	<u>108,648</u>	<u>400,895</u>	<u>549,758</u>
Total primary government	<u>\$ 3,326,722</u>	<u>\$ 4,102,390</u>	<u>\$ 4,305,641</u>	<u>\$ 4,484,415</u>	<u>\$ 4,747,354</u>	<u>\$ 4,914,027</u>	<u>\$ 5,380,879</u>	<u>\$ 5,919,775</u>	<u>\$ 5,274,952</u>	<u>\$ 5,465,941</u>
<b>Change in Net Position</b>										
Governmental activities	\$ (143,432)	\$ 1,649,437	\$ 114,297	\$ 131,382	\$ 478,596	\$ 723,323	\$ 1,164,871	\$ 1,664,307	\$ 342,571	\$ 1,011,094
Business-type activities	352,727	731,710	1,035,140	689,568	1,248,518	1,106,724	1,232,929	494,207	191,203	218,519
Total primary government	<u>\$ 209,295</u>	<u>\$ 2,381,147</u>	<u>\$ 1,149,437</u>	<u>\$ 820,950</u>	<u>\$ 1,727,114</u>	<u>\$ 1,830,047</u>	<u>\$ 2,397,800</u>	<u>\$ 2,158,514</u>	<u>\$ 533,774</u>	<u>\$ 1,229,613</u>

Source: City's Audited Financial Statements

**City of Gilmer, Texas**  
**FUND BALANCES, GOVERNMENTAL FUNDS**  
**Last Ten Years**  
**(modified accrual basis of accounting)**

	2016	2017	2018	2019	2020	2021	2022 <sup>(1)</sup>	2023	2024	2025
General fund:										
Nonspendable	\$ 7,362	\$ 9,929	\$ -	\$ -	\$ 3,977	\$ 4,175	\$ -	\$ -	\$ -	\$ 5,665
Restricted	585,414	388,551	320,368	190,727	207,512	238,058	176,682	192,333	-	97,032
Committed	-	-	-	-	-	-	239,701	235,277	254,679	147,945
Assigned	67,930	173,460	78,614	252,112	75,413	64,592	106,723	155,861	-	893,482
Unassigned	801,510	990,025	1,434,605	1,813,117	1,965,730	2,612,671	3,047,422	3,063,049	3,378,456	2,658,345
<b>Total general fund</b>	<b>\$ 1,462,216</b>	<b>\$ 1,561,965</b>	<b>\$ 1,833,587</b>	<b>\$ 2,255,956</b>	<b>\$ 2,252,632</b>	<b>\$ 2,919,496</b>	<b>\$ 3,570,528</b>	<b>\$ 3,646,520</b>	<b>\$ 3,633,135</b>	<b>\$ 3,802,469</b>
All other governmental funds:										
Nonspendable	\$ -	\$ -	\$ -	\$ -	\$ 552	\$ 553	\$ -	\$ 228,087	\$ -	\$ -
Restricted	957,883	1,111,788	1,281,119	1,524,458	1,816,233	7,353,158	7,519,994	6,579,079	5,999,216	5,216,428
Unassigned	-	-	-	-	(8,444)	-	(1,851)	-	-	(26,975)
<b>Total all other governmental funds</b>	<b>\$ 957,883</b>	<b>\$ 1,111,788</b>	<b>\$ 1,281,119</b>	<b>\$ 1,524,458</b>	<b>\$ 1,808,341</b>	<b>\$ 7,353,711</b>	<b>\$ 7,518,143</b>	<b>\$ 6,807,166</b>	<b>\$ 5,999,216</b>	<b>\$ 5,189,453</b>

Source: City's Audited Financial Statements

<sup>(1)</sup> Prior to 2023 the data includes the Economic Development Corporation which was previously reported as a blended component unit. The EDC is now reported as a discretely presented component unit.

# City of Gilmer, Texas

## CHANGES IN FUND BALANCE, GOVERNMENTAL FUNDS

Last Ten Years

(modified accrual basis of accounting)

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
<b>Revenues</b>										
Property taxes	\$ 1,804,492	\$ 1,814,372	\$ 1,887,755	\$ 1,939,448	\$ 2,035,760	\$ 2,032,488	\$ 2,042,840	\$ 2,219,525	\$ 2,268,982	\$ 2,387,726
Sales and other taxes	1,981,945	2,026,147	2,153,209	2,284,005	2,551,999	2,723,567	3,063,497	3,358,794	2,518,645	2,567,498
Penalty and interest	24,188	21,520	14,981	16,235	18,233	29,990	29,312	34,253	29,288	34,604
Intergovernmental	73,540	122,954	126,000	126,000	126,000	126,000	135,900	136,800	279,253	909,290
License and permits	26,856	23,784	36,667	39,581	32,221	41,102	46,852	64,735	70,971	54,589
Fines and forfeitures	235,210	216,953	206,197	231,699	177,812	185,434	175,461	172,524	186,994	184,886
Rents and royalties	45,948	38,800	35,481	38,595	35,049	43,737	49,784	57,976	63,721	40,488
Investment income	23,075	17,858	23,815	38,871	32,299	39,223	87,041	228,538	335,684	318,542
Other revenue	329,142	1,879,606	213,603	171,302	756,230	223,922	243,260	56,463	65,709	97,615
<b>Total Revenues</b>	<b>4,544,396</b>	<b>6,161,994</b>	<b>4,697,708</b>	<b>4,885,736</b>	<b>5,765,603</b>	<b>5,445,463</b>	<b>5,873,947</b>	<b>6,329,608</b>	<b>5,819,247</b>	<b>6,595,238</b>
<b>Expenditures</b>										
Current:										
General government	585,779	563,382	506,667	462,088	460,971	519,928	464,035	389,056	389,621	446,217
Treasurer/finance	156,835	163,758	164,495	174,276	177,685	179,780	151,926	156,873	142,654	175,412
Streets	2,116,784	823,721	262,472	301,282	323,446	406,337	240,817	698,630	365,649	418,816
Fire operations	692,493	638,413	625,501	660,257	1,130,739	657,375	906,883	817,418	844,350	856,165
Police operation	1,350,877	1,340,591	1,466,656	1,443,036	1,572,120	1,500,448	1,572,789	1,735,704	1,761,884	1,764,576
Municipal court	86,969	84,075	86,393	83,700	83,031	76,043	78,882	83,545	91,633	118,856
Parks	500	138,559	87,248	128,495	108,095	67,355	109,591	214,105	71,628	89,127
Community	166,289	140,512	147,105	156,308	150,281	144,433	141,444	164,052	165,259	174,961
Lake	-	-	-	-	-	-	-	-	2,788	7,440
Council	26,940	30,005	21,864	25,693	28,839	35,720	33,446	31,748	29,155	31,374
Contingency	-	-	61,825	-	-	-	-	-	599,648	211,884
Civic center	137,523	1,431,960	158,336	147,134	137,564	85,025	170,866	197,617	200,435	233,969
Debt service:										
Principal	254,228	277,022	294,451	307,303	327,718	347,978	475,696	518,421	408,693	421,950
Interest	234,909	215,235	205,705	196,540	185,249	284,711	263,939	226,742	176,704	166,135
Capital outlay	-	-	-	-	-	-	-	-	1,049,760	1,673,513
	5,810,126	5,847,233	4,088,718	4,086,112	4,685,738	4,305,133	4,610,314	5,233,911	6,299,861	6,790,395
<b>Revenues Over (Under) Expenditures</b>	<b>(1,265,730)</b>	<b>314,761</b>	<b>608,990</b>	<b>799,624</b>	<b>1,079,865</b>	<b>1,140,330</b>	<b>1,263,633</b>	<b>1,095,697</b>	<b>(480,614)</b>	<b>(195,157)</b>
<b>Other Financing Sources (Uses)</b>										
Transfers in	775,438	795,188	961,042	606,037	261,903	549,594	940,599	890,932	795,335	439,428
Transfers (out)	(710,809)	(720,354)	(1,177,360)	(663,109)	(683,095)	(665,898)	(1,275,358)	(972,861)	(1,136,056)	(884,700)
Debt issued	-	56,500	-	-	-	7,565,000	-	-	-	-
Premium on bonds issued	-	-	-	-	-	674,712	-	-	-	-
Payment to refunded escrow agent	-	-	-	-	-	(2,939,544)	-	-	-	-
Sale of capital assets	-	129,462	130,330	8,808	-	-	8,220	-	-	-
<b>Total Other Financing Sources</b>	<b>64,629</b>	<b>260,796</b>	<b>(85,988)</b>	<b>(48,264)</b>	<b>(421,192)</b>	<b>5,183,864</b>	<b>(326,539)</b>	<b>(81,929)</b>	<b>(340,721)</b>	<b>(445,272)</b>
<b>Net Change in Fund Balances</b>	<b>\$ (1,201,101)</b>	<b>\$ 575,557</b>	<b>\$ 523,002</b>	<b>\$ 751,360</b>	<b>\$ 658,673</b>	<b>\$ 6,324,194</b>	<b>\$ 937,094</b>	<b>\$ 1,013,768</b>	<b>\$ (821,335)</b>	<b>\$ (640,429)</b>
Ratio of total debt service expenditures to noncapital	8%	8%	12%	12%	11%	15%	16%	14%	12%	11%

# City of Gilmer, Texas

## ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY

Last Ten Fiscal Years

Fiscal Year	Real Property	Personal Property	Less: Tax Exempt Property	Total Taxable Assessed Value	Total Direct Tax Rate
2016	\$ 323,168,586	\$ 47,687,558	\$ 84,167,301	\$ 286,688,843	0.62518
2017	328,670,990	45,896,314	85,044,175	289,523,129	0.62952
2018	351,194,101	46,390,103	91,157,570	306,426,634	0.62952
2019	353,503,327	47,450,001	90,578,472	310,374,856	0.62952
2020	359,023,018	50,803,168	88,236,724	321,589,462	0.62952
2021	349,621,253	54,085,924	85,450,921	318,256,256	0.63510
2022	383,817,715	62,005,203	116,343,021	329,479,897	0.62562
2023	461,714,309	91,770,804	166,278,329	387,206,784	0.57079
2024	519,546,746	107,184,372	183,849,617	442,881,501	0.51468
2025	551,388,319	119,865,932	194,586,053	476,668,198	0.50004

Note: Tax rates per \$100 of assessed valuation.

Source: City of Gilmer Budget Document.

Upshur County Central Appraisal Districts.

# City of Gilmer, Texas

## PROPERTY TAX RATES - DIRECT AND OVERLAPPING GOVERNMENTS

Last Ten Years

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
<b>Direct Rates:</b>										
City of Gilmer - Operating	0.41876	0.43383	0.44042	0.43880	0.44749	0.45564	0.46094	0.42312	0.38888	0.38006
City of Gilmer - Debt Service	0.20642	0.19569	0.18910	0.19072	0.18204	0.17947	0.16468	0.14768	0.12580	0.11998
<b>Total Direct Rate</b>	<b>0.62518</b>	<b>0.62952</b>	<b>0.62952</b>	<b>0.62952</b>	<b>0.62952</b>	<b>0.63510</b>	<b>0.62562</b>	<b>0.57079</b>	<b>0.51468</b>	<b>0.50004</b>
<b>Overlapping Rates:</b>										
Gilmer ISD	1.22000	1.22000	1.22000	1.31000	1.39900	1.39900	1.39900	1.24950	1.00000	0.98000
Upshur ESD #1	0.03000	0.07000	0.07000	0.07000	0.07000	0.07000	0.07000	0.06460	0.07000	0.07000
Upshur County	0.55840	0.56980	0.59500	0.59500	0.61500	0.61500	0.61500	0.59900	0.49600	0.49900
<b>Total Upshur County Entities</b>	<b>1.80840</b>	<b>1.85980</b>	<b>1.88500</b>	<b>1.97500</b>	<b>2.08400</b>	<b>2.08400</b>	<b>2.08400</b>	<b>1.91310</b>	<b>1.56600</b>	<b>1.54900</b>

Tax rates per \$100 of assessed valuation.

Source: Upshur County Central Appraisal Districts.

**City of Gilmer, Texas**  
**PRINCIPAL PROPERTY TAXPAYERS**  
**Current Year and Nine Years Ago**

Property Tax Payer	2025			2016		
	Taxable Assessed Value	Rank	% of Taxable Assessed Value	Taxable Assessed Value	Rank	% of Taxable Assessed Value
ROB ROY INDUSTRIES	\$ 20,661,060	1	4.67%	\$ 9,457,320	1	3.30%
WAL-MART STORES						
TEXAS LLC US00146	8,881,414	2	2.01%	9,069,700	2	3.16%
AEP SOUTHWESTERN						
ELEC POWER CO	7,670,560	3	1.73%	3,514,930	6	1.23%
COIL SPECIALIST INC	7,657,600	5	1.73%	-	n/a	-
HIXSON LUMBER						
COMPANY LLC	6,588,480	4	1.49%	-	n/a	-
SCOUT 5 PROPERTIES LLC	6,213,900	6	1.40%	-	n/a	-
WESTCO FAMILY						
PROPERTIES LLC	6,630,685	8	1.50%	-	n/a	-
ROB ROY INDUSTRIES	5,190,570	7	1.17%	2,686,930	9	0.94%
WESLEY HOUSE GILMER						
LLC	4,831,950	9	1.09%	-	n/a	-
ETEX TELEPHONE COOP						
INC	4,620,480	10	1.04%	2,867,790	8	1.00%
GILMER HOSPITAL						
PARTNERS LLC	-	n/a	-	4,951,450	3	1.73%
WESLEY PARTNERS LTD	-	n/a	-	4,300,530	4	1.50%
GILMER NATIONAL BANK	-	n/a	-	2,949,940	7	1.03%
DEAN LUMBER COMPANY	-	na	-	2,632,820	10	0.92%
HIXSON LUMBER SALES						
OF TEXAS	-	na	-	3,537,130	5	1.23%
<b>Total</b>	<b>\$ 78,946,699</b>		<b>17.83%</b>	<b>\$ 45,968,540</b>		<b>16.03%</b>
Total Assessed Valuation	\$ 442,881,501		100%	\$ 286,688,843		100%

Source: Upshur County Appraisal District.

Note: Property is assessed as of January 1 and certified to the City by July 25 for taxable values.

**City of Gilmer, Texas**  
**PROPERTY TAX LEVIES AND COLLECTIONS**  
**Last Ten Years**

	Tax Year									
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Tax levy	\$ 1,787,675	\$ 1,818,198	\$ 1,924,996	\$ 1,950,290	\$ 2,015,469	\$ 2,022,288	\$ 2,056,761	\$ 2,209,619	\$ 2,277,281	\$ 2,382,334
Penalty and interest	\$ 15,904	\$ 14,591	\$ 16,184	\$ 12,542	\$ 15,473	\$ 15,166	\$ 9,762	\$ 13,898	\$ 14,823	\$ 15,393
Current tax collected	\$ 1,740,839	\$ 1,765,132	\$ 1,853,508	\$ 1,876,400	\$ 1,960,772	\$ 1,972,998	\$ 1,996,024	\$ 2,151,892	\$ 2,205,820	\$ 2,309,437
Percent of current tax collections	97.38%	97.08%	96.29%	96.21%	97.29%	97.56%	97.05%	97.39%	96.86%	96.94%
Delinquent tax collections	\$ 34,535	\$ 38,283	\$ 53,032	\$ 52,799	\$ 33,608	\$ 30,623	\$ 36,058	\$ 25,099	\$ 28,470	\$ -
Penalty and interest	\$ 14,179	\$ 16,101	\$ 19,195	\$ 15,982	\$ 11,321	\$ 9,313	\$ 10,414	\$ 6,062	\$ 6,541	\$ -
Total tax collections	\$ 1,775,374	\$ 1,803,415	\$ 1,906,540	\$ 1,929,199	\$ 1,994,380	\$ 2,003,621	\$ 2,032,082	\$ 2,176,991	\$ 2,234,290	\$ 2,309,437
Total collections as a percentage of levy	99.3%	99.2%	99.0%	98.9%	99.0%	99.1%	98.8%	98.5%	98.1%	96.9%

Source: Upshur County reports.

**City of Gilmer, Texas**  
**RATIOS OF OUTSTANDING DEBT BY TYPE**  
**Last Ten Years**

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
<b>Governmental activities:</b>										
General Obligation Bonds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Premium	-	-	-	-	-	-	-	-	-	-
Discounts	-	-	-	-	-	-	-	-	-	-
Certificates of Obligation	1,705,772	1,583,750	1,454,101	1,316,826	1,164,298	6,951,685	6,596,531	6,203,834	5,801,055	5,385,730
Premium	18,899	16,613	14,327	12,042	9,756	686,368	649,284	612,200	575,116	538,032
Sales Tax & Revenue Bonds	3,700,000	3,545,000	3,385,000	3,220,000	3,050,000	1,615,000	1,500,000	1,380,000	1,255,000	1,125,000
Note Payable	-	56,500	51,698	46,670	41,480	36,115	30,573	24,849	18,936	12,311
<b>Business-type activities:</b>										
General Obligation Bonds	\$ 7,820,000	\$ 7,320,000	\$ 6,815,000	\$ 6,305,000	\$ 5,590,000	\$ 5,135,000	\$ 4,660,000	\$ 4,170,000	\$ 3,660,000	\$ 3,130,000
Certificates of Obligation	1,649,228	1,531,250	1,405,899	1,273,174	1,125,702	973,314	818,469	661,166	498,947	334,270
Premium	261,120	239,528	217,934	196,342	455,404	413,176	370,950	328,724	286,498	244,271
<b>Total primary government</b>	<b>\$ 15,155,019</b>	<b>\$ 14,292,641</b>	<b>\$ 13,343,959</b>	<b>\$ 12,370,054</b>	<b>\$ 11,436,640</b>	<b>\$ 15,810,658</b>	<b>\$ 14,625,807</b>	<b>\$ 13,380,773</b>	<b>\$ 12,095,551</b>	<b>\$ 10,769,615</b>
Percentage of personal income (1)	32858.55%	31994.63%	36641.11%	33966.87%	27391.18%	27358.34%	35757.30%	30484.29%	29301.95%	26089.81%
Per capita (1)	\$ 2,624	\$ 2,464	\$ 2,291	\$ 2,141	\$ 1,972	\$ 2,838	\$ 2,677	\$ 2,529	\$ 2,253	\$ 1,977

Note: Details regarding the City's outstanding debt can be found in the notes to the financial statements.

(1) Personal income and population data is disclosed on page 111.

**City of Gilmer, Texas**  
**RATIO OF GENERAL BONDED DEBT OUTSTANDING**  
**Last Ten Years**

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
<b>NET TAXABLE ASSESSED VALUE</b>										
All property	\$ 286,688,843	\$ 289,523,129	\$ 306,426,634	\$ 310,374,856	\$ 321,589,462	\$ 318,256,256	\$ 329,479,897	\$ 387,206,784	\$ 442,881,501	\$ 476,668,198
<b>NET BONDED DEBT (1)</b>										
Gross bonded debt	3,373,899	3,131,613	2,874,327	2,602,042	11,436,640	15,810,658	14,625,807	13,380,773	12,095,551	10,769,615
Less debt service funds	-	-	-	-	-	-	-	-	-	-
<b>Net Bonded Debt</b>	<u>\$ 3,373,899</u>	<u>\$ 3,131,613</u>	<u>\$ 2,874,327</u>	<u>\$ 2,602,042</u>	<u>\$ 11,436,640</u>	<u>\$ 15,810,658</u>	<u>\$ 14,625,807</u>	<u>\$ 13,380,773</u>	<u>\$ 12,095,551</u>	<u>\$ 10,769,615</u>
<b>RATIO OF NET BONDED DEBT TO ASSESSED</b>	1.18%	1.08%	0.94%	0.84%	3.56%	4.97%	4.44%	3.46%	2.73%	2.26%
<b>POPULATION</b>	5,148	5,179	5,210	5,184	5,229	5,229	5,158	5,029	5,147	5,278
<b>NET BONDED DEBT PER CAPITA</b>	\$ 655	\$ 605	\$ 552	\$ 502	\$ 2,187	\$ 3,024	\$ 2,836	\$ 2,661	\$ 2,350	\$ 2,040

Note: Details regarding the City's outstanding debt can be found in the notes to the financial statements.

(1) This is the general bonded debt of both governmental and business-type activities, net of original issuance discounts and

# City of Gilmer, Texas

## DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT

September 30, 2025

<b>Governmental Unit</b>	<b>Gross Bonded Debt Outstanding (a)</b>	<b>Estimated Percentage Applicable (b)</b>	<b>Estimated Share of Overlapping Debt (a * b)</b>
<b>Debt repaid with property taxes</b>			
Gilmer ISD (as of 08/31/2025)	\$ 38,900,183	38.96%	\$ 15,157,050
Subtotal, overlapping debt			15,157,050
<b>City direct debt</b>			7,061,074
<b>Total direct and overlapping debt</b>			\$ 22,218,124

Sources: Taxing Entities and City, Upshur County Appraisal District.

\* For debt repaid with property taxes, the percentage of overlapping debt applicable is estimated using taxable assessed property values. Applicable percentages were estimated by determining the portion of another governmental unit's taxable assessed value that is within the City's boundaries and dividing it by each unit's total taxable assessed value.

# City of Gilmer, Texas

## DEMOGRAPHIC AND ECONOMIC STATISTICS

### Last Ten Fiscal Years

Year	Estimated Population <sup>1</sup>	Personal Income <sup>3</sup>	Per Capita Personal Income <sup>5</sup>	School Enrollment <sup>4</sup>	Unemployment Rate <sup>2</sup>
				Gilmer ISD	Upshur County
2016	5,148	\$ 46,122	\$ 22,455	2,421	5.2%
2017	5,179	44,672	22,547	2,418	6.3%
2018	5,210	36,418	22,790	2,418	4.3%
2019	5,184	36,418	22,790	2,493	4.1%
2020	5,229	41,753	22,790	2,585	3.8%
2021	5,229	57,791	21,940	2,510	8.5%
2022	5,158	40,903	21,940	2,678	5.6%
2023	5,029	43,894	24,262	2,821	7.7%
2024	5,147	41,279	24,763	2,920	8.3%
2025	5,278	41,279	24,763	2,946	4.5%

Sources:

1. Texas State Data Center & Office of the State Demographer
2. texaslmi.com
3. Census.gov - last update 2023
4. Texas Education Agency District Profile
5. Census.gov - last update 2023

# City of Gilmer, Texas

## PRINCIPAL EMPLOYERS

Current Fiscal Year and Nine Years Ago

Employer	2025			2016		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
Gilmer ISD	526	1	13.33%	349	1	8.75%
Walmart	220	2	5.58%	200	2	5.02%
Upshur County	208	3	5.27%	155	3	3.89%
RobRoy Industries	150	4	3.80%	95	6	2.38%
Upshur Rural Electric	117	5	2.97%	107	5	2.68%
Hixson Lumber Company	110	6	2.79%	120	4	3.01%
ETEX	101	7	2.56%	81	7	2.03%
CSI	60	8	1.52%	50	8	1.25%
City of Gilmer	51	9	1.29%	49	9	1.23%
Custom Commodities	46	10	1.17%	12	10	0.30%
<b>Total</b>	<b>1,543</b>		<b>39.11%</b>	<b>1,206</b>		<b>30.24%</b>

Total City Employment<sup>1</sup> 3,945 3,988

Employment numbers provided by respective employers

1. census.gov estimate

# City of Gilmer, Texas

## *FULL-TIME EQUIVALENT CITY EMPLOYEES BY FUNCTION/PROGRAM*

Last Ten Fiscal Years

<u>Function/Program</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2023</u>	<u>2025</u>
<b>General Government</b>										
City Administration	3	3	3	3	3	3	3	3	2.5	2.5
Finance	2	2	2	2	2	2	2	2	2	2
Municipal Court	1	1	1	1	1	1	1	1	1.5	1.5
Community development	1	1	1	1	1	1	1	1	1	1
Permits/Billing	2.5	2.5	2.5	3	3	2.5	2.5	2.5	3.0	3.0
<b>Public Safety</b>										
Police Administration	1	1	1	1	1	1	1	1	3	3
Police Officers	16	16	16	16	16	16	16	16	12	13
Civilians	3.5	3.5	3.5	3.5	3.5	3.5	3.5	3.5	3.5	3.5
Animal Control	1	1	1	1	1	1	1	1	1	1
Firefighters and Officers	7	7	7	9	7	7	7	7	7	7
<b>Public Works</b>										
Public Works Administration	1	1	1	1	1	1	1	1	1	1
Public Works Employees	9	10	11	11	11	11	11	11	11	12
<b>Civic Center</b>										
Administration	1	1	1	1	1	1	1	1	1	1
<b>Total</b>	<u>49</u>	<u>50</u>	<u>51</u>	<u>54</u>	<u>52</u>	<u>51</u>	<u>51</u>	<u>51</u>	<u>49.5</u>	<u>51.5</u>

Sources: Various City departments.

**City of Gilmer, Texas**  
**OPERATING INDICATORS BY FUNCTION/PROGRAM**  
**Last Ten Fiscal Years**

<b>Function/Program</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>	<b>2025</b>
General government										
Building permits issued	157	115	99	20	30	32	31	38	36	51
Building inspections conducted	166	116	196	240	60	68	69	69	64	108
Public safety										
Police										
Physical arrests	494	479	385	478	223	165	278	283	376	208
Traffic violations	1,696	1,825	2,935	2,739	2,114	2,212	3,081	4,546	4,724	3,254
Fire										
Emergency responses	434	481	593	456	455	458	526	508	511	556
Fires extinguished	132	133	201	117	117	116	190	138	113	123
Inspections	21	24	94	55	64	47	52	50	56	60
Highways and Streets										
Street resurfacing (miles)	1	1	0	1	1	1	2	2	2.0	0.6
Potholes repaired	300	300	300	1,500	1,500	1,500	1,500	1,500	3,000	3,000
Water										
New connections	5	5	5	5	34	16	N/A	82	87	10
Water main breaks	25	31	45	19	24	15	11	29	34	14
Average daily consumption (thousands of gallons)	662	668	618	561	678	750	983	448	699	599
Peak daily consumption (thousands of gallons)	1086	1439	1767	2053	1620	1979	3502	2831	1504	1798
Municipal Court										
Cases processed	2,529	2,775	3,015	3,330	2,199	2,394	2,398	1,939	2,363	1,383
General Services										
Work orders	2,849	2,277	1,890	1,885	1,788	2,545	3,405	2,303	2,092	2,882
Information Technology										
Personal computers / laptops	20	20	20	20	20	20	20	20	20	20
Service requests	43	66	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

Sources: Various City departments.

<sup>a</sup> Thousands of gallons

**City of Gilmer, Texas**  
**CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM**  
**Last Ten Years**

Function/Program	2016	2017	2018	2019	2020	2021	2022	2023	2024
Public safety									
Police stations	1	1	1	1	1	1	1	1	1
Police patrol units	6	6	6	6	6	6	6	6	6
Fire									
Fire stations	1	1	1	1	1	1	1	1	1
Number of Vehicles	10	11	11	11	11	11	11	11	11
Public works									
Streets-paved (miles)	41.4	41.4	41.4	41.4	41.4	41.4	41.4	41.4	41.4
Water									
Water mains	56	56	56	56	56	56	56	56	68
Fire Hydrants	291	291	291	291	291	291	291	291	298
Storage Capacity	2,075,000	2,075,000	2,075,000	2,075,000	2,075,000	2,075,000	2,075,000	2,075,000	2,075,000
Wastewater									
Sanitary Sewer (miles)	53.2	53.2	53.2	53.2	53.2	53.2	53.2	53.2	54.2
General Services									
Facilities	4	4	4	4	4	4	4	4	4
Fleet Vehicles	11	14	14	14	14	14	14	14	14
Network servers	2	2	2	2	2	2	2	2	2

Sources: Various City departments.

