

Annual Comprehensive Financial Report

.....
For Fiscal Year Ended September 30, 2025



**CITY OF GALVESTON,
TEXAS**



**ANNUAL COMPREHENSIVE
FINANCIAL REPORT**

**Fiscal Year Ended
September 30, 2025**

**Prepared by:
Finance Department**

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**Annual Comprehensive Financial Report
For the Fiscal Year Ended September 30, 2025
Table of Contents**

**Page
Number**

Introductory Section (Unaudited)

Letter of Transmittal	vii
Principal Officials.....	xx
Organizational Chart	xxii
GFOA Certificate of Achievement for Excellence in Financial Reporting	xxiii

Financial Section

Independent Auditor’s Report	3
Management’s Discussion and Analysis (Unaudited).....	7

Basic Financial Statements

Government-Wide Financial Statements:	
Statement of Net Position	20
Statement of Activities.....	22
Fund Financial Statements:	
Balance Sheet - Governmental Funds.....	24
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position	25
Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	26
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities.....	27
Statement of Net Position - Proprietary Funds	28
Statement of Revenues, Expenses, and Changes in Net Position – Proprietary Funds.....	30
Statement of Cash Flows - Proprietary Funds	31
Statement of Fiduciary Net Position - Fiduciary Funds	32
Statement of Changes in Fiduciary Net Position - Fiduciary Funds	33
Notes to the Basic Financial Statements.....	35

Required Supplementary Information (Unaudited)

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual:	
General Fund	83
Schedule of Changes in the Net Pension Liability and Related Ratios:	
Employees’ Retirement Plan for City Employees.....	84
Galveston Firefighters’ Pension Fund	86
Employees’ Retirement Plan for Police	88
Schedule of Contributions	90
Notes to the Schedule of Contributions.....	93
Schedule of Changes in Total OPEB Liability and Related Ratios	94

**Annual Comprehensive Financial Report
For the Fiscal Year Ended September 30, 2025
Table of Contents - Continued**

	<u>Page Number</u>
Other Supplementary Information – Combining and Individual Fund Statements and Schedules	
Nonmajor Governmental Funds:	
Combining Balance Sheet – Nonmajor Governmental Funds	102
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Nonmajor Governmental Funds	112
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual:	
Island Transit Fund	122
Rosenberg Library.....	123
Project Specific Programs Fund	124
Cable Television Public Education & Government Fund	125
Parking Management Fund.....	126
Seawall Parking Fund	127
Public Safety Programs Fund	128
Judicial Programs Fund	129
Lasker Pool Fund	130
Pension Reform Fund	131
Separation Pay Fund	132
Revenue Producing Parks Fund	133
Hurricane Harvey Fund.....	134
Convention Center Surplus Fund.....	135
Convention Center Operations Fund	136
Arts and Historical Fund.....	137
HOT Advertising & Tourism Fund	138
HOT Beach Cleaning & Maintenance Fund.....	139
HOT Beach Patrol & Safety Fund	140
HOT Arts & Historical Preservation Fund	141
HOT Beach Renourishment & Preservation Fund.....	142
Short-Term Rental Regulation Fund	143
American Rescue Plan Act	144
Infrastructure and Debt Service Fund	145
Technology Replacement Fund	146
Debt Service Fund	147
Hotel Occupancy Tax Debt Service Fund.....	148

**Annual Comprehensive Financial Report
For the Fiscal Year Ended September 30, 2025
Table of Contents - Continued**

**Page
Number**

Nonmajor Enterprise Funds:	
Combining Statement of Net Position – Nonmajor Enterprise Funds.....	150
Combining Statement of Revenues, Expenses, and Changes in Fund Net Position – Nonmajor Enterprise Funds.....	151
Combining Statement of Cash Flows – Nonmajor Enterprise Funds	152
Schedule of Revenues, Expenses, and Changes in Net Position - Budget and Actual:	
Combined Utility System	153
Sanitation Services.....	154
Drainage Utility	155
Airport	156
Internal Service Funds:	
Combining Statement of Net Position – Internal Service Funds.....	158
Combining Statement of Revenues, Expenses and Changes in Net Position – Internal Service Funds	160
Combining Statement of Cash Flows – Internal Service Funds	162
Pension Trust Funds:	
Combining Statement of Fiduciary Net Position – Pension Trust Funds.....	166
Combining Statement of Changes in Fiduciary Net Position – Pension Trust Funds	167
Discretely Presented Component Units:	
Combining Statement of Net Position	170
Combining Statement of Activities	172

Statistical Section (Unaudited)

Net Position by Component	178
Changes in Net Position	180
Fund Balances of Governmental Funds	184
Changes in Fund Balances of Governmental Funds	186
Actual Value of Taxable Property	188
Property Tax Rates - Direct and Overlapping Governments	190
Principal Property Taxpayers	191
Property Tax Levies and Collections	193
Ratios of Outstanding Debt by Type	194
Ratios of General Bonded Debt Outstanding.....	196
Direct and Estimated Overlapping Governmental Activities Debt	197
Demographic and Economic Statistics	198
Principal Employers	199
Full-Time Equivalent City Government Employees by Function.....	201
Operating Indicators by Function	202
Capital Asset Statistics by Function.....	204

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Introductory Section

2025 Annual Comprehensive Financial Report



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City of Galveston



P.O. Box 779 / Galveston, Texas 77553

**Annual Comprehensive Financial Report
for Fiscal Year Ending September 30, 2025
Letter of Transmittal**

March 26, 2026

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

State law requires that all general purpose local governments publish within 180 days of the close of each fiscal year a complete set of financial statements presented in conformity with generally accepted accounting principles (GAAP) and audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants. Pursuant to that requirement, we hereby issue the annual comprehensive financial report (the Annual Report) of the City of Galveston, Texas (the City) for the fiscal year ended September 30, 2025.

This report consists of management's representations concerning the finances of the City. Consequently, management assumes full responsibility for the completeness and reliability of all of the information presented in this report. In order to provide a reasonable basis for making these representations, management of the City has established a comprehensive internal control framework that is designed both to protect the government's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the City's financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh their benefits, the City's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

The City's financial statements have been audited by Weaver, a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City for the fiscal year ended September 30, 2025, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion that the City's financial statements for the fiscal year ended September 30, 2025 are fairly presented in conformity with GAAP.

The independent auditor's report is presented as the first component of the financial section of this report. The independent audit of the financial statements of the City was part of a broader, federally mandated "Single Audit" designed to meet the special needs of federal grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the audited government's internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of federal and state awards. These reports are available in the City's separately issued Single Audit Report. GAAP requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement MD&A and should be read in conjunction with it. The City's MD&A can be found immediately following the report of the independent auditors.

Profile of the Government

Galveston is a home rule, full service city incorporated in 1839, and is governed through a council-manager form of government. Policy-making and legislative authority are vested in a governing council consisting of the Mayor, who is elected at large, and six council members elected to represent individual districts. The governing council is responsible, among other things, for passing ordinances, adopting the budget, determining policies, appointing committees, and hiring the City Manager, City Attorney, City Secretary, Internal Auditor, and Municipal Judge. The City Manager is responsible for developing and proposing the annual City budget for consideration by City Council, for carrying out the policies and ordinances of the City Council, for overseeing the day-to-day operations of the government, and for appointing the heads of the various departments. Elections for all seven officials are held every two years. Council members, including the Mayor, are limited to serving three consecutive terms.

The City provides a full range of services including police and fire protection, the construction and maintenance of streets and other infrastructure, water services, sewer services, refuse collection, drainage services, parks and recreational activities, and general administration. Additional services include building inspection, planning, zoning, engineering, an airport, and a mass transit system.

Component units of the City, and the services they provide, include:

- The Park Board which provides improvements and maintenance to City waterfront parks and beaches;
- The Galveston Island Redevelopment Authority (GIRDA), which manages funds from one tax reinvestment zone and two public improvement districts for development and improvement projects within specific geographic areas of the City;
- The Galveston Housing Finance Corporation (GHFC) which provides home mortgages and loans to lending institutions for the purpose of making home mortgages;
- The City of Galveston Property Finance Authority, Inc.(GPFA) which was created by State Statute for the purpose of acquiring, owning, holding, leasing, and selling real or personal property to or for the benefit of the City for the furtherance of its public purposes;
- The Board of Trustees of the Galveston Wharves which manages, controls, and maintains the Port of Galveston;
- The Industrial Development Corporation which provides funding for public works, beach renourishment, parks, and economic development projects; and
- The City of Galveston Employees' Retirement Plan for City Employees, the Galveston Firefighters' Pension Fund, and the City of Galveston Employees' Retirement Plan for Police.

In FY 2020, the City Council reorganized the board of GIRDA giving it oversight and governance powers over the GHFC and GPFC in addition to the GIRDA itself.

The annual budget serves as the foundation for the City's financial planning and control. From FY 2016 to FY 2025, the budget process has included a five-year forecast of revenue and expenditures with preliminary results presented to the City Council in June. The forecast frames issues for consideration by the City Council that are discussed in budget work sessions held during June and July. Using council directed priorities and departmental spending targets derived from the forecast, the City Manager develops and presents a proposed budget to the council no later than the first week of August. Capital projects and related financing are also discussed with council in May and June resulting in the presentation of the five- year capital improvement plan in July.

The Council is required to hold a public hearing on the proposed budget, including the capital improvement plan, and to adopt a final budget no later than the second or last regularly scheduled council meeting in September. If the council does not approve the budget by October 1, it takes effect as proposed by the City Manager until the City Council ratifies or modifies it. Also, in August and September, the Council holds public hearings on the proposed property tax rate required to support the budget. The rate is then adopted in September after the budget is adopted in accordance with State law.

The budget is prepared for every operating and capital fund, function (e.g. public safety), and department (e.g. police). Subsequently, the Budget ordinance proposed to and passed by the City Council provides specific appropriations for individual departments within each fund that govern spending plans for the fiscal year. During the year, the City Manager may make budget transfers within a City Council-approved appropriation department and fund without prior approval by City Council. Transfers of appropriations within a fund and between departments, however, require the approval of the City Council. Year-to-date results and year-ending projections of operating revenue, expense, and fund balances are documented for all budgeted operating funds in quarterly reports to the Mayor and City Council. The status of capital projects and capital funds is also included in these quarterly reports. Issues identified through this reporting process result in budget amendments approved by the City Council as needed for municipal purposes under the authority of the state Budget Law (Local Government Code Chapter 102) and the City Charter.

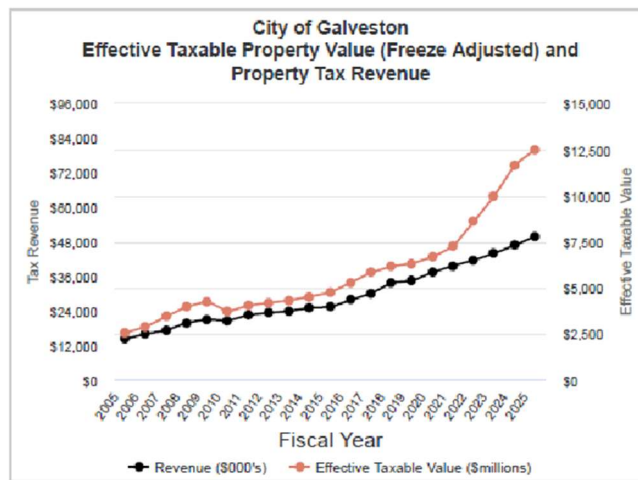
This Annual Comprehensive Financial Report includes budget-to-actual comparisons for the General Fund, American Rescue Plan Act, Island Transit, Rosenberg Library, Project Specific Programs, Cable Television Public Education and Government, Parking Management, Seawall Parking, Arts & Historical, Public Safety Programs, Infrastructure and Debt Service, Judicial Programs, Lasker Pool, Pension Reform, Separation Pay, Revenue Producing Parks, Technology Replacement, Hurricane Harvey, Convention Center Surplus, Convention Center Operations, HOT Advertising & Tourism, HOT Beach Cleaning & Maintenance, HOT Beach Patrol & Safety, HOT Arts & Historical Preservation, HOT Beach Renourishment & Preservation, Short-Term Rental Regulation, Debt Service, and Hotel Occupancy Tax Debt Service. Budget-to- actual comparisons are also presented for the Combined Utility System (formerly the Waterworks and Sewer System), Sanitation, Drainage and Airport enterprise funds.

Economic Climate

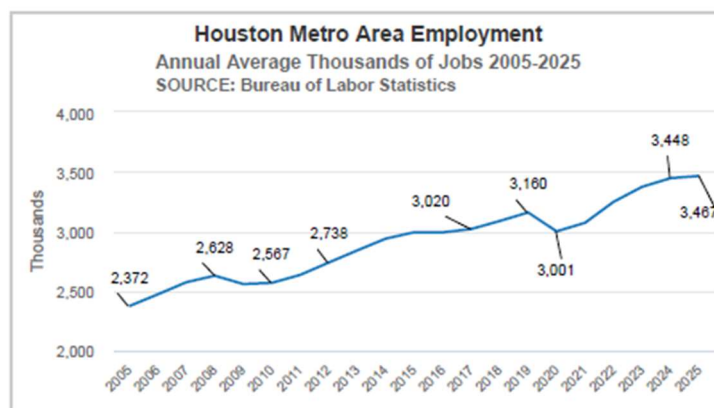
Galveston's economy is healthy and growing because of its location and climate in spite of challenges from natural disasters, weather events, and economic downturns. Galveston is located on the Gulf of Mexico at the mouth of Galveston Bay. The Gulf Coast of Texas normally experiences mild winters and temperate summers making the City a tourist destination. Furthermore, it is part of the nation's 6th most vibrant state economy (U.S. News, 2025) and one of the top metropolitan economies which provides Galveston economic vibrancy that goes beyond the City's borders.

Every significant economic statistic affecting Galveston and presented in this Annual Report includes the impact of two significant downturns in the last twenty years. More recently, the economic impact of the global pandemic had a substantial impact on the Galveston economy like that experienced across the region, state, and nation. The last three year’s financial reports presented results that showed the recovery being well underway attributed to programs stimulating consumer behavior.

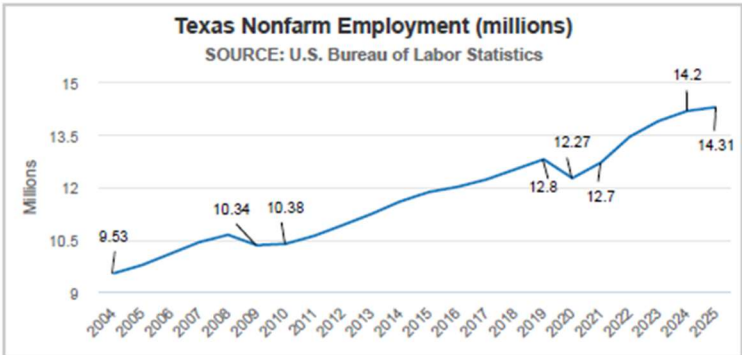
Prior to the pandemic, Galveston’s economy absorbed the simultaneous arrival of Hurricane Ike and the Great Recession in 2008. After Galveston’s taxable property values fell 13 percent to \$3.7 billion and it took four years for taxable property value to return to its pre-Ike level. Post-recession economic recovery brought sustained growth and taxable value to \$12.5 billion in FY 2025 (Source: Galveston County Appraisal District). The effective annual rate of increase in the City’s taxable value from FY 2009 through FY 2025, was 8.4 percent including the loss incurred after Hurricane Ike in FY 2010. Property tax collections were strong in FY 2025, at 99.9 percent of the effective taxable value adjusted for the property tax freeze. In FY 2025, the property tax freeze provided \$0.9 million in property tax savings for eligible homeowners who were over 65 and disabled.



The COVID-19 pandemic occurred in FY 2020 and Galveston economic indicators have mostly returned and in most cases exceeded pre-pandemic levels. The Houston-Galveston metro area lost 341,700 jobs in April 2020, and recovered 164,000 jobs by the end of calendar year 2020. COVID vaccines were widely distributed in 2021, leading to many resuming or beginning to resume pre-pandemic buying and entertaining habits, including visits to Galveston. The federal government also implemented significant fiscal stimulus programs to assist businesses and individuals in recovering from the pandemic. This led to continued recovery, so that the Houston-Galveston metro area, by the end of calendar year 2021, had regained 315,100 of the 341,700 jobs lost in April 2020. Average annual employment for the region increased from 3.45 million in 2024 to 3.47 million in calendar year 2025.



Statewide employment followed the same pattern as the region in 2024. The state suffered the loss of 1.4 million jobs in April 2020 but recovered 848,000 of those jobs by the end of calendar year 2020. By October, 2021, the state of Texas had recovered all of its job losses to the pandemic.

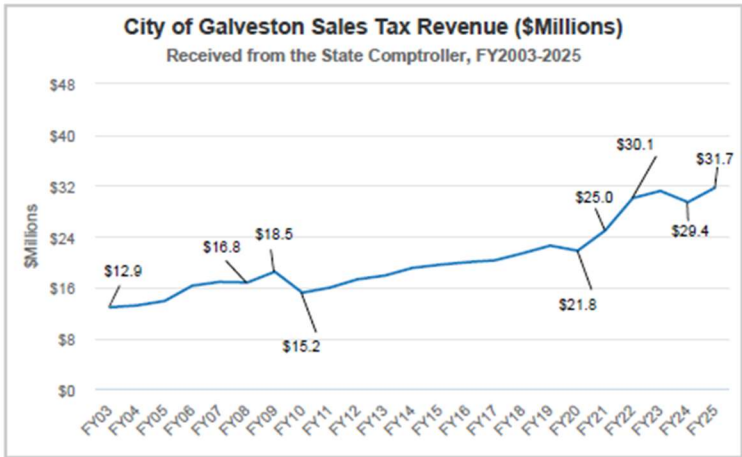


Galveston is the top recreation center for the region as evidenced by its sales tax revenue performance since FY 2003. The City’s two percent sales tax rate is composed of a 1.5 percent amount that goes to the City’s General Fund to support public safety and transportation functions. The remaining one-half percent goes to economic development, including splitting into equal one-eighth percent portions for beach renourishment, city parks and recreation, infrastructure, and targeted economic development programs and projects.

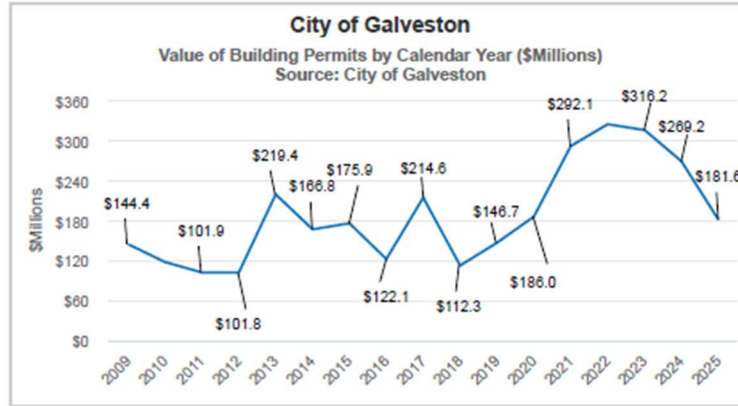
Accordingly, natural disasters and inclement weather have a disproportional effect on sales tax revenue. Hurricane Beryl in FY 2024 resulted in a sharp decrease in sales and hotel occupancy tax revenue during the summer, a fiscal quarter that is pivotal for revenue generation.

The City has performed sales tax analysis to understand the impacts of national, regional, and local economic factors. Regional employment has been identified as a leading indicator of sales tax revenue. This economic statistic, available monthly from the U.S. Bureau of Labor Statistics, is reviewed in relation to sales tax as a part of the ongoing 10 year forecast. When employment dropped so dramatically in April 2020, as expected sales tax revenue dropped with it.

In FY 2025, the City collected \$31.7 million in sales tax revenue, 7.8 percent more than in FY 2024. The City’s General Fund receives 1.5 percent out of the 2 percent sales tax collected, recording \$23.8 million in revenue in FY 2025.



Galveston continues to have a lower cost of living than the nation in spite of its growing economy. According to the U.S. Bureau of Labor Statistics, the Consumer Price Index-Urban (CPI-U) for the U.S. as a whole was 324.1 in December 2025. The CPI-U for the metropolitan area including Galveston was 277.5 for the same period. By this measure, Galveston’s cost of living is approximately 12.1 percent less than the nation as a whole.

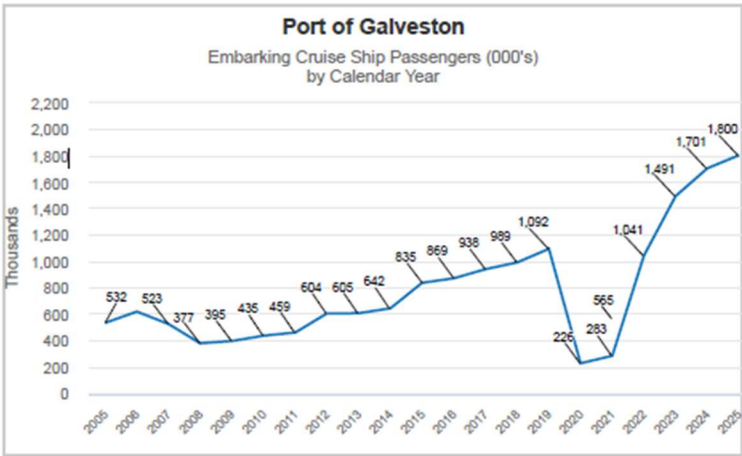


Construction activity in Galveston increased steadily from 2018 to 2022, averaging over \$53 million in growth per year during this period. Although there has been a recent declining trend in construction tied to higher interest rates since 2022, for the ten year period of 2015 through 2024, the annual average value of commercial and residential building permits has been \$216.0 million per year. Permits issued in calendar year 2025 reached a total of \$181.6 million which mirrors the cooling of the real estate sector nationally. Every year, the taxable value of new construction placed on the City’s property tax roll by the Galveston County Appraisal District tracks closely with the City’s new construction totals discounted by properties that are not taxable.

The Port of Galveston has long been an important contributor to both the Galveston and Texas economies. The Port complex occupying 840 acres is situated on the north side of the island city with property and facilities also located on adjacent Pelican Island on the north side of the Federal Channel. The width of the Federal Channel remains nearly constant at 1,200 feet and is authorized and maintained at 46 feet throughout the entire length, including one 1,500-foot wide turning basin. The Alternate Route for the Gulf Intracoastal Waterway (ICWW) runs alongside the Port of Galveston.

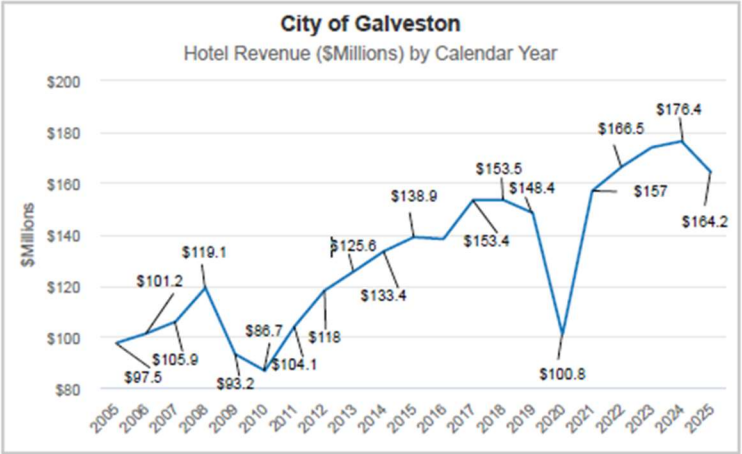
The Port invested over \$158.0 million in construction and improvements to Cruise Terminal 16, the related parking garage and waterfront improvements making it possible for MSC to enter the Galveston market and home port in Galveston for the first time. The ribbon cutting opening the terminal occurred on November 7, 2025 with the first MSC cruise from Terminal 16 and Galveston Harbor on November 8th. As the fourth most popular cruise homeport in North America, the Port had a record 416 cruise sailings, almost 3.6 million cruise passenger movements (a movement is on person boarding and one person debarking from a cruise ship), and over 227 thousand cruise-related cars parked. Additionally, the Port continues to renovate the West End cargo area by replacing bulkheads, proceeding with filling two outdated slips and making other cargo area upland improvements.

The Port leases and maintains a wide range of cargo facilities on the Federal Channel, which is ranked among the 40 busiest U.S. cargo waterways. Other infrastructure includes an internal roadway and two Class 1 rails and one short-line rail. The Port has 13,000 linear feet of developed waterfront and 21 berths. More than 307 acres of Port-owned land are available for development.



The City of Galveston is a popular destination for tourists, because of its beaches and other attractions, including Moody Gardens, Schlitterbahn, and the Pleasure Pier. The City’s downtown area features The Strand District, which is the home of some of Galveston’s most historic commercial buildings, and the centerpiece for the City’s active year-round calendar of community and seasonal events. Nearby is the East End Historic District which is on the National Historic Register and the site of many of the City’s historic residential structures. A primary indicator of Galveston’s tourism industry is total hotel occupancy tax revenue. Total hotel revenue was negatively impacted in calendar 2020 by the COVID pandemic, with closures and limited occupancy. However, in calendar years 2021 to 2025, tourism recovered significantly and Galveston Island hotels and Short Term Rentals were one of the beneficiaries of this recovery.

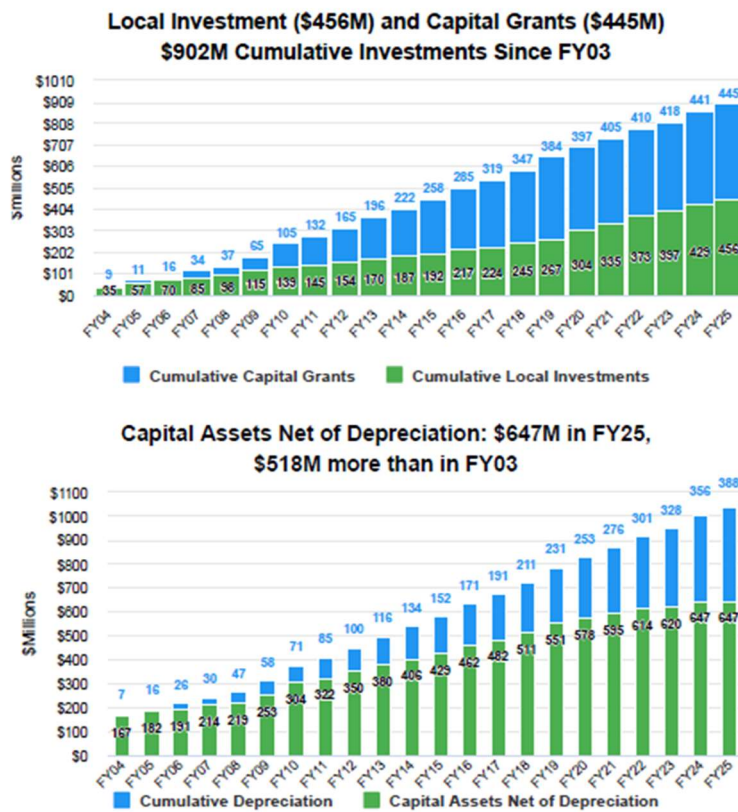
Faced with continuing growth in the island’s short term rental properties (STR’s), the City approved an ordinance in June 2021. The ordinance requires that STR property owners register with the Galveston Park Board, and display their registration number on any advertisement of the property’s availability for rental. Since the ordinance passed, the number of STR units registered has gone from 2,500 to around 4,000. The ordinance also requires that any internet platform collecting state hotel occupancy taxes on behalf of STR property owners will collect city hotel occupancy taxes too. Estimates for hotel taxable revenue for 2025 suggest that overnight stays declined as compared to the two previous years.



FY 2004 was the first year in which the City was required by Governmental Accounting Standards Board Statement 34 (GASB 34) to include the value of its capital assets net of depreciation in its balance sheet. Since 2004, GASB 34 has served as an annual reminder to communities of the importance of investments in infrastructure. And the true benefit of the reporting requirement is best viewed from a long-term perspective.

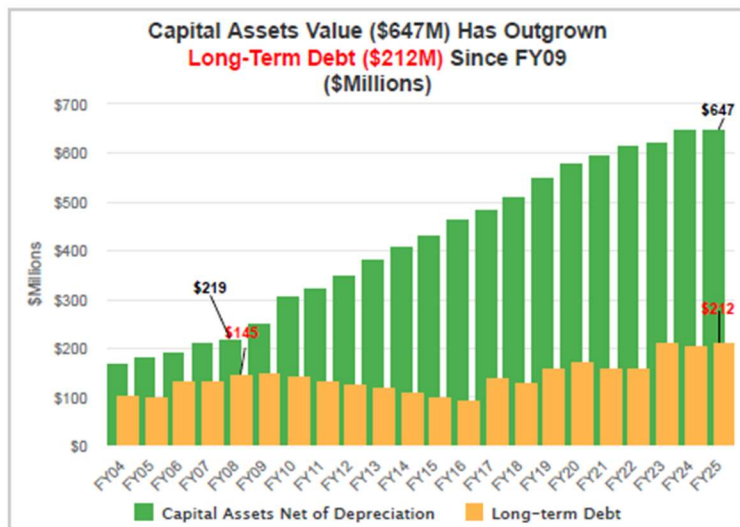
Since FY 2003, the City’s net capital asset position has increased from \$129 million to \$647 million, a \$518 million increase. From FY 2004 through FY 2025, the City has invested a total of \$902 million in improvements to its capital infrastructure, including streets, drainage, parks, fire, police, water, wastewater and airport systems. This included \$456 million in local system resources (cash, bond proceeds) and \$445 million in contributions (largely federal grants received by the City). Also, since FY03, the value of capital assets has been reduced by \$388 million in accumulated depreciation (capital value), offsetting all but approximately \$68 million the total local funds invested.

This puts into perspective two critical lessons. First, rebuilding and maintaining the value of the City’s capital assets requires significant continual investment of grants and local funds. Second, the annual investment required to maintain the overall condition of the City’s infrastructure has grown from \$7 million in FY 2004 to \$32.2 million in FY 2025. Without continual investments, the value and quality of the City’s capital investments will fade.



The City issued no new long-term bonds for local investment in capital assets between FY 2008 and FY 2017. In FY 2016, the City adopted a five year capital improvement plan (CIP) including only projects that were to be fully financed with a combination of cash on hand and/or future bond sale proceeds. Programs to make substantial improvements to the City’s streets, drainage, water and wastewater systems have been the primary focus of the CIP. In May 2017, Galveston voters authorized the issuance of \$62 million in street and drainage general obligation bonds. By the end of FY 2020, the City had issued all of these bonds, and an additional \$70 million in certificates of obligation for water and sewer projects that are being retired with utility system revenue. In April 2022, the City issued Certificates of Obligation, Series 2022 in the amount of \$11 million. The proceeds of the sale were used to fund the installation and improvement of certain parks and recreational fields and for the purchase of sanitation vehicles and sanitation equipment. In October 2022, the City issued Combination Tax and Revenue Certificates of Obligation, Series 2022A in the amount of \$62,635,000. Proceeds from the sale of the Certificates will be used for all or any part of the costs associated with (1) the acquisition, construction and installation of certain improvements to the City’s utility system; and (2) paying certain costs incurred in connection with the issuance of the Certificates.

As of FY 2025, the City’s capital assets are valued at \$647 million and the City’s outstanding principal payments for long-term debt total \$212 million. This includes City bonds issued strictly for basic infrastructure improvements (water, wastewater, streets and drainage). It does not include special obligation debt (Convention Center bonds payable with hotel occupancy tax revenue) or other liabilities addressed in Note 9 of this financial statement. The \$212 million outstanding as of the end of FY 2025 is \$67 million more than existed at the end of FY 2008 when Hurricane Ike made landfall. The City is adhering to its long standing, conservative approach to identify specific projects that are in need of additional funding while making annual principal payments that reduce its overall debt.



Long-term financial planning

In FY 2016, the City initiated a new budget and financial planning process that includes a five-year Long Range Financial Forecast, a five-year Capital Improvement Plan (CIP), and the Annual Budget. The Forecast serves as a pre-budget phase, identifying policy issues and providing the basis for spending targets that guide operating and capital budget requests.

Long term revenue analysis includes trends of ten years or more, as shown in the previous section, to identify the impact of variations in the business cycle on city revenue. Taxable property values are forecast based on ten years of certification and hearings loss trends. Water and sewer revenues are forecast using fifteen years of billing data. Non-major revenues are assumed to show modest to no growth. Expenditures are forecast using conservative estimates of inflation, and prior period actual expenditures. Debt service is projected to include payments for new bonds needed to fund the CIP.

An essential element of long-term financial planning is ongoing monitoring and evaluation to identify new or different trends that can affect planning assumptions. Quarterly Budget Status Reports provide year-end projections of revenue and expenses for all budgeted funds as well as capital project status reports and detailed reconciliations for all capital funds. As soon as initial numbers are available for year-end, the fourth quarter report provides an early look at what the Annual Report might portend. This affords the Mayor and City Council the timely opportunity to guide and direct significant year end entries that require budget approval. All of these financial documents can be found in the “Financial Transparency” section of the home page of the City’s website.

Relevant financial policies

Article VII Section 20 of the City Charter incorporated the concept of a ninety-day minimum reserve for the General Fund in 2012. The excess sales tax receipts and one-time federal aid received to reimburse the City for its pandemic-related operating costs incurred in FY 2020-2022 made it possible to better this minimum requirement significantly. The General Fund ended the year with an operating balance of \$26.83 million, representing approximately 118 days of maintenance and operating expenditures. In 2024, the City secured the renewal of its emergency bridge loan for \$50 million to be used in the event of a major catastrophic emergency, and secured a contract for this important financial tool through fall of 2029. The loan will be available to support eligible costs associated with any large emergency such as a tropical storm or hurricane, including federally reimbursable costs, local costs, as well as matching funds for disaster grants (see Note 9).

The City Charter assigns the responsibility to “administer all the financial affairs of the City other than the assessment and collection of taxes to the Director of Finance. This includes responsibility for the receipt, disbursement, and safe-keeping of all City funds. The Finance Director establishes the accounting procedures to be used in all departments, and approves all expenditures to ensure that legal requirements have been met and the budget appropriations are not exceeded.” (See the City Charter Article VII, Section 2.) Also, by State law and the City Charter, this Annual Comprehensive Financial Report, “including the auditor’s opinion on the statement, shall be filed in the office of the municipal secretary or clerk within 180 days after the last day of the municipality’s fiscal year.” (See Local Government Code Section 103.003.)

In FY 2019, the City Council adopted a debt management policy to formalize the practices included in the financial planning process that lead to decisions to issue long-term debt. The policy provides for specific projects with phased implementation and proposed funding sources to cover total project cost as the basis for any long-term debt issuance. Amortization schedules are proportional to what the City can afford, include no unusual principal amounts or “balloon” notes, and are shorter in years than the useful life of assets that are being constructed and/or acquired. The policy provides broad guidelines that encourage component units with debt issuance, that must be approved by City Council, to adhere to the key provisions mentioned above. The five year Capital Improvements Plan (CIP) is adopted by the City Council annually, and each project’s status is monitored and reported through the City’s webpage.

The City adheres to an investment policy that emphasizes, in order of priority, safety, liquidity, diversity, and return on investments as required by the Public Fund Investment Act. (See Texas Government Code Chapter 2256.) This law and City policy require quarterly reports to the City Council that disclose the specific listing of investments that comprise the City's investment pool, present the overall earnings from the pool, and balances as of the end of each calendar quarter. City Council appoints a Finance, Fiscal Affairs, and Investment Advisory Committee (FFIAC) to provide strategic direction and oversight by working with the Finance Department to manage the City's investments. This policy is reviewed and updated annually by the FFIAC and City Council. All of the City's idle cash on hand, including operating and capital funds, is invested through this pooled approach. The only exception is federal grant cash which the City is not allowed to invest under federal regulation.

A ladder investment approach has been used previously to invest the City's cash on hand in investment pools, federal agencies and treasuries. This approach took maximum advantage of rising interest rates by scheduling maturities based on specific project implementation schedules as well as the five year Capital Improvement Plan (CIP). With the advent of the COVID-19 pandemic, and actions by the Federal Reserve Board to set the prime rate at zero, the city placed all of its cash in investment pools. This provided maximum liquidity and safety which was appropriate for most of the interest rate environment of FY 2021. In 2022 and 2023, rates rose in response to inflation. So the City's investments are being redirected gradually back into the safest lawful investments, namely U.S. Treasuries.

Major initiatives

The City continues to implement its CIP by renewing and replacing capital facilities, many of which have outlived their useful lives. Any future bond sales will be conducted in accordance with State law and the City Charter including voter approval for General Obligation bonds providing new monies for major projects. The City is well positioned to continue the CIP as well as its long-term bond issuances. Fitch Ratings issued an upgrade of the City in its annual rating published in September 2025: "... upgraded the following City of Galveston ratings: Issuer Default Rating (IDR) to 'AA+' from 'AA' and outstanding limited tax bonds, general obligation bonds, public improvement bonds and combination tax and revenue certificates to 'AA+' from 'AA' ... reflects the city's [Galveston] stabilized long-term liability profile." The City's pension liability increased \$9.0 million in FY 2025 largely due to the market-driven positive performance of each pension fund's investment portfolio. The overall stock market was ranked as one of the best since 2008.

By virtue of its location on the Texas Gulf Coast, Galveston is exposed to the ongoing threat of tropical storms that bring heavy floods, high winds and excessive storm tides. The magnitude of the impact on the City's operations, economy, or financial condition from climatic changes is indeterminate and unpredictable. But this is a threat that Galveston has managed its way through for over one hundred years. After the 1900 Storm that killed many thousands of Galveston residents, the City built a three mile long, seventeen foot high concrete wall to protect against storm tides associated with a tropical storm. The residents and businesses also elevated their properties to match the height of the Seawall and then taper slowly to sea level on the port side of the Island. Today, the Seawall has been extended to protect ten miles of the City from high water events.

Prior to Hurricane Ike in 2008, the City established a \$20 million emergency finance note program to assist the City with any costs and/or projects that are derived from any natural disaster. That "bridge loan" today stands at \$50 million that can be employed in the event of a disaster declaration by the President of the United States. City management and staff are experienced as an organization in managing disasters and documenting eligible costs for reimbursement from FEMA.

In January 2022, the City was awarded \$54.4 million for the design and construction of the South Shore Drainage Pump Station. The Construction contract has been awarded and construction will begin in April 2025. This pump station will take the project service area from a 0.5 year flood level to a 25 year event and maintain a 100 year event in the right of way.

In January 2024, the City was awarded \$41.6 million dollars for the construction of the 14th Street Drainage Pump Station. The pump station will be located on 14th street with drainage improvements from 13 ½ to 17 ½ streets from the ship channel to the seawall. The construction should begin in early 2026.

In 2025 the City continued discussions with regional partners and the Texas Department of Transportation (TXDOT) toward an agreement for the construction of a replacement for the existing Pelican Island Bridge. The proposed agreement commits \$36.2 million collectively from the Local Entities to contribute the required local share of the project. The City is contributing \$8 million via the Galveston Industrial Development Corporation and acting as the Local Sponsor of the project which will be managed by TXDOT.

Protection of neighborhoods through stricter codes and clearer rules is also a high priority with major revisions underway to the City's land development rules and zoning requirements. Renewed emphasis is being placed on the City's information technology resources, upgrading system infrastructure and beginning the implementation of major systems to manage field maintenance operations, improve plan review and the permit and inspections processes, as well as continuing to move the City to a paperless environment.

In FY 2019, the City and its police employees group secured passage of state legislation that revised and modernized the police officers' pension system, putting in place a thirty year funding plan that fully amortizes the plan's current unfunded accrued actuarial liability. This law provides for any future additional funding needs to be shared equally by the City and the plan members. The City's contribution is guaranteed to remain at the current authorized strength level for police officers should future economic downturns result in any reductions in force (see Note 15). In FY 2018, the City and firefighters agreed on a plan that increased contributions from the City and the firefighters that brought its long-term funding plan within State guidelines. The increases required in the City's contribution to the police pension plan (12 percent to 18 percent) and firefighters' pension plan (12 percent to 17 percent) are funded through the City's operating budget with current year income. In FY 2023, the City increased the contribution from the City to the non-civil service employees pension plan (9 percent to 12.15 percent) and signed a funding plan for the firefighters' pension plan resulting in an increase in contributions (17 percent to 20.2 percent). In FY 2024, the City further increased its contribution to firefighters' pension plan (20.2 percent to 21.7 percent). The City is continuing to work with each board to further stabilize these plans. As the City works to stabilize the three defined benefit pension plans, we persist in our long-term plan to convert those plans over time to a defined contribution basis or a hybrid plan such as that offered by the Texas Municipal Retirement System.

The City's retiree health insurance plan is reported in the government wide balance sheet. This presentation provides information in compliance with the Governmental Accounting Standards Board Statement 75 addressing Other Post-Employment Benefits (OPEB). The City's unfunded accrued liability for OPEB is estimated for FY 2025 at \$5.7 million.

Awards and Acknowledgements

The Government Finance Officers Association (GFOA) of the United States and Canada awards a Certificate of Achievement for Excellence in Financial Reporting for recognizing conformance with the highest standards for preparation of state and local government reports.

In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized ACFR, whose contents conform to program standards. The Annual Comprehensive Financial Report must satisfy both generally accepted accounting principles and applicable legal requirements.

The award is valid for a period of one year only. We believe that this Annual Report will meet the Certificate of Achievement Program requirements and will submit it to GFOA to determine its eligibility for a certificate.

The preparation of this report is a joint effort between many departments and offices of the City. The successful and timely preparation of this report depends on the cooperation of the various city departments and stakeholders and upon the diligence and dedication of the entire staff of the Finance Department. We would like to express our appreciation to all those who contributed to this effort.

Finally, we acknowledge the Mayor and Council Members who have consistently supported the City's goal of excellence in all aspects of financial management. Their support is greatly appreciated.

Respectfully submitted,



Brian Maxwell
City Manager



Csilla Ludanyi
Finance Director and Chief Financial Officer

CITY OF GALVESTON, TEXAS
PRINCIPAL OFFICIALS



Mayor
Craig Brown

District 1



Sharon Lewis

District 2



David Finklea

District 3



Bob Brown

District 4



Alex Porretto

District 5



Beau Rawling

District 6



Marie Robb

**Charter Adopted April 19, 1960
Council – Manager Form of Government**

City Council Appointees

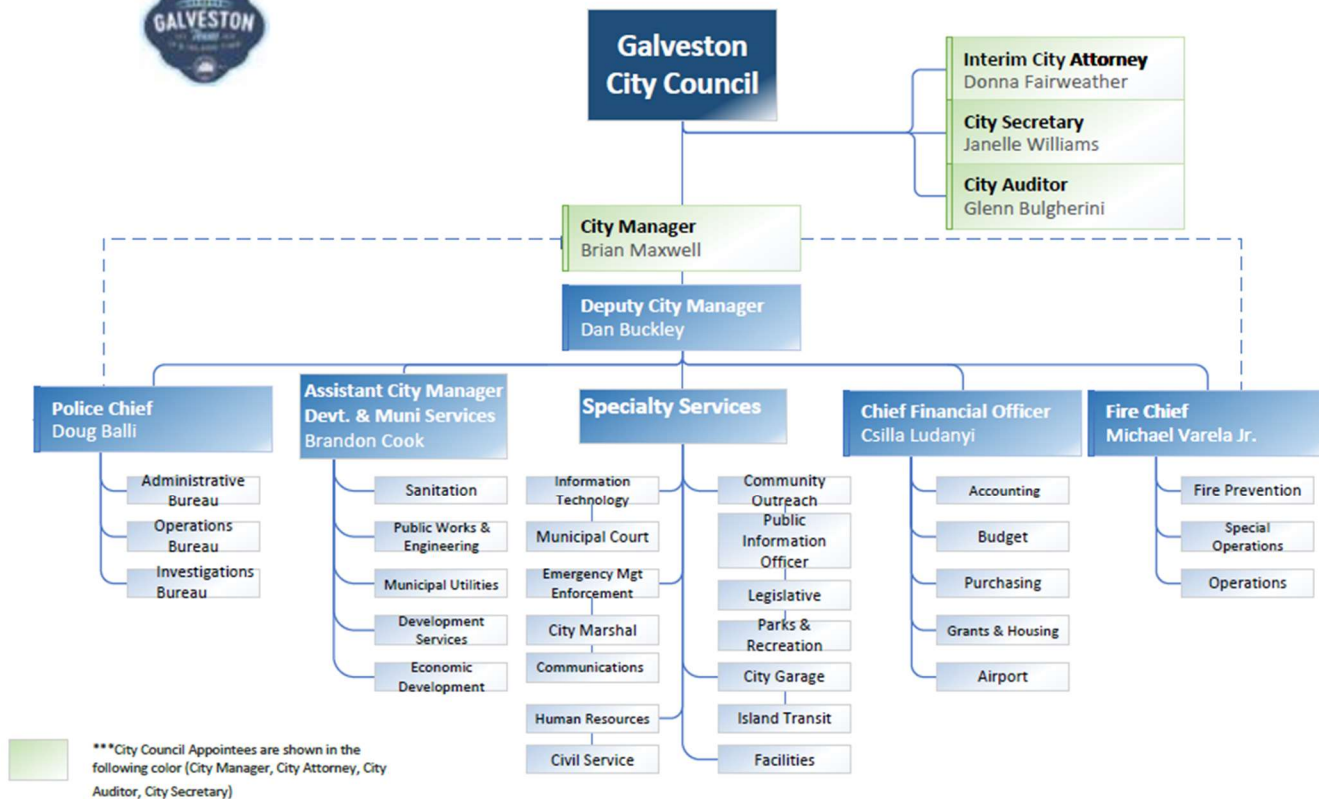
City Manager	Brian Maxwell
City Secretary	Janelle Williams
Interim City Attorney	Donna Fairweather
Court Judge	Jim Schweitzer
City Auditor	Glenn Bulgherini

Departmental Directors

(City Manager Appointees)

Deputy City Manager	Dan Buckley
Chief Financial Officer & Finance Director	Csilla Ludanyi
Assistant City Manager Development and Municipal Services	Brandon Cook
Police Chief	Doug Balli
Fire Chief	Michael Varela Jr.
City Marshal	Heather Morris.
Executive Director of Development Services	Teresa Evans
Executive Director of Fleet, Mass Transit and Special Events	David Smith
Director of Human Resources and Civil Service	Beverly West
Executive Director of Parks, Recreation and Community Outreach	Barbara Sanderson
Executive Director and Chief Information Technology Officer	Hope Dean
Director and City Controller	Tammy Jacobs
Executive Director Emergency Management and Enforcement	Robert Simmons
Director of Airport	Michael Shahan
Executive Director of Public Works and Engineering	Robert Winiecke
Director of Municipal Utilities	Tyson Arnold
Director of Solid Waste	Dustin Bender
Public Information Officer	Marissa Barnett
Emergency Management Coordinator	Laura Norman
Clerk of Municipal Court	Gladys Lopez
Facilities Director	Charles Kenworthy
Director of Disaster Recovery and Grants	Tesa Duffey-Wroblewski
Director of Policy and Government Relations	Sally Bakko

City of Galveston Organizational Chart





Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**City of Galveston
Texas**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

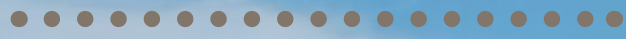
September 30, 2024

Christopher P. Morill

Executive Director/CEO

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Financial Section



2025 Annual Comprehensive Financial Report



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Independent Auditor's Report

The Honorable Mayor City Council and City Manager of
City of Galveston, Texas
Galveston, Texas

Report on the Audit of the Financial Statements

Opinions

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

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

We did not audit the financial statements of Park Board of Trustees of the City of Galveston, Texas and the Board of Trustees of Galveston Wharves, which collectively represent 99.3%, 98.7%, and 103.3%, respectively, of the aggregate discretely presented component units' total assets, revenues, and net position. Additionally, we did not audit the financial statements of the City of Galveston Employees' Retirement Plan for City Employees, the Galveston Firefighters' Pension Plan, and the City of Galveston Employees' Retirement Plan for Police, which collectively represent 38.4%, 17.9%, and 43.3%, respectively, of the aggregate remaining funds' total assets, revenues/additions, and fund balance/net position. Those statements were audited by other auditors whose reports have been furnished to us, and our opinions, insofar as it relates to the amounts included as Park Board of Trustees of the City of Galveston, Texas, the Board of Trustees of Galveston Wharves, the City of Galveston Employees' Retirement Plan for City Employees, the Galveston Firefighters' Pension Plan, and the City of Galveston Employees' Retirement Plan for Police are based solely on the reports of the other auditors.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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 and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, 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.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and the Required Supplementary Information, as listed in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with GAAS, 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.

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 fund statements and schedules, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such 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. The 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 GAAS. In our opinion, the combining and individual fund statements and schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information Included in the Annual Comprehensive Financial Report (ACFR)

Management is responsible for the other information included in the ACFR. The other information comprises the introductory section and statistical section but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon. In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 26, 2026 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Weaver and Tidwell, L.L.P.

WEAVER AND TIDWELL, L.L.P.

The Woodlands, Texas
March 26, 2026

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Management's Discussion and Analysis (Unaudited)

The management of the City of Galveston (the "City") offers readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended September 30, 2025.

Financial Highlights

- The assets and deferred outflows of resources of the City exceeded its deferred inflows of resources and liabilities at the close of the most recent fiscal year by \$579.3 million (net position). Of this amount, \$91.1 million is restricted for specific purposes based on law and contractual obligations to citizens and creditors.
- Capital assets net of depreciation provide \$646.7 million of the \$949.8 million in total citywide assets.
- Long-term liabilities increased from \$235.3 million to \$248.9 million primarily due to the issuance of the Combination Tax and Revenue Certificates of Obligation, Series 2024. Also, the aggregate net pension liability decreased from \$97.5 million in FY 2024 to \$88.5 million in FY 2025 largely due to the market-driven positive performance of each pension fund's investment portfolio.
- The net position of governmental activities improved from \$238.1 million in FY 2024 to \$243.0 million in FY 2025. Current assets increased by \$24.6 million from \$166.8 million in FY 2024 to \$191.4 million in FY 2025.

Overview of the Financial Statements

This discussion and analysis is 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) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements.

Government-wide Financial Statements

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

The *statement of net position* presents information on all of the City's assets, deferred outflows of resources, liabilities, and deferred inflows of resources with the difference between the four 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 government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the City include general government, public safety, public works, culture and recreation, planning and community development, transportation system, and interest on long-term debt. The business-type activities of the City include utility systems, including surface water operations, and solid waste operations as well as the operations of a regional airport facility.

The government-wide financial statements include not only the City itself (known as the *primary government*), but also legally separate entities for which the City is financially accountable. Financial information for these *discretely presented component units* is reported separately from the financial information presented for the primary government itself. The City's eight discretely presented component units consist of the following:

Park Board of Trustees	Bayside at Waterman's - Public Improvement District
Galveston Island Redevelopment Authority	Board of Trustees of Galveston Wharves
Campeche Shores - Public Improvement District	Galveston Housing Finance Corporation
Beachside Village - Public Improvement District	Galveston Property Finance Authority

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

Fund Financial Statements

A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City are 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 fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

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

The City maintains 99 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 which is considered to be a major governmental fund. Data from the other 98 governmental funds are combined into a single, aggregated presentation (the nonmajor governmental funds). Individual fund data for each of these nonmajor governmental funds is provided in the form of *combining statements* and can be found on pages 102 through 121 of this report.

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

Proprietary Funds - The City maintains two different types of proprietary funds, enterprise funds and internal service funds. 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 waterworks system, sewer system, drainage, and sanitation operations as well as the operations of the airport. Internal service funds are used to report activities that provide supplies and services for the City's other programs and activities. The municipal garage, central service, casualty and liability insurance, construction management, workers compensation insurance, and health and life insurance funds are the City's internal service funds. Their purpose is to provide for the accumulation of money for employee benefits, as well as vehicle and equipment replacement used in City operations. Because these services predominantly benefit governmental rather than business-type functions, they have been included within governmental activities in the government-wide financial statements.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The combined utility system fund is considered to be a major fund of the City. Conversely, all internal service funds are combined into a single, aggregated presentation in the proprietary fund financial statements. Individual fund data for the internal service funds is provided in the form of combining statements elsewhere in the annual comprehensive financial report.

The basic proprietary fund financial statements can be found on pages 28 through 31 of this report.

Fiduciary Funds - *Fiduciary funds* are used to account for resources held for the benefit of parties outside of the City. Fiduciary funds are not reported in the government-wide financial statements because the resources of those funds are not available to support the City's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds. The City maintains two different types of fiduciary funds, pension trust funds and a custodial fund. The pension trust funds are used to report resources held in trust for retirees and beneficiaries covered by the Employees' Pension Plan, Firefighter's Pension Plan, and the Police Pension Plan. The custodial fund reports resources, not in a trust, that are held by the City for other parties outside of the City's reporting entity. The fiduciary fund financial statements can be found on pages 32 through 33 of this report.

Combining Component Unit Financial Statements

The City's eight discretely presented component units shown in the aggregate on the face of the government-wide financial statements have individual information presented in the form of combining statements immediately following the fund financial statements of the primary government.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data presented in the government-wide and fund financial statements. The notes to the financial statements can be found beginning on page 35.

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information* concerning the City's progress in funding its obligation to provide pension benefits to its employees. The City adopts an annual appropriated budget for its general, debt service, capital projects and certain special revenue funds. A budgetary comparison schedule has been provided for the general fund to demonstrate compliance with this budget. Required supplementary information can be found on pages 83 through 95 of this report. The budget comparisons for nonmajor special revenue funds, capital projects and debt service funds can be found in the *other supplementary information* section.

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$579.3 million at the close of the most recent fiscal year. The condensed statement of net position presents the financial performance that results in this amount, and shows a comparison with the prior fiscal year as well. The City's total net position for the fiscal year ended September 30, 2025 of \$579.3 million is an \$11.0 million increase over the prior year.

Total assets were \$949.8 million at the end of the current fiscal year, a \$21.7 million increase over last fiscal year. This is attributable largely to the \$18.5 million of certificates of obligation issued in the current fiscal year. Total investments in capital assets decreased by \$0.2 million and total current and other assets increased by \$22.1 million.

Current assets for governmental activities increased by \$24.6 million, largely due to the issuance of Combination Tax and Revenue Certificates of Obligation, Series 2024. The current assets for business-type activities decreased by \$2.5 million, largely due to current year spending of the proceeds of the Combination Tax and Revenue Certificates of Obligation, Series 2022A, which were issued in FY 2023.

Long-term liabilities of business-type activities decreased \$5.0 million due to bond principal payments and no new debt issuance in the current fiscal year.

By far the largest portion of the City's net position, 87.7 percent or \$508.2 million, reflects its investment in capital assets net of depreciation/amortization (e.g., land, buildings, and infrastructure), less any related outstanding debt used to acquire those assets. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending as of September 30, 2025. 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 capital assets themselves cannot be used to liquidate these liabilities.

The total Net Pension Liability for the City’s three pension funds decreased to \$88.5 million in the current fiscal year compared with \$97.5 million for the prior fiscal year. This was largely due to the strong performance in net investment income for all three investment portfolios (see Note 15).

**City of Galveston, Texas Net Position
(September 30, 2025 and 2024)**

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2025	2024	2025	2024	2025	2024
Current and other assets	\$ 191,440,237	\$ 166,842,191	\$ 95,812,565	\$ 98,266,649	\$ 287,252,802	\$ 265,108,840
Capital assets	252,289,377	254,534,237	394,439,411	392,414,041	646,728,788	646,948,278
Noncurrent lease receivable	-	-	15,833,313	16,067,627	15,833,313	16,067,627
Total assets	443,729,614	421,376,428	506,085,289	506,748,317	949,814,903	928,124,745
Total deferred outflows of resources	18,534,703	27,402,404	3,487,766	5,643,176	22,022,469	33,045,580
Other liabilities	13,317,720	16,029,812	7,618,213	8,373,152	20,935,933	24,402,964
Long-term liabilities	106,810,459	88,219,972	142,078,640	147,074,546	248,889,099	235,294,518
Total OPEB liability	5,744,158	5,923,596	-	-	5,744,158	5,923,596
Net pension liability	79,214,005	86,010,959	9,241,901	11,453,587	88,455,906	97,464,546
Total liabilities	205,086,342	196,184,339	158,938,754	166,901,285	364,025,096	363,085,624
Total deferred inflows of resources	14,149,624	14,530,233	14,399,944	15,246,726	28,549,568	29,776,959
Net position (deficit):						
Net investment in capital assets	194,852,978	189,389,079	313,344,612	309,788,274	508,197,590	499,177,353
Restricted	91,082,973	89,002,968	-	-	91,082,973	89,002,968
Unrestricted (deficit)	(42,907,600)	(40,327,787)	22,889,745	20,455,208	(20,017,855)	(19,872,579)
Total net position (deficit)	\$ 243,028,351	\$ 238,064,260	\$ 336,234,357	\$ 330,243,482	\$ 579,262,708	\$ 568,307,742

An additional portion of the City’s net position, 15.7 percent or \$91.1 million, represents resources that are restricted by external authorities and requirements on how they may be used. The total negative unrestricted net position of \$20.0 million results from \$42.9 million negative unrestricted net position of governmental activities, that is partially offset by \$22.9 million unrestricted net position of business-type activities. The governmental activities negative unrestricted net position includes almost all of the City’s net pension liability because two of the three pension funds (police and fire) include public safety personnel funded strictly through the general fund. The governmental activities report \$79.2 million of the total \$88.5 million in net pension liabilities and \$5.7 million of OPEB liabilities.

**City of Galveston, Texas Change in Net Position
(September 30, 2025 and 2024)**

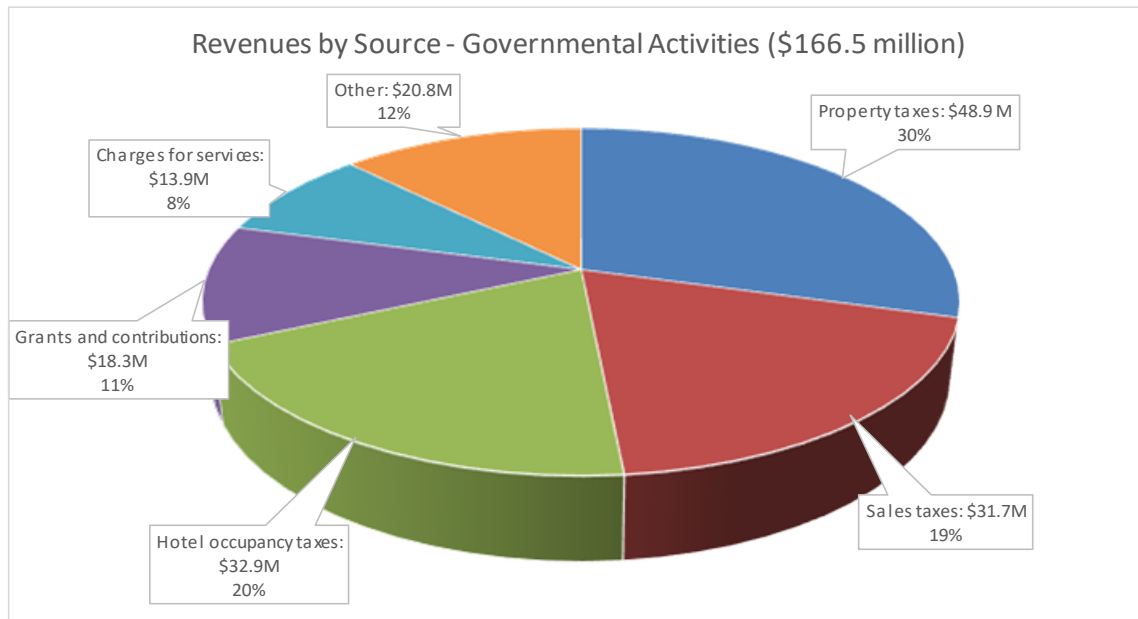
	Governmental Activities		Business-type Activities		Total Primary Government	
	2025	2024	2025	2024	2025	2024
Revenues:						
Program revenues:						
Charges for services	\$ 13,903,663	\$ 10,252,594	\$ 60,573,120	\$ 54,722,025	\$ 74,476,783	\$ 64,974,619
Operating grants and contributions	4,360,465	4,652,081	100,000	143,402	4,460,465	4,795,483
Capital grants and contributions	13,971,541	22,970,640	1,544,067	-	15,515,608	22,970,640
General revenues:						
Property taxes	48,930,525	45,814,888	-	-	48,930,525	45,814,888
Sales taxes	31,742,280	29,434,012	-	-	31,742,280	29,434,012
Mixed beverage tax	1,128,223	1,175,555	-	-	1,128,223	1,175,555
Hotel occupancy taxes	32,854,723	33,037,127	-	-	32,854,723	33,037,127
Franchise and other taxes	5,319,073	5,185,065	-	-	5,319,073	5,185,065
Payments in lieu of taxes	375,637	332,163	-	-	375,637	332,163
Unrestricted investment earnings	6,824,904	7,705,047	3,848,127	4,902,470	10,673,031	12,607,517
Gain on sale of capital assets	1,926,456	-	4,302,422	-	6,228,878	-
Other	5,130,901	7,759,607	63	139,078	5,130,964	7,898,685
Total revenues	166,468,391	168,318,779	70,367,799	59,906,975	236,836,190	228,225,754
Expenses:						
General government	19,256,112	13,804,401	-	-	19,256,112	13,804,401
Public safety	56,938,997	48,436,515	-	-	56,938,997	48,436,515
Public works	10,951,188	14,673,277	-	-	10,951,188	14,673,277
Culture and recreation	60,470,423	46,132,491	-	-	60,470,423	46,132,491
Planning and community development	4,233,289	6,819,529	-	-	4,233,289	6,819,529
Transportation system	6,401,048	6,825,261	-	-	6,401,048	6,825,261
Interest on long-term debt	4,242,138	2,253,721	-	-	4,242,138	2,253,721
Combined utility system	-	-	48,395,794	50,370,924	48,395,794	50,370,924
Sanitation	-	-	7,614,129	8,391,024	7,614,129	8,391,024
Drainage	-	-	4,439,461	4,343,915	4,439,461	4,343,915
Airport	-	-	2,938,645	2,472,092	2,938,645	2,472,092
Total expenses	162,493,195	138,945,195	63,388,029	65,577,955	225,881,224	204,523,150
Change in net position before transfers	3,975,196	29,373,584	6,979,770	(5,670,980)	10,954,966	23,702,604
Transfers	988,895	(17,578,415)	(988,895)	17,578,415	-	-
Change in net position	4,964,091	11,795,169	5,990,875	11,907,435	10,954,966	23,702,604
Net position - beginning	238,064,260	226,269,091	330,243,482	318,336,047	568,307,742	544,605,138
Net position - ending	\$ 243,028,351	\$ 238,064,260	\$ 336,234,357	\$ 330,243,482	\$ 579,262,708	\$ 568,307,742

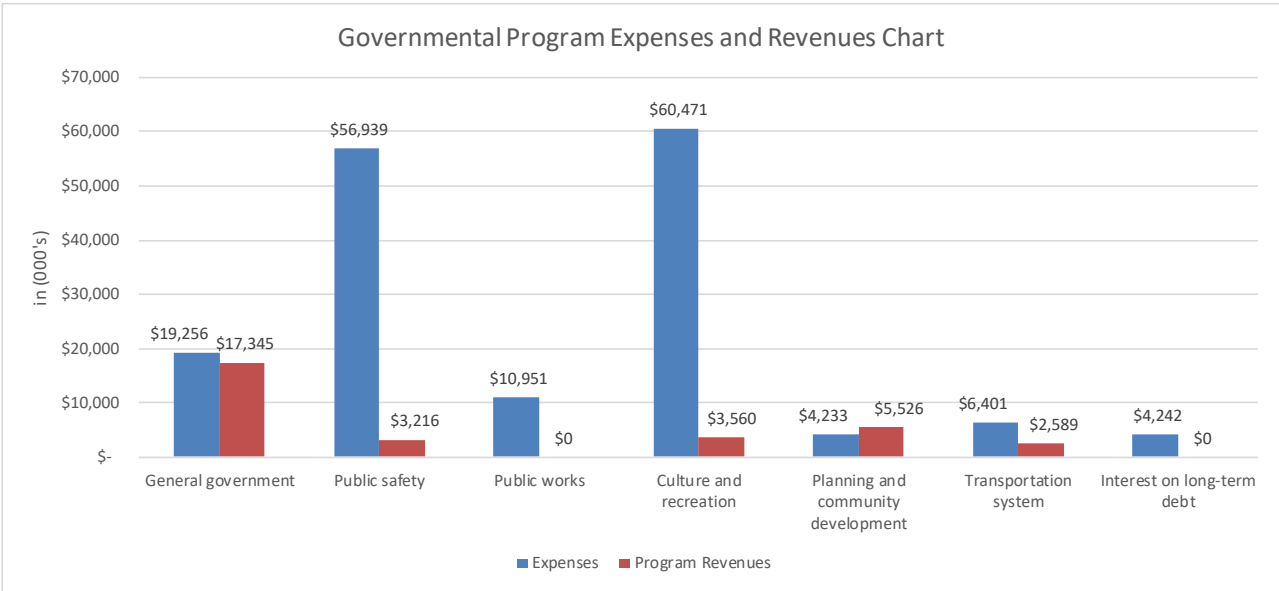
Governmental Activities

Governmental activities increased the City’s net position by \$5.0 million. Key elements of this net increase are as follows:

- Total revenue from governmental activities decreased by \$1.9 million from FY 2024.
- Charges for services increased from \$10.3 million in FY 2024 to \$13.9 million in FY 2025, an increase of \$3.6 million primarily due to long-term parking revenue.
- There was a decrease in capital grants and contributions of \$9.0 million from \$23.0 million to \$14.0 million and a decrease in operating grants and contributions of \$0.3 million. The large decrease in capital grants and contributions was due to a decrease in the American Rescue Plan Act grant revenue recognized in the current fiscal year.
- Virtually all of the \$14.0 million in capital grants and contributions shown in governmental activities revenue is being invested in the City’s infrastructure.
- The total public safety expenses increased by \$8.5 million from \$48.4 million in FY 2024 and \$56.9 million in FY 2025. This increase resulted mainly from the decrease in net pension liabilities for public safety. The public safety portion of net pension liability is included in the governmental activities net pension liability total for FY 2025 of \$79.2 million which decreased by \$6.8 million from FY 2024. The overall budget and expenditures for public safety also increased (see general fund budget on page 83). Police makes up a majority of the public safety budget and expenditures. The final budget for Police expenditures increased from \$28.3 million in FY 2024 to \$30.2 million in FY 2025. Also, total public safety expenditures for police increased from \$28.2 million in FY 2024 to \$30.2 million in FY 2025.

Governmental activities are largely funded from property, sales, and other taxes. Public safety is the major public service funded with governmental revenues. Planning and community development program revenues as shown on the government-wide statement of activities on page 22 include annual federal grant allocations of CDBG grants. The grant revenues for planning and community development were transferred to business-type activities for repairs and upgrades to the water and sewer systems.

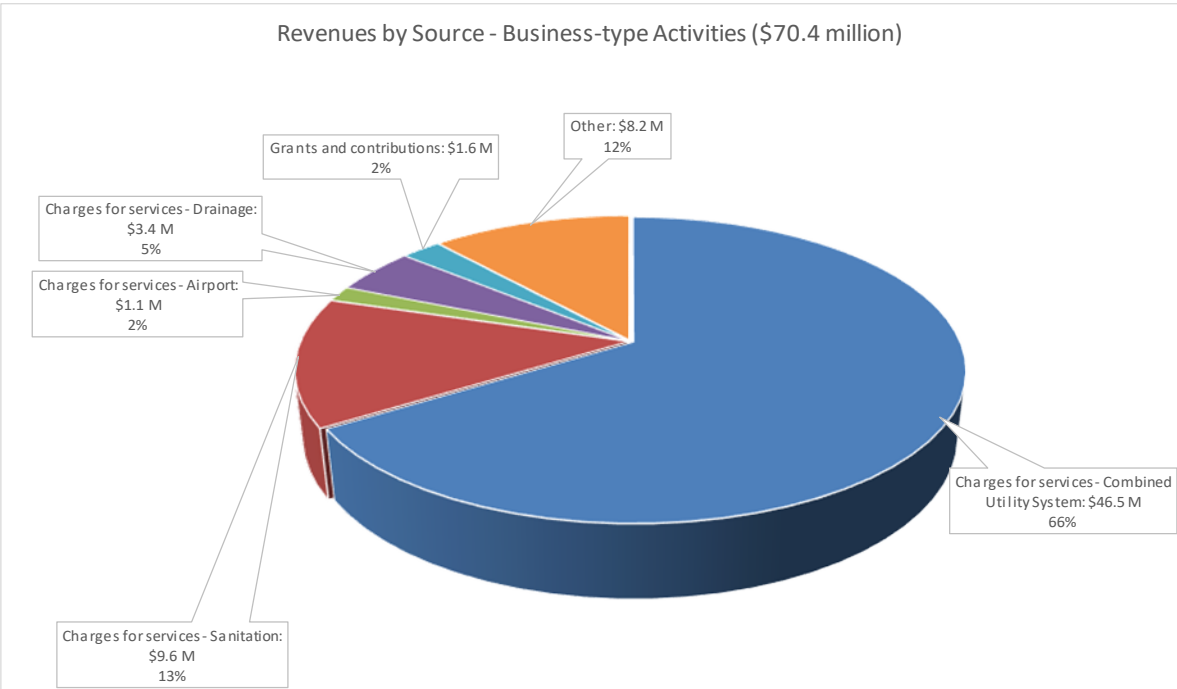




Business-type Activities

Business-type activities increased the City’s net position by \$6.0 million. Highlights are as follows:

- Revenues for business-type activities totaled \$70.4 million, \$7.0 million more than total expenses for business-type activities, which were \$63.4 million. In FY 2025, the total expenses for business-type activities decreased by \$2.2 million from FY 2024.
- Business-type activities generated \$10.5 million more in revenue compared to prior year.



Financial Analysis of the City's Funds

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

Governmental Funds

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

In FY 2025, year to date sales tax revenue is approximately 7.8 percent or \$2.3 million higher than FY 2024. This led directly to an ending fund balance in the general fund of \$28.2 million, which was \$3.3 million more than in FY 2024 as adjusted. This met the general fund balance reserve requirement of \$20.2 million, or ninety days of budgeted operating expenses. It is about 6 days more than the preferred goal of keeping 120 days of expenditures in reserve, or \$26.9 million, for use in unforeseen emergencies and for one-time expenditures as approved by the City Council. The City also maintains a \$50 million emergency bridge loan (see Note 9) capacity that is available under provisions of state law for cash flow, debris removal, and infrastructure repairs in the event of a statewide and/or national emergency. If draws are made on the loan, proceeds must be repaid on a short-term basis up to two years.

FEMA grant funds for Hurricane Ike related work are complete, and the City received the final close-out letter in FY 2025. In addition, all work on Hurricane Harvey, Tropical Storm Laura, and Winter Storm Uri are completed and final closeout letter from FEMA and the Texas Division of Emergency Management was received in FY 2025. The City is moving forward with 3 FEMA mitigation projects with anticipated completion in 2028. The City received is also progressing with 2 CDBG mitigation projects for a total of approximately \$15.7 million.

The City was awarded approximately \$2.0 million in FY 2025 from the U.S. Department of Transportation under the Strengthening Mobility and Revolutionizing Transportation (SMART) program. The grant will be used for the implementation of a traffic management system to improve the oversight of the City's transportation system, to relieve congestion on key corridors and to aid in reducing vehicle emissions affecting air quality in the region. The design for this project is in process.

As of September 30, 2025, the City had spent all but \$7.4 million from the \$62 million in general obligation bond funds authorized by the voters in May 2017. Of this amount, \$1.5 million was under contract for use in completing street and drainage projects underway currently. A majority of the remainder of the authorization, or \$5.9 million, is committed to projects improving pilot storm water pump station 14th street and 37th street improvements from Broadway to Avenue P (see Note 8).

Proprietary Funds

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

The combined utility system fund has an unrestricted net position at fiscal year end of \$13.4 million which is less than the \$16.1 million unrestricted net position in the previous year. The cash that is restricted includes \$56.2 million to be used for capital projects. The combined utilities system fund net position increased by \$0.3 million from prior year.

General Fund Budgetary Highlights

After a turbulent FY 2020, the economy continued to recover in FY 2025. Due to advance planning and conservative budgeting, the City was able to take advantage of this by building its general fund ending fund balance considerably. The ending balance of \$28.2 million provides for a 126 day reserve amount.

General fund revenues ended FY 2025 \$2.1 million over budget. This overall net result included increases in projected returns from sales tax revenue (\$0.9 million over budget). The City also recorded \$0.5 million over budget for fines and forfeitures and \$0.4 million over budget for franchises and other taxes. Investment earnings for FY 2025 resulted in \$0.4 million over budget. The City also recorded \$0.7 million under budget from property taxes in FY 2025.

The general fund expenditure budget exceeded the FY 2025 actual expenditures by \$2.7 million. A majority of this variance came from general government expenditures (\$1.2 million under budget).

The general fund expenditure budget was amended four times in fiscal year 2025 using quarterly reports that provided year end projections of revenue and expenditures. These amendments were approved by the City Council in ordinance form as proposed and recommended by the City Manager. Each amendment was for municipal purposes as allowed by Section 102.010 of the Texas Local Government Code. The City Charter authorizes the City Manager to transfer budget amounts within a department’s total budget as adopted or amended by City Council. A separate schedule is provided on page 83 that demonstrates compliance with this requirement. Also, the City Charter mandated transfer from the general fund to the Infrastructure and Debt Service Fund during FY 2025 equaled eight percent of the general fund revenue, or \$6.5 million as required. During FY 2025, the general fund transfers out also included \$1.2 million to the Separation Pay fund to cover retirements occurring in the general fund.

Capital Assets and Debt Administration

At the end of fiscal year 2025, the City’s governmental activities and business-type activities held capital assets net of depreciation/amortization of \$252.3 million and \$394.4 million, respectively. This \$646.7 million total includes a variety of capital assets and infrastructure, as reflected in the following schedule. This represents a net decrease of \$2.2 million or 0.9 percent over the end of the last fiscal year for governmental activities and a net increase of \$2.0 million or 0.5 percent for business-type activities.

**City of Galveston, Texas Capital Assets
(net of depreciation and amortization)**

	Governmental Activities		Business-type Activities		Total Primary Government	
	2025	2024	2025	2024	2025	2024
Land	\$ 22,519,601	\$ 21,411,775	\$ 2,906,705	\$ 2,906,705	\$ 25,426,306	\$ 24,318,480
Construction in progress	50,301,398	39,939,048	75,344,097	77,058,039	125,645,495	116,997,087
Infrastructure	102,749,969	110,477,645	-	-	102,749,969	110,477,645
Buildings and improvements	54,899,703	59,125,150	117,343,711	121,182,983	172,243,414	180,308,133
Vehicles, equipment and furniture	16,482,256	17,628,093	11,939,148	12,887,746	28,421,404	30,515,839
Right-to-use assets	233,429	448,912	-	-	233,429	448,912
Improvements other than buildings	5,103,021	5,503,614	183,415,863	174,597,857	188,518,884	180,101,471
Contractual water rights	-	-	3,489,887	3,780,711	3,489,887	3,780,711
Totals	\$ 252,289,377	\$ 254,534,237	\$ 394,439,411	\$ 392,414,041	\$ 646,728,788	\$ 646,948,278

Additional information on capital assets can be found in Note 8 to the financial statements.

Construction in progress is at the \$125.6 million level, an increase of \$8.6 million from prior year, with project plans approved for appropriations in the adopted capital budget for FY 2025 of \$264.6 million. Several large projects were completed in FY 2025, including the 59th Street Tank Rehab (\$8.0 million), and Phase 1 Airport pump station ground storage tank (\$9.8 million). The most significant major projects still in progress are listed below:

- Advanced metering (\$17.2 million, remaining \$0.8 million)
- HR/FIN ERP software implementation (\$3.5 million, remaining \$0.1 million)
- South Shore Pump Station (\$4.5 million, remaining \$66.6 million)
- Pirates Beach & Seawolf Park WWTP (\$20.8 million, remaining \$3.0 million)

Long-term Liabilities

At the end of the current fiscal year, the City had total bonds, certificates of obligation and other obligations outstanding of \$226.0 million. This total included \$14.8 million in discounts and premiums that were a part of bond sales that are being amortized as a part of the City’s long-term debt.

City of Galveston, Texas Long-term Liabilities Outstanding

	Governmental		Business-type		Total	
	Activities		Activities		Primary Government	
	2025	2024	2025	2024	2025	2024
General obligation bonds	\$ 43,161,400	\$ 45,785,298	\$ 13,743,600	\$ 15,749,700	\$ 56,905,000	\$ 61,534,998
Special obligation bonds	14,240,000	15,665,000	-	-	14,240,000	15,665,000
Certificates of obligation	17,580,000	-	116,745,000	119,210,000	134,325,000	119,210,000
Certificates of obligation - private						
Placement	3,250,000	4,020,000	2,275,000	3,375,000	5,525,000	7,395,000
Arbitrage liability	594,803	-	657,487	-	1,252,290	-
Leases payable	191,918	323,332	-	-	191,918	323,332
SBITA payable	5,539	37,029	-	-	5,539	37,029
Discounts and premiums	8,313,398	7,093,304	6,498,027	6,963,567	14,811,425	14,056,871
Claims payable - workers compensation	463,005	455,185	-	-	463,005	455,185
Claims payable - health insurance	1,316,000	675,000	-	-	1,316,000	675,000
Compensated absences	17,694,396	14,165,824	2,159,526	1,776,279	19,853,922	15,942,103
Total	\$ 106,810,459	\$ 88,219,972	\$ 142,078,640	\$ 147,074,546	\$ 248,889,099	\$ 235,294,518

During FY 2025, the City increased its long-term liabilities by approximately \$13.6 million. Debt service will be paid on the City’s outstanding long-term debt as shown below. Annual principal and interest payments are budgeted based on the projects actually provided with the proceeds from the borrowings.

	Property Tax Supported	Combined Utility System Revenue Supported	Sanitation Services Revenue Supported	Hotel Occupancy Tax Revenue Supported	Total
Property-Tax Supported Debt					
General obligation bonds	\$ 43,161,400	\$ 13,743,600	\$ -	\$ -	\$ 56,905,000
Certificates of obligation	17,580,000	116,745,000	-	-	134,325,000
Certificates of obligation - Private					
Placement	3,250,000	-	2,275,000	-	5,525,000
Subtotal	63,991,400	130,488,600	2,275,000	-	196,755,000
Special obligation bonds	-	-	-	14,240,000	14,240,000
Lease Payable	191,918	-	-	-	191,918
SBITA Payable	5,539	-	-	-	5,539
Total principal payments	\$ 64,188,857	\$ 130,488,600	\$ 2,275,000	\$ 14,240,000	\$ 211,192,457

Additional information on long-term debt can be found in Note 9 to the financial statements.

Economic Factors and Next Year's Budgets and Rates

Galveston's economy is tied to the national economy through tourism and trade, as well as the Texas state and Houston regional economy and the strong energy sector. For these reasons, the City has a diversified basis for its economy that profits from local, regional, national, and even international factors. The City of Galveston has shown its resiliency in the face of severe weather and economic challenges for more than a century. The latest challenges, the COVID-19 pandemic and Hurricane Beryl, presented a new challenge that would have had an enormous impact on the Island were it not for our geography, our location, and the Island's role as the playground for the nation's fourth largest city.

Post-pandemic, the Galveston economy benefited directly from the various economic stimulus programs, primarily in the form of busy tourist seasons. The reopening of our hospitality industry, including bars and restaurants, coincided with the resumption of cruises by the cruise industry in July 2022. The impact of the programs stimulating consumer behavior was continued through 2022 but tapered off to resume more normal levels in FY 2023.

In the most recent two years, the impact of the expanding cruise industry is being monitored to understand its relationship with changes in sales and hotel occupancy tax collections. The city continues to rely heavily on state and federal grants to support infrastructure and connectivity improvements throughout the community.

The FY 2025 Budget assumed that the booms in tax revenues and home construction from previous years were temporary. In FY 2025, the general fund ended the fiscal year with a fund balance of \$28.2 million, or \$3.3 million higher than the prior year as adjusted. This provides 126 days of operating expenses or \$8.0 million more than the ordinance and charter mandated minimum of ninety days of operating cost.

The FY 2026 Amended Budget includes \$233.3 million for maintenance and operations, a 12.5 percent increase from the FY 2025 Estimated Actuals. The capital budget, based on the first year of the FY 2026-2030 Capital Improvement Plan, is adopted to cover project appropriations totaling \$303.8 million. This is \$39.1 million, or 14.8 percent more than last year. The total budget is \$537.1 million, a 4.9 percent increase over FY 2025.

The property tax rate for FY 2026 decreased from \$0.40885 to \$0.408687, including \$0.368932 for maintenance and operations and \$0.039755 for debt service. The reduction ensured that the City managed to the No New Revenue rate established by the State's rate setting rules. In accordance with the City Charter, the budget also includes a general fund transfer equal to eight percent of the budget (\$6.7 million) to the Infrastructure and Debt Service Fund. This transfer can be used to pay for projects in excess of \$100,000 and also to pay debt service for property tax supported bonds as required by the Charter.

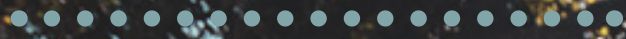
Personnel costs are almost half of the FY 2026 Adopted Budget and the City's highest priority. Personnel costs are budgeted at a level \$6.7 million higher than our FY 2025 Estimate for personnel spending. Civil Service employees are receiving market-based adjustments agreed to through the collective bargaining process, and cost of living adjustments are being funded for the civilian staff.

Requests for Information

This financial report is designed to provide a general overview of the City of Galveston'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 addressed to the Office of the Finance Director, City of Galveston, P.O. Box 779, Galveston, TX 77553, or physically located at 823 Rosenberg, Suite 300, Galveston, TX 77550.

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Basic Financial Statement



2025 Annual Comprehensive Financial Report



**Statement of Net Position
September 30, 2025**

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
ASSETS				
Current assets:				
Cash and cash equivalents	\$ 48,647,897	\$ 8,702,147	\$ 57,350,044	\$ 58,238,490
Accounts receivable, net of allowance	6,110,587	16,575,415	22,686,002	18,241,779
Lease receivable - current	-	390,385	390,385	6,837,294
Internal balances	311,998	(311,998)	-	-
Due from other governments	14,874,379	302,665	15,177,044	11,148
Due from component unit	451,970	-	451,970	-
Inventories	498,654	1,233,005	1,731,659	17,044
Prepaid items	1,799,886	9,027	1,808,913	1,123,332
Restricted cash and cash equivalents	118,744,866	68,911,919	187,656,785	149,397,954
Total current assets	191,440,237	95,812,565	287,252,802	233,867,041
Non-current assets:				
Lease receivable - non-current	-	15,833,313	15,833,313	242,555,098
Capital assets not being depreciated	72,820,999	78,250,802	151,071,801	114,846,592
Capital assets net of depreciation	179,234,949	316,188,609	495,423,558	430,265,594
Right of use asset net of amortization	233,429	-	233,429	5,743,024
Total non-current assets	252,289,377	410,272,724	662,562,101	793,410,308
Total assets	443,729,614	506,085,289	949,814,903	1,027,277,349
DEFERRED OUTFLOWS OF RESOURCES				
Deferred charge on refunding bonds	204,666	498,995	703,661	92,843
Deferred outflows relating to pension activities	13,894,565	2,988,771	16,883,336	-
Deferred outflows relating to other post employment benefits (OPEB)	4,435,472	-	4,435,472	-
Total deferred outflows of resources	18,534,703	3,487,766	22,022,469	92,843
Total assets and deferred outflows of resources	462,264,317	509,573,055	971,837,372	1,027,370,192

The Notes to the Basic Financial Statements are an integral part of this statement.

Statement of Net Position - Continued

September 30, 2025

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
LIABILITIES				
Current liabilities:				
Accounts payable	5,473,901	2,060,418	7,534,319	44,223,746
Accrued liabilities	3,168,934	-	3,168,934	-
Accrued interest payable	1,238,111	2,499,709	3,737,820	8,787,541
Due to other governments	675,141	56,992	732,133	18,729,366
Deposits payable	13,067	2,987,226	3,000,293	-
Unearned revenue	2,748,566	13,868	2,762,434	4,603,618
Long-term liabilities, current	12,717,474	6,775,917	19,493,391	10,502,274
Total OPEB liability, current	80,858	-	80,858	-
Total current liabilities	26,116,052	14,394,130	40,510,182	86,846,545
Non-current liabilities:				
Long-term liabilities, non-current	94,092,985	135,302,723	229,395,708	243,755,671
Net pension liability	79,214,005	9,241,901	88,455,906	1,137,761
Total OPEB liability, non-current	5,663,300	-	5,663,300	-
Total liabilities	205,086,342	158,938,754	364,025,096	331,739,977
DEFERRED INFLOWS OF RESOURCES				
Deferred gain on refunding bonds	-	-	-	25,029
Deferred inflows related to pensions	1,596,470	109,937	1,706,407	258,056
Deferred inflows related to other post employment benefits (OPEB)	12,553,154	-	12,553,154	-
Deferred inflows related to leases	-	14,290,007	14,290,007	234,986,716
Total deferred inflows of resources	14,149,624	14,399,944	28,549,568	235,269,801
Total liabilities and deferred inflows of resources	219,235,966	173,338,698	392,574,664	567,009,778
NET POSITION (DEFICIT)				
Net investment in capital assets	194,852,978	313,344,612	508,197,590	395,958,374
Restricted for				
Capital projects	36,629,484	-	36,629,484	-
Grants	2,235,563	-	2,235,563	-
Advertising and tourism	8,612,841	-	8,612,841	-
Art and historical preservation	6,536,940	-	6,536,940	-
Beach preservation	8,353,914	-	8,353,914	-
Beach safety	2,945,848	-	2,945,848	-
Culture & recreation	680,695	-	680,695	-
Infrastructure and debt service	9,980,158	-	9,980,158	-
Debt service	4,470,778	-	4,470,778	20,477,989
Tourism, convention and hotel industry	10,636,752	-	10,636,752	-
Hotel occupancy taxes	-	-	-	9,108,759
Unrestricted (deficit)	(42,907,600)	22,889,745	(20,017,855)	34,815,292
TOTAL NET POSITION	\$ 243,028,351	\$ 336,234,357	\$ 579,262,708	\$ 460,360,414

The Notes to the Basic Financial Statements are an integral part of this statement.

Statement of Activities
For the Fiscal Year Ended September 30, 2025

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
PRIMARY GOVERNMENT				
Governmental activities				
General government	\$ 19,256,112	\$ 5,467,842	\$ -	\$ 11,876,938
Public safety	56,938,997	2,770,990	445,140	-
Public works	10,951,188	-	-	-
Culture and recreation	60,470,423	3,459,682	100,000	-
Planning and community development	4,233,289	1,887,187	1,557,571	2,081,203
Transportation system	6,401,048	317,962	2,257,754	13,400
Interest on long-term debt	4,242,138	-	-	-
Total governmental activities	162,493,195	13,903,663	4,360,465	13,971,541
Business-type activities				
Combined utility system	48,395,794	46,489,819	-	294,296
Sanitation	7,614,129	9,588,705	-	829,745
Drainage	4,439,461	3,354,713	-	416,397
Airport	2,938,645	1,139,883	100,000	3,629
Total business-type activities	63,388,029	60,573,120	100,000	1,544,067
Total primary government	\$ 225,881,224	\$ 74,476,783	\$ 4,460,465	\$ 15,515,608
COMPONENT UNITS				
Component units	104,736,183	86,627,459	-	8,285,382
Total component units	\$ 104,736,183	\$ 86,627,459	\$ -	\$ 8,285,382
GENERAL REVENUES				
Taxes:				
Property taxes				
Sales taxes				
Mixed beverage tax				
Hotel occupancy taxes				
Franchise fees and local taxes				
Payments in lieu of taxes				
Unrestricted investment earnings				
Gain on sale of capital assets				
Miscellaneous				
Transfers				
Total general revenues and transfers				
Change in net position				
Net position, beginning of year				
NET POSITION, end of year				

The Notes to the Basic Financial Statements are an integral part of this statement.

Net (Expense) Revenue and Changes in Net Position

Primary Government			
Governmental Activities	Business-type Activities	Total	Component Units
\$ (1,911,332)	\$ -	\$ (1,911,332)	\$ -
(53,722,867)	-	(53,722,867)	-
(10,951,188)	-	(10,951,188)	-
(56,910,741)	-	(56,910,741)	-
1,292,672	-	1,292,672	-
(3,811,932)	-	(3,811,932)	-
(4,242,138)	-	(4,242,138)	-
(130,257,526)	-	(130,257,526)	-
-	(1,611,679)	(1,611,679)	-
-	2,804,321	2,804,321	-
-	(668,351)	(668,351)	-
-	(1,695,133)	(1,695,133)	-
-	(1,170,842)	(1,170,842)	-
<u>\$ (130,257,526)</u>	<u>\$ (1,170,842)</u>	<u>\$ (131,428,368)</u>	<u>\$ -</u>
-	-	-	(9,823,342)
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (9,823,342)</u>
48,930,525	-	48,930,525	787,987
31,742,280	-	31,742,280	-
1,128,223	-	1,128,223	-
32,854,723	-	32,854,723	17,947,681
5,319,073	-	5,319,073	838,041
375,637	-	375,637	-
6,824,904	3,848,127	10,673,031	5,366,089
1,926,456	4,302,422	6,228,878	-
5,130,901	63	5,130,964	11,415,728
988,895	(988,895)	-	-
<u>135,221,617</u>	<u>7,161,717</u>	<u>142,383,334</u>	<u>36,355,526</u>
4,964,091	5,990,875	10,954,966	26,532,184
<u>238,064,260</u>	<u>330,243,482</u>	<u>568,307,742</u>	<u>433,828,230</u>
<u>\$ 243,028,351</u>	<u>\$ 336,234,357</u>	<u>\$ 579,262,708</u>	<u>\$ 460,360,414</u>

**Balance Sheet - Governmental Funds
September 30, 2025**

	General Fund	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS			
Cash and cash equivalents	\$ 23,613,873	\$ 14,319,415	\$ 37,933,288
Accounts receivable, net of allowance	3,595,241	2,461,683	6,056,924
Due from other funds	1,277,140	4,635,546	5,912,686
Due from other governments	4,281,513	10,573,272	14,854,785
Due from component unit	246,120	-	246,120
Inventories	-	206,728	206,728
Prepaid items	888,684	5,857	894,541
Restricted cash and cash equivalents	-	112,944,866	112,944,866
TOTAL ASSETS	\$ 33,902,571	\$ 145,147,367	\$ 179,049,938
LIABILITIES			
Accounts payable	\$ 417,072	\$ 4,510,326	\$ 4,927,398
Accrued liabilities	2,217,264	951,670	3,168,934
Due to other funds	-	6,025,413	6,025,413
Due to other governments	144,364	530,777	675,141
Unearned revenue	326,405	2,422,161	2,748,566
Customer deposits	-	13,067	13,067
Total liabilities	3,105,105	14,453,414	17,558,519
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue - property taxes	1,737,884	319,714	2,057,598
Unavailable revenue - grants	69,056	10,404	79,460
Unavailable revenue - court fines	763,854	-	763,854
Total deferred inflows of resources	2,570,794	330,118	2,900,912
FUND BALANCES			
Nonspendable:			
Inventories	-	206,728	206,728
Prepaid items	888,684	5,857	894,541
Restricted:			
Debt service	-	5,559,196	5,559,196
Advertising & tourism	-	8,612,841	8,612,841
Arts & historical preservation	-	6,536,940	6,536,940
Beach preservation	-	8,353,914	8,353,914
Beach safety	-	2,945,848	2,945,848
Culture & recreation	-	680,695	680,695
Infrastructure and debt service	-	9,980,158	9,980,158
Capital projects	-	65,730,674	65,730,674
Grants	-	2,235,563	2,235,563
Tourism, convention and hotel industry:			
Convention center operator	-	299,998	299,998
City of Galveston	-	10,336,754	10,336,754
Committed:			
Governmental projects	-	8,888,832	8,888,832
Assigned:			
Recovery and capital reserve	1,160,074	-	1,160,074
Emergency reserves	20,180,272	-	20,180,272
Unassigned	5,997,642	(10,163)	5,987,479
Total fund balances	28,226,672	130,363,835	158,590,507
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	\$ 33,902,571	\$ 145,147,367	\$ 179,049,938

The Notes to the Basic Financial Statements are an integral part of this statement.

**Reconciliation of the Governmental Funds Balance Sheet
to the Statement of Net Position
September 30, 2025**

TOTAL FUND BALANCES - GOVERNMENTAL FUNDS \$ 158,590,507

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

Capital assets used in governmental activities are not current financial resources, and therefore are not reported in the governmental funds balance sheet. This amount excludes \$8,900,111 recorded in internal service funds.

Capital assets, cost	\$ 462,197,917	
Capital assets, accumulated depreciation	<u>(218,808,651)</u>	243,389,266

Property taxes, grants and court fines receivable, which will be collected subsequent to year-end, are not available soon enough to pay expenditures of the current period and, therefore, are deferred in the funds.		2,900,912
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Deferred charge on issuance of refunding bonds is not recorded in the fund financial statements but is recorded as a deferred outflow of resources on the statement of net position.		204,666
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Long-term liabilities are not due and payable in the current period, and therefore are not reported in the fund financial statements. The components of long-term liabilities are:

Bonds payable, par	\$ (78,231,400)	
Bonds payable, premiums	(8,313,398)	
Leases payable	(191,918)	
Subscriptions payable	(5,539)	
Accrued interest payable	(1,238,111)	
Compensated absences payable (excludes \$1,062,846 recorded in internal service funds)	(16,631,550)	
Arbitrage liability	(594,803)	
Net pension liability	<u>(79,214,005)</u>	(184,420,724)

The deferred outflows and inflows of resources related to the net pension liability and the total OPEB liability are recognized on the statement of net position:

Deferred outflows - pensions	\$ 13,894,565	
Deferred inflows - pensions	<u>(1,596,470)</u>	<u>12,298,095</u>

A portion of assets and liabilities of internal service funds are not included in the governmental fund financial statements, but are included in the governmental activities in the Statement of Net Position. For fiscal year 2025, \$424,725 was excluded in the governmental activities and was included in the business-type activities.		<u>10,065,629</u>
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TOTAL NET POSITION - GOVERNMENTAL ACTIVITIES **\$ 243,028,351**

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

	General Fund	American Rescue Plan Act	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES				
Taxes:				
Property tax	\$ 38,065,191	\$ -	\$ 10,736,275	\$ 48,801,466
Sales tax	23,806,697	-	7,935,583	31,742,280
Hotel occupancy taxes	-	-	32,854,723	32,854,723
Mixed beverage tax	1,128,223	-	-	1,128,223
Franchise and other taxes	5,319,073	-	-	5,319,073
Licenses and permits	1,689,521	-	725,568	2,415,089
Fines and forfeitures	2,032,369	-	83,569	2,115,938
Charges for services	2,475,798	-	3,419,206	5,895,004
Investment earnings	1,178,726	-	4,954,930	6,133,656
Intergovernmental	2,151,372	-	17,886,987	20,038,359
Payments in lieu of taxes	375,637	-	-	375,637
Other	1,478,098	-	4,924,739	6,402,837
	<u>79,700,705</u>	<u>-</u>	<u>83,521,580</u>	<u>163,222,285</u>
EXPENDITURES				
Current:				
General government	9,983,490	-	2,523,498	12,506,988
Public safety	50,493,601	-	800,179	51,293,780
Highways and roads	6,073,567	-	1,329,451	7,403,018
Culture and recreation	3,771,861	-	53,229,007	57,000,868
Planning and community development	2,183,366	-	2,642,167	4,825,533
Transportation	-	-	4,344,337	4,344,337
Debt service:				
Principal	70,698	-	5,735,970	5,806,668
Interest on long-term debt	3,954	-	3,938,729	3,942,683
Capital outlay	1,095,167	-	14,956,010	16,051,177
	<u>73,675,704</u>	<u>-</u>	<u>89,499,348</u>	<u>163,175,052</u>
Excess (deficiency) of revenues over (under) expenditures	6,025,001	-	(5,977,768)	47,233
OTHER FINANCING SOURCES (USES)				
Issuance of certificates of obligation	-	-	18,460,000	18,460,000
Premium on issuance of debt	-	-	1,829,019	1,829,019
Proceeds from sale of capital assets	1,922,863	-	3,429	1,926,292
Transfers in	3,519,163	-	17,318,071	20,837,234
Transfers out	(8,166,510)	-	(8,911,154)	(17,077,664)
	<u>(2,724,484)</u>	<u>-</u>	<u>28,699,365</u>	<u>25,974,881</u>
Net change in fund balances	3,300,517	-	22,721,597	26,022,114
Fund balance, beginning of year	23,885,781	1,697,647	106,984,965	132,568,393
Change within the financial reporting entity	1,040,374	(1,697,647)	657,273	-
Fund balance, beginning of year - adjusted	<u>24,926,155</u>	<u>-</u>	<u>107,642,238</u>	<u>132,568,393</u>
FUND BALANCE, END OF YEAR	<u>\$ 28,226,672</u>	<u>\$ -</u>	<u>\$ 130,363,835</u>	<u>\$ 158,590,507</u>

**City Charter mandated (Ordinance No 12-009) 8% of general fund budget revenues to be transferred from general fund to Infrastructure & Debt Service Fund for either capital improvements or debt service in every year. See additional transfer information in Note 7 and Infrastructure & Debt Service Fund financial statements in the Combining and Individual Fund Statements and Schedules with the nonmajor governmental funds.

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

Net change in fund balances - total governmental funds \$ 26,022,114

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

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/amortization expense. This is the amount of capital asset additions recorded in the current period. 16,353,563

Depreciation expense on capital assets is reported in the statement of activities, but does not require the use of current financial resources. Therefore, depreciation/amortization expense is not reported as expenditures in the governmental funds. (15,432,610)

The net effect of various miscellaneous transactions involving capital assets (i.e., sales, disposals, transfers, non-cash capital asset contributions) is not reported in the governmental funds. (5,111,201)

Because some revenues will not be collected for several months after the City's fiscal year end, they are not considered available and are deferred in the governmental funds. Deferred inflows increased (decreased) by this amount this year.

Unavailable revenues - taxes	129,059
Unavailable revenues - grants	79,460
Unavailable revenues - courts	10,546

The issuance of long term debt provides current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of bond and other debt principal is an expenditure in the governmental funds, but repayment reduces long-term liabilities in the statement of net position. Also, governmental funds report the effect of bond premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. The effect of these differences in the treatment of long-term debt and related items was:

Proceeds from issuance of certificates of obligation	\$ (18,460,000)	
Premiums on bonds issued	(1,829,019)	
Amortization of premium on bonds payable	608,923	
Amortization of deferred loss on refunding	(28,963)	
Accrued interest payable increased	(339,750)	
Principal paid on bonds and other debt	<u>5,698,900</u>	(14,349,909)

Governmental funds report repayment of lease and SBITA principal as an expenditure. In contrast, the statement of activities treats such repayments as a reduction in long-term liabilities. 162,904

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 the governmental funds. The following long-term liabilities (increased) / decreased:

Compensated absences	\$ (3,570,557)	
Arbitrage liability	(594,803)	
Pension expense for the pension plan measurement year	<u>(2,157,702)</u>	(6,323,062)

An internal service fund is used by management to charge the cost of certain activities, such as fleet management and health benefits, to individual funds. A portion of the change in the net position of the internal service funds is included in governmental activities in the statement of activities. 3,423,227

Change in net position - governmental activities \$ 4,964,091

The Notes to the Basic Financial Statements are an integral part of this statement.

**Statement of Net Position
Proprietary Funds
September 30, 2025**

	Business-type Activities - Enterprise Funds			Governmental
	Combined Utility System	Other Enterprise Funds	Total	Internal Service Funds
ASSETS				
Current assets:				
Cash and cash equivalents	\$ 5,392,375	\$ 3,309,772	\$ 8,702,147	\$ 10,714,609
Accounts receivable, net of allowance	12,750,442	3,824,973	16,575,415	53,663
Lease receivable - current	35,315	355,070	390,385	-
Due from other funds	126,543	-	126,543	-
Due from other governments	79,528	223,137	302,665	19,594
Due from component unit	-	-	-	205,850
Inventories	1,233,005	-	1,233,005	291,926
Prepaid items	6,770	2,257	9,027	905,345
Restricted cash and cash equivalents	61,537,619	7,374,300	68,911,919	5,800,000
Total current assets	81,161,597	15,089,509	96,251,106	17,990,987
Non-current assets:				
Lease receivable - non-current	385,044	15,448,269	15,833,313	-
Capital assets not being depreciated				
Land and improvements	1,360,000	1,546,705	2,906,705	-
Construction in progress	66,248,264	9,095,833	75,344,097	4,454,285
Capital assets net of depreciation				
Infrastructure	145,559,818	37,856,045	183,415,863	225,457
Building and improvements	114,200,845	3,142,866	117,343,711	3,052,291
Equipment and furniture	3,737,464	1,158,096	4,895,560	327,503
Licensed vehicles	4,155,793	2,887,795	7,043,588	815,668
Intangibles	3,489,887	-	3,489,887	-
Right of use asset net of amortization	-	-	-	24,907
Total non-current assets	339,137,115	71,135,609	410,272,724	8,900,111
Total assets	420,298,712	86,225,118	506,523,830	26,891,098
DEFERRED OUTFLOWS OF RESOURCES				
Deferred charge on refunding bonds	498,995	-	498,995	-
Deferred outflows relating to pension activities	1,876,670	1,112,101	2,988,771	-
Deferred outflows relating to OPEB	-	-	-	4,435,472
Total deferred outflows of resources	2,375,665	1,112,101	3,487,766	4,435,472
Total assets and deferred outflows of resources	422,674,377	87,337,219	510,011,596	31,326,570

The Notes to the Basic Financial Statements are an integral part of this statement.

Statement of Net Position - Continued
Proprietary Funds
September 30, 2025

	Business-type Activities - Enterprise Funds			Governmental
	Combined Utility System	Nonmajor Enterprise Funds	Total	Internal Service Funds
LIABILITIES				
Current liabilities:				
Accounts payable and accrued expenses	1,742,848	317,570	2,060,418	546,503
Accrued interest payable	2,476,094	23,615	2,499,709	-
Due to other funds	-	13,816	13,816	-
Due to other governments	-	56,992	56,992	-
Customer deposits	2,987,226	-	2,987,226	-
Unearned revenue	-	13,868	13,868	-
Long-term liabilities, current	5,242,932	1,532,985	6,775,917	1,977,024
Total OPEB liability, current	-	-	-	80,858
Total current liabilities	12,449,100	1,958,846	14,407,946	2,604,385
Non-current liabilities:				
Long-term liabilities, non-current	133,395,703	1,907,020	135,302,723	864,827
Net pension liability	5,803,055	3,438,846	9,241,901	-
Total OPEB liability, non-current	-	-	-	5,663,300
Total non-current liabilities	139,198,758	5,345,866	144,544,624	6,528,127
Total liabilities	151,647,858	7,304,712	158,952,570	9,132,512
DEFERRED INFLOWS OF RESOURCES				
Deferred inflows relating to leases	365,715	13,924,292	14,290,007	-
Deferred inflows relating to pension activities	69,030	40,907	109,937	-
Deferred inflows relating to OPEB	-	-	-	12,553,154
Total deferred inflows of resources	434,745	13,965,199	14,399,944	12,553,154
Total liabilities and deferred inflows of resources	152,082,603	21,269,911	173,352,514	21,685,666
NET POSITION				
Net investment in capital assets	257,238,447	56,106,165	313,344,612	8,900,111
Unrestricted	13,353,327	9,961,143	23,314,470	740,793
TOTAL NET POSITION	\$ 270,591,774	\$ 66,067,308	\$ 336,659,082	\$ 9,640,904
Reconciliation to government-wide statement of net position				
Adjustment to report the cumulative internal balance for the net effect of the activity between the internal service funds and the enterprise fund over time			(424,725)	
NET POSITION OF BUSINESS-TYPE ACTIVITIES			\$ 336,234,357	

The Notes to the Basic Financial Statements are an integral part of this statement.

**Statement of Revenues, Expenses, and Changes
in Net Position - Proprietary Funds
For the Fiscal Year Ended September 30, 2025**

	Business-type Activities - Enterprise Funds			Governmental
	Combined Utility System	Nonmajor Enterprise Funds	Total	Internal Service Funds
OPERATING REVENUES				
Charges for services	\$ 46,450,223	\$ 13,266,691	\$ 59,716,914	\$ 32,886,654
Lease revenue	39,596	816,610	856,206	-
Other	-	63	63	-
Total operating revenues	46,489,819	14,083,364	60,573,183	32,886,654
OPERATING EXPENSES				
Personnel services	12,785,891	7,532,012	20,317,903	5,511,524
Contractual services	5,194,874	2,276,919	7,471,793	7,608,272
Supplies and materials	1,690,938	370,705	2,061,643	2,832,933
Surface water contract	8,405,818	-	8,405,818	-
Insurance claims and premiums	-	-	-	15,259,572
Other operating expenses	2,056,169	558,883	2,615,052	602,652
Depreciation and amortization	11,767,649	3,985,596	15,753,245	967,549
Total operating expenses	41,901,339	14,724,115	56,625,454	32,782,502
Operating income (loss)	4,588,480	(640,751)	3,947,729	104,152
NONOPERATING REVENUES (EXPENSES)				
Interest and investment earnings	3,081,777	766,350	3,848,127	689,870
Insurance recoveries	-	-	-	375,747
Intergovernmental	294,296	1,349,771	1,644,067	548
Gain (loss) on disposal of capital assets	(33,378)	4,335,800	4,302,422	42,335
Interest expense	(6,505,052)	(257,246)	(6,762,298)	(29,489)
Total nonoperating revenues (expenses)	(3,162,357)	6,194,675	3,032,318	1,079,011
Income before capital contributions and transfers	1,426,123	5,553,924	6,980,047	1,183,163
Capital contributions	1,251,107	1,019,568	2,270,675	2,739,787
Transfers out	(2,412,240)	(847,330)	(3,259,570)	(500,000)
Change in net position	264,990	5,726,162	5,991,152	3,422,950
Net position, beginning of year	270,326,784	60,341,146	330,667,930	6,217,954
NET POSITION, END OF YEAR	\$ 270,591,774	\$ 66,067,308	\$ 336,659,082	\$ 9,640,904
RECONCILIATION TO GOVERNMENT-WIDE STATEMENT OF ACTIVITIES				
Change in net position			\$ 5,991,152	
Adjustment for the net effect of the current year activity between the internal service fund and the enterprise fund			(277)	
CHANGE IN NET POSITION OF BUSINESS-TYPE ACTIVITIES			\$ 5,990,875	

The Notes to the Basic Financial Statements are an integral part of this statement.

**Statement of Cash Flows
Proprietary Funds
For the Fiscal Year Ended September 30, 2025**

	Business-type Activities - Enterprise Funds			Governmental
	Combined Utility System	Nonmajor Enterprise Funds	Total	Internal Service Funds
OPERATING ACTIVITIES				
Receipts from customers and users	\$ 44,427,637	\$ 13,106,126	\$ 57,533,763	\$ 554,367
Lease revenue	32,971	499,359	532,330	-
Miscellaneous	-	63	63	-
Receipts for interfund services	-	-	-	32,299,429
Disbursed for employee services	(12,713,540)	(7,397,553)	(20,111,093)	(5,542,285)
Disbursed for goods and services	(11,762,251)	(2,702,615)	(14,464,866)	(26,584,329)
Net cash provided by operating activities	19,984,817	3,505,380	23,490,197	727,182
NONCAPITAL FINANCING ACTIVITIES				
Transfers to other funds	(2,412,240)	(847,330)	(3,259,570)	(500,000)
Net cash used by noncapital financing activities	(2,412,240)	(847,330)	(3,259,570)	(500,000)
CAPITAL AND RELATED FINANCING ACTIVITIES				
Acquisition and construction of capital assets	(14,621,944)	(1,056,745)	(15,678,689)	(173,150)
Proceeds from sale of capital assets	216,160	4,335,800	4,551,960	42,335
Insurance proceeds	-	-	-	375,747
Principal payments on debt	(4,471,100)	(1,100,000)	(5,571,100)	-
Interest payments on debt	(6,567,898)	(75,300)	(6,643,198)	(29,489)
Intergovernmental grants	294,296	1,349,771	1,644,067	548
Net cash provided (used) by capital and related financing activities	(25,150,486)	3,453,526	(21,696,960)	215,991
INVESTING ACTIVITIES				
Interest received	3,081,777	766,350	3,848,127	689,870
Net cash provided by investing activities	3,081,777	766,350	3,848,127	689,870
Net change in cash and cash equivalents	(4,496,132)	6,877,926	2,381,794	1,133,043
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	71,426,126	3,806,146	75,232,272	15,381,566
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 66,929,994	\$ 10,684,072	\$ 77,614,066	\$ 16,514,609
Unrestricted cash and equivalents	\$ 5,392,375	\$ 3,309,772	\$ 8,702,147	\$ 10,714,609
Restricted cash and equivalents	61,537,619	7,374,300	68,911,919	5,800,000
	\$ 66,929,994	\$ 10,684,072	\$ 77,614,066	\$ 16,514,609
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES				
Operating income (loss)	\$ 4,588,480	\$ (640,751)	\$ 3,947,729	\$ 104,152
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:				
Depreciation and amortization	11,767,649	3,985,596	15,753,245	967,549
(Increase) decrease in accounts receivable	(2,134,158)	(174,433)	(2,308,591)	(32,858)
(Increase) decrease in lease receivable	32,971	345,494	378,465	-
(Increase) decrease in inventory	(770,129)	46,845	(723,284)	(32,590)
(Increase) decrease in prepaid items	40,113	594	40,707	5,172
(Increase) decrease in interfund receivables and payables	7,244,523	438,095	7,682,618	(44,468)
(Increase) decrease in due from component unit	-	-	-	29,882
(Increase) decrease in deferred outflows/inflows related to pension activities	1,253,914	678,266	1,932,180	-
(Increase) decrease in deferred outflows/inflows related to OPEB	-	-	-	(496,529)
Increase (decrease) in accounts payable and accrued expenses	(835,401)	27,868	(807,533)	(200,524)
Increase (decrease) in unearned revenue	-	13,868	13,868	-
Increase (decrease) in customer deposits	111,572	-	111,572	-
Increase (decrease) in claims payable	-	-	-	648,819
Increase (decrease) in compensated absences payable	210,471	172,777	383,248	(41,985)
Increase (decrease) in net pension liability	(1,485,592)	(726,094)	(2,211,686)	-
Increase (decrease) in total OPEB liability	-	-	-	(179,438)
Increase (decrease) in deferred inflows related to leases	(39,596)	(662,745)	(702,341)	-
NET CASH PROVIDED BY OPERATING ACTIVITIES	\$ 19,984,817	\$ 3,505,380	\$ 23,490,197	\$ 727,182
NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES				
Capital contributions	\$ 1,251,107	\$ 1,019,568	\$ 2,270,675	\$ 2,739,787
Capital asset purchases on account	481,008	-	481,008	-

The Notes to the Basic Financial Statements are an integral part of this statement.

**Statement of Fiduciary Net Position
Fiduciary Funds**

	Pension Trust Funds as of December 31, 2024	Custodial Fund as of September 30, 2025
ASSETS		
Cash and cash equivalents	\$ 4,168,563	\$ 11,724,198
Receivables		
Accrued interest and dividends	145,769	-
Loans to participants	914,500	-
Investments		
Equity mutual funds	120,668,073	-
Bond mutual funds	2,277,060	-
Alternative investments	13,095,368	-
Domestic fixed income mutual funds	19,060,099	-
International fixed income funds	1,063,446	-
Government securities	8,329,665	-
Prepaid items	1,229	-
	<hr/>	<hr/>
Total assets	169,723,772	11,724,198
LIABILITIES		
Accounts and refunds payable	1,451	-
Unearned revenue	1,852,340	-
	<hr/>	<hr/>
Total liabilities	1,853,791	-
NET POSITION		
Restricted for:		
Pensions	167,869,981	-
Individuals, organizations and other governments	-	11,724,198
	<hr/>	<hr/>
TOTAL NET POSITION	<u>\$ 167,869,981</u>	<u>\$ 11,724,198</u>

The Notes to the Basic Financial Statements are an integral part of this statement.

Statement of Changes in Fiduciary Net Position Fiduciary Funds

	Pension Trust Funds For the Year Ended December 31, 2024	Custodial Fund For the Year Ended September 30, 2025
ADDITIONS		
Contributions:		
Employer	\$ 10,439,358	\$ -
Plan members	6,151,781	-
Private contributions	-	11,200,000
Total contributions	16,591,139	11,200,000
Investment income		
Net change in fair value of investments	13,913,527	-
Interest and dividends	4,011,716	158,590
Less investment expenses	(412,360)	-
Total investment income	17,512,883	158,590
Other income	-	76,549
Total additions	34,104,022	11,435,139
DEDUCTIONS		
Benefits paid to members and beneficiaries	14,377,092	-
Refunds of contributions	928,931	-
Administrative expenses	492,475	-
Total deductions	15,798,498	-
Change in net position	18,305,524	11,435,139
Net position - restricted for pensions, beginning of year	149,564,457	289,059
NET POSITION - RESTRICTED FOR PENSIONS, END OF YEAR	\$ 167,869,981	\$ 11,724,198

The Notes to the Basic Financial Statements are an integral part of this statement.

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Notes to the Basic Financial Statements

Note 1. Summary of Significant Accounting Policies

The City of Galveston, Texas (the City) was incorporated in March 1839, and presently is a Home Rule City under statutes of the State of Texas. The current City Charter was adopted April 19, 1960 and initiated the Council-Manager form of government. The City provides the following services: public safety (police and fire), utilities (water, sewer, drainage and sanitation), streets and storm sewers, health and social services, culture, recreation, public improvements, planning and zoning, airport and general administrative services.

The accompanying financial statements have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles

A. Financial Reporting Entity

These financial statements present the City and its component units, entities for which the City is considered to be financially accountable. Blended component units, although legally separate entities, are, in substance, part of the City's operations. The aggregate discretely presented component units is reported in a separate column in the government-wide financial statements to emphasize that they are legally separate from the government.

Blended Component Units Reported with the Primary Government

Blended component units provide services exclusively or almost exclusively for the City, or their board of directors are substantially the same as the City Council. The following blended component unit is reported:

Industrial Development Corporation

The Industrial Development Corporation (the IDC) was formed in 1993 to provide for street repairs, beach renourishment and sewer improvements. The IDC Board of Directors is appointed by the City Council. Its Board of Directors is substantially the same as the City Council. Its activities are funded by a special local sales tax. The City manages the fiscal affairs of the IDC. The IDC operations are devoted to providing services for the City. The IDC fund is included in the City's nonmajor governmental funds as of year-end.

Discretely Presented Component Units

Discretely presented component units are legally separate entities for which the City is not financially accountable (because it does not impose will or have a financial benefit or burden relationship, even though the City Council appoints the voting majority of the component units' governing board) and, in management's opinion, whose exclusion would render the reporting entity's financial statements incomplete or misleading.

Following are the City's discretely presented component units:

The Park Board of Trustees of the City of Galveston, Texas

The Park Board of Trustees of the City of Galveston, Texas, (the Park Board), was created by state statute to provide improvements and maintenance to City waterfront parks and beaches. The Park Board, which is fiscally dependent on the City's hotel occupancy tax and beach parking receipts, is legally separate from the City. The Park Board, which is appointed by the City Council, has a nine-member board responsible for operations. The Park Board financial records are the board's responsibility. Complete financial statements for the Park Board may be obtained at the following address:

Park Board of Trustees of the City of Galveston, Texas
601 Tremont, Suite 200
Galveston, Texas 77550

Notes to the Basic Financial Statements

Galveston Island Redevelopment Authority

Galveston Island Redevelopment Authority (GIRDA) is a local government corporation created and organized under the provisions of the Texas Transportation Corporation Act, Chapter 431, Transportation Code, and authorized and approved by the City under Resolution No. 02-071 adopted on August 22, 2002. The GIRDA is the administrator of the tax increment reinvestment zone thirteen. This tax zone was established to provide funds for development and improvement projects within a specific geographic area of the City. The GIRDA is fiscally dependent on the City's property tax receipts over undeveloped assessments (base value) to provide funding for the development and improvement projects. The City Council appoints the board members who operate and account for each tax zone activity consistent with the state statute for economic benefit of the City. The City accounts for the tax zones (consolidated into the GIRDA). Complete financial statements for the GIRDA may be obtained at the following address:

Galveston Island Redevelopment Authority
1011 Tremont Street
Galveston, Texas 77550

GIRDA had been responsible previously for zones twelve and fourteen as well. On December 12, 2019, the City Council passed Ordinance No.19-076 which closed Tax Increment Reinvestment Zones Twelve and Fourteen ("the TIRZ") effective December 31, 2019. The City entered into an Interlocal Agreement with the County of Galveston relating to the procedures for the closing of the TIRZ as well as the distribution of tax increments held by the Galveston Island Redevelopment Authority.

Public Improvement District - Campeche Shores

Campeche Shores Public Improvement District (Campeche District) was established by the City to provide funds for development and improvement projects specifically for Campeche Shores District. An agreement between GIRDA and Campeche Shores LP dated April 28, 2005, details the responsibilities between all parties, including the City. Under the authority of GIRDA, the City has established a Public Improvement District Fund for the district. The City Council appoints an advisory board who aid and assist the City in the preparation of the assessment roll, collection of assessments and the operation and management of Campeche District for the benefit of the City. Each year, following the levy and collection of assessments, the City shall transfer the amount to GIRDA. GIRDA is fiscally dependent on these funds to pay the administrative costs and to reimburse Campeche Shores LP for any and all costs associated with the public improvements which serve the citizens of the City. Separately issued financial statements are not available.

Public Improvement District - Beachside Village

Beachside Village Public Improvement District (Beachside District) was established by the City on February 11, 2010 to provide funds for street, drainage and utility public improvement projects, specifically in Beachside Village Public Improvement District. The GIRDA has an agreement with Kahala Development, Limited Partnership, which details the responsibilities between all parties, including the City. The City Council appoints an advisory board who aid and assist the City in the preparation of the assessment roll, collection of assessments and the operation and management of Beachside District for the benefit of the City. Each year, following the levy and collection of assessments levied against property within the district, the City shall transfer the amount to GIRDA. GIRDA is fiscally dependent on these funds to pay the administrative costs and to reimburse Kahala Development for the costs of constructing the public improvements which serve the citizens of the City. Separately issued financial statements are not available.

Public Improvement District - Bayside at Waterman's

Bayside at Waterman's Public Improvement District was established by the City on October 28, 2014 according to the law of the Texas Local Government Code Chapter 372 Subchapter A for the development of approximately 162 single family residences and associated rights-of-way, landscaping, and infrastructure necessary to provide roadways, drainage, and utilities within approximately 21.5 acres located in the corporate limits of the City.

Notes to the Basic Financial Statements

An agreement between Bayside at Waterman's Public Improvement District and Laffite's Harbor Development, LP was signed December 10, 2014. Wilmington Trust agreed to be the Trustee and Paying Agent/Registrar as of December 1, 2014 for bonds issued relating to the development of the district. The bonds mature September 1, 2044. The average annual interest rate for bonds is approximately 5.85%.

On November 7, 2017, Lafitte's Harbor Development I LP filed for Chapter 11 Bankruptcy at the United States Bankruptcy Court for the Southern District of Texas, Houston Division. All debt service payments were made on schedule as of March 2020 using reserves programmed for that purpose and assessments collected. The City has no financial or legal responsibility for payment of the bonds. The City's only responsibility for now is to pursue collections of assessments which is performed by a third party contractor on behalf of the City. The City's financial burden begins when the bonds are paid in full. The City's obligation will be to maintain the rights-of-way, landscaping, and infrastructure of the district. Separately issued financial statements are not available.

The Galveston Housing Finance Corporation and City of Galveston Property Finance Authority

The Galveston Housing Finance Corporation was created by state statute to provide the making of home mortgages and the making of loans to lending institutions for the purpose of making home mortgages. The City of Galveston Property Finance Authority, Inc. was created by State Statute for the purpose of acquiring, owning, holding, leasing and selling real or personal property to or for the benefit of the City of Galveston for the furtherance of its public purposes, and collecting, receiving, borrowing, lending or otherwise obtaining and lending funds to or for the use of the City or to others for the City's public purposes. These corporations are managed by the GIRDA board, which is appointed and may be removed at will by the City Council. The Galveston Housing Finance Corporation and the City of Galveston Property Finance Authority, Inc. financial records are each corporation's responsibility. The Galveston Housing Finance Corporation and the City of Galveston Property Finance Authority, Inc. have December 31 fiscal year-ends.

Complete financial statements for the Galveston Housing Finance Corporation and the City of Galveston Property Finance Authority, Inc. may be obtained at the following address:

The Galveston Housing Finance Corporation /
The City of Galveston Property Finance Authority, Inc.
2127 Broadway
Galveston, Texas 77550

The Board of Trustees of the Galveston Wharves

The Board of Trustees of the Galveston Wharves (Galveston Wharves) was created by the City Charter on October 17, 1940 to manage, control, and maintain the wharves. The Board of Trustees of the Galveston Wharves, which is appointed by the City Council, is a seven-member board, which is responsible for operating the wharves and is fiscally dependent on the City to approve the issuance of bonded debt. The Galveston Wharves financial records are the board's responsibility. The Galveston Wharves have a December 31 fiscal year-end.

Complete financial statements for the Galveston Wharves may be obtained at the following address:

Board of Trustees of the Galveston Wharves
123 Rosenberg
Galveston, Texas 77550

B. Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information about the City as a whole. These statements include all non-fiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

Notes to the Basic Financial Statements

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include: 1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function or segment; and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds, proprietary funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements. Nonmajor funds are aggregated and presented in a single column in the appropriate governmental and proprietary fund statements.

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

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. 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.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due. Budgets for all funds, including enterprise and governmental funds are based on the current financial resources focus and modified accrual basis of accounting as well. Budget to actual schedules include adjustments to include this budgetary focus.

Property taxes, sales taxes, franchise taxes, license fees and interest associated with the current fiscal period are all considered to be susceptible to accrual and have been recognized as revenues in the current fiscal period. All other revenue items are considered to be measurable and available only when the cash is received by the government.

The City reports the following major governmental fund:

The **General Fund** is the government's primary operating fund. The general fund is used to account for all financial transactions not properly includable in other funds. The principal sources of revenues for the general fund are property taxes, sales and use taxes, franchise taxes, permit fees, and fines and forfeitures. Expenditures are for general government, finance, public safety, public works, culture and recreation, planning and community development and transit operations.

The City reports the following major enterprise fund:

The **Combined Utility System Fund** (formerly the Waterworks System Fund and Sewer System Fund) accounts for the provision of water and a sewer system to the residents of the City, including but not limited to administration, operations, maintenance, financing and related debt services, and billing and collections.

Notes to the Basic Financial Statements

Additionally, the City reports the following fund types:

Nonmajor Governmental Funds consist of capital projects funds, special revenue funds and debt service funds used to account for expenditures of resources accumulated for capital improvement projects; proceeds of specific revenue resources legally restricted or committed to expenditures for specific purposes; and to account for payment of principal and interest on long-term debt, respectively.

Nonmajor Enterprise Funds are used to account for the provision of a sanitation system, municipal airport and utility drainage system.

Internal Service Funds account for central services related to mailing, printing, data processing, insurance costs, employee benefits, construction management, and garage services provided to other City departments and functions of the government on a cost reimbursement basis.

Fiduciary Funds account for assets held by the City in a trustee capacity or as an agent for individuals, private organizations, other governmental units and other funds. These include the following:

The **Pension Trust Funds** account for the activities of the City Employees Retirement Plan, the Galveston Firefighters' Pension Fund and the Police Retirement Fund.

The **Custodial Funds** are used to account for assets held by the City as a custodian for individuals, private organizations and other governments. This fund is custodial in nature and uses the economic resources measurement focus. Custodial funds include fiber crete maintenance funds, cemetery trust funds, confiscated monies pending disposition, Pelican Island Bridge Project funds, etc.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

Amounts reported as program revenues include: 1) charges to customers or applicants for goods, services, or privileges provided; 2) operating grants and contributions; and, 3) capital grants and contributions. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the enterprise funds are charges to customers for goods and services. Operating expenses for enterprise funds include the cost of goods and services, administrative expenses and depreciation/amortization on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

D. Cash and Investments

Cash and temporary investments include amounts in demand deposits, as well as short-term highly liquid investments with original maturities of three months or less. State statutes and the City's investment policy authorize the City to invest in obligations of the U.S. Government and its agencies or instrumentalities and state obligations, certificates of deposits or Texas Local Government Investment Pools. All investments are recorded at fair value based on quoted market prices at year-end date. TexPool, TexPool Prime, Texas Class and LOGIC are external investment pools established by an interlocal contract under state law.

The City pools cash resources of its various funds to facilitate the management of cash. Cash applicable to a particular fund is readily identifiable. The balance in the pooled cash accounts is available to meet current operating requirements. Cash in excess of current requirements is invested in various interest-bearing securities and disclosed as part of the City's investments. The City pools excess cash of the various individual funds to purchase investments. These pooled investments are reported in the combined balance sheet as cash and temporary investments in each fund based on each fund's share of the pooled investments. Interest income is allocated to each respective individual fund based on its respective share of pooled investments.

Notes to the Basic Financial Statements

The City categorizes fair value measurements of its investments based on the hierarchy established by generally accepted accounting principles. The fair value has three levels, is based on the valuation inputs used to measure an asset's fair value: Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. The City's local government investment pools are recorded at amortized costs as permitted by GASB Statement No. 79, *Certain Investment Pools and Pool Participants*. Fair values for investment securities are provided by Hilltop Securities Asset Management, LLC. (HSAM). HSAM's source for pricing government securities (treasuries and agencies) and most commercial paper is SVC, a subsidiary of SS&C and an information aggregator. SVC uses a number of sources for their pricing data, with most government securities and commercial paper pricing provided by Interactive Data Corp (IDC), an independent third-party pricing service, which is the largest source provider of fixed income pricing. Interactive Data's evaluations are based on market data. Interactive Data utilizes evaluated pricing models that vary by asset class and incorporate available trade, bid and other market information. Because many fixed income securities do not trade on a daily basis, Interactive Data's evaluated pricing applications apply available information as applicable through processes such as benchmark curves, benchmarking of like securities, sector groupings, and matrix pricing, to prepare evaluations. SVC and/or IDC provide some, but not all, of the commercial paper (CP) pricing, while HSAM estimates other CP prices based on comparable market offers of similar issuers with comparable credit ratings and maturity dates. All pricing and fair values for separately held investments are based on Level 2 inputs. These sources are deemed reliable.

E. Receivables and Payables

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as "due from other funds" and "due to other funds," respectively, on the balance sheet. Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

All trade and property tax receivables are shown net of an allowance for uncollectibles. The property tax receivable allowance is equal to 24.1 percent of total property taxes including the related penalty and interest accrual as of year-end. The allowance for enterprise fund charges for services is 32.1 percent of total outstanding charges as of year-end.

Property taxes attach as an enforceable lien on property as of January 1. Taxes are levied on October 1 and are payable on or before January 31. No penalties or interest shall be collected if payment in full is made by January 31. City property taxes are recognized as current receivables when levied; however, such amounts are deferred and not reported as revenues until collections are received. At year end, all property taxes receivable are classified as delinquent. Penalties and interest accrued at year end are also recognized as receivables.

F. Inventories and Prepaid Items

Inventories are valued at cost, which approximates fair value, using the first-in/first-out (FIFO) method. The costs of governmental fund-type inventories are recorded as expenditures when consumed rather than when purchased.

Payments made to vendors for services that will benefit periods beyond September 30, 2025 are recorded as prepaid items. The prepaid expenses are recorded using the consumption method and expensed in the period in which the items are used or consumed.

G. Capital Assets

Capital assets, which include property, plant, equipment, infrastructure and right to use 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, donated works of art and similar items, and capital assets received in service concession arrangements are recorded at acquisition value rather than fair value.

Notes to the Basic Financial Statements

Major outlays for capital assets and improvements are capitalized as projects are constructed. 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/ amortized using the straight-line method over the following estimated useful lives:

Asset Description	Estimated Useful Life
Buildings	25 to 75 years
Improvements	5 to 50 years
Equipment	2 to 40 years
Sewer plants	50 to 75 years
Sewer lines	40 to 75 years
Water plants, wells and hydrants	50 to 75 years
Water tanks and valves	50 years
Water meters	10 years
Infrastructure	5 to 75 years
Contractual water rights	10 to 30 years
Right-to-use assets (equipment, buildings and SBITA)	3 to 5 years

H. Leases and Subscription-Based Information Technology Arrangements (SBITA)

Lessee: The City is a lessee for a noncancellable lease of equipment, office space and land. The City recognizes a lease liability and an intangible right-to-use lease asset (lease asset) in the government-wide financial statements.

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

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

- The City uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the City generally uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancellable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option price that the City is reasonably certain to exercise. In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

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

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

Notes to the Basic Financial Statements

Payments due under the lease contracts include fixed payments plus, for many of the City's leases, variable payments. For office space leases that include variable payments, those include payments for the City's proportionate share of the building's property taxes, insurance, and common area maintenance. For office equipment leases for which the City has elected not to separate lease and non-lease components, maintenance services are provided by the lessor at a fixed cost and are included in the fixed lease payments for the single, combined lease component.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable
- amounts expected to be payable by the City under residual value guarantees
- the exercise price of a purchase option if the group is reasonably certain to exercise that option, and
- payments of penalties for terminating the lease, if the lease term reflects the City exercising that option.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability. Extension and termination options are included in a number of property and equipment leases across the City. These are used to maximize operational flexibility in terms of managing the assets used in the City's operations. The majority of extension and termination options held are exercised only by the City and not by the respective lessor.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the group, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

Variable payments that depend on an index or a rate (such as the Consumer Price Index or a market interest rate), initially measured using the index or rate as of the commencement of the lease term.

Lessor: The City is a lessor for several noncancellable leases including but not limited to land, airport hangars and office space. The City recognizes a lease receivable and a deferred inflow of resources in the government wide and proprietary 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 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.

Subscription-Based Information Technology Arrangements (SBITA): The City is a lessee for some noncancellable lease of certain subscription-based information technology arrangements. The City recognizes a SBITA liability and an intangible right-to-use lease asset (SBITA asset) in the government-wide and proprietary fund financial statements.

Notes to the Basic Financial Statements

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

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

- The City uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the City generally uses its estimated incremental borrowing rate as the discount rate for SBITA arrangements.
- The subscription term includes the noncancellable period of the SBITA arrangement. Subscription payments included in the measurement of the SBITA liability are composed of fixed payments and purchase option price that the City is reasonably certain to exercise. In determining the subscription term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the subscription term if the SBITA arrangement is reasonably certain to be extended (or not terminated).

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

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

Payments due under the SBITA contracts include fixed payments. The City does not have any variable payment SBITA arrangements for FY 2025.

Assets and liabilities arising from a SBITA arrangement are initially measured on a present value basis. SBITA liabilities include the net present value of the following contract payments:

- fixed payments (including in-substance fixed payments), less any contract incentives receivable
- amounts expected to be payable by the City under residual value guarantees
- the exercise price of a purchase option if the group is reasonably certain to exercise that option, and
- payments of penalties for terminating the subscription arrangement, if the subscription term reflects the City exercising that option.

Subscription payments to be made under reasonably certain extension options are also included in the measurement of the liability. Extension and termination options are included in some of subscription arrangements across the City.

The subscription payments are discounted using the interest rate implicit in the subscription contract. If that rate cannot be readily determined, which is generally the case for subscription arrangements in the group, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

Variable payments that depend on an index or a rate (such as the Consumer Price Index or a market interest rate), initially measured using the index or rate as of the commencement of the subscription term.

Notes to the Basic Financial Statements

I. Compensated Absences

The City recognizes a liability for compensated absences for leave time that (1) has been earned for services previously rendered by employees, (2) accumulates and is allowed to be carried over to subsequent years, and (3) is more likely than not to be used as time off or settled (for example paid in cash to the employee or payment to an employee benefit account) during or upon separation from employment. Based on the criteria listed, the following types of leave qualify for liability recognition for compensated absences – vacation, compensated time, and sick leave. The liability for compensated absences is reported as incurred in the government-wide and proprietary fund financial statements. A liability for compensated absences is recorded in the governmental funds only if the liability has matured because of employee resignations or retirements. The liability for compensated absences includes salary-related benefits, where applicable.

Vacation

The City's policy permits employees to accumulate earned but unused vacation benefits, with limits on accumulation. Vacation benefits are eligible for payment upon separation from employment, with limitations.

Compensated Time

The City's policy provides eligible employees with compensatory time off, rather than overtime pay, for overtime worked, with limits on accumulation. Compensated time benefits are eligible for payment upon separation from employment.

Sick Leave

The City's policy permits employees to accumulate earned but unused sick leave benefits, with limits on accumulation. Sick leave benefits are eligible for payment upon separation from employment, with limitations.

A liability for the estimated value of leave benefits that will be paid upon separation of service or used by employees as time off is included in the liability for compensated absences.

J. Long-Term Obligations

Long-term debt is recognized as a liability of a governmental fund when due, or when resources have been accumulated in the debt service fund for payment early in the following year. For other long-term obligations, only that portion expected to be paid from expendable available financial resources is reported as a fund liability of a governmental fund. The remaining portion of such obligations is reported in the government-wide financial statements. Long-term liabilities expected to be paid from proprietary fund operations are accounted for in those funds.

The government-wide financial statements and proprietary fund types in the fund financial statements report long-term debt and other long-term obligations as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type Statement of Net Position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of applicable bond premiums or discounts.

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

Notes to the Basic Financial Statements

K. Fund Balances and Net Position

The governmental fund financial statements of the City will present fund balances based on classifications including a hierarchy that is based primarily on the extent to which the City is bound to honor restrictions on the specific purposes for which amounts in a particular governmental fund can be spent. The five classifications used in the governmental fund financial statements will be as follows:

Non-spendable: This classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) are legally or contractually required to be maintained intact. These amounts would include inventories and prepaid items as being non-spendable as these items are not expected to be converted to cash or are not expected to be converted to cash within the next year.

Restricted: This classification includes amounts for which constraints have been placed on the use of the resources either (a) externally imposed by creditors (such as through a debt covenant), grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation. These guidelines are used for restricted net position.

Committed: This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by formal resolution of the City Council, which has the highest level of decision making authority. These amounts cannot be used for any other purpose unless the City Council removes or changes the specified use by taking the same type of action that was employed when the funds were initially committed. The action must be taken by the close of the reporting period. The amount of the commitment can be determined and approved by the City Council at a later date.

Assigned: This classification includes amounts that are constrained by the City's intent to be used for a specific purpose but are neither restricted nor committed. This intent can be expressed by the City Council or by the City Council's designee, pursuant to the City's fund balance policy.

Unassigned: This classification includes the residual fund balance for the general fund. The general fund should be the only fund that reports a positive unassigned fund balance.

When both restricted and unrestricted fund balances are available for use, it is the City's policy to use restricted fund balance first, then unrestricted fund balance. Furthermore, committed fund balances are reduced first, followed by assigned amounts and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of these unrestricted fund balance classifications are available.

In the general fund, the City shall maintain at a minimum unassigned fund balance to be used for unanticipated emergencies of approximately 90 days of the annual budgeted expenditures of the general fund of the following year.

L. Restricted Cash and Investments

Certain proceeds of enterprise fund revenue bonds, as well as certain resources set aside for their repayment, are classified as restricted assets on the balance sheet because their use is limited by applicable bond covenants. Other restricted accounts reflect money set aside by City Council action for improvements or to meet contractual obligations.

M. Interfund Transactions

Interfund services provided and received are accounted for as revenues, expenditures or expenses. Transactions that constitute reimbursements to a fund for expenditures/expenses that are properly applicable to another fund are recorded as expenditures/expenses in the reimbursing fund and as reductions of expenditures/expenses in the fund that is reimbursed. All other interfund transactions are reported as transfers.

Notes to the Basic Financial Statements

N. Legal Compliance- Budgets

The City follows these procedures in establishing the budgetary data reflected in the financial statements:

Pursuant to City Charter, at least 45 days prior to the beginning of each fiscal year, the City Manager submits to the City Council a proposed operating and capital projects budget for the fiscal year commencing October 1. The proposed budget includes proposed expenditures and the means of financing them. A statement of capital projects planned for the next succeeding five fiscal years, with estimates of their costs is also submitted at this time.

The adoption of the budget shall require a favorable vote of at least a majority of all the members of the Council. In the event that the budget has not been adopted by the beginning of the fiscal year the latest budget proposed by the City Manager shall take and remain in effect until the budget is finally adopted by the Council.

The City Charter requires that no funds shall be expended nor shall any obligation for the expenditure of money be incurred unless an appropriation exists in the duly adopted budget. Annual appropriations style budgets are adopted for the general fund, special revenue funds including the island transit, Rosenberg library, and the debt service fund, and all enterprise funds. Formal budgetary integration is employed as a management control device during the year for the general fund, special revenue funds, capital projects funds, debt service funds and enterprise funds.

Budgets are adopted and accounted for on a modified accrual basis, with the following exceptions:

Annual budgets are not adopted for certain special revenue funds, primarily relating to grant-based projects and capital projects funds. The grant projects are controlled through project length budgets that may span multiple fiscal years. For FY 2025, annual budgets were not adopted for the Hurricane Ike, CDBG Disaster Non-Housing, Housing & Urban Development (HUD) Entitlement Grants, FEMA Disaster, Meadows Mental Health, State Hotel Occupancy Tax, Opioid Abatement Trust, Island Transit Capital Projects, General Obligation Bond 2017 Capital Projects, General Obligation Bond 2019 Capital Projects, and Industrial Development Corporation funds. Capital and planning grant activities in the Island Transit fund are not budgeted on an annual basis and are controlled in a manner similar to the grant project funds noted above. Budgeted amounts are reported herein as amended throughout the year. There were four formal ordinance approved budget amendments during FY 2025. Total appropriations remained in open compliance with the City Charter requirement limiting the total budget to a seven percent increase overall each year. Appropriation balances lapse at year-end and may be re-appropriated by City Council.

Obligations outstanding at year-end through purchase orders, contracts and other commitments are re-appropriated in the subsequent year.

During the fiscal year, the City Council may transfer any unencumbered appropriation balance or portion thereof from one department to another at any time. The City Manager has authority, without City Council approval, to transfer appropriation balances from one expenditure account to another, inclusive within a single office, department or agency of the City.

Expenditures may not exceed appropriations at the department category level, as established by policy of the City Council. The administrative level of control is at the department category level and the legal level of control is at the department level by fund.

O. Estimates

The preparation of financial statements, in conformity with generally accepted accounting principles ("GAAP"), requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual amounts could differ from those estimates.

Notes to the Basic Financial Statements

P. 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 City's three defined benefit pension plans (the "Plans") and additions to/deductions from the Plans' fiduciary net position have been determined on the same basis as they are reported by the individual Plans. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Q. Other Postemployment Benefits

The City provides its retirees the opportunity to maintain health insurance coverage by participating in the City's self-insurance plan. The City reports the total liability for this plan on the government-wide and proprietary fund financial statements. The actual cost recorded in the governmental fund financial statements is the cost of the health benefits incurred on behalf of the retirees less the premiums collected from the retirees. Information regarding the City's total liability for this plan is obtained through a report prepared by the City's third-party actuary in compliance with GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*.

R. 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 has three items that qualify for reporting in this category:

- Deferred outflows of resources for pension – Reported for the City in the government-wide and proprietary fund financial statement of net position. One portion of this deferred outflow results from pension plan contributions made after the measurement date of the net pension liability and will be recognized as a reduction of the net pension liability in the next fiscal year. Other pension related deferred outflows result primarily from differences between projected and actual earnings on pension plan investments. These amounts will be amortized over a closed five-year period. The final pension-related deferred outflow results from the differences between expected and actual actuarial experiences and changes in actuarial assumptions will be amortized over the expected remaining service lives of all employees (active and inactive employees) that are provided with pensions through the pension plan.
- Deferred outflows of resources for other postemployment benefits (OPEB) – Reported for the City in the government-wide and enterprise fund financial statement of net position. One portion of this deferred outflow results from contributions to the OPEB plan made after the measurement date of the OPEB liability. The other OPEB related deferred outflows result primarily from differences between projected and actual experience and changes of assumptions. These amounts will be amortized over a closed period equal to the average of the expected remaining service lives of all employees that are provided with the OPEB through the OPEB plan.
- Deferred charge on refunding reported in the statement of net position – this deferred outflow 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.

Notes to the Basic Financial Statements

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 five items that qualifies for reporting in this category:

- Deferred gain on refunding reported in the statement of net position – This deferred inflow results from the difference in carrying value the refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.
- Deferred inflows of resources for pension – This deferred inflow results from the differences between expected and actual actuarial experiences and changes in actuarial assumptions will be amortized over the expected remaining service lives of all employees (active and inactive employees) that are provided with pensions through the pension plan.
- Deferred inflows relating to OPEB - Reported for the City in the government-wide and proprietary fund financial statement of net position. The OPEB related deferred inflows result primarily from differences between projected and actual experience and changes of assumptions.
- Deferred inflows of resources for leases - The city recognizes a lease receivable and a deferred inflow of resources which is initially measured as the amount of lease receivable and adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflows of resources is recognized as a revenue over the life of the lease term.
- Deferred inflows of resources relating to unavailable revenues - Reported for the City in the governmental funds balance sheet financial statement. This deferred inflow results from property taxes, grants and court fines revenues that are not available to pay current obligations.

S. New Accounting Standards

The following standards have been issued and implemented:

- GASB Statement No. 102, *Certain Risk Disclosures* (GASB 102), improves financial reporting by providing users of financial statements with essential information regarding certain concentrations or constraints and related events that have occurred or have begun to occur that make a government vulnerable to a substantial impact. The requirements of this statement are effective for reporting periods beginning after June 15, 2024, with earlier application encouraged. GASB 102 was implemented in the City's fiscal year 2025 financial statements with no impact to amounts or disclosures previously reported.

New standards coming up:

- GASB Statement No. 103, *Financial Reporting Model Improvements* (GASB 103), improves key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government's accountability. This statement also addresses certain application issues. The requirements of this statement are effective for reporting periods beginning after June 15, 2025, with earlier application encouraged. GASB 103 will be implemented in the City's fiscal year 2026 financial statements and the impact has not yet been determined.
- GASB Statement No. 104, *Disclosure of Certain Capital Assets* (GASB 104), establishes requirements for certain types of capital assets to be disclosed separately in the capital assets note disclosures. It also establishes requirements for capital assets held for sale, including additional disclosures for those capital assets. The requirements of this statement are effective for reporting periods beginning after June 15, 2025, with earlier application encouraged. GASB 104 will be implemented in the City's fiscal year 2026 financial statements and the impact has not yet been determined.
- GASB Statement No. 105, *Subsequent Events* (GASB 105), improves financial reporting related to subsequent events by 1) clarifying the subsequent events time frame and the subsequent events that constitute recognized and non-recognized events and 2) specifies the information items that are required to be disclosed about subsequent events. The requirements of this statement are effective for reporting periods beginning after June 15, 2026, with earlier application encouraged. GASB 105 will be implemented in the City's fiscal year 2027 financial statements and the impact has not yet been determined.

Notes to the Basic Financial Statements

Note 2. Deposits (Cash) and Investments

Credit Risk. The primary stated objective of the City of Galveston's adopted investment policy (the Investment Policy) is the safety of principal and avoidance of principal loss. Credit risk within the City's portfolio among the authorized investments approved by the Investment Policy is represented only in time and demand deposits, municipal obligations, and non-rated U.S. Securities and Exchange Commission (SEC) registered money market mutual funds.

All other investments are rated AAA, or equivalent, by at least one nationally recognized rating agency. Investments are made primarily in obligations of the U.S. Government, its agencies or instrumentalities and Local Government Investment Pools. State law and the Investment Policy restricts both time and demand deposits, including certificates of deposit, to those banks doing business in the State of Texas and further requires full insurance and/or collateral from these depositories.

Collateral, with a 102% margin, is required and collateral is limited to obligations of the U.S. Government, its agencies or instrumentalities and municipal obligations rated no less than AA or equivalent by two nationally recognized rating agencies. Independent safekeeping is required outside the pledging bank's holding company with monthly reporting. Securities are monitored and priced at market on a daily basis as a contractual responsibility of the bank. All bank deposits, totaling \$10.3 million, were fully insured and collateralized. All pledged bank collateral for demand deposits was held by an independent institution outside the bank's holding company.

The Investment Policy restricts investment in Security and Exchange Commission registered mutual funds to money market mutual funds striving to maintain a \$1 net asset value as further defined by state law. Neither state law nor the Investment Policy requires a rating.

The City invests in TexPool, which was created under the Interlocal Cooperation Act, Texas Government Code Chapter 791 and the Texas Public Funds Investment Act. The Texas Treasury Safekeeping Trust Company (the Trust) is trustee of TexPool and is a limited purpose trust company authorized pursuant to Texas Government Code Section 404.103 for which the Texas State Comptroller is sole officer, director and shareholder. The advisory board of TexPool is composed of the State Comptroller and other members appointed pursuant to the requirements of the Texas Public Funds Investment Act.

The City also invests in TexPool Prime which is duly chartered and overseen by the State Comptroller's Office, administered and managed by Federated Investors, Inc. State Street Bank serves as the custodial bank. The portfolio consists of U.S. Government securities; collateralized repurchase and reverse repurchase agreements; AAA rated money market mutual funds; commercial paper and certificates of deposit.

TexPool Prime transacts at a net asset value of \$1.00 per share, has a weighted average maturity of 60 days or less and weighted average life of 120 days or less, investments held are highly rated by a nationally recognized statistical rating organization, have no more than 5% of portfolio with one issuer (excluding US government securities), and can meet reasonably foreseeable redemptions. The investment pool has a redemption notice period of one day and no maximum transaction amounts. The investment pools' authorities may only impose restrictions on redemptions in the event of a general suspension of trading on major securities market, general banking moratorium or national or state emergency that affects the pools' liquidity.

The City began investing funds in Local Government Investment Cooperative (LOGIC) in FY 2019. LOGIC is a local government investment pool created by Texas local government officials who understand the specific needs and challenges of investing public funds. LOGIC is administered by Hilltop Securities and JPMorgan Chase. Together these organizations bring to the LOGIC program the two leaders in financial services with a proven track record in local government investment pool management and extensive industry resources. The City's investment in this pool is the same as the value of the pool shares, which are valued based on quoted market rates.

Notes to the Basic Financial Statements

The City began investing funds in Texas Cooperative Liquid Assets Securities System Trust (Texas CLASS) Program in January 2024 after approval by City council. Texas CLASS was created as a local government investment pool (LGIP) pursuant to Section 2256.016 of the Public Funds Investment Act, Texas Government Code (PFIA). Per state code, entities may pool any of their funds, or funds under their control, to preserve principal, maintain the liquidity of the funds, and maximize yield. The Texas CLASS Trust Agreement is an agreement of indefinite term regarding the investment, reinvestment, and withdrawal of local government funds. The parties to the Trust Agreement are Texas local government entities that choose to participate in the Trust (the Participants), Public Trust Advisors, LLC (Public Trust) as Program Administrator, and UMB Bank, N.A. as Custodian.

Local government investment pools in Texas are required to be rated AAA, or equivalent, by at least one nationally recognized rating agency. The City Policy further restricts investments to AAAM-rated local government investment pools.

As of September 30, 2025:

- Investments in AAA-rated local government investment pools represented 68.98% of the total portfolio
- Bank deposits represented 4.21% of the total portfolio
- Total Mutual Funds in AAAM - rated represented 2.71% of the total portfolio
- Holdings in AA+-rated US Government securities represented 24.10% of the total portfolio

The City of Galveston recognizes over-concentration of assets by market sector or maturity as a risk to the portfolio. The Investment Policy establishes diversification as a major objective of the investment program. The Investment Policy has established limits for concentration by market sector as shown below:

	Fair Value/ Amortized Cost	Credit Quality Rating		Percentage of Investments
		S & P	Moody's	
Bank deposits:				
Frost Bank - deposit accounts	\$ 10,305,888			4.21%
Total bank deposits	10,305,888			4.21%
Investment types:				
Mutual funds:				
US Bank	6,647,898	AAAm	Aaa-mf	2.71%
Total mutual funds	6,647,898			2.71%
Local government investment pools:				
Texas CLASS	79,111,316	AAAm		32.29%
TexPool	20,163,776	AAAm		8.23%
TexPool Prime	42,453,090	AAAm		17.33%
Local Government Investment Cooperative (LOGIC)	27,278,873	AAA		11.13%
Total local government investment pools	169,007,055			68.98%
Total investment portfolio	185,960,841			75.90%
Investment securities:				
US Treasury securities	40,732,320	AA+	Aa1	16.62%
US Agency obligations	18,313,668	AA+	Aa1	7.47%
Total investment securities	59,045,988			24.10%
Total bank deposits & investment portfolio	\$ 245,006,829			100.00%

Notes to the Basic Financial Statements

Interest Rate Risk. In order to limit interest and market rate risk from changes in interest rates, the City’s adopted investment policy establishes a maximum maturity of 36 months for operating funds and five years for reserve funds.

A segmented time distribution analysis for the primary government portfolio by market sector is shown below.

Investment Type	Investment Maturities in Years	Investment Maturities in Years
	Less than 1 year	1-5 years
US Treasury securities	\$ 30,478,127	\$ 10,254,193
US Agency obligations	18,313,668	-
Local government investment pools	169,007,055	-
Total	\$ 217,798,850	\$ 10,254,193

Custodial Credit Risk. To control custody and safekeeping risk, the City’s investment policy requires collateral for all time and demand deposits be transferred delivery versus payment and held in the City’s name by an independent party. The custodian is required to provide original safekeeping receipts and monthly reporting of positions with position descriptions including market value. Deposits must be collateralized to 102% and be executed under written agreements. Depository agreements are executed under the terms of FIRREA (U.S. Financial Institutions Reform, Recovery and Enforcement Act of 1989). The counter party of each type of transaction is held contractually liable for monitoring and maintaining the required collateral margins on a daily basis.

The City categorizes fair value measurements of its investments based on the hierarchy established by generally accepted accounting principles. The fair value has three levels, is based on the valuation inputs used to measure an asset’s fair value: Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

The City’s investments are valued at Level 2 using a market approach based on a matrix pricing technique, whereby valuation is determined in reference to benchmark prices and interest rates.

The City’s local government investment pools are recorded at amortized costs as permitted by GASB Statement No.79, *Certain Investment Pools and Pool Participants*.

Quoted market prices are the basis of the fair value for the U.S. Treasury Securities. There were no changes in the valuation technique and no nonrecurring fair value measurements during the current year.

Notes to the Basic Financial Statements

Investments' fair value measurements are as follows as of September 30, 2025:

	Fair Value/ Amortized Cost	Fair Value Measurements Using		Weighted Average Maturity (Days)
		Level 2 Inputs		
Mutual funds*	\$ 6,647,898			1
Local government investment pools*	<u>169,007,055</u>			1
Total investment portfolio	<u>\$ 175,654,953</u>			
Investment Securities:				
US Treasury securities	\$ 40,732,320	\$ 40,732,320		280
US Agency obligations	<u>18,313,668</u>	<u>18,313,668</u>		132
Total investment securities	<u>\$ 59,045,988</u>	<u>\$ 59,045,988</u>		
Portfolio weighted average maturity				60

*Investment pools are not subject to fair value reporting per GASB 72. The City's investments in mutual funds are measured at net asset value and are not subject to fair value level reporting.

Note 3. Property Tax

According to the Tax Code of the State of Texas, property values are established through appraisal and appeals processes administered by the Galveston County Appraisal District. As provided by law, the Galveston City Council has designated the Galveston County Tax Assessor-Collector as the City Tax Assessor-Collector. Reports and information provided in this Annual Comprehensive Financial Report for property values and collections, including current and delinquent taxes, originate with these two County agencies.

The City may levy taxes up to \$2.50 per \$100 of net appraised assessed value under state law; however, amendments to the City Charter approved by the voters placed additional limits on the city's total property tax rate. Approved in a charter election on January 20, 1979, language in Article VII Section 2 of the City Charter provides that the maximum property tax rate will be \$0.70 per \$100 of taxable valuation. This is inclusive of taxes levied to retire debt service, and the tax amount levied each year for the Rosenberg Library.

Subsequently, the voters of the City of Galveston approved language in Article VII, Section 2(b) of the City Charter that reduces the maximum tax rate each year based on sales tax collections. When the certified property tax roll is delivered by the Chief Appraiser in late July, the Tax Assessor-Collector calculates the City's effective tax rate in accordance with State law, including the sales tax collection allowance.

This allowance is based on receipts from one-fourth of the City's two percent sales tax generated for the prior July to June twelve month period. The effective tax rate calculation then requires a reduction in the total property tax rate equal to the property tax rate that would produce the same amount of sales tax collected as described. For FY 2025, the maximum property tax rate was \$0.429293. Within these guidelines, the adopted tax rate per \$100 of taxable valuation, for the year ended September 30, 2025, was \$0.40885. The tax rate to finance general governmental services was set at \$0.36864 and the tax rate for all other purposes, including debt service, was set at \$0.04021 per \$100 of assessed valuation.

Notes to the Basic Financial Statements

Under the Texas Property Tax Code, property taxes are certified by the Chief Appraiser on or by July 25. The County Tax Assessor-Collector, acting in that capacity for the City, then presents the certified roll to the City Council accompanied by the No-New-Revenue and Voter Approval tax rates calculated for that tax year. The City Council must adopt a budget first and then adopt a property tax rate by September 30, or within sixty days after receipt of the tax roll from the Chief Appraiser. Taxes are due on a current basis by January 31. Late penalties and interest apply thereafter, including a twenty percent delinquent attorney’s collection fee on July 1 should taxes not be paid prior to that time. There is no specific date for liens to be placed on properties for nonpayment of taxes.

Note 4. Sales Tax

The City’s sales tax rate is 2.0 percent for the year ended September 30, 2025. This rate includes 1.0 percent that generates receipts for general municipal operations that are deposited in the General Fund. Also deposited in the General Fund is the 0.5 percent sales tax collected for property tax rate reduction purposes (see Note 3). The remaining 0.5 percent is levied for economic development purposes and is deposited in the Industrial Development Corporation’s funds.

On November 4, 2008, voters extended the economic development amount for the IDC fund for 20 years, to expire on April 1, 2029. Effective through March 31, 2029, the IDC fund collections are allocated strictly according to the language adopted by the voters. That language dedicates this economic development tax into four equal portions for beach renourishment, for streets, sewer and drainage improvement projects, for economic development programs and projects, and park improvements. Each of these portions of the tax are accounted for in what are reported in this annual report as four nonmajor governmental funds.

Note 5. Accounts Receivable

Receivables, as of September 30, 2025 for the City’s individual major funds, nonmajor funds and internal service funds, including the applicable allowances for uncollectible accounts, are as follows:

Governmental Activities

	General Fund	Nonmajor Governmental Funds	Total Governmental Funds	Internal Service Funds
Governmental activities:				
Receivables:				
Property taxes	\$ 3,222,373	\$ 498,371	\$ 3,720,744	\$ -
Sales and use taxes	3,940,431	1,313,476	5,253,907	-
Franchise taxes	211,065	31,010	242,075	-
Court fines	3,609,057	-	3,609,057	-
Customer accounts	202,632	18,101	220,733	53,663
Hotel taxes	-	5,199,753	5,199,753	-
Intergovernmental	587,202	5,885,735	6,472,937	19,594
Other	360,943	267,166	628,109	205,850
Allowance for uncollectibles	(4,010,829)	(178,657)	(4,189,486)	-
Total	\$ 8,122,874	\$ 13,034,955	\$ 21,157,829	\$ 279,107

Notes to the Basic Financial Statements

Business-type Activities

	Combined Utility System	Airport	Drainage	Sanitation	Total
Business-type activities:					
Receivables:					
Customer accounts	\$ 18,908,899	\$ 15,668	\$ 1,409,415	\$ 4,077,998	\$ 24,411,980
Other	430	-	-	-	430
Allowance for uncollectibles	(6,158,887)	-	(539,802)	(1,138,306)	(7,836,995)
Total	\$ 12,750,442	\$ 15,668	\$ 869,613	\$ 2,939,692	\$ 16,575,415

Note 6. Lease Receivable

The City leases out its buildings and land. Most leases have initial terms of up to 20 years, and contain one or more renewals at the City’s option, generally for three or five year periods. The City has generally included these renewal periods in the lease term when it is reasonably certain that the City will exercise the renewal option. The City’s lease arrangements do not contain any material residual value guarantees. As the interest rate implicit in the City’s leases is not readily determinable, the City utilizes its incremental borrowing rate to discount the lease payments.

The City has several leases with variable payments. For fiscal year 2025, the total of the variable payments was immaterial.

Although the City is exposed to changes in the residual value at the end of the current leases, the City typically enters into new operating leases and therefore will not immediately realize any reduction in residual value at the end of these leases.

Minimum lease payments receivable on leases of investment properties are as follows:

Year Ending September 30,	Business-type Activities	
	Principal	Interest
2026	\$ 390,385	\$ 480,193
2027	420,407	468,470
2028	449,361	544,933
2029	480,699	437,583
2030	516,331	422,971
2031-2035	2,962,941	1,866,284
2036-2040	3,642,695	1,389,365
2041-2045	4,236,035	807,923
2046-2050	3,061,816	161,437
2051-2055	40,844	6,180
2056-2060	22,184	811
Totals	\$ 16,223,698	\$ 6,586,150

Notes to the Basic Financial Statements

The total amount of inflows of resources relating to leases recognized in the current fiscal year are as follows:

	Business-type Activities
Lease revenue	\$ 856,206
Interest revenue	482,639

Note 7. Interfund Transfers and Receivables

Interfund transfers for the primary government are as follows for the year ended September 30, 2025:

Transfers out:	Transfers In:		Totals
	General Fund	Nonmajor Governmental Funds	
General fund	\$ -	\$ 8,166,510	\$ 8,166,510
Nonmajor governmental funds	445,163	8,465,991	8,911,154
Combined utility system fund	2,296,000	116,240	2,412,240
Nonmajor enterprise funds	778,000	69,330	847,330
Internal service funds	-	500,000	500,000
Totals	\$ 3,519,163	\$ 17,318,071	\$ 20,837,234

The following is a detail of the interfund transfers:

Transfers in fund	Transfer out fund	Purpose
General fund	Nonmajor governmental funds	General admin charges & convention center surplus
General fund	Combined utility system fund	General admin charges & payment in lieu of taxes
General fund	Nonmajor enterprise funds	General admin charges & payment in lieu of taxes
Nonmajor governmental funds	Nonmajor governmental funds	Collection of state hotel occupancy taxes
Nonmajor governmental funds	General fund	Quartermaster operations
Nonmajor governmental funds	General fund	Charter mandated transfer (8% of general fund budgeted revenues)
Nonmajor governmental funds	General fund	Budgeted separation pay
Nonmajor governmental funds	General fund	Budgeted transfer for transit operations
Nonmajor governmental funds	Nonmajor governmental funds	Trolley system
Nonmajor governmental funds	Nonmajor governmental funds	Operational activity
Nonmajor governmental funds	Combined utility system fund	Budgeted separation pay
Nonmajor governmental funds	Nonmajor enterprise funds	Budgeted separation pay
Nonmajor governmental funds	Nonmajor governmental funds	Budget transfer for capital projects
Nonmajor governmental funds	Internal service fund	Budgeted transfer for personnel services

Note: Transfers in the government-wide statement of activities include the transfer of \$2,270,675 of capital assets from governmental activities to business-type activities.

Notes to the Basic Financial Statements

The following is a detail of interfund receivables and payables for the primary government as of September 30, 2025:

	Receivable Funds: Due From			Totals
	General Fund	Nonmajor Governmental Funds	Combined Utility System Fund	
Payable Funds: Due to				
Nonmajor governmental funds	\$ 1,266,778	\$ 4,632,092	\$ 126,543	\$ 6,025,413
Nonmajor enterprise funds	10,362	3,454	-	13,816
Totals	\$ 1,277,140	\$ 4,635,546	\$ 126,543	\$ 6,039,229

The following is a detail of interfund receivables and payables:

Receivable Funds: Due From	Payable Funds: Due To	Purpose:
General fund	Nonmajor governmental funds	City's portion of sales tax & grant expenditures
General fund	Nonmajor enterprise funds	City's portion of sales tax
Nonmajor governmental funds	Nonmajor governmental funds	City's portion of sales tax, hurricane disaster recovery projects & collection of hotel occupancy
Nonmajor governmental funds	Nonmajor enterprise funds	City's portion of sales tax
Combined utility system fund	Nonmajor governmental funds	Disaster recovery projects

Notes to the Basic Financial Statements

Note 8. Capital Assets

The following is a detail of capital asset activity for the year ended September 30, 2025:

	Beginning Balance	Increases	Decreases/ Reclassifications*	Ending Balance
Governmental activities:				
Capital assets, not being depreciated/amortized:				
Land	\$ 21,411,775	\$ 1,107,826	\$ -	\$ 22,519,601
Construction in progress	39,939,048	12,677,025	(2,314,675)	50,301,398
Total capital assets, not being depreciated or amortized	61,350,823	13,784,851	(2,314,675)	72,820,999
Capital assets being depreciated or amortized:				
Infrastructure	242,275,075	-	-	242,275,075
Buildings and improvements	89,887,527	-	-	89,887,527
Licensed vehicles	35,451,980	1,163,446	(649,849)	35,965,577
Machinery and equipment	23,132,139	1,578,416	(62,083)	24,648,472
Right-to-use assets - equipment	321,656	-	-	321,656
Right-to-use assets - buildings	257,757	-	-	257,757
Right-to-use assets - SBITA	363,339	-	(205,992)	157,347
Improvements other than buildings	13,289,090	-	-	13,289,090
Total capital assets being depreciated or amortized	404,978,563	2,741,862	(917,924)	406,802,501
Less accumulated depreciation/amortization for:				
Infrastructure	(131,797,430)	(7,727,676)	-	(139,525,106)
Buildings and improvements	(30,762,377)	(4,225,447)	-	(34,987,824)
Licensed vehicles	(21,492,121)	(2,471,632)	642,644	(23,321,109)
Machinery and equipment	(19,463,905)	(1,359,328)	12,549	(20,810,684)
Right-to-use assets - equipment	(89,937)	(78,885)	-	(168,822)
Right-to-use assets - buildings	(173,086)	(50,830)	-	(223,916)
Right-to-use assets - SBITA	(230,817)	(85,768)	205,992	(110,593)
Improvements other than buildings	(7,785,476)	(400,593)	-	(8,186,069)
Total accumulated depreciation/amortization	(211,795,149)	(16,400,159)	861,185	(227,334,123)
Capital assets being depreciated or amortized, net	193,183,414	(13,658,297)	(56,739)	179,468,378
Totals	\$ 254,534,237	\$ 126,554	\$ (2,371,414)	\$ 252,289,377

* Includes current year transfers between governmental and business-type activities, see Note 7.

Notes to the Basic Financial Statements

	Beginning Balance	Increases	Decreases/ Reclassifications*	Ending Balance
Business-type activities:				
Capital assets, not being depreciated/amortized:				
Land	\$ 2,906,705	\$ -	\$ -	\$ 2,906,705
Construction in progress	77,058,039	13,826,079	(15,540,021)	75,344,097
Total capital assets, not being depreciated or amortized	79,964,744	13,826,079	(15,540,021)	78,250,802
Capital assets being depreciated or amortized:				
Improvements other than buildings	278,767,622	-	17,705,373	296,472,995
Building and system	177,230,317	-	-	177,230,317
Machinery and equipment	20,776,236	75,487	(287,744)	20,563,979
Licensed vehicles	19,633,237	1,890,985	(654,643)	20,869,579
Contractual water rights	29,970,351	-	-	29,970,351
Total capital assets being depreciated or amortized	526,377,763	1,966,472	16,762,986	545,107,221
Less accumulated depreciation/amortization for:				
Improvements other than buildings	(104,169,765)	(8,887,367)	-	(113,057,132)
Building and system	(56,047,334)	(3,839,272)	-	(59,886,606)
Machinery and equipment	(14,605,744)	(1,271,298)	208,623	(15,668,419)
Licensed vehicles	(12,915,983)	(1,464,484)	554,476	(13,825,991)
Contractual water rights	(26,189,640)	(290,824)	-	(26,480,464)
Total accumulated depreciation/amortization	(213,928,466)	(15,753,245)	763,099	(228,918,612)
Capital assets being depreciated or amortized, net	312,449,297	(13,786,773)	17,526,085	316,188,609
Totals	\$ 392,414,041	\$ 39,306	\$ 1,986,064	\$ 394,439,411

* Includes current year transfers between governmental and business-type activities, see Note 7.

Depreciation and amortization was charged to functions/programs of the primary government as follows:

General government	\$ 7,068,746
Public safety	467,866
Public works	4,627,805
Culture and recreation	2,552,712
Planning and community development	224,504
Transportation system	490,977
Internal service funds	967,549
Total governmental activities	\$ 16,400,159
Combined utility system	\$ 11,767,649
Sanitation	623,361
Drainage	1,917,130
Airport	1,445,105
Total business-type activities	\$ 15,753,245

Notes to the Basic Financial Statements

Construction in progress and remaining commitment, as of September 30, 2025 are as follows:

Project Description	Project Authorization	Project Cost to Date	Remaining Commitment
Governmental activities:			
Various street milling and overlay projects	\$ 14,420,665	\$ 12,308,794	\$ 2,111,871
23rd Street Broadway to Seawall (County)	10,616,014	10,241,470	374,544
City Hall remodel & screen wall/plaza	7,240,782	4,478,779	2,762,003
Parks and Recreation	16,224,883	10,951,012	5,273,871
Technology improvements	4,604,109	4,389,391	214,718
Various Island Transit projects	3,687,554	2,826,438	861,116
Various other projects	5,517,340	5,105,514	411,826
Total governmental activities	\$ 62,311,347	\$ 50,301,398	\$ 12,009,949
Business-type activities:			
Combined utility system fund projects:			
Advanced metering	\$ 17,928,541	\$ 17,166,742	\$ 761,799
Fire hydrants	4,280,327	447,980	3,832,347
Lift stations	3,598,128	1,184,859	2,413,269
Pirates Beach & Seawolf Park WWTP recon & expansion	23,801,555	20,812,918	2,988,637
SCADA - Supervisory Controls & Data Acquisition	1,627,913	748,927	878,986
Waterline rehab projects	6,411,429	1,980,137	4,431,292
Sewer rehab projects	15,021,294	3,142,341	11,878,953
Tank rehab projects	1,618,340	1,583,084	35,256
Various other Combined Utility System Projects	20,327,040	19,181,276	1,145,764
Sanitation fund projects:			
Various sanitation projects	519,190	152,877	366,313
Drainage fund projects:			
Drainage improvements	2,114,750	904,801	1,209,949
Drainage pump stations	73,489,535	6,878,223	66,611,312
Airport fund projects:			
Various airport projects	1,305,362	1,159,932	145,430
Total business-type activities	\$ 172,043,404	\$ 75,344,097	\$ 96,699,307

Notes to the Basic Financial Statements

Note 9. Long-Term Debt

Governmental Activities

Long-term liability activity for the year ended September 30, 2025, is as follows:

	Beginning Balance	Increases	(Decreases)	Ending Balance	Amounts Due Within One Year
Governmental activities:					
Bonds payable:					
General obligation bonds	\$ 45,785,300	\$ -	\$ (2,623,900)	\$ 43,161,400	\$ 2,747,000
Certificates of obligation	-	18,460,000	(880,000)	17,580,000	575,000
Certificates of obligation - private placement	4,020,000	-	(770,000)	3,250,000	785,000
Special obligation bonds	15,665,000	-	(1,425,000)	14,240,000	1,500,000
Unamortized premiums and discounts	7,093,302	1,829,019	(608,923)	8,313,398	-
Total bonds payable	72,563,602	20,289,019	(6,307,823)	86,544,798	5,607,000
Other liabilities:					
Arbitrage liability	-	1,116,955	(522,152)	594,803	-
Lease payable	323,332	-	(131,414)	191,918	110,142
SBITA payable	37,029	-	(31,490)	5,539	5,539
Claims payable - workers compensation	455,185	538,673	(530,853)	463,005	234,756
Claims payable - health insurance	675,000	14,549,345	(13,908,345)	1,316,000	1,316,000
Compensated absences*	14,165,824	3,528,572	-	17,694,396	5,444,037
Total other liabilities	15,656,370	19,733,545	(15,124,254)	20,265,661	7,110,474
Total governmental activities	\$ 88,219,972	\$ 40,022,564	\$ (21,432,077)	\$ 106,810,459	\$ 12,717,474
Long-term debt due in more than one year					\$ 94,092,985

* Compensated absences are reported as a net change for the year as allowed under the provisions of GASB 101, paragraph 30.

Compensated absences are liquidated by the funds based on the department personnel to whom the claims relate. Health claims and workers' compensation claims are liquidated by the Health and Life Insurance Internal Service Fund and the Workers' Compensation Internal Service Fund which are reported as a governmental activity.

The City sponsors three (3) single employer defined benefit pension plans: the Employees Retirement Plan for Police, the Retirement Plan for City Employees and the Firefighters' Pension Plan (see Note 15).

The City also has a Texas Tax and Revenue Emergency Anticipation Note, Series 2024-E in the amount of \$50 million for the purpose of providing funds to pay for any contractual obligation incurred or to be incurred as a result of or to address the effect of a statewide and/or national emergency. The City has not drawn down any funds from this note as of September 30, 2025.

Notes to the Basic Financial Statements

The following are descriptions of the governmental activities long-term obligations:

Series	Original Issue	Matures	Interest Rate (%)	Debt Outstanding
Governmental activities:				
General obligation bonds:				
Series 2016 Obligation Refunding Bonds*	\$ 2,460,831	2033	3.0-5.0	\$ 1,526,400
Series 2017 Public Improvement Bonds	22,600,000	2037	2.0-5.0	15,230,000
Series 2019 Public Improvement Bonds	31,205,000	2039	3.0-5.0	<u>26,405,000</u>
Total general obligation bonds				43,161,400
Special obligation bonds:				
Series 2012A Hotel Occupancy Tax Refunding Bonds	14,350,000	2034	2.6-5.0	7,910,000
Series 2012B Hotel Occupancy Tax Refunding Bonds	13,215,000	2032	3.1-5.0	<u>6,330,000</u>
Total special obligation bonds				14,240,000
Certificates of obligation:				
Series 2024 Combination Tax and Revenue	18,460,000	2044	5.0	<u>17,580,000</u>
Total certificates of obligation				17,580,000
Certificates of obligation - private placement:				
Series 2022 Combination Tax and Revenue	5,500,000	2029	2.23	<u>3,250,000</u>
Total certificates of obligation - private placement				3,250,000
Lease payable:				
Lease payable	579,413	2028	3.0	<u>191,918</u>
Total lease payable				191,918
SBITA payable:				
SBITA payable	157,347	2027	2.23	<u>5,539</u>
Total SBITA payable				<u>5,539</u>
Total governmental activities long-term obligations				<u>\$ 78,428,857</u>

* The original total issue was \$17,365,000 for the Series 2016 Obligation Refunding Bonds. The original issue amount represents the portion allocated to governmental activities only.

Notes to the Basic Financial Statements

Annual debt service requirements to maturity for governmental activities bonds payable are as follows:

Fiscal Year Ending September 30,	General Obligation Bonds		Special Obligation Bonds	
	Principal	Interest	Principal	Interest
2026	\$ 2,747,000	\$ 1,927,033	\$ 1,500,000	\$ 494,506
2027	2,885,100	1,789,683	1,575,000	446,731
2028	2,923,200	1,645,428	1,650,000	395,544
2029	3,062,200	1,499,268	1,735,000	340,931
2030	3,206,200	1,346,158	1,825,000	282,375
2031-2035	16,972,700	4,438,061	5,955,000	486,681
2036-2040	11,365,000	1,028,400	-	-
Totals	\$ 43,161,400	\$ 13,674,031	\$ 14,240,000	\$ 2,446,768

Fiscal Year Ending September 30,	Certificates of Obligation		Certificates of Obligation - Private Placement	
	Principal	Interest	Principal	Interest
2026	\$ 575,000	\$ 879,000	\$ 785,000	\$ 72,475
2027	605,000	850,250	805,000	54,970
2028	635,000	820,000	820,000	37,018
2029	665,000	788,250	840,000	18,732
2030	700,000	755,000	-	-
2031-2035	4,060,000	3,214,000	-	-
2036-2040	5,185,000	2,091,500	-	-
2041-2045	5,155,000	660,250	-	-
Totals	\$ 17,580,000	\$ 10,058,250	\$ 3,250,000	\$ 183,195

Current Year Issuance of Debt – Governmental Activities

During fiscal year 2025, the City issued \$18,460,000 of Series 2024 Combination Tax and Revenue Certificates of Obligation (the “Certificates”). The Certificates were issued to fund the design, construction and equipment of improvements to the City’s drainage infrastructure, including stormwater pumpstations on South Shore Drive and 14th Street, the associated underground structure and pay for the costs of issuance. The Certificates pay interest of 5.00% and are scheduled to mature at various annual installments through 2044.

Notes to the Basic Financial Statements

Lease Payable

This note provides information for leases where the City is a lessee. For leases where the City is a lessor, see Note 6.

The City is obligated under leases covering certain machinery and IT equipment that expire at various dates during the next three fiscal years. The City has entered into various lease agreements as lessee primarily for office space and office equipment. Most leases have initial terms of up to ten years, and contain one or more renewals at the City's option, generally for three or five-year periods. The City generally included these renewal periods in the lease term when it is reasonably certain that the City will exercise the renewal option. The City's leases generally do not include termination options for either party to the lease or restrictive financial or other covenants. Certain real estate leases require additional payments for common area maintenance, real estate taxes and insurance, which are expensed as incurred as variable lease payments. For office space leases that include variable payments, those include payments for the City's proportionate share of the building's property taxes, insurance, and common area maintenance. The City's lease arrangements do not contain any material residual value guarantees. As the interest rate implicit in the City's leases is not readily determinable, the City utilizes its incremental borrowing rate to discount the lease payments.

The future principal and interest lease payments as of September 30, 2025, were as follows:

Year Ending September 30,	Governmental Activities	
	Principal	Interest
2026	\$ 110,142	\$ 2,863
2027	75,416	905
2028	6,360	-
Totals	\$ 191,918	\$ 3,768

Federal Arbitrage

The Tax Reform Act of 1986 instituted certain arbitrage legislation 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 bond holders. Generally, all interest paid to bondholders can be retroactively rendered taxable if applicable rebates are not reported and paid to the Internal Revenue Service (IRS) at least every five years for applicable bond issues. Accordingly, there is the risk that if such calculations are not performed or are not performed correctly, a substantial liability to the City could result. The City periodically engages an arbitrage consultant to perform the calculations in accordance with the IRS rules and regulations. As of September 30, 2025, the City reported an arbitrage liability of \$594,803 and \$657,487 for governmental activities and business-type activities, respectively.

Notes to the Basic Financial Statements

SBITA Payable

The City is obligated under contracts covering certain subscription-based information technology arrangements (SBITA) that expire at various dates during the next fiscal year. The City has entered into various SBITA contracts as lessee for information technology (IT) softwares. Most SBITA contracts have initial terms of up to five years, and contain one or more renewals at the City’s option, generally for one to two year periods. The City generally included these renewal periods in the subscription term when it is reasonably certain that the City will exercise the renewal option and the contract is not deemed cancellable. The City’s SBITA contracts do not contain any material residual value guarantees. As the interest rate implicit in the City’s leases is not readily determinable, the City utilizes its incremental borrowing rate to discount the SBITA payments.

The future principal and interest SBITA payments as of September 30, 2025, were as follows:

Year Ending September 30,	Governmental Activities	
	Principal	Interest
2026	\$ 5,539	\$ 31
Totals	\$ 5,539	\$ 31

Business-Type Activities

Long-term liability activity for the year ended September 30, 2025 is as follows:

	Beginning Balance	Increases	(Decreases)	Ending Balance	Amounts Due Within One Year
Business-type activities:					
Bonds payable:					
General obligation bonds	\$ 15,749,700	\$ -	\$ (2,006,100)	\$ 13,743,600	\$ 2,063,000
Certificates of obligation - private placement	3,375,000	-	(1,100,000)	2,275,000	1,125,000
Certificates of obligation	119,210,000	-	(2,465,000)	116,745,000	2,575,000
Unamortized premiums and discounts	6,963,567	-	(465,540)	6,498,027	-
Total bonds payable	145,298,267	-	(6,036,640)	139,261,627	5,763,000
Other liabilities:					
Arbitrage liability	-	657,487	-	657,487	-
Compensated absences*	1,776,279	383,247	-	2,159,526	1,012,917
Total other liabilities	1,776,279	1,040,734	-	2,817,013	1,012,917
Total business-type activities	\$ 147,074,546	\$ 1,040,734	\$ (6,036,640)	\$ 142,078,640	\$ 6,775,917
Long-term debt due in more than one year					\$ 135,302,723

* Compensated absences are reported as a net change for the year as allowed under the provisions of GASB 101, paragraph 30.

Notes to the Basic Financial Statements

The following are descriptions of the business-type activities long-term obligations:

Series	Original Issue	Matures	Interest Rate (%)	Debt Outstanding
Business-type activities:				
General obligation bonds:				
Series 2016 Obligation Refunding Bonds*	\$ 14,904,169	2033	3.0-5.0	\$ 6,953,600
Series 2021 Obligation Refunding Bonds	13,545,000	2030	0.3-1.8	6,790,000
Total general obligation bonds				13,743,600
Certificates of obligation - private placement:				
Series 2022 Combination Tax and Revenue	5,500,000	2027	2.23	2,275,000
Total certificates of obligation - private placement				2,275,000
Certificates of obligation:				
Series 2017 Combination Tax and Revenue	33,330,000	2038	2.0-5.0	27,680,000
Series 2019 Combination Tax and Revenue	32,750,000	2039	2.0-5.0	29,430,000
Series 2022A Combination Tax and Revenue	62,635,000	2052	4.6-5.3	59,635,000
Total certificates of obligation				116,745,000
Total business-type activities long-term obligations				\$ 132,763,600

* The original total issue was \$17,365,000 for the Series 2016 Obligation Refunding Bonds. The original issue amount reported above represents the portion allocated to business-type activities only.

Annual debt service requirements to maturity for business-type activities bonds payable are as follows:

Fiscal Year Ending September 30,	Certificates of Obligation - Private Placement		Certificates of Obligation		General Obligation Bonds	
	Principal	Interest	Principal	Interest	Principal	Interest
2026	\$ 1,125,000	\$ 50,733	\$ 2,575,000	\$ 5,538,826	\$ 2,063,000	\$ 403,800
2027	1,150,000	25,645	2,695,000	5,418,176	2,114,900	352,325
2028	-	-	2,820,000	5,291,876	2,166,800	295,491
2029	-	-	2,950,000	5,159,626	2,227,800	233,898
2030	-	-	3,100,000	5,012,125	2,288,800	167,471
2031-2035	-	-	17,975,000	22,585,025	2,882,300	228,739
2036-2040	-	-	22,790,000	17,727,425	-	-
2041-2045	-	-	28,795,000	11,787,900	-	-
2046-2050	-	-	25,445,000	4,955,100	-	-
2051-2055	-	-	7,600,000	531,181	-	-
Totals	\$ 2,275,000	\$ 76,378	\$ 116,745,000	\$ 84,007,260	\$ 13,743,600	\$ 1,681,724

The total net revenues of the combined utility system and sanitation funds are pledged for repayment of the business-type activities revenue bonds, general obligation bonds and certificates of obligation. The pledge will remain in force for the term of the bonds.

Notes to the Basic Financial Statements

Description	Principal	Interest	Totals
Certificates of obligation	\$ 2,575,000	\$ 5,538,826	\$ 8,113,826
Certificates of obligation - private placement	1,125,000	50,733	1,175,733
General obligation bonds	<u>2,063,000</u>	<u>403,800</u>	<u>2,466,800</u>
Total annual debt service	<u>\$ 5,763,000</u>	<u>\$ 5,993,359</u>	11,756,359
Operating revenues - combined utilities fund			46,489,819
Operating revenues - sanitation fund			9,588,705
Operating expenses - combined utilities fund			(41,901,339)
Operating expenses - sanitation fund			<u>(7,334,283)</u>
Net operating income			6,842,902
Add:			
Depreciation/amortization - combined utilities fund			11,767,649
Depreciation - sanitation fund			<u>623,361</u>
Total net revenues			<u>\$ 19,233,912</u>
Debt service coverage			1.64

Current Year Issuance of Debt – Business-Type Activities

None.

Defeased Debt

As a result of refunding transactions in the current and prior years, the City defeased certain outstanding bonds issued by placing the proceeds of new bonds in irrevocable escrow accounts to provide for all future debt service payments on the old bonds. Accordingly, the escrow accounts to provide for all future bonds are not included in the City’s financial statements. There were no defeased bonds outstanding as of September 30, 2025.

Discretely Presented Component Unit - Bayside at Waterman’s Public Improvement District

Long-term liability activity for the year ended September 30, 2025 is as follows:

	Beginning Balance	Increases	(Decreases)	Ending Balance	Amounts Due Within One Year
Bayside at Waterman's PID:					
Special assessment revenue bonds	\$ 6,135,000	\$ -	\$ (160,000)	\$ 5,975,000	\$ 160,000
Totals	<u>\$ 6,135,000</u>	<u>\$ -</u>	<u>\$ (160,000)</u>	<u>\$ 5,975,000</u>	<u>\$ 160,000</u>

Notes to the Basic Financial Statements

The following are descriptions of the discretely presented component unit long-term obligations:

Series	Original Issue	Matures	Interest Rate (%)	Debt Outstanding
Bayside at Waterman's PID bonds: Series 2014 Special Assessment Revenue Bonds	\$ 9,600,000	2044	5.6-6.1	\$ 5,975,000
Total Bayside at Waterman's PID bonds				\$ 5,975,000

Annual debt service requirements to maturity for Bayside at Waterman's Public Improvement District long-term debt are as follows:

Fiscal Year Ending September 30,	Bayside at Waterman's PID Revenue Bonds	
	Principal	Interest
2026	\$ 160,000	\$ 359,931
2027	175,000	350,931
2028	180,000	341,088
2029	205,000	330,963
2030	225,000	318,663
2031-2035	1,330,000	1,374,913
2036-2040	1,800,000	923,831
2041-2044	1,900,000	298,900
Totals	\$ 5,975,000	\$ 4,299,220

All of the special assessment revenue received by the District is obligated to pay for the special assessment revenue bonds noted above. The City has no financial or legal responsibility for payment of the bonds. The City's only responsibility is to pursue collections of assessments which is performed by a third-party consultant on behalf of the City.

Note 10. Fund Balance and Net Position

Deficit fund balances and net position reported by these funds below are the result of timing difference between the funding agency and local grantee qualifying outlays. Deficits in these funds are considered temporary and expected to be relieved during the next fiscal year.

Nonmajor governmental funds:	<u>Fund Balance</u>
FEMA Disaster	\$ (10,163)
Internal Service Funds:	<u>Net Position</u>
Worker's compensation insurance	\$ (78,810)
Health and life insurance	(3,041,050)

Net position reported by the Workers' Compensation Fund above reflects the inclusion of \$0.5 million of total estimated workers' compensation claims payable. Net deficit reported by the Health and Life Insurance Fund reflects the inclusion of \$5.7 million of the total OPEB liability. See Note 14 for additional information on the total OPEB liability.

Notes to the Basic Financial Statements

Note 11. Commitments and Contingencies

Grants

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

Environmental Liability

The City is aware of various sites contaminated by hazardous materials. There are no significant liabilities related to these sites of which the City is aware. The City also participates in the Texas Natural Resources Underground Storage Tank registration program and has each site insured for pollution liability. The City is also actively remediating several sites with grant funds from the General Land Office.

Note 12. Risk Management

The City is exposed to various risks of loss related to torts, thefts, damage and destruction of assets, errors and omissions, injuries to employees and natural disasters. The City has commercial insurance policies for liability and property insurance. The major insurance policies, including law enforcement and public official policies, have deductibles of \$5,000 per occurrence.

The City purchases automobile and law enforcement liability insurance from the Texas Municipal League (TML) Intergovernmental Risk Pool, a self-insurance fund using members contributions to pay covered losses. Participation in the pool is affirmed when a city signs an inter-local agreement. There is no requirement for a municipality to invest funds into the risk pool other than by insurance premiums for actual policies issued by TML.

There have been no significant reductions in insurance coverage from prior years. There have been no insurance settlements exceeding insurance coverage in the past five years.

The Casualty and Liability Internal Service Fund is used to account for the accumulation of assets charged to other funds of the City for insurance premiums and all other liabilities.

Workers' Compensation

The City is self-insured for workers' compensation. The third-party administrator for the City is TML, with a per coverage retention of \$500,000. TML also provides the stop loss reinsurance for excess claims with an annual aggregate retention of \$1,500,000 and aggregate limit of liability of \$1,000,000.

All funds of the City participate in the program and make payments to the Workers' Compensation Internal Service Fund based on estimates of the amounts needed to pay prior and current year claims. The claims liability is reported in the fund at September 30, 2025, and is based on requirements of GASB Statement No. 10, which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of loss can be reasonably estimated.

The City's long-term workers' compensation liability is recorded in the government-wide statement of net position. Current liability amounts are recorded in all funds having incurred charges. The estimates of liability are based on current claims outstanding and the estimate of reserves based on industry experience.

Notes to the Basic Financial Statements

Changes in the City’s workers’ compensation claims liability reserve amount for the past two fiscal years are as follows:

Year Ending September 30,	Beginning of Year Accrual	Current Year Estimates	Current Year Payments	End of Year Accrual
2024	\$ 416,966	\$ 511,840	\$ (473,621)	\$ 455,185
2025	455,185	538,673	(530,853)	463,005

Employee Health Insurance

Effective November 1, 2001, the City established a limited risk management program for health insurance by setting up an Internal Service Fund to account for its insured and self-insured risk of loss. The Health and Life Insurance Fund is principally supported by contributions from the City and its employees. The City makes contributions to cover the employees, and the employees are required to make contributions to cover their dependents. The Health and Life Insurance Fund charges the various operating funds premiums for the City’s contribution. The City has obtained specific stop loss insurance through BlueCross BlueShield which limits the City’s claims paid to \$225,000 per individual. BlueCross BlueShield also provides aggregate stop loss coverage for the plan, which limits claims paid to approximately \$1,585 per employee per month.

Incurred but not reported (IBNR) claims as of year-end are estimated by the third-party administrator based on prior claims experience. Changes in the City’s IBNR health claims liability, for the past two fiscal years, are as follows:

Year Ending September 30,	Beginning of Year Accrual	Current Year Estimates	Current Year Payments	End of Year Accrual
2024	\$ 845,000	\$ 12,300,265	\$ (12,470,265)	\$ 675,000
2025	675,000	14,549,345	(13,908,345)	1,316,000

Note 13. Major Contracts and Commitments

As of year-end, the City has the following major contracts and commitments in force. The following is a summary of these commitments:

Emergency Medical Services Contract

Through agreement with the Galveston County Health District (the District), the District provides emergency medical services including trained personnel for treatment and dispatching, transport of victims to hospitals, ambulances and supplies, public education regarding medical emergencies, and management and system evaluation. Operation and management is under control of the District. The City is responsible for operating deficits of this entity for up to \$225,000 per year.

Galveston County Jail

Through agreement with the County of Galveston (County), the County agrees to reserve 6 beds in the County Jail for individuals arrested by City police. The City will pay the County monthly the sum of \$69.43 per City inmate per calendar day or fraction thereof. Annually this equates to a minimum of approximately \$150,000 per year. The City pays the daily rate for months in which the average nightly occupancy is greater than 6.5 inmates.

Notes to the Basic Financial Statements

Gulf Coast Water Authority

The Gulf Coast Water Authority (GCWA) supplies one hundred percent of Galveston’s potable water supply. GCWA holds rights and maintains access to water originating in the Brazos River basin that flows through a system of canals and reservoirs to the Thomas Mackey water purification plant in Texas City. Purified water is pumped from the plant to the island through lines that cross the old causeway and/or the bay to the island. The City then assumes responsibility for pumping, storage and customer sales. Under the most recent amendment dated May 27, 2015, the City retains the right to use up to 21 million gallons per day at a flat cost of \$0.4629 per 1000 gallons. Water actually consumed is supplied to the City at the rate of \$0.7825 per 1000 gallons pumped. GCWA also makes improvements to the plant and its distribution system with bond proceeds, and the City pays its proportional share of this debt service to GCWA. The City’s proportional share of the debt service to GCWA was paid off in FY 2022. In FY 2025, the City paid GCWA \$9.09 million for debt service, water rights and water consumption and construction.

Note 14. Postemployment Benefits Other Than Pensions

Plan Description

The City defined benefit OPEB plan provides certain postemployment retirement benefits for its qualifying employees and spouses/dependents through a single-employer defined benefit health care plan administered by the City. No assets are accumulated in a trust that meets the criteria of GASB codification P52.101 to pay related benefits for the OPEB plan.

Benefits Provided

Eligible participants, as defined by the City, may continue health care coverage during retirement by paying the total active contributions, including the City portion and the retiree portion. In the case of deferred retirement or death in service, the health care benefit is not available. However, in the case of disability retirement benefits, coverage is available if the employee is eligible for disability benefits through the City. Coverage under the health care plan ceases upon reaching Medicare eligibility. A separate, audited GAAP-basis postemployment benefit plan report is not available.

Employees covered by OPEB plan as of December 31, 2024 were as follows:

Inactive plan members or beneficiaries currently receiving benefits	21
Active plan members	<u>759</u>
Total plan members	<u><u>780</u></u>

Total OPEB Liability

The City’s total OPEB liability was measured as of December 31, 2024. The actuarial valuation date was performed as of December 31, 2023 and update procedures were performed to roll forward the total OPEB liability to December 31, 2024. The total OPEB liability is generally liquidated by the General Fund and the Health and Life Insurance Fund.

Notes to the Basic Financial Statements

Changes in Total OPEB Liability

Changes in the City’s OPEB liability presented below are calculated for the year ended December 31, 2024 (measurement year):

Total OPEB Liability:	
Service cost	\$ 302,044
Interest on the total OPEB liability	201,638
Difference between expected and actual experience	(69,386)
Changes of assumptions	(532,874)
Benefit payments	<u>(80,860)</u>
Net change in total OPEB liability	(179,438)
Total OPEB liability - beginning	<u>5,923,596</u>
Total OPEB liability - ending	<u>\$ 5,744,158</u>
Covered employee payroll	\$ 53,194,102
Total OPEB liability as a percentage of covered employee payroll	10.80%

Changes of assumption reflects a change in discount rate from 3.26% in 2023 to 4.08% in 2024. Contributions made after measurement date but before the end of employer’s reporting period will be recognized as a reduction of net OPEB liability in subsequent fiscal period.

OPEB Expense

For the year ended September 30, 2025, the City recognized total OPEB income of \$563,598.

Service cost	\$ 302,044
Interest on the total OPEB liability	201,638
Changes in assumptions or other inputs	318,575
Difference between expected and actual experience	<u>(1,385,855)</u>
Total OPEB expense (income)	<u>\$ (563,598)</u>

Notes to the Basic Financial Statements

Deferred Outflows of Resources

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 12,167	\$ 9,114,152
Changes in actuarial assumptions	4,325,145	3,439,002
Contributions subsequent to the measurement date	98,160	-
Totals	\$ 4,435,472	\$ 12,553,154

The \$98,160 reported as deferred outflows of resources related to OPEB resulting from contributions subsequent to the measurement date will be recognized as a reduction of the total OPEB liability for the year ending September 30, 2026. Other amounts reported as deferred outflows and inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ended September 30,	OPEB Expense
2026	\$ (1,067,280)
2027	(1,067,280)
2028	(1,067,280)
2029	(1,084,750)
2030	(1,105,419)
Thereafter	(2,823,833)
Totals	\$ (8,215,842)

Under the reporting parameters, the City’s retiree health care plan is 0.0% funded with the actuarial accrued liability exceeding the actuarial assets by \$5,744,158 at December 31, 2024. As of the most recent valuation, the ratio of the unfunded actuarial accrued liability to annual covered employee payroll is 10.80%.

Actuarial Methods and Assumptions

Projections of health benefits are based on the plan as understood by the City and include the types of benefits in force at the valuation date and the pattern of sharing benefit costs between the City and the City’s employees to that point. Actuarial calculations reflect a long-term perspective and employ methods and assumptions that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets.

Discount Rate

The discount rate for plans that do not have formal assets equals the tax-exempt municipal bond rate on an index of 20-year general obligation bonds with an average AA credit rating as of the measurement date. The municipal bond rate is based on the daily rate closest to, but not later than, the measurement date, December 31, 2024. Source: Bond Buyer GO 20 Municipal Bond Index.

Notes to the Basic Financial Statements

Significant methods and assumptions were as follows:

Actuarial Methods and Assumptions	
Inflation rate	2.70% per annum
Discount rate	4.08% as of Dec. 31, 2024
Actuarial cost method	Entry-age normal
Amortization method	Straight line amortization
Amortization period	Expected remaining service of all employees eligible for or currently receiving OPEB through the OPEB plan.
Payroll growth	2.75% for general employees 2.75% for police 3.50% for firefighters
Health care costs trend rates	Initial medical trend rate of 7.75% for retirees declining to an ultimate rate of 4.00% in the year 2043.

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 plan's total OPEB liability would be if it were calculated using a discount rate that is 1- percentage-point lower or 1-percentage-point higher than the current rates used:

	1% Decrease (3.08%)	Current Discount Rate (4.08%)	1% Increase (5.08%)
Total OPEB liability	\$ 6,430,000	\$ 5,744,158	\$ 5,146,000

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates

The following presents the total OPEB liability of the City, as well as what the City's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1- percentage-point lower or 1-percentage-point higher than the current rates used:

	1% Decrease	Current Healthcare Cost Trend Rate Assumption	1% Increase
Total OPEB liability	\$ 4,994,000	\$ 5,744,158	\$ 6,651,000

Notes to the Basic Financial Statements

Note 15. Employee Retirement System

Plan Descriptions

The City has three single employer defined benefit pension plans which provide pension benefits for substantially all of its full-time employees:

- City of Galveston Employees' Retirement Plan for City Employees
- City of Galveston Employees' Retirement Plan for Police
- Galveston Firefighters' Pension Fund

These pension plans were established under the authority of Title 8, Subchapter A of the Texas Government Code, Texas statutes (Vernon's Texas Civil Statutes, Articles 6243p and 6243e respectively) which establish the various benefit provisions. Independent Boards of Trustees administer each plan. The fiscal year of each pension fund ends December 31. The most recent available stand-alone financial statements of the pension funds are for the year ended December 31, 2024. The specific summary plan description for each Plan and the financial statements are available at the respective plan offices.

Benefits Provided

The City of Galveston Employees' Retirement Plan for City Employees ("ERP") provides retirement benefits for non-civil service employees, service-connected disability and death benefits to eligible members and surviving spouses and/or dependents. The normal retirement benefit under the Plan equals 2.80% of average monthly compensation multiplied by a participant's years of benefit service. The maximum normal retirement benefit is \$6,250 per month. Service retirement benefits are payable for the participant's lifetime. In the event the Participant's death precedes that of his or her spouse, one half of the participant's pension will be continued to the spouse for his or her lifetime or until remarried. The City of Galveston Employees' Pension Plan audit reports can be found at <https://www.galvestontx.gov/819/Financial-Transparency>.

City of Galveston Employees' Retirement Plan for Police ("PRP") provides retirement benefits for police officers in two groups: *Group A* consists of members with 15 or more years of service as of January 1, 2006, who were members as of June 30, 2008. *Group B* consists of members who either (a) had less than 15 years of service as of January 1, 2006, and who were members as of June 30, 2008, or (b) were employed on or after July 1, 2008. The City of Galveston Police's Pension Plan audit reports can be found at <https://www.galvestontx.gov/819/Financial-Transparency>.

Normal and Late Retirement - Eligibility attainment age is sixty-five (65). Benefits for Group A members shall be the greater of (i) the monthly amount determined as 2.11% of average monthly base pay multiplied by the years of benefit service, limited to 30 years, and (ii) the sum of the preserved benefit and post transition accrued benefit payable after the member reaches the eligible attainment age. Benefits for Group B members will be equal to 2.11% of average monthly base pay multiplied by the years of benefit service, limited to 30 years.

Early Retirement - Eligibility for an early pension is: (i) on or after the member's 55th birthday and before normal retirement date with between ten and twenty years of vested service, or (ii) after the member has reached the attainment age of sixty-two (62). Reduced early pension benefits will be equal to 2.11% of average monthly base pay multiplied by the years of benefit service, limited to 30 years, reduced by 1/180th for each of the first 60 months and 1/360th for each of the next 60 months and shall commence either on the member's normal retirement date or on the first day of any month following his early retirement and before his normal retirement date.

Notes to the Basic Financial Statements

Special Early Retirement - Eligibility for a special early pension benefits for Group A members is either (i) completion of at least twenty years, but less than twenty five years, of vested service and attainment of age forty-five (45) or (ii) twenty five or more years of service regardless of age. Benefits will be equal to the members choice of (i) 2.11% of average monthly base pay multiplied by the years of benefit service, limited to 30 years, (ii) the sum of his preserved benefit and his post transition accrued benefit, with one sum payable prior to age sixty-five (65) and a lower sum payable after age sixty-five (65), or (iii) a level monthly pension that is the actuarial equivalent of the leveling option. The leveling option would maintain the same benefit payment throughout retirement. Eligibility for Group B members is completion of 20 or more years of service and attainment of age forty-five (45), but before attainment of age fifty (50). Benefits will be equal to 2.11% of average monthly base pay multiplied by the years of benefit service, limited to 30 years, reduced by 1/180th for each month by which the starting date of payments commences on the first of the month immediately following the latter of the member’s fiftieth (50th) birthday or the date of retirement.

Galveston Firefighters’ Pension Fund (“GFPF”) provides retirement and incidental benefits for all civil service members of the City of Galveston, Texas Fire Department under the age of 35 at the date of entering service. The Galveston Firefighters’ Pension Plan audit reports can be found at www.galvestonfirepension.com.

A member is eligible for service retirement upon completion of 20 years of service and attainment age of fifty (50). Benefits are calculated at 3% of the highest 60-month average salary times years of service. Benefits are payable for the member’s lifetime; if the member’s death precedes the death of the member’s spouse, two-thirds of the member’s pension will be continued for the spouse for his or her lifetime. However, benefits cease if the spouse remarries.

A member who has attained age 51.5 and 21.5 years of service may elect to receive benefits under the Retro Deferred Retirement Option Plan (DROP) option. This option is equal to the amount of monthly contributions that the member made to the fund during participation in the fund plus the total monthly retirement benefits the member would have received between the time the member entered DROP and the time the member retired under the plan.

Employees covered by the three plans as of September 30, 2025 were as follows:

	Employees' Pension Plan	Fire Fighters Pension Plan	Police Pension Plan
Retirees and beneficiaries currently receiving benefits	545	98	146
Terminated employees entitled to but not receiving benefits	62	1	43
Terminated employees entitled to only a refund of contributions	95	-	-
Active employees	403	117	154
Total participants	1,105	216	343

Contributions

Contribution rates for the City and employees for the fiscal year ended September 30, 2025 were as follows:

	Employees Pension Plan	Fire Fighters Pension Plan	Police Pension Plan
Participant contribution	6.00%	19.50%	12.00%
City contribution	13.35%	21.70%	18.00%

Notes to the Basic Financial Statements

Pension contribution rates are determined by ordinance with respect to the employee plan. In January 2024, Employee Pension Board approved an increase in the City contribution rate from 12.15% to 13.35% effective January 2024. Collective bargaining agreements establish minimum contribution levels with respect to the Police and Firefighters Plans. The City increased their contribution rate from 20.2% to 21.7% for Firefighters in September 2024.

Net Pension Liability

The City’s net pension liability was measured as of December 31, 2024, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The plans’ fiduciary net position is determined on the same basis used by the pension plans.

	<u>Employees Pension Plan</u>	<u>Fire Fighters Pension Plan</u>	<u>Police Pension Plan</u>
Total pension liability	\$ 99,526,844	\$ 92,372,902	\$ 64,426,141
Fiduciary net position	<u>78,034,049</u>	<u>59,276,713</u>	<u>30,559,219</u>
Net pension liability	<u>\$ 21,492,795</u>	<u>\$ 33,096,189</u>	<u>\$ 33,866,922</u>
 Fiduciary net position as a percentage of total pension liability	 78.4%	 64.2%	 47.4%

Net pension liability is generally liquidated by the General Fund, Pension Reform Fund, proprietary funds and the pension fund’s investments.

On May 2, 2019, the Legislature of the State of Texas passed House Bill No 2763 (“HB 2763”) relating to the police pension fund in certain municipalities. HB 2763 establishes requirements that a municipality must offset any negative financial impact to the fund, as determined by the actuary, caused solely by an action taken by the municipality, including a reduction in the number of police officers. The municipality will be required to provide additional funding to the police pension fund by making contribution increases until the negative impact is eliminated, as determined by the actuary. The bill also provides that current contribution rates (18 percent by the City and 12 percent by active plan members) will remain in place until January 1, 2025. After that time, City and member contributions will be determined based on the greater of 30 percent of payroll and the actuarially determined contribution. If the actuarially determined contribution rate exceeds 30 percent of payroll, then the member and City contributions will increase as described in Texas Statue 6243p.

Notes to the Basic Financial Statements

HB 2763 also establishes minimum contribution levels. The City must contribute to the police pension fund 18 percent of payroll based on authorized staffing levels, as approved by the City Council and Collective Bargaining Agreement at the start of each fiscal year. The City shall calculate the difference between the actual payroll and the payroll in which the initial contribution was based and make a contribution to the police pension fund to cover the deficiency of the initial contribution. Furthermore, the rate of contributions to the police pension fund may not be reduced, nor shall a new benefit payable be established, if the change results in an increase to the amortization period of the unfunded actuarial liability that exceeds 25 years.

Changes in Net Pension Liability

Changes in the City's net pension liability presented below are calculated on the same basis as each of the plans for the year ended December 31, 2024 (measurement year):

	Employees' Retirement Plan for City Employees <u>2024</u>	Galveston Firefighters' Pension Fund <u>2024</u>	Employees' Retirement Plan for Police <u>2024</u>
Total pension liability:			
Service cost	\$ 3,357,125	\$ 2,082,121	\$ 1,539,446
Interest	6,858,039	6,697,011	4,372,730
Effect of plan changes	-	135,735	-
Difference between expected and actual experience	867,197	(1,117,376)	(189,124)
Benefit payments, including refunds of employee contributions	<u>(5,584,063)</u>	<u>(5,271,894)</u>	<u>(4,450,066)</u>
Net change in total pension liability	5,498,298	2,525,597	1,272,986
Total pension liability - beginning	<u>94,028,546</u>	<u>89,847,305</u>	<u>63,153,155</u>
Total pension liability - ending (a)	<u>\$ 99,526,844</u>	<u>\$ 92,372,902</u>	<u>\$ 64,426,141</u>
Plan fiduciary net position:			
Contributions - employer	\$ 4,788,969	\$ 2,377,605	\$ 3,272,784
Contributions - employee	2,159,702	1,995,220	1,996,859
Net investment income	8,808,916	5,809,979	2,893,989
Benefit payments, including refunds of employee contributions	(5,584,063)	(5,271,894)	(4,450,066)
Administrative expense	<u>(137,137)</u>	<u>(206,257)</u>	<u>(149,082)</u>
Net change in plan fiduciary net position	10,036,387	4,704,653	3,564,484
Plan fiduciary net position - beginning	<u>67,997,662</u>	<u>54,572,060</u>	<u>26,994,735</u>
Plan fiduciary net position - ending (b)	<u>78,034,049</u>	<u>59,276,713</u>	<u>30,559,219</u>
Net pension liability - ending (a) - (b)	<u>\$ 21,492,795</u>	<u>\$ 33,096,189</u>	<u>\$ 33,866,922</u>

Notes to the Basic Financial Statements

Pension Expense

For the year ended September 30, 2025, the City recognized total pension expense by plan is as follows:

	Employees' Pension Plan	Fire Fighters Pension Plan	Police Pension Plan	Total
Service cost	\$ 3,357,125	\$ 2,082,121	\$ 1,539,446	\$ 6,978,692
Interest on total pension liability	6,858,039	6,697,011	4,372,730	17,927,780
Effect of plan changes	-	135,735	-	135,735
Administrative expenses	137,137	206,257	149,082	492,476
Member contributions	(2,159,702)	(1,995,220)	(1,996,859)	(6,151,781)
Expected investment return net of investment expenses	(4,974,326)	(4,056,991)	(1,855,825)	(10,887,142)
Recognition of economic/demographic gains or losses	217,327	251,673	1,040,781	1,509,781
Recognition of assumption changes or inputs	690,601	530,263	(53,658)	1,167,206
Differences between projected and actual earnings on plan investments	346,170	756,360	112,025	1,214,555
Pension expense	\$ 4,472,371	\$ 4,607,209	\$ 3,307,722	\$ 12,387,302

Schedule of Deferred Outflows and Inflow of Resources

Deferred outflows of resources and deferred inflows of resources by source reported by the City at September 30, 2025 for each plan are as follows:

	Employees' Pension Plan		Fire Fighters Pension Plan		Police Pension Plan		Total	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 1,448,304	\$ 255,667	\$ 2,157,186	\$ 1,137,163	\$ 558,357	\$ 126,082	\$ 4,163,847	\$ 1,518,912
Changes in actuarial assumptions	1,685,066	-	1,166,279	-	-	-	2,851,345	-
Difference between projected and actual investment earnings	24,656	-	1,601,883	-	-	187,495	1,626,539	187,495
Contributions subsequent to the measurement date	3,792,602	-	1,878,944	-	2,570,059	-	8,241,605	-
Totals	\$ 6,950,628	\$ 255,667	\$ 6,804,292	\$ 1,137,163	\$ 3,128,416	\$ 313,577	\$ 16,883,336	\$ 1,706,407

The \$8,241,605 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date 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:

Fiscal Year Ending September 30,	Employees' Pension Plan	Fire Fighters Pension Plan	Police Pension Plan	Total
2026	\$ 1,744,233	\$ 1,998,836	\$ 504,163	\$ 4,247,232
2027	2,928,220	2,462,930	483,236	5,874,386
2028	(1,090,869)	(628,178)	(534,986)	(2,254,033)
2029	(679,225)	(118,403)	(207,633)	(1,005,261)
2030	-	205,253	-	205,253
Thereafter	-	(132,253)	-	(132,253)
Totals	\$ 2,902,359	\$ 3,788,185	\$ 244,780	\$ 6,935,324

Notes to the Basic Financial Statements

Actuarial Assumptions and Other Data

The total pension liability in the December 31, 2024 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

	<u>Employees Pension Plan</u>	<u>Fire Fighters Pension Plan</u>	<u>Police Pension Plan</u>
Inflation	2.75% per annum	2.75% per annum	3.50% per annum
Investment rate of return	7.25%, net of pension plan investment expenses	7.50%, net of pension plan investment expenses	7.00%, net of pension plan investment expenses
Salary increases	2.75%, plus promotion, step and longevity increases that vary by service	2.75%, plus promotion, step and longevity increases that vary by service	The total annual assumed salary increase for wage inflation plus longevity and promotion based on years of service ranging from 3.50% -10%.
Mortality rates	PubG-2010 below-median income mortality tables for employees and retirees, projected for mortality improvement generationally using the projection scale MP-2021.	PubS-2010 (public safety) total dataset mortality tables for employees and retirees, projected for mortality improvement generationally using the projection scale MP-2019.	Society of Actuaries (SOA) Public Safety mortality tables projected generationally with Scale MP-2021.

Discount Rate

The discount rates reported are based on certified actuarial reports and are used to measure the total pension liability as of December 31, 2024 which is 7.25% for the Employees Pension Plan, 7.50% for the Firefighters Pension Plan and 7.00% for the Police Pension Plan. The discount rate is an assumption that generally is not required to be updated between actuarial valuations dates.

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 each plan 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 or 1-percentage-point higher than the current rates used:

	<u>1% Decrease (6.25%)</u>	<u>Current Discount Rate (7.25%)</u>	<u>1% Increase (8.25%)</u>
Employees pension plan	\$ 32,866,814	\$ 21,492,795	\$ 11,897,354
	<u>(6.50%)</u>	<u>(7.50%)</u>	<u>(8.50%)</u>
Fire fighters pension plan	\$ 44,212,163	\$ 33,096,189	\$ 23,786,273
	<u>(6.00%)</u>	<u>(7.00%)</u>	<u>(8.00%)</u>
Police pension plan	\$ 41,829,100	\$ 33,866,922	\$ 27,279,191

Notes to the Basic Financial Statements

Note 16. Changes within Reporting Entity

The changes within the reporting entity consists of : (1) the reclassification of American Rescue Plan, a major fund from last year to a nonmajor fund this year and (2) the removal of Recovery & Capital Reserve Fund, a nonmajor fund, the balances of which were transferred to the general fund, have been reported as required by GASB 100 as follows:

Changes within Reporting Entity

	General Fund	Nonmajor Governmental	American Rescue Plan Act
Fund balance, as previously reported	\$ 23,885,781	\$ 106,984,965	\$ 1,697,647
Changes from major to nonmajor fund	-	1,697,647	(1,697,647)
Removal of a fund	1,040,374	(1,040,374)	-
Fund balance, as adjusted	\$ 24,926,155	\$ 107,642,238	\$ -

Note 17. Litigation/Contingency

The City is a defendant in various lawsuits and is aware of pending claims arising in the ordinary course of its activities, some of which seek damages that could impact the operations of the City. That litigation includes lawsuits claiming damages that allege that the City caused personal injuries and wrongful deaths; breach of contract and various claims from contractors for additional amounts under construction contracts. The status of such litigation ranges from an early discovery stage to various levels of appeal of judgments both for and against the City.

The amount of damages is limited in certain cases under the Texas Tort Claims Act and is subject to appeal. Some cases in federal court for deprivation of civil rights do not have similar limitations.

Typically, the City is covered for claims under a policy through the Texas Municipal League Risk Pool. The City intends to defend itself vigorously against all suits; however, no prediction can be made, as of the date thereof, with respect to the liability of the City for such claims or the final outcome of such suits. The City typically utilizes its Risk Pool funds or the General Fund to liquidate claims and judgments; however, the City is authorized under Texas law to issue judgment bonds to pay final judgments against the City under appropriate circumstances.

Required Supplementary Information



2025 Annual Comprehensive Financial Report



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Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual - General Fund For the Fiscal Year Ended September 30, 2025

	Budgeted Amounts		Actual Amounts		Actual Budgetary Basis	Variance With Final Budget
	Original	Final	Actual	Reconciling Items		
REVENUES						
Taxes:						
Property tax	\$ 40,994,250	\$ 38,760,600	\$ 38,065,191	\$ -	\$ 38,065,191	\$ (695,409)
Sales tax	22,927,000	22,927,000	23,806,697	-	23,806,697	879,697
Mixed beverage tax	1,248,360	1,248,360	1,128,223	-	1,128,223	(120,137)
Franchise and other taxes	4,935,860	4,935,860	5,319,073	-	5,319,073	383,213
Licenses and permits	1,663,800	1,663,800	1,689,521	-	1,689,521	25,721
Fines and forfeitures	1,484,530	1,484,530	2,032,369	-	2,032,369	547,839
Charges for services	2,244,550	2,307,080	2,475,798	-	2,475,798	168,718
Investment earnings	780,000	780,000	1,178,726	-	1,178,726	398,726
Intergovernmental	1,565,230	1,802,630	2,151,372	-	2,151,372	348,742
Payments in lieu of taxes	332,500	332,500	375,637	-	375,637	43,137
Other	1,222,110	1,386,410	1,478,098	-	1,478,098	91,688
Total revenues	79,398,190	77,628,770	79,700,705	-	79,700,705	2,071,935
EXPENDITURES						
Current:						
General government						
Legislative	725,891	722,544	675,161	-	675,161	47,383
Judicial	895,718	932,802	928,705	-	928,705	4,097
Executive	806,430	836,349	804,157	-	804,157	32,192
City auditor	452,355	517,639	494,389	20,417 3	514,806	2,833
Finance	2,817,015	2,763,332	2,602,611	49,181 3	2,651,792	111,540
Legal	1,110,580	1,191,984	1,092,197	33,016 3	1,125,213	66,771
Personnel	689,736	690,225	668,500	-	668,500	21,725
Governmental expenditures	2,087,935	1,545,726	625,597	-	625,597	920,129
Facilities maintenance	1,642,193	1,642,193	1,642,193	-	1,642,193	-
Taxation	368,000	450,000	449,980	-	449,980	20
Total general government	11,595,853	11,292,794	9,983,490	102,614	10,086,104	1,206,690
Public safety						
Police	30,096,927	30,248,982	30,250,070	(2,705) 3	30,247,365	1,617
Fire	17,328,809	17,065,525	17,097,581	(32,800) 3	17,064,781	744
Emergency management	412,734	422,006	415,139	-	415,139	6,867
Emergency medical service	1,662,280	1,662,280	1,662,274	-	1,662,274	6
City marshal	1,226,759	1,149,518	1,068,537	-	1,068,537	80,981
Total public safety	50,727,509	50,548,311	50,493,601	(35,505)	50,458,096	90,215
Highways and roads	5,559,216	6,080,343	6,073,567	-	6,073,567	6,776
Culture and recreation	4,038,517	3,989,387	3,771,861	4,838 3	3,776,699	212,688
Planning and community development	2,190,446	2,226,536	2,183,366	-	2,183,366	43,170
Transportation	975,000	825,000	-	371,971 1	371,971	453,029
Debt service						
Principal	-	-	70,698	(70,698) 4	-	-
Interest on long-term debt	-	-	3,954	(3,954) 4	-	-
Capital outlay	1,000,000	1,756,115	1,095,167	2,705 3	1,097,872	658,243
Total expenditures	76,086,541	76,718,486	73,675,704	371,971	74,047,675	2,670,811
Excess (deficiency) of revenues over (under) expenditures	3,311,649	910,284	6,025,001	(371,971)	5,653,030	4,742,746
OTHER FINANCING SOURCES (USES)						
Proceeds from sale of capital assets	50,000	50,000	1,922,863	-	1,922,863	1,872,863
Transfers in	3,315,420	3,940,420	3,519,163	-	3,519,163	(421,257)
Transfers out	(7,655,090)	(7,805,090)	(8,166,510)	371,971 1	(7,794,539) 2	10,551
Total other financing sources (uses)	(4,289,670)	(3,814,670)	(2,724,484)	371,971	(2,352,513)	1,462,157
Net change in fund balances	(978,021)	(2,904,386)	3,300,517	-	3,300,517	6,204,903
Fund balance, beginning of year	23,885,781	23,885,781	23,885,781	-	23,885,781	-
Change within the financial reporting entity	1,040,374	1,040,374	1,040,374	-	1,040,374	-
Fund balance, beginning of year - adjusted	24,926,155	24,926,155	24,926,155	-	24,926,155	-
FUND BALANCE, END OF YEAR	\$ 23,948,134	\$ 22,021,769	\$ 28,226,672	\$ -	\$ 28,226,672	\$ 6,204,903

1) Amounts budgeted in the General Fund designated for Island Transit operating overruns and Island Transit transfer to the Health and Life Insurance Fund.
 2) This includes transfers totaling \$1,181,000 to the Separation Pay Fund, \$84,000 to the Police Quartermaster Fund, and the charter mandated 8% of General Fund Budgeted Revenues transfer to the Infrastructure & Debt Service Fund in the amount of \$6,529,535.
 3) This represents reclasses for budget presentation purposes only.
 4) Non-budgeted items relating to GASB 87 and GASB 96.

**Schedule of Changes in the Net Pension Liability
and Related Ratios
Employees' Retirement Plan for City Employees
For the Last Ten Measurement Years Ended December 31**

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>
TOTAL PENSION LIABILITY				
Service cost	\$ 3,357,125	\$ 3,118,873	\$ 2,520,525	\$ 2,497,417
Interest	6,858,039	6,096,627	5,537,619	5,424,399
Effect of plan changes	-	2,711,653	3,714,341	-
Difference between expected and actual experience	867,197	803,114	826,738	(1,210,867)
Change in assumptions	-	3,066,268	-	-
Benefit payments, including refunds of employee contributions	<u>(5,584,063)</u>	<u>(5,481,040)</u>	<u>(5,493,184)</u>	<u>(4,851,628)</u>
Net change in total pension liability	5,498,298	10,315,495	7,106,039	1,859,321
Total pension liability - beginning	<u>94,028,546</u>	<u>83,713,051</u>	<u>76,607,012</u>	<u>74,747,691</u>
TOTAL PENSION LIABILITY - ENDING (a)	<u>\$ 99,526,844</u>	<u>\$ 94,028,546</u>	<u>\$ 83,713,051</u>	<u>\$ 76,607,012</u>
PLAN FIDUCIARY NET POSITION				
Contributions - employer	\$ 4,788,969	\$ 4,102,895	\$ 2,734,381	\$ 2,521,658
Contributions - employee	2,159,702	2,064,412	1,822,918	1,682,107
Net investment income	8,808,916	8,816,181	(11,737,258)	9,207,952
Benefit payments, including refunds of employee contributions	(5,584,063)	(5,481,040)	(5,493,184)	(4,851,628)
Administrative expense	<u>(137,137)</u>	<u>(171,073)</u>	<u>(125,893)</u>	<u>(138,988)</u>
Net change in plan fiduciary net position	10,036,387	9,331,375	(12,799,036)	8,421,101
Plan fiduciary net position - beginning	<u>67,997,662</u>	<u>58,666,287</u>	<u>71,465,323</u>	<u>63,044,222</u>
PLAN FIDUCIARY NET POSITION - ENDING (b)	<u>\$ 78,034,049</u>	<u>\$ 67,997,662</u>	<u>\$ 58,666,287</u>	<u>\$ 71,465,323</u>
NET PENSION LIABILITY - ENDING (a)-(b)	<u>\$ 21,492,795</u>	<u>\$ 26,030,884</u>	<u>\$ 25,046,764</u>	<u>\$ 5,141,689</u>
Plan fiduciary net position as a percentage of total pension liability	78.41%	72.32%	70.08%	93.29%
Covered payroll	\$ 35,995,033	\$ 34,406,867	\$ 30,381,971	\$ 28,035,100
Net pension liability as a percentage of covered payroll	59.71%	75.66%	82.44%	18.34%
Annual money-weighted rate of return, net of investment expense	12.84%	14.96%	-16.55%	14.70%

The amounts presented are for each measurement year, which end the preceding December 31 of the City's fiscal year end. Net pension liability is calculated using a new methodology and will be presented prospectively in accordance with GASB 68.

The methods and assumptions disclosed in the Notes to Schedule of Contributions were used to determine the contribution rates for the year ended December 31, 2024. These methods and assumptions were not retroactively used for Calendar years 2015-2019 shown above.

2020	2019	2018	2017	2016	2015
\$ 2,399,935	\$ 2,315,618	\$ 2,157,580	\$ 1,982,697	\$ 1,782,456	\$ 2,036,695
5,238,969	4,953,301	4,640,796	4,423,875	4,388,324	4,465,817
1,404,762	-	735,115	-	-	-
(396,841)	(120,010)	(365,588)	636,348	(1,388,765)	(932,848)
-	-	1,531,884	33,335	1,539,868	1,385,114
<u>(4,712,170)</u>	<u>(4,683,296)</u>	<u>(4,411,522)</u>	<u>(4,106,737)</u>	<u>(3,921,559)</u>	<u>(4,102,964)</u>
3,934,655	2,465,613	4,288,265	2,969,518	2,400,324	2,851,814
<u>70,813,036</u>	<u>68,347,423</u>	<u>64,059,158</u>	<u>61,089,640</u>	<u>58,689,316</u>	<u>55,837,502</u>
<u>\$ 74,747,691</u>	<u>\$ 70,813,036</u>	<u>\$ 68,347,423</u>	<u>\$ 64,059,158</u>	<u>\$ 61,089,640</u>	<u>\$ 58,689,316</u>
\$ 2,486,763	\$ 2,424,690	\$ 2,367,759	\$ 2,274,927	\$ 2,059,527	\$ 1,968,772
1,658,767	1,616,461	1,578,505	1,518,519	1,371,184	1,315,516
6,247,770	9,791,491	(2,431,839)	6,356,393	3,333,830	(856,751)
(4,712,170)	(4,683,296)	(4,411,523)	(4,106,737)	(3,921,559)	(4,102,964)
<u>(134,810)</u>	<u>(165,773)</u>	<u>(138,864)</u>	<u>(133,005)</u>	<u>(145,136)</u>	<u>(127,457)</u>
5,546,320	8,983,573	(3,035,962)	5,910,097	2,697,846	(1,802,884)
<u>57,497,902</u>	<u>48,514,329</u>	<u>51,550,291</u>	<u>45,640,194</u>	<u>42,942,348</u>	<u>44,745,232</u>
<u>\$ 63,044,222</u>	<u>\$ 57,497,902</u>	<u>\$ 48,514,329</u>	<u>\$ 51,550,291</u>	<u>\$ 45,640,194</u>	<u>\$ 42,942,348</u>
<u>\$ 11,703,469</u>	<u>\$ 13,315,134</u>	<u>\$ 19,833,094</u>	<u>\$ 12,508,867</u>	<u>\$ 15,449,446</u>	<u>\$ 15,746,968</u>
84.34%	81.20%	70.98%	80.47%	74.71%	73.17%
\$ 27,646,117	\$ 26,741,018	\$ 26,061,778	\$ 25,308,650	\$ 22,853,067	\$ 21,925,267
42.33%	49.79%	76.10%	49.43%	67.60%	71.82%
10.93%	20.35%	-4.75%	14.00%	7.82%	-1.94%

**Schedule of Changes in the Net Pension Liability
and Related Ratios
Galveston Firefighters' Pension Fund
For the Last Ten Measurement Years Ended December 31**

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>
TOTAL PENSION LIABILITY				
Service cost	\$ 2,082,121	\$ 1,886,797	\$ 1,811,782	\$ 1,662,377
Interest	6,697,011	6,246,352	6,024,296	5,714,227
Effect of plan change	135,735	-	-	-
Differences between expected and actual experience	(1,117,376)	2,686,683	(289,081)	261,857
Changes in assumptions	-	-	-	572,208
Benefit payments, including refunds of employee contributions	<u>(5,271,894)</u>	<u>(4,740,838)</u>	<u>(4,581,710)</u>	<u>(3,869,920)</u>
Net change in total pension liability	2,525,597	6,078,994	2,965,287	4,340,749
Total pension liability - beginning	<u>89,847,305</u>	<u>83,768,311</u>	<u>80,803,024</u>	<u>76,462,275</u>
TOTAL PENSION LIABILITY - ENDING (a)	<u>\$ 92,372,902</u>	<u>\$ 89,847,305</u>	<u>\$ 83,768,311</u>	<u>\$ 80,803,024</u>
PLAN FIDUCIARY NET POSITION				
Contributions - employer	\$ 2,377,605	\$ 2,050,662	\$ 1,664,367	\$ 1,535,533
Contributions - employee	1,995,220	1,838,256	1,762,271	1,625,859
Net investment income	5,809,979	6,545,846	(8,670,879)	6,342,667
Benefit payments, including refunds of employee contributions	(5,271,894)	(4,740,838)	(4,581,710)	(3,869,920)
Administrative expense	<u>(206,257)</u>	<u>(161,509)</u>	<u>(168,917)</u>	<u>(148,065)</u>
Net change in plan fiduciary net position	4,704,653	5,532,417	(9,994,868)	5,486,074
Plan fiduciary net position - beginning	<u>54,572,060</u>	<u>49,039,643</u>	<u>59,034,511</u>	<u>53,548,437</u>
PLAN FIDUCIARY NET POSITION - ENDING (b)	<u>\$ 59,276,713</u>	<u>\$ 54,572,060</u>	<u>\$ 49,039,643</u>	<u>\$ 59,034,511</u>
NET PENSION LIABILITY - ENDING (a)-(b)	<u>\$ 33,096,189</u>	<u>\$ 35,275,245</u>	<u>\$ 34,728,668</u>	<u>\$ 21,768,513</u>
Plan fiduciary net position as a percentage of total pension liability	64.17%	60.74%	58.54%	73.06%
Covered payroll	\$ 10,695,804	\$ 10,212,533	\$ 9,790,394	\$ 9,032,550
Net pension liability as a percentage of covered payroll	309.43%	345.41%	354.72%	241.00%
Annual money-weighted rate of return, net of investment expense	10.74%	13.49%	-14.85%	11.94%

The amounts presented are for each measurement year, which end the preceding December 31 of the City's fiscal year end. Net pension liability is calculated using a new methodology and will be presented prospectively in accordance with GASB 68.

The methods and assumptions disclosed in the Notes to Schedule of Contributions were used to determine the contribution rates for the year ended December 31, 2024. These methods and assumptions were not retroactively used for Calendar years 2015-2019 shown above.

2020	2019	2018	2017	2016	2015
\$ 1,616,312	\$ 1,415,927	\$ 1,374,686	\$ 1,347,728	\$ 1,323,916	\$ 1,271,356
5,483,730	5,156,123	4,945,665	4,780,763	4,960,114	4,715,969
-	-	-	-	(1,279,046)	-
-	374,319	-	(297,644)	(502,594)	268,323
-	3,564,858	-	-	(1,141,246)	121,483
<u>(4,275,722)</u>	<u>(3,975,925)</u>	<u>(3,316,088)</u>	<u>(4,143,975)</u>	<u>(3,254,265)</u>	<u>(3,501,502)</u>
2,824,320	6,535,302	3,004,263	1,686,872	106,879	2,875,629
<u>73,637,955</u>	<u>67,102,653</u>	<u>64,098,390</u>	<u>62,411,518</u>	<u>62,304,639</u>	<u>59,429,010</u>
<u>\$ 76,462,275</u>	<u>\$ 73,637,955</u>	<u>\$ 67,102,653</u>	<u>\$ 64,098,390</u>	<u>\$ 62,411,518</u>	<u>\$ 62,304,639</u>
\$ 1,471,714	\$ 1,401,579	\$ 2,369,263	\$ 1,091,996	\$ 1,072,865	\$ 996,543
1,558,302	1,484,026	1,413,412	1,247,995	1,226,133	1,138,906
5,875,872	7,770,871	(2,484,721)	6,445,125	2,187,709	(848,619)
(4,275,722)	(3,975,924)	(3,316,088)	(4,143,975)	(3,254,265)	(3,501,502)
<u>(112,582)</u>	<u>(138,000)</u>	<u>(145,205)</u>	<u>(144,975)</u>	<u>(103,459)</u>	<u>(113,486)</u>
4,517,584	6,542,552	(2,163,339)	4,496,166	1,128,983	(2,328,158)
<u>49,030,853</u>	<u>42,488,301</u>	<u>44,651,640</u>	<u>40,155,474</u>	<u>39,026,491</u>	<u>41,354,649</u>
<u>\$ 53,548,437</u>	<u>\$ 49,030,853</u>	<u>\$ 42,488,301</u>	<u>\$ 44,651,640</u>	<u>\$ 40,155,474</u>	<u>\$ 39,026,491</u>
<u>\$ 22,913,838</u>	<u>\$ 24,607,102</u>	<u>\$ 24,614,352</u>	<u>\$ 19,446,750</u>	<u>\$ 22,256,044</u>	<u>\$ 23,278,148</u>
70.03%	66.58%	63.32%	69.66%	64.34%	62.64%
\$ 8,657,233	\$ 8,244,583	\$ 8,273,793	\$ 7,799,969	\$ 7,663,331	\$ 7,118,164
264.68%	298.46%	297.50%	249.32%	290.42%	327.02%
12.15%	18.56%	-5.35%	16.45%	5.68%	-2.09%

**Schedule of Changes in the Net Pension Liability
and Related Ratios
Employees' Retirement Plan for Police
For the Last Ten Measurement Years Ended December 31**

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>
TOTAL PENSION LIABILITY				
Service cost	\$ 1,539,446	\$ 1,393,728	\$ 1,232,251	\$ 1,708,114
Interest	4,372,730	4,153,086	3,932,541	4,173,384
Differences between expected and actual experience	(189,124)	1,675,070	2,029,851	(1,375,958)
Changes in assumptions	-	-	-	(3,079,503)
Benefit payments, including refunds of employee contributions	<u>(4,450,066)</u>	<u>(4,009,603)</u>	<u>(4,401,339)</u>	<u>(4,380,234)</u>
Net change in total pension liability	1,272,986	3,212,281	2,793,304	(2,954,197)
Total pension liability - beginning	<u>63,153,155</u>	<u>59,940,874</u>	<u>57,147,570</u>	<u>60,101,767</u>
TOTAL PENSION LIABILITY - ENDING (a)	<u>\$ 64,426,141</u>	<u>\$ 63,153,155</u>	<u>\$ 59,940,874</u>	<u>\$ 57,147,570</u>
PLAN FIDUCIARY NET POSITION				
Contributions - employer	\$ 3,272,784	\$ 3,002,010	\$ 3,010,623	\$ 2,669,933
Contributions - employee	1,996,859	1,784,168	1,597,975	1,521,017
Net investment income	2,893,989	3,225,511	(3,590,678)	4,222,886
Benefit payments, including refunds of employee contributions	(4,450,066)	(4,009,603)	(4,401,369)	(4,380,235)
Administrative expense	<u>(149,082)</u>	<u>(131,844)</u>	<u>(156,559)</u>	<u>(140,671)</u>
Net change in plan fiduciary net position	3,564,484	3,870,242	(3,540,008)	3,892,930
Plan fiduciary net position - beginning	<u>26,994,735</u>	<u>23,124,493</u>	<u>26,664,501</u>	<u>22,771,571</u>
PLAN FIDUCIARY NET POSITION - ENDING (b)	<u>\$ 30,559,219</u>	<u>\$ 26,994,735</u>	<u>\$ 23,124,493</u>	<u>\$ 26,664,501</u>
NET PENSION LIABILITY - ENDING (a)-(b)	<u>\$ 33,866,922</u>	<u>\$ 36,158,420</u>	<u>\$ 36,816,381</u>	<u>\$ 30,483,069</u>
Plan fiduciary net position as a percentage of total pension liability	47.43%	42.74%	38.58%	46.66%
Covered payroll	\$ 16,640,492	\$ 14,868,067	\$ 13,316,458	\$ 12,675,142
Net pension liability as a percentage of covered payroll	203.52%	243.20%	276.47%	240.49%
Annual money-weighted rate of return, net of investment expense	10.92%	14.21%	-13.84%	19.25%

The amounts presented are for each measurement year, which end the preceding December 31 of the City's fiscal year end. Net pension liability is calculated using a new methodology and will be presented prospectively in accordance with GASB 68.

The methods and assumptions disclosed in the Notes to Schedule of Contributions were used to determine the contribution rates for the year ended December 31, 2024. These methods and assumptions were not retroactively used for Calendar years 2015-2019 shown above.

2020	2019	2018	2017	2016	2015
\$ 1,649,898	\$ 1,622,016	\$ 1,258,499	\$ 1,073,161	\$ 1,106,580	\$ 1,054,361
4,111,885	3,979,593	3,897,882	3,932,216	3,834,917	3,646,049
(540,297)	(138,553)	(992,542)	(358,201)	519,531	157,590
(188,703)	(95,499)	5,113,954	2,398,032	223,990	590,641
<u>(4,044,672)</u>	<u>(4,107,380)</u>	<u>(4,275,151)</u>	<u>(4,547,830)</u>	<u>(4,322,870)</u>	<u>(4,114,277)</u>
988,111	1,260,177	5,002,642	2,497,378	1,362,148	1,334,364
59,113,656	57,853,479	52,850,837	50,353,459	48,991,311	47,656,947
<u>\$ 60,101,767</u>	<u>\$ 59,113,656</u>	<u>\$ 57,853,479</u>	<u>\$ 52,850,837</u>	<u>\$ 50,353,459</u>	<u>\$ 48,991,311</u>
\$ 2,443,661	\$ 3,803,070	\$ 1,713,305	\$ 1,486,488	\$ 1,255,887	\$ 1,257,637
1,588,346	1,504,688	1,417,069	1,371,862	1,255,887	1,254,637
972,658	3,193,800	(1,134,296)	2,581,753	1,493,582	(486,296)
(4,044,672)	(4,107,380)	(4,275,151)	(4,547,830)	(4,322,870)	(4,114,277)
<u>(141,233)</u>	<u>(297,764)</u>	<u>(408,688)</u>	<u>(132,932)</u>	<u>(126,111)</u>	<u>(86,285)</u>
818,760	4,096,414	(2,687,761)	759,341	(443,625)	(2,174,584)
21,952,811	17,856,397	20,544,158	19,784,817	20,228,442	22,403,026
<u>\$ 22,771,571</u>	<u>\$ 21,952,811</u>	<u>\$ 17,856,397</u>	<u>\$ 20,544,158</u>	<u>\$ 19,784,817</u>	<u>\$ 20,228,442</u>
<u>\$ 37,330,196</u>	<u>\$ 37,160,845</u>	<u>\$ 39,997,082</u>	<u>\$ 32,306,679</u>	<u>\$ 30,568,642</u>	<u>\$ 28,762,869</u>
37.89%	37.14%	30.86%	38.87%	39.29%	41.29%
\$ 13,236,218	\$ 12,539,068	\$ 11,808,927	\$ 11,432,183	\$ 10,465,725	\$ 10,455,308
282.03%	296.36%	338.70%	282.59%	292.08%	275.10%
4.57%	18.01%	-5.74%	13.68%	7.75%	2.26%

**Schedule of Contributions
For the Last Ten Fiscal Years Ended September 30***

		<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>
EMPLOYEES' RETIREMENT PLAN FOR CITY EMPLOYEES					
Actuarially determined contribution		\$ 4,771,093	\$ 4,702,681	\$ 4,139,158	\$ 2,670,956
Contributions in relation to the actuarially determined contribution		<u>4,771,093</u>	<u>4,702,681</u>	<u>3,803,734</u>	<u>2,655,238</u>
CONTRIBUTIONS DEFICIENCY (EXCESS)	(c)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 335,424</u>	<u>\$ 15,718</u>
Covered payroll		\$ 35,765,024	\$ 35,739,066	\$ 34,067,140	\$ 29,677,294
Contributions as a percentage of covered payroll	(c)	13.3%	11.9%	11.2%	8.9%
		<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>
GALVESTON FIREFIGHTERS' PENSION FUND					
Actuarially determined contribution		\$ 2,350,987	\$ 2,170,597	\$ 2,073,269	\$ 1,656,957
Contributions in relation to the actuarially determined contribution		<u>2,350,987</u>	<u>2,170,597</u>	<u>1,983,970</u>	<u>1,654,668</u>
CONTRIBUTIONS DEFICIENCY (EXCESS)	(d)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 89,299</u>	<u>\$ 2,289</u>
Covered payroll		\$ 11,447,816	\$ 10,741,890	\$ 10,263,708	\$ 9,746,806
Contributions as a percentage of covered payroll	(d)	20.5%	19.3%	19.3%	17.0%
		<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>
EMPLOYEES' RETIREMENT PLAN FOR POLICE					
Actuarially determined contribution		\$ 2,937,144	\$ 2,944,416	\$ 2,699,914	\$ 2,341,765
Contributions in relation to the actuarially determined contribution		<u>2,937,144</u>	<u>2,944,416</u>	<u>2,866,840</u>	<u>2,774,527</u>
CONTRIBUTIONS DEFICIENCY (EXCESS)	(b)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (166,926)</u>	<u>\$ (432,762)</u>
Covered payroll		\$ 16,326,021	\$ 16,348,117	\$ 14,999,523	\$ 13,009,803
Contributions as a percentage of covered payroll	(a)	18.0%	18.0%	18.0%	18.0%

*GASB Statement No. 68 requires that the information on this schedule correspond with the period covered as of the City's fiscal year (September 30).

- (a) Contributions by the City increased from 17% to 18% in October 2019.
- (b) Contributions by the City in 2022 included an additional \$430,000 for an 18% contribution on vacant entry level positions during 2020-2022 as agreed upon between City and the Police Pension Board. The covered payroll total for 2022 does not include amounts for vacant positions which caused the contribution excess shown for for 2022.
- (c) Contributions by the City increased from 12.15% to 13.35% in January 2024.
- (d) Contributions by the City increased from 20.2% to 21.7% in September 2024.

The Notes to the Schedule of Contributions are an integral part of this schedule.

<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
\$ 2,513,409	\$ 2,508,671	\$ 2,506,334	\$ 2,334,748	\$ 2,153,885	\$ 2,024,974
<u>2,518,412</u>	<u>2,508,671</u>	<u>2,506,334</u>	<u>2,334,748</u>	<u>2,177,518</u>	<u>2,024,974</u>
<u>\$ (5,003)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (23,633)</u>	<u>\$ -</u>
\$ 27,926,765	\$ 27,874,119	\$ 27,848,145	\$ 25,941,635	\$ 23,932,061	\$ 22,499,711
9.0%	9.0%	9.0%	9.0%	9.1%	9.0%

<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
\$ 1,522,399	\$ 1,450,275	\$ 1,467,673	\$ 1,280,134	\$ 1,082,739	\$ 1,023,954
<u>1,522,399</u>	<u>1,450,154</u>	<u>1,467,729</u>	<u>1,280,032</u>	<u>1,082,739</u>	<u>1,023,954</u>
<u>\$ -</u>	<u>\$ 121</u>	<u>\$ (56)</u>	<u>\$ 102</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 8,955,290	\$ 8,531,031	\$ 8,633,370	\$ 8,117,526	\$ 7,733,848	\$ 7,313,957
17.0%	17.0%	17.0%	15.8%	14.0%	14.0%

<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
\$ 2,406,420	\$ 2,356,044	\$ 2,114,333	\$ 1,624,952	\$ 1,405,962	\$ 1,249,715
<u>2,406,420</u>	<u>2,356,823</u>	<u>2,114,922</u>	<u>1,625,097</u>	<u>1,407,567</u>	<u>1,249,715</u>
<u>\$ -</u>	<u>\$ (779)</u>	<u>\$ (589)</u>	<u>\$ (145)</u>	<u>\$ (1,605)</u>	<u>\$ -</u>
\$ 13,368,998	\$ 13,089,134	\$ 12,853,090	\$ 11,623,408	\$ 10,815,095	\$ 10,414,292
18.0%	18.0%	16.4%	14.0%	13.0%	12.0%

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Notes to the Schedule of Contributions

	Employees' Retirement Plan for City Employees	Galveston Firefighters' Pension Fund	Employees' Retirement Plan for Police
Valuation date	December 31, 2024	December 31, 2024	December 31, 2024

METHODS AND ASSUMPTIONS USED TO DETERMINE CONTRIBUTION RATES

Asset valuation method	Fair Value	Level percentage of payroll	Adjusted fair value within a corridor range of 80% to 120% of fair value.
Actuarial cost method	Entry Age Service Actuarial Cost Method	Entry Age Service Actuarial Cost Method	Entry Age Normal Actuarial Cost Method
Amortization method	Level percentage of payroll, open.	Level percentage of payroll, open.	Level percentage of payroll based on an assumed annual payroll growth of 3.50% per year.
Inflation	2.75% per annum	2.75% per annum	3.50% per annum
Investment rate of return	7.25%, net of pension plan investment expenses	7.50%, net of pension plan investment expenses	7.00% per annum, net of pension plan investment expenses
Administrative expense	Assumed to be 0.55% of payroll.	Assumed to be 1.55% of payroll.	Assumed to be 0.95% of payroll.
Salary increases	2.75%, plus promotion, step and longevity increases that vary by service	2.75%, plus promotion, step and longevity increases that vary by service	The total annual assumed salary increase for wage inflation plus longevity and promotion is based on years of service ranging from 3.50%-10%
Mortality	PubG-2010 below-median income mortality tables for employees and retirees, projected for mortality improvement generationally using the projection scale MP-2021	PubS-2010 (public safety) total dataset mortality tables for employees and retirees, projected for mortality improvement generationally using the projection scale MP-2019.	Society of Actuaries (SOA) Public Safety mortality tables projected generationally with Scale MP-2021

The methods and assumptions noted above are used to determine the contribution rates for the year ended December 31, 2024. These methods and assumptions were not retroactively used for previous years.

**Schedule of Changes in Total OPEB Liability
and Related Ratios
For the Last Eight Measurement Years Ended December 31***

	<u>2024</u>	<u>2023</u>	<u>2022</u>
TOTAL OPEB LIABILITY			
Service cost	\$ 302,044	\$ 979,018	\$ 1,103,679
Interest	201,638	635,132	411,437
Plan curtailment	-	-	-
Difference between expected and actual experience	(69,386)	(10,110,290)	-
Changes in assumptions	(532,874)	(1,503,249)	(2,394,856)
Benefit payments	<u>(80,860)</u>	<u>(342,864)</u>	<u>(73,643)</u>
Net change in total OPEB liability	(179,438)	(10,342,253)	(953,383)
Total OPEB liability - beginning	<u>5,923,596</u>	<u>16,265,849</u>	<u>17,219,232</u>
TOTAL OPEB LIABILITY - ENDING	<u>\$ 5,744,158</u>	<u>\$ 5,923,596</u>	<u>\$ 16,265,849</u>
Covered-employee payroll	\$ 53,194,102	\$ 51,395,268	\$ 53,197,000
Total OPEB liability as a percentage of covered-employee payroll	10.80%	11.53%	30.58%

* The amounts presented are for each measurement year, which end the preceding December 31 of the City's fiscal year end. Total OPEB liability is calculated using a new methodology and will be presented prospectively in accordance with GASB 75. Ten years of data should be presented in this schedule but data was unavailable prior to 2017. No assets are accumulated in a trust that meets the criteria of GASB codification P52.101 to pay related benefits for the OPEB plan.

Notes to Required Supplementary Information:

Changes in Assumptions

Changes in assumptions reflects the effect of changes in the discount rate each period. The following are the discount rates used in each period:

2024	4.08%
2023	3.26%
2022	3.72%
2021	2.25%
2020	1.93%
2019	2.75%
2018	3.71%
2017	3.31%

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
\$	1,240,929	\$ 882,874	\$ 777,658	\$ 825,240	\$ 571,322
	277,119	305,947	360,881	310,894	311,717
	(1,289,107)	-	-	-	-
	(239,625)	(963,672)	(796)	(1,817,888)	48,153
	2,602,988	3,408,122	1,030,796	1,325,541	433,248
	<u>(38,678)</u>	<u>347,617</u>	<u>(254,025)</u>	<u>(316,616)</u>	<u>(244,096)</u>
	2,553,626	3,285,654	1,914,514	327,171	1,120,344
	<u>14,665,606</u>	<u>11,379,952</u>	<u>9,465,438</u>	<u>9,138,267</u>	<u>8,017,923</u>
\$	<u>17,219,232</u>	\$ <u>14,665,606</u>	\$ <u>11,379,952</u>	\$ <u>9,465,438</u>	\$ <u>9,138,267</u>
\$	47,502,880	\$ 42,418,424	\$ 41,580,086	\$ 41,580,086	\$ 39,330,779
	36.25%	34.57%	27.37%	22.76%	23.23%

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Combining and Individual Fund Statements and Schedule

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2025 Annual Comprehensive Financial Report



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Nonmajor Governmental Funds September 30, 2025

NONMAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

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

Island Transit Fund – To account for the receipt of and expenditure of federal, state, and local revenues designated for transit and other livable community projects.

Rosenberg Library Fund – To account for ad valorem taxes collected and transferred to the library, to be used for library purposes, as authorized by City Charter.

CDBG Disaster Non-Housing Fund – To account for receipt and expenditure of annual federal CDBG non housing.

Housing & Urban Development (HUD) Entitlement Grants Fund – To account for receipt and expenditure of annual federal CDBG Entitlement and HOME Investment Partnership allocations.

Project Specific Programs Fund – To account for receipt and expenditures designated for governmental special projects; including Police/Fire general projects, Fire special revenue, Courts general projects, and other parks general projects.

Cable Television Public Education & Government Fund – To account for receipt and expenditures of public-access television tax revenue provided for the purpose of public, educational, and governmental information.

Parking Management Fund – To account for receipts of downtown parking revenue and expenditures related to the operation and capital improvement of the downtown area.

Seawall Parking Fund – To account for net receipts of seawall parking revenue in excess of Park Board expenditures related to the operation of the seawall and beach. Balances can only be allocated by the City Council for capital improvements to the seawall and beach.

FEMA Disaster Fund – To account for receipt and expenditures of state and federal grant monies restricted for disaster recovery efforts.

Meadows Mental Health Fund – To account for receipt and expenditures of grant monies restricted for the creation of a Multi-Disciplinary Response Team.

Public Safety Programs Fund – To account for receipt and expenditures of federal, state and/or local grant monies restricted for governmental public safety programs and capital projects.

Judicial Programs Fund – To account for receipt and expenditures designated for governmental judicial capital projects, including court building security and technology, and youth after-school programs.

Lasker Pool Fund – To account for receipts and expenditures for City pool operations.

Pension Reform Fund – To account for funds set aside to be used for reforming the City's three pension plans.

Recovery & Capital Reserve Fund – To account for receipt and expenditures committed for governmental projects.

Separation Pay Fund – To account for the final payout of employees accrued benefits at the separation of employment.

Revenue Producing Parks Fund – To account for receipts and expenditures of revenue generating beach parks.

Nonmajor Governmental Funds
September 30, 2025

Hurricane Harvey Fund – To account for receipt and expenditures of grant monies restricted for Hurricane Harvey recovery and mitigation efforts.

Convention Center Surplus Fund – To account for local hotel occupancy tax allocated to capital projects that enhance and promote tourism and the convention and hotel industry.

Convention Center Operations Fund – To account for local hotel occupancy tax allocated to the operating and capital reserves relating to the convention center.

Arts & Historical Fund – To account for receipts of the 1/8 percent hotel occupancy tax to be used for advertisement and capital repairs to historical buildings and statues.

HOT Advertising & Tourism – To account for the local hotel occupancy tax allocated to increasing tourist visitation through advertising, marketing and promotions directed to visitors.

HOT Beach Cleaning & Maintenance Fund – To account for the local and state hotel occupancy taxes received that are designated for beach maintenance.

HOT Beach Patrol & Safety Fund – To account for the local and state hotel occupancy taxes received that are designated for beach patrol.

HOT Arts & Historical Preservation Fund – To account for the local hotel occupancy taxes allocated to arts and historic preservation-related non-profit organizations for increasing tourist visitation in the areas of historical preservation/restoration or commemoration of historic events.

State Hotel Occupancy Tax Fund – To account for the state hotel occupancy taxes received that are designated for beach cleaning, beach patrol and beach renourishment.

HOT Beach Renourishment & Preservation Fund – To account for the state hotel occupancy taxes received that are designated for beach renourishment.

Opioid Abatement Trust Settlement Fund – To account for receipt and expenditures of the opioid abatement trust settlement money received.

Short-Term Rental Regulation Fund – To account for receipt license fees received on short-term rentals operating within the City of Galveston.

Hurricane Ike Fund – To account for grant resources from the Federal Emergency Management Agency (FEMA), insurance recoveries and various sources. The use of these resources is restricted to specific expenditures related to Hurricane Ike.

American Rescue Plan Act Fund – To account for receipt and expenditures of grant monies from the US Department of Treasury for the Coronavirus State and Local Fiscal Recovery Funds used to respond to acute pandemic response needs, fill revenue shortfalls among these governments, and support the communities and populations hardest-hit by the COVID-19 crisis.

CAPITAL PROJECTS FUNDS

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

Island Transit Capital Projects Fund – To account for capital outlay related to the Island Transit operations.

General Obligation Bonds 2017 Capital Projects Fund – To account for capital outlay financed by the proceeds from the General Obligation Bonds, Series 2017.

Nonmajor Governmental Funds September 30, 2025

General Obligation Bonds 2019 Capital Projects Fund – To account for capital outlay financed by the proceeds from the General Obligation Bonds, Series 2019.

Industrial Development Corporation Beach Renourishment Fund – To account for project costs renourish beaches as financed by the IDC and directed by the voters.

Industrial Development Corporation Economic Development Fund – To account for economic development projects as financed by the IDC and directed by the voters.

Industrial Development Corporation Parks Improvement Fund – To account for improvements to City parks financed by the IDC and directed by the voters.

Industrial Development Corporation Infrastructure Fund – To account for streets, drainage and sewer system improvement projects financed by the IDC and directed by the voters.

Infrastructure & Debt Service Fund – To account for receipt and expenditures restricted for governmental infrastructure capital projects and debt service payments as defined by the City Charter.

Technology Replacement Fund – To account for City resources from other funds used to implement new and or upgraded computer hardware and software systems.

DEBT SERVICE FUNDS

Debt service funds are used to account for the accumulation of resources for debt service fund and payment of general long-term debt, principal, interest and related costs.

Debt Service Fund – To account for the payment of interest and principal on all property tax-supported general obligation long-term debt of the City. Water and sewer supported general obligation refunding bond debt service payments are paid by the respective enterprise fund.

Hotel Occupancy Tax Debt Service Fund – To account for the accumulation of hotel occupancy taxes to fund reserves and debt service payments for bonds issued to build the convention center and adjoining parking garage.

**Combining Balance Sheet
Nonmajor Governmental Funds
September 30, 2025**

	Special Revenue Funds			
	Island Transit	Rosenberg Library	CDBG Disaster Non-Housing	Housing & Urban Development Entitlement
ASSETS				
Cash and cash equivalents	\$ 722,394	\$ -	\$ 754,592	\$ -
Accounts receivable, net of allowance	22,850	322,383	-	90,371
Due from other funds	-	-	-	-
Due from other governments	571,149	-	528,139	574,589
Inventories	206,728	-	-	-
Prepaid items	-	-	-	-
Restricted cash and cash equivalents	-	-	-	564,768
TOTAL ASSETS	\$ 1,523,121	\$ 322,383	\$ 1,282,731	\$ 1,229,728
LIABILITIES				
Accounts payable	\$ 90,492	\$ -	\$ 37,642	\$ -
Accrued liabilities	95,531	-	4,022	22,674
Due to other funds	-	152,362	242,584	611,426
Due to other governments	-	-	-	450
Unearned revenue	-	-	998,483	595,178
Customer deposits	-	-	-	-
Total liabilities	186,023	152,362	1,282,731	1,229,728
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue - property taxes	-	170,021	-	-
Unavailable revenue - grants	241	-	-	-
Total deferred inflows of resources	241	170,021	-	-
FUND BALANCES (DEFICITS)				
Nonspendable:				
Inventories	206,728	-	-	-
Prepaid items	-	-	-	-
Restricted:				
Debt service	-	-	-	-
Advertising & tourism	-	-	-	-
Arts & historical preservation	-	-	-	-
Beach preservation	-	-	-	-
Beach safety	-	-	-	-
Culture & recreation	-	-	-	-
Infrastructure and debt service	-	-	-	-
Capital projects	-	-	-	-
Grants	1,130,129	-	-	-
Tourism, convention and hotel industry:				
Convention center operator	-	-	-	-
City of Galveston	-	-	-	-
Committed:				
Governmental projects	-	-	-	-
Unassigned	-	-	-	-
Total fund balances (deficits)	1,336,857	-	-	-
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 1,523,121	\$ 322,383	\$ 1,282,731	\$ 1,229,728

Special Revenue Funds

Project Specific Programs	Cable Television Public Education & Government	Parking Management	Seawall Parking	FEMA Disaster
\$ -	\$ -	\$ 1,251,889	\$ -	\$ 377,707
1,845,376	31,010	-	-	-
-	-	-	-	-
1,722,101	-	-	516,587	464,843
-	-	-	-	-
-	-	-	-	-
1,214,531	2,043,241	-	1,484,239	-
<u>\$ 4,782,008</u>	<u>\$ 2,074,251</u>	<u>\$ 1,251,889</u>	<u>\$ 2,000,826</u>	<u>\$ 842,550</u>
\$ 1,621,621	\$ 9,229	\$ 106,485	\$ -	\$ -
-	-	10,834	-	245
1,962,818	-	2,447	-	181,038
-	-	7,607	-	-
-	-	-	-	661,267
13,067	-	-	-	-
<u>3,597,506</u>	<u>9,229</u>	<u>127,373</u>	<u>-</u>	<u>842,550</u>
-	-	-	-	-
-	-	-	-	10,163
-	-	-	-	10,163
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	2,000,826	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	2,065,022	-	-	-
-	-	-	-	-
-	-	1,124,516	-	-
1,184,502	-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(10,163)</u>
<u>1,184,502</u>	<u>2,065,022</u>	<u>1,124,516</u>	<u>2,000,826</u>	<u>(10,163)</u>
<u>\$ 4,782,008</u>	<u>\$ 2,074,251</u>	<u>\$ 1,251,889</u>	<u>\$ 2,000,826</u>	<u>\$ 842,550</u>

**Combining Balance Sheet
Nonmajor Governmental Funds
September 30, 2025**

	Special Revenue Funds			
	Meadows Mental Health	Public Safety Programs	Judicial Programs	Lasker Pool
ASSETS				
Cash and cash equivalents	\$ -	\$ -	\$ 291,939	\$ 800
Accounts receivable, net of allowance	-	-	-	-
Due from other funds	-	-	-	-
Due from other governments	193,385	163,857	-	-
Inventories	-	-	-	-
Prepaid items	-	-	5,857	-
Restricted cash and cash equivalents	-	974,321	3,193	232,958
TOTAL ASSETS	\$ 193,385	\$ 1,138,178	\$ 300,989	\$ 233,758
LIABILITIES				
Accounts payable	\$ -	\$ 14,779	\$ 116	\$ 695
Accrued liabilities	-	3,476	-	9,289
Due to other funds	193,294	163,087	724	-
Due to other governments	-	-	-	-
Unearned revenue	91	6,101	-	-
Customer deposits	-	-	-	-
Total liabilities	193,385	187,443	840	9,984
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue - property taxes	-	-	-	-
Unavailable revenue - grants	-	-	-	-
Total deferred inflows of resources	-	-	-	-
FUND BALANCES (DEFICITS)				
Nonspendable:				
Inventories	-	-	-	-
Prepaid items	-	-	5,857	-
Restricted:				
Debt service	-	-	-	-
Advertising & tourism	-	-	-	-
Arts & historical preservation	-	-	-	-
Beach preservation	-	-	-	-
Beach safety	-	-	-	-
Culture & recreation	-	-	-	-
Infrastructure and debt service	-	-	-	-
Capital projects	-	-	-	-
Grants	-	950,735	-	-
Tourism, convention and hotel industry:				
Convention center operator	-	-	-	-
City of Galveston	-	-	-	-
Committed:				
Governmental projects	-	-	294,292	223,774
Unassigned	-	-	-	-
Total fund balances (deficits)	-	950,735	300,149	223,774
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 193,385	\$ 1,138,178	\$ 300,989	\$ 233,758

Special Revenue Funds

<u>Pension Reform</u>	<u>Separation Pay</u>	<u>Revenue Producing Parks</u>	<u>Hurricane Harvey</u>
\$ 1,119,227	\$ 291,000	\$ 711,001	\$ -
-	-	-	-
-	-	-	-
-	-	-	34,059
-	-	-	-
-	-	-	-
-	-	-	148,270
<u>\$ 1,119,227</u>	<u>\$ 291,000</u>	<u>\$ 711,001</u>	<u>\$ 182,329</u>
\$ -	\$ -	\$ 2,708	\$ 594
-	-	27,598	420
-	56,279	-	45,839
-	-	-	-
-	-	-	111,282
-	-	-	-
-	56,279	30,306	158,135
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	680,695	-
-	-	-	-
-	-	-	24,194
-	-	-	-
-	-	-	-
1,119,227	234,721	-	-
-	-	-	-
<u>1,119,227</u>	<u>234,721</u>	<u>680,695</u>	<u>24,194</u>
<u>\$ 1,119,227</u>	<u>\$ 291,000</u>	<u>\$ 711,001</u>	<u>\$ 182,329</u>

**Combining Balance Sheet
Nonmajor Governmental Funds
September 30, 2025**

	Special Revenue Funds			
	Convention Center Surplus	Convention Center Operations	Arts and Historical	HOT Advertising & Tourism
ASSETS				
Cash and cash equivalents	\$ -	\$ -	\$ 3,361,376	\$ -
Accounts receivable, net of allowance	-	-	-	-
Due from other funds	1,463,052	-	48,082	1,153,859
Due from other governments	-	-	-	450,530
Inventories	-	-	-	-
Prepaid items	-	-	-	-
Restricted cash and cash equivalents	7,830,320	299,998	-	7,531,172
TOTAL ASSETS	\$ 9,293,372	\$ 299,998	\$ 3,409,458	\$ 9,135,561
LIABILITIES				
Accounts payable	\$ 5,965	\$ -	\$ 7,020	\$ -
Accrued liabilities	75,169	-	-	-
Due to other funds	-	-	-	-
Due to other governments	-	-	-	522,720
Unearned revenue	-	-	-	-
Customer deposits	-	-	-	-
Total liabilities	81,134	-	7,020	522,720
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue - property taxes	-	-	-	-
Unavailable revenue - grants	-	-	-	-
Total deferred inflows of resources	-	-	-	-
FUND BALANCES (DEFICITS)				
Nonspendable:				
Inventories	-	-	-	-
Prepaid items	-	-	-	-
Restricted:				
Debt service	-	-	-	-
Advertising & tourism	-	-	-	8,612,841
Arts & historical preservation	-	-	3,402,438	-
Beach preservation	-	-	-	-
Beach safety	-	-	-	-
Culture & recreation	-	-	-	-
Infrastructure and debt service	-	-	-	-
Capital projects	-	-	-	-
Grants	-	-	-	-
Tourism, convention and hotel industry:				
Convention center operator	-	299,998	-	-
City of Galveston	9,212,238	-	-	-
Committed:				
Governmental projects	-	-	-	-
Unassigned	-	-	-	-
Total fund balances (deficits)	9,212,238	299,998	3,402,438	8,612,841
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 9,293,372	\$ 299,998	\$ 3,409,458	\$ 9,135,561

Special Revenue Funds

HOT Beach Cleaning & Maintenance	HOT Beach Patrol & Safety	HOT Arts & Historical Preservation	State Hotel Occupancy Tax	HOT Beach Renourishment & Preservation
\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-
553,503	510,732	288,455	-	270,882
174,469	162,686	-	950,463	74,634
-	-	-	-	-
-	-	-	-	-
2,556,086	2,289,080	2,846,047	-	2,723,514
<u>\$ 3,284,058</u>	<u>\$ 2,962,498</u>	<u>\$ 3,134,502</u>	<u>\$ 950,463</u>	<u>\$ 3,069,030</u>
\$ -	\$ 16,650	\$ -	\$ -	\$ -
-	-	-	-	-
-	-	-	950,463	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	16,650	-	950,463	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	3,134,502	-	-
3,284,058	-	-	-	3,069,030
-	2,945,848	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
<u>3,284,058</u>	<u>2,945,848</u>	<u>3,134,502</u>	<u>-</u>	<u>3,069,030</u>
<u>\$ 3,284,058</u>	<u>\$ 2,962,498</u>	<u>\$ 3,134,502</u>	<u>\$ 950,463</u>	<u>\$ 3,069,030</u>

**Combining Balance Sheet
Nonmajor Governmental Funds
September 30, 2025**

	Special Revenue Funds			
	OPIOID Abatement Trust Settlement	Short-Term Rental Regulation	Hurricane Ike Fund	American Rescue Plan Act
ASSETS				
Cash and cash equivalents	\$ 353,794	\$ 1,667,309	\$ -	\$ -
Accounts receivable, net of allowance	-	-	-	-
Due from other funds	-	-	-	-
Due from other governments	-	711,106	-	-
Inventories	-	-	-	-
Prepaid items	-	-	-	-
Restricted cash and cash equivalents	-	-	-	1,022,135
TOTAL ASSETS	\$ 353,794	\$ 2,378,415	\$ -	\$ 1,022,135
LIABILITIES				
Accounts payable	\$ -	\$ -	\$ -	\$ 450,771
Accrued liabilities	-	3,468	-	420,500
Due to other funds	-	-	-	-
Due to other governments	-	-	-	-
Unearned revenue	-	-	-	20,359
Customer deposits	-	-	-	-
Total liabilities	-	3,468	-	891,630
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue - property taxes	-	-	-	-
Unavailable revenue - grants	-	-	-	-
Total deferred inflows of resources	-	-	-	-
FUND BALANCES (DEFICITS)				
Nonspendable:				
Inventories	-	-	-	-
Prepaid items	-	-	-	-
Restricted:				
Debt service	-	-	-	-
Advertising & tourism	-	-	-	-
Arts & historical preservation	-	-	-	-
Beach preservation	-	-	-	-
Beach safety	-	-	-	-
Culture & recreation	-	-	-	-
Infrastructure and debt service	-	-	-	-
Capital projects	-	-	-	-
Grants	-	-	-	130,505
Tourism, convention and hotel industry:				
Convention center operator	-	-	-	-
City of Galveston	-	-	-	-
Committed:				
Governmental projects	353,794	2,374,947	-	-
Unassigned	-	-	-	-
Total fund balances (deficits)	353,794	2,374,947	-	130,505
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 353,794	\$ 2,378,415	\$ -	\$ 1,022,135

Capital Projects Funds

Island Transit Capital Projects	General Obligation Bonds 2017 Capital Projects	General Obligations Bonds 2019 Capital Projects	Industrial Development Corporation Beach Renourishment	Industrial Development Corporation Economic Development
\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-
-	-	342,917	1,016	1,016
16,527	-	-	2,217,143	328,369
-	-	-	-	-
-	-	-	-	-
3,357,814	147,999	7,313,558	9,915,404	22,981,417
<u>\$ 3,374,341</u>	<u>\$ 147,999</u>	<u>\$ 7,656,475</u>	<u>\$ 12,133,563</u>	<u>\$ 23,310,802</u>
\$ -	\$ -	\$ -	\$ 175,962	\$ 51
-	-	3,949	368	-
-	-	-	-	-
-	-	-	-	-
29,400	-	-	-	-
-	-	-	-	-
29,400	-	3,949	176,330	51
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
3,344,941	147,999	7,652,526	11,957,233	23,310,751
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
3,344,941	147,999	7,652,526	11,957,233	23,310,751
<u>\$ 3,374,341</u>	<u>\$ 147,999</u>	<u>\$ 7,656,475</u>	<u>\$ 12,133,563</u>	<u>\$ 23,310,802</u>

**Combining Balance Sheet
Nonmajor Governmental Funds
September 30, 2025**

	Capital Projects Funds			
	Industrial Development Corporation Parks Improvement	Industrial Development Corporation Infrastructure	Infrastructure & Debt Service	Technology Replacement
ASSETS				
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ 3,416,387
Accounts receivable, net of allowance	-	-	-	-
Due from other funds	1,016	1,016	-	-
Due from other governments	387,501	328,369	2,766	-
Inventories	-	-	-	-
Prepaid items	-	-	-	-
Restricted cash and cash equivalents	3,105,625	13,717,546	10,106,330	-
TOTAL ASSETS	\$ 3,494,142	\$ 14,046,931	\$ 10,109,096	\$ 3,416,387
LIABILITIES				
Accounts payable	\$ 57,781	\$ 8,030	\$ 77,871	\$ 312,812
Accrued liabilities	223,060	-	51,067	-
Due to other funds	-	-	-	-
Due to other governments	-	-	-	-
Unearned revenue	-	-	-	-
Customer deposits	-	-	-	-
Total liabilities	280,841	8,030	128,938	312,812
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue - property taxes	-	-	-	-
Unavailable revenue - grants	-	-	-	-
Total deferred inflows of resources	-	-	-	-
FUND BALANCES (DEFICITS)				
Nonspendable:				
Inventories	-	-	-	-
Prepaid items	-	-	-	-
Restricted:				
Debt service	-	-	-	-
Advertising & tourism	-	-	-	-
Arts & historical preservation	-	-	-	-
Beach preservation	-	-	-	-
Beach safety	-	-	-	-
Culture & recreation	-	-	-	-
Infrastructure and debt service	-	-	9,980,158	-
Capital projects	3,213,301	14,038,901	-	-
Grants	-	-	-	-
Tourism, convention and hotel industry:				
Convention center operator	-	-	-	-
City of Galveston	-	-	-	-
Committed:				
Governmental projects	-	-	-	3,103,575
Unassigned	-	-	-	-
Total fund balances (deficits)	3,213,301	14,038,901	9,980,158	3,103,575
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 3,494,142	\$ 14,046,931	\$ 10,109,096	\$ 3,416,387

Debt Service Funds

<u>Debt Service</u>	<u>Hotel Occupancy Tax Debt Service</u>	<u>Total Governmental Funds</u>
\$ -	\$ -	\$ 14,319,415
149,693	-	2,461,683
-	-	4,635,546
-	-	10,573,272
-	-	206,728
-	-	5,857
<u>2,187,400</u>	<u>6,347,900</u>	<u>112,944,866</u>
<u>\$ 2,337,093</u>	<u>\$ 6,347,900</u>	<u>\$ 145,147,367</u>
\$ -	\$ 1,513,052	\$ 4,510,326
-	-	951,670
-	1,463,052	6,025,413
-	-	530,777
-	-	2,422,161
-	-	13,067
-	2,976,104	14,453,414
149,693	-	319,714
-	-	10,404
149,693	-	330,118
-	-	206,728
-	-	5,857
2,187,400	3,371,796	5,559,196
-	-	8,612,841
-	-	6,536,940
-	-	8,353,914
-	-	2,945,848
-	-	680,695
-	-	9,980,158
-	-	65,730,674
-	-	2,235,563
-	-	299,998
-	-	10,336,754
-	-	8,888,832
-	-	(10,163)
<u>2,187,400</u>	<u>3,371,796</u>	<u>130,363,835</u>
<u>\$ 2,337,093</u>	<u>\$ 6,347,900</u>	<u>\$ 145,147,367</u>

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

	Special Revenue Funds			
	Island Transit	Rosenberg Library	CDBG Disaster Non-Housing	Housing & Urban Development Entitlement
REVENUES				
Taxes:				
Property tax	\$ -	\$ 5,946,126	\$ -	\$ -
Sales tax	-	-	-	-
Hotel occupancy taxes	-	-	-	-
Licenses and permits	-	-	-	-
Fines and forfeitures	-	-	-	-
Charges for services	252,347	-	-	-
Investment earnings	-	-	-	-
Intergovernmental	2,258,475	-	783,899	1,557,571
Other	65,615	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total revenues	2,576,437	5,946,126	783,899	1,557,571
EXPENDITURES				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Highways and roads	-	-	-	-
Culture and recreation	-	5,946,126	-	-
Planning and community development	-	-	783,899	1,111,378
Transportation	4,330,937	-	-	-
Debt service				
Principal	2,428	-	-	34,642
Interest on long-term debt	622	-	-	1,276
Capital outlay	-	-	-	410,275
	<hr/>	<hr/>	<hr/>	<hr/>
Total expenditures	4,333,987	5,946,126	783,899	1,557,571
Excess (deficiency) of revenues over (under) expenditures	(1,757,550)	-	-	-
OTHER FINANCING SOURCES (USES)				
Issuance of certificates of obligation	-	-	-	-
Premium on issuance of debt	-	-	-	-
Proceeds from sale of capital assets	212	-	-	-
Transfers in	1,829,847	-	-	-
Transfers out	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total other financing sources (uses)	1,830,059	-	-	-
Net change in fund balances	72,509	-	-	-
Fund balance (deficit), beginning of year, as previously reported	1,264,348	-	-	-
Change within the financial reporting entity	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Fund balance (deficit), beginning of year - adjusted	1,264,348	-	-	-
FUND BALANCE (DEFICIT), END OF YEAR	\$ 1,336,857	\$ -	\$ -	\$ -

Special Revenue Funds				
Project Specific Programs	Cable Television Public Education & Government	Parking Management	Seawall Parking	FEMA Disaster
\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
399	-	-	-	-
319,544	129,893	1,475,520	692,889	-
45,998	84,292	59,927	86,145	-
10,608,643	-	-	-	543,984
49,615	-	460	6,106	-
<u>11,024,199</u>	<u>214,185</u>	<u>1,535,907</u>	<u>785,140</u>	<u>543,984</u>
23,100	-	-	-	485,357
-	-	-	16,291	-
2,490	-	-	-	-
10,528,944	19,229	1,463,136	-	-
2,182	-	-	-	68,715
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
250,475	4,046	371,765	1,140,573	-
<u>10,807,191</u>	<u>23,275</u>	<u>1,834,901</u>	<u>1,156,864</u>	<u>554,072</u>
217,008	190,910	(298,994)	(371,724)	(10,088)
-	-	-	-	-
-	-	3,217	-	-
-	-	-	-	-
-	-	-	(23,716)	-
<u>-</u>	<u>-</u>	<u>3,217</u>	<u>(23,716)</u>	<u>-</u>
217,008	190,910	(295,777)	(395,440)	(10,088)
967,494	1,874,112	1,420,293	2,396,266	(75)
-	-	-	-	-
<u>967,494</u>	<u>1,874,112</u>	<u>1,420,293</u>	<u>2,396,266</u>	<u>(75)</u>
<u>\$ 1,184,502</u>	<u>\$ 2,065,022</u>	<u>\$ 1,124,516</u>	<u>\$ 2,000,826</u>	<u>\$ (10,163)</u>

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

	Special Revenue Funds			
	Meadows Mental Health	Public Safety Programs	Judicial Programs	Lasker Pool
REVENUES				
Taxes:				
Property tax	\$ -	\$ -	\$ -	\$ -
Sales tax	-	-	-	-
Hotel occupancy taxes	-	-	-	-
Licenses and permits	-	-	-	-
Fines and forfeitures	-	-	83,170	-
Charges for services	-	40,060	-	189,401
Investment earnings	-	37,899	13,341	6,485
Intergovernmental	-	713,624	-	-
Other	193,385	54,222	-	-
Total revenues	193,385	845,805	96,511	195,886
EXPENDITURES				
Current:				
General government	-	-	103,045	-
Public safety	193,385	583,121	-	-
Highways and roads	-	-	-	-
Culture and recreation	-	-	-	559,616
Planning and community development	-	-	-	-
Transportation	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest on long-term debt	-	-	-	-
Capital outlay	-	67,934	-	-
Total expenditures	193,385	651,055	103,045	559,616
Excess (deficiency) of revenues over (under) expenditures	-	194,750	(6,534)	(363,730)
OTHER FINANCING SOURCES (USES)				
Issuance of certificates of obligation	-	-	-	-
Premium on issuance of debt	-	-	-	-
Proceeds from sale of capital assets	-	-	-	-
Transfers in	-	84,000	-	500,000
Transfers out	-	(130,000)	-	-
Total other financing sources (uses)	-	(46,000)	-	500,000
Net change in fund balances	-	148,750	(6,534)	136,270
Fund balance (deficit), beginning of year, as previously reported	-	801,985	306,683	87,504
Change within the financial reporting entity	-	-	-	-
Fund balance (deficit), beginning of year - adjusted	-	801,985	306,683	87,504
FUND BALANCE (DEFICIT), END OF YEAR	\$ -	\$ 950,735	\$ 300,149	\$ 223,774

Special Revenue Funds

<u>Pension Reform</u>	<u>Recovery & Capital Reserve</u>	<u>Separation Pay</u>	<u>Revenue Producing Parks</u>	<u>Hurricane Harvey</u>
\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	319,552	-
47,514	-	-	30,075	-
-	-	-	-	43,584
-	-	-	117,932	-
<u>47,514</u>	<u>-</u>	<u>-</u>	<u>467,559</u>	<u>43,584</u>
-	-	1,346,855	-	-
-	-	-	990	-
-	-	-	-	-
-	-	-	604,833	-
-	-	-	-	43,584
-	-	-	-	-
-	-	-	-	-
-	-	-	64,520	-
<u>-</u>	<u>-</u>	<u>1,346,855</u>	<u>670,343</u>	<u>43,584</u>
47,514	-	(1,346,855)	(202,784)	-
-	-	-	-	-
-	-	-	-	-
-	-	1,366,570	-	-
-	-	-	(7,647)	-
<u>-</u>	<u>-</u>	<u>1,366,570</u>	<u>(7,647)</u>	<u>-</u>
47,514	-	19,715	(210,431)	-
1,071,713	1,040,374	215,006	891,126	24,194
-	(1,040,374)	-	-	-
<u>1,071,713</u>	<u>-</u>	<u>215,006</u>	<u>891,126</u>	<u>24,194</u>
<u>\$ 1,119,227</u>	<u>\$ -</u>	<u>\$ 234,721</u>	<u>\$ 680,695</u>	<u>\$ 24,194</u>

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

	Special Revenue Funds			
	Convention Center Surplus	Convention Center Operations	Arts and Historical	HOT Advertising & Tourism
REVENUES				
Taxes:				
Property tax	\$ -	\$ -	\$ -	\$ -
Sales tax	-	-	-	-
Hotel occupancy taxes	-	-	373,136	8,954,470
Licenses and permits	-	-	-	-
Fines and forfeitures	-	-	-	-
Charges for services	-	-	-	-
Investment earnings	371,575	28,021	146,440	280,512
Intergovernmental	-	-	-	-
Other	4,205,402	-	-	-
Total revenues	<u>4,576,977</u>	<u>28,021</u>	<u>519,576</u>	<u>9,234,982</u>
EXPENDITURES				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Highways and roads	-	-	-	-
Culture and recreation	1,402,669	231,035	258,580	9,477,190
Planning and community development	-	-	-	-
Transportation	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest on long-term debt	-	-	-	-
Capital outlay	592,263	196,988	107,998	-
Total expenditures	<u>1,994,932</u>	<u>428,023</u>	<u>366,578</u>	<u>9,477,190</u>
Excess (deficiency) of revenues over (under) expenditures	2,582,045	(400,002)	152,998	(242,208)
OTHER FINANCING SOURCES (USES)				
Issuance of certificates of obligation	-	-	-	-
Premium on issuance of debt	-	-	-	-
Proceeds from sale of capital assets	-	-	-	-
Transfers in	-	-	-	-
Transfers out	(1,741,672)	-	-	-
Total other financing sources (uses)	<u>(1,741,672)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	840,373	(400,002)	152,998	(242,208)
Fund balance (deficit), beginning of year, as previously reported	8,371,865	700,000	3,249,440	8,855,049
Change within the financial reporting entity	-	-	-	-
Fund balance (deficit), beginning of year - adjusted	<u>8,371,865</u>	<u>700,000</u>	<u>3,249,440</u>	<u>8,855,049</u>
FUND BALANCE (DEFICIT), END OF YEAR	<u>\$ 9,212,238</u>	<u>\$ 299,998</u>	<u>\$ 3,402,438</u>	<u>\$ 8,612,841</u>

Special Revenue Funds

<u>HOT Beach Cleaning & Maintenance</u>	<u>HOT Beach Patrol & Safety</u>	<u>HOT Arts & Historical Preservation</u>	<u>State Hotel Occupancy Tax</u>	<u>HOT Beach Renourishment & Preservation</u>
\$ -	\$ -	\$ -	\$ -	\$ -
1,492,546	1,492,546	2,238,550	6,008,119	-
-	-	-	-	-
-	-	-	-	-
87,567	80,199	127,452	-	107,913
-	-	-	-	-
<u>1,580,113</u>	<u>1,572,745</u>	<u>2,366,002</u>	<u>6,008,119</u>	<u>107,913</u>
-	-	-	-	-
-	-	-	-	-
3,775,631	3,661,831	2,038,098	-	1,712,314
-	37,764	-	-	-
-	-	-	-	-
-	-	-	-	-
-	6,097	-	-	-
<u>3,775,631</u>	<u>3,705,692</u>	<u>2,038,098</u>	<u>-</u>	<u>1,712,314</u>
(2,195,518)	(2,132,947)	327,904	6,008,119	(1,604,401)
-	-	-	-	-
-	-	-	-	-
2,283,085	2,012,720	-	-	1,712,314
-	-	-	(6,008,119)	-
<u>2,283,085</u>	<u>2,012,720</u>	<u>-</u>	<u>(6,008,119)</u>	<u>1,712,314</u>
87,567	(120,227)	327,904	-	107,913
3,196,491	3,066,075	2,806,598	-	2,961,117
-	-	-	-	-
<u>3,196,491</u>	<u>3,066,075</u>	<u>2,806,598</u>	<u>-</u>	<u>2,961,117</u>
<u>\$ 3,284,058</u>	<u>\$ 2,945,848</u>	<u>\$ 3,134,502</u>	<u>\$ -</u>	<u>\$ 3,069,030</u>

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

	Special Revenue Funds			
	OPIOID Abatement Trust Settlement	Short-Term Rental Regulation	Hurricane Ike Fund	American Rescue Plan Act
REVENUES				
Taxes:				
Property tax	\$ -	\$ -	\$ -	\$ -
Sales tax	-	-	-	-
Hotel occupancy taxes	-	-	-	-
Licenses and permits	-	725,568	-	-
Fines and forfeitures	-	-	-	-
Charges for services	-	-	-	-
Investment earnings	11,839	17,323	-	73,908
Intergovernmental	-	-	34,498	1,270,177
Other	145,449	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total revenues	157,288	742,891	34,498	1,344,085
EXPENDITURES				
Current:				
General government	-	-	-	-
Public safety	-	6,392	-	-
Highways and roads	-	-	-	-
Culture and recreation	-	-	-	-
Planning and community development	-	-	-	-
Transportation	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest on long-term debt	-	-	-	-
Capital outlay	-	-	34,498	2,911,227
	<hr/>	<hr/>	<hr/>	<hr/>
Total expenditures	-	6,392	34,498	2,911,227
Excess (deficiency) of revenues over (under) expenditures	157,288	736,499	-	(1,567,142)
OTHER FINANCING SOURCES (USES)				
Issuance of certificates of obligation	-	-	-	-
Premium on issuance of debt	-	-	-	-
Proceeds from sale of capital assets	-	-	-	-
Transfers in	-	-	-	-
Transfers out	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total other financing sources (uses)	-	-	-	-
Net change in fund balances	157,288	736,499	-	(1,567,142)
Fund balance (deficit), beginning of year, as previously reported	196,506	1,638,448	-	-
Change within the financial reporting entity	-	-	-	1,697,647
	<hr/>	<hr/>	<hr/>	<hr/>
Fund balance (deficit), beginning of year - adjusted	196,506	1,638,448	-	1,697,647
FUND BALANCE (DEFICIT), END OF YEAR	\$ 353,794	\$ 2,374,947	\$ -	\$ 130,505

Capital Projects Funds				
Island Transit Capital Projects	General Obligation Bonds 2017 Capital Projects	General Obligations Bonds 2019 Capital Projects	Industrial Development Corporation Beach Renourishment	Industrial Development Corporation Economic Development
\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	1,983,896	1,983,894
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
141,985	6,282	330,227	339,034	848,933
13,400	-	-	-	-
-	-	-	77,461	-
155,385	6,282	330,227	2,400,391	2,832,827
-	-	-	-	-
-	-	-	-	-
-	-	9,352	-	-
-	-	-	529,321	-
-	-	-	360	265,663
13,400	-	-	-	-
-	-	-	-	528,000
-	-	522,152	-	290,745
-	-	80,375	289,838	538,150
13,400	-	611,879	819,519	1,622,558
141,985	6,282	(281,652)	1,580,872	1,210,269
-	-	-	-	11,076,000
-	-	-	-	924,000
-	-	-	-	-
-	-	-	-	-
-	-	-	-	12,000,000
141,985	6,282	(281,652)	1,580,872	13,210,269
3,202,956	141,717	7,934,178	10,376,361	10,100,482
-	-	-	-	-
3,202,956	141,717	7,934,178	10,376,361	10,100,482
\$ 3,344,941	\$ 147,999	\$ 7,652,526	\$ 11,957,233	\$ 23,310,751

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

	Capital Projects Funds			
	Industrial Development Corporation Parks Improvement	Industrial Development Corporation Infrastructure	Infrastructure & Debt Service	Technology Replacement
REVENUES				
Taxes:				
Property tax	\$ -	\$ -	\$ -	\$ -
Sales tax	1,983,897	1,983,896	-	-
Hotel occupancy taxes	-	-	-	-
Licenses and permits	-	-	-	-
Fines and forfeitures	-	-	-	-
Charges for services	-	-	-	-
Investment earnings	158,582	549,168	332,115	162,396
Intergovernmental	59,132	-	-	-
Other	-	-	6,092	3,000
Total revenues	2,201,611	2,533,064	338,207	165,396
EXPENDITURES				
Current:				
General government	-	-	-	565,141
Public safety	-	-	-	-
Highways and roads	-	771,978	545,631	-
Culture and recreation	932,543	-	-	-
Planning and community development	2,605	326,017	-	-
Transportation	-	-	-	-
Debt service				
Principal	770,000	352,000	-	-
Interest on long-term debt	52,545	193,830	-	-
Capital outlay	2,698,781	1,147,302	1,311,664	2,731,241
Total expenditures	4,456,474	2,791,127	1,857,295	3,296,382
Excess (deficiency) of revenues over (under) expenditures	(2,254,863)	(258,063)	(1,519,088)	(3,130,986)
OTHER FINANCING SOURCES (USES)				
Issuance of certificates of obligation	-	7,384,000	-	-
Premium on issuance of debt	-	616,000	-	-
Proceeds from sale of capital assets	-	-	-	-
Transfers in	-	-	6,529,535	1,000,000
Transfers out	(500,000)	-	(500,000)	-
Total other financing sources (uses)	(500,000)	8,000,000	6,029,535	1,000,000
Net change in fund balances	(2,754,863)	7,741,937	4,510,447	(2,130,986)
Fund balance (deficit), beginning of year, as previously reported	5,968,164	6,296,964	5,469,711	5,234,561
Change within the financial reporting entity	-	-	-	-
Fund balance (deficit), beginning of year - adjusted	5,968,164	6,296,964	5,469,711	5,234,561
FUND BALANCE (DEFICIT), END OF YEAR	\$ 3,213,301	\$ 14,038,901	\$ 9,980,158	\$ 3,103,575

<u>Debt Service Funds</u>		
<u>Debt Service</u>	<u>Hotel Occupancy Tax Debt Service</u>	<u>Total Nonmajor Governmental Funds</u>
\$ 4,790,149	\$ -	\$ 10,736,275
-	-	7,935,583
-	12,295,356	32,854,723
-	-	725,568
-	-	83,569
-	-	3,419,206
139,770	202,013	4,954,930
-	-	17,886,987
-	-	4,924,739
<u>4,929,919</u>	<u>12,497,369</u>	<u>83,521,580</u>
-	-	2,523,498
-	-	800,179
-	-	1,329,451
-	10,087,911	53,229,007
-	-	2,642,167
-	-	4,344,337
2,623,900	1,425,000	5,735,970
2,339,372	538,187	3,938,729
-	-	14,956,010
<u>4,963,272</u>	<u>12,051,098</u>	<u>89,499,348</u>
(33,353)	446,271	(5,977,768)
-	-	18,460,000
289,019	-	1,829,019
-	-	3,429
-	-	17,318,071
-	-	(8,911,154)
<u>289,019</u>	<u>-</u>	<u>28,699,365</u>
255,666	446,271	22,721,597
1,931,734	2,925,525	106,984,965
-	-	657,273
<u>1,931,734</u>	<u>2,925,525</u>	<u>107,642,238</u>
<u>\$ 2,187,400</u>	<u>\$ 3,371,796</u>	<u>\$ 130,363,835</u>

**Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Budget and Actual
Nonmajor Special Revenue Fund – Island Transit
For the Fiscal Year Ended September 30, 2025**

	Budgeted Amounts		Actual Amounts		Actual Budgetary Basis	Variance with Final Budget
	Original	Final	Actual	Reconciling Items		
REVENUES						
Charges for services	\$ 161,032	\$ 191,000	\$ 252,347	\$ -	\$ 252,347	\$ 61,347
Intergovernmental	2,379,376	2,415,800	2,258,475	-	2,258,475	(157,325)
Other	75,000	75,000	65,615	-	65,615	(9,385)
Total revenues	2,615,408	2,681,800	2,576,437	-	2,576,437	(105,363)
EXPENDITURES						
Current:						
Transportation	5,011,958	5,044,148	4,330,937	-	4,330,937	713,211
Debt service						
Principal	-	-	2,428	(2,428) 1	-	-
Interest on long-term debt	-	-	622	(622) 1	-	-
Total expenditures	5,011,958	5,044,148	4,333,987	(3,050)	4,330,937	713,211
Excess (deficiency) of revenues over (under) expenditures	(2,396,550)	(2,362,348)	(1,757,550)	3,050	(1,754,500)	607,848
OTHER FINANCING SOURCES						
Proceeds from sale of capital assets	5,000	5,000	212	-	212	(4,788)
Transfers in	2,355,008	2,128,968	1,829,847	(154,658) 2	1,675,189	(453,779)
Total other financing sources	2,360,008	2,133,968	1,830,059	(154,658)	1,675,401	(458,567)
Net change in fund balances	(36,542)	(228,380)	72,509	(151,608)	(79,099)	149,281
Fund balance, beginning of year	1,264,348	1,264,348	1,264,348	-	1,264,348	-
FUND BALANCE, END OF YEAR	\$ 1,227,806	\$ 1,035,968	\$ 1,336,857	\$ (151,608)	\$ 1,185,249	\$ 149,281

1) Non-budgeted items relating to GASB 87 and GASB 96.

2) This represents a reclass for budget presentation purposes only

**Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Budget and Actual
Nonmajor Special Revenue Fund – Rosenberg Library
For the Fiscal Year Ended September 30, 2025**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Taxes:				
Property tax	\$ 6,132,168	\$ 6,155,322	\$ 5,946,126	\$ (209,196)
Total revenues	6,132,168	6,155,322	5,946,126	(209,196)
EXPENDITURES				
Current:				
Culture and recreation	6,132,168	6,155,322	5,946,126	209,196
Total expenditures	6,132,168	6,155,322	5,946,126	209,196
Net change in fund balances	-	-	-	-
Fund balance, beginning of year	-	-	-	-
FUND BALANCE, END OF YEAR	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Budget and Actual
Nonmajor Special Revenue Fund – Project Specific Programs
For the Fiscal Year Ended September 30, 2025**

	Budgeted Amounts		Actual Amounts		Actual Budgetary Basis	Variance with Final Budget
	Original	Final	Actual	Reconciling Items		
REVENUES						
Fines and forfeitures	\$ -	\$ -	\$ 399	\$ -	\$ 399	\$ 399
Charges for services	-	-	319,544	-	319,544	319,544
Investment earnings	10,000	10,000	45,998	-	45,998	35,998
Intergovernmental	1,800	1,800	10,608,643	(10,606,761) ¹	1,882	82
Other	52,500	(97,000)	49,615	-	49,615	146,615
Total revenues	64,300	(85,200)	11,024,199	(10,606,761)	417,438	502,638
EXPENDITURES						
Current:						
General government	-	-	23,100	(23,100) ¹	-	-
Public safety	-	2,559	-	-	-	2,559
Highways and roads	-	144,915	2,490	-	2,490	142,425
Culture and recreation	-	-	10,528,944	(10,528,944) ¹	-	-
Planning and community development	-	-	2,182	(2,182) ¹	-	-
Capital outlay	421,832	419,273	250,475	4,344 ¹	254,819	164,454
Total expenditures	421,832	566,747	10,807,191	(10,549,882)	257,309	309,438
Net change in fund balances	(357,532)	(651,947)	217,008	(56,879)	160,129	812,076
Fund balance, beginning of year	967,494	967,494	967,494	-	967,494	-
FUND BALANCE, END OF YEAR	\$ 609,962	\$ 315,547	\$ 1,184,502	\$ (56,879)	\$ 1,127,623	\$ 812,076

1) Reconciling items for grant transactions not budgeted in operating budget.

**Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Budget and Actual
Nonmajor Special Revenue Fund – Cable Television Public Education & Government Fund
For the Fiscal Year Ended September 30, 2025**

	Budgeted Amounts		Actual Amounts		Actual Budegatory Basis	Variance with Final Budget
	Original	Final	Actual	Reconciling Items		
REVENUES						
Charges for services	\$ 160,000	\$ 160,000	\$ 129,893	\$ -	\$ 129,893	\$ (30,107)
Investment earnings	50,000	50,000	84,292	-	84,292	34,292
Total revenues	210,000	210,000	214,185	-	214,185	4,185
EXPENDITURES						
Current:						
Culture and recreation	-	-	19,229	(19,229) 1	-	-
Capital outlay	1,583,233	1,583,233	4,046	19,229 1	23,275	1,559,958
Total expenditures	1,583,233	1,583,233	23,275	-	23,275	1,559,958
Net change in fund balances	(1,373,233)	(1,373,233)	190,910	-	190,910	1,564,143
Fund balance, beginning of year	1,874,112	1,874,112	1,874,112	-	1,874,112	-
FUND BALANCE, END OF YEAR	\$ 500,879	\$ 500,879	\$ 2,065,022	\$ -	\$ 2,065,022	\$ 1,564,143

1) This represents a reclass for budget presentation purposes only

**Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Budget and Actual
Nonmajor Special Revenue Fund – Parking Management Fund
For the Fiscal Year Ended September 30, 2025**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Charges for services	\$ 1,500,000	\$ 1,500,000	\$ 1,475,520	\$ (24,480)
Investment earnings	50,000	50,000	59,927	9,927
Other	-	-	460	460
	<hr/>	<hr/>	<hr/>	<hr/>
Total revenues	1,550,000	1,550,000	1,535,907	(14,093)
EXPENDITURES				
Current:				
Culture and recreation	2,732,593	2,689,843	1,463,136	1,226,707
Capital outlay	373,180	416,680	371,765	44,915
	<hr/>	<hr/>	<hr/>	<hr/>
Total expenditures	3,105,773	3,106,523	1,834,901	1,271,622
Excess (deficiency) of revenues over (under) expenditures	<hr/>	<hr/>	<hr/>	<hr/>
	(1,555,773)	(1,556,523)	(298,994)	1,257,529
OTHER FINANCING SOURCES				
Proceeds from sale of capital assets	-	-	3,217	3,217
	<hr/>	<hr/>	<hr/>	<hr/>
Total other financing sources	-	-	3,217	3,217
Net change in fund balances	(1,555,773)	(1,556,523)	(295,777)	1,260,746
Fund balance, beginning of year	1,420,293	1,420,293	1,420,293	-
	<hr/>	<hr/>	<hr/>	<hr/>
FUND BALANCE, END OF YEAR	<u>\$ (135,480)</u>	<u>\$ (136,230)</u>	<u>\$ 1,124,516</u>	<u>\$ 1,260,746</u>

**Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Budget and Actual
Nonmajor Special Revenue Fund – Seawall Parking Fund
For the Fiscal Year Ended September 30, 2025**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES				
Charges for services	\$ 540,000	\$ 540,000	\$ 692,889	\$ 152,889
Investment earnings	60,000	60,000	86,145	26,145
Other	-	-	6,106	6,106
Total revenues	600,000	600,000	785,140	185,140
EXPENDITURES				
Current:				
Public safety	95,000	120,000	16,291	103,709
Capital outlay	2,418,132	2,393,132	1,140,573	1,252,559
Total expenditures	2,513,132	2,513,132	1,156,864	1,356,268
Excess (deficiency) of revenues over (under) expenditures	(1,913,132)	(1,913,132)	(371,724)	1,541,408
OTHER FINANCING SOURCES (USES)				
Transfers out	(42,130)	(42,130)	(23,716)	18,414
Total other financing sources (uses)	(42,130)	(42,130)	(23,716)	18,414
Net change in fund balances	(1,955,262)	(1,955,262)	(395,440)	1,559,822
Fund balance, beginning of year	2,396,266	2,396,266	2,396,266	-
FUND BALANCE, END OF YEAR	\$ 441,004	\$ 441,004	\$ 2,000,826	\$ 1,559,822

**Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Budget and Actual
Nonmajor Special Revenue Fund – Public Safety Programs
For the Fiscal Year Ended September 30, 2025**

	Budgeted Amounts		Actual Amounts		Actual Budgetary Basis	Variance with Final Budget
	Original	Final	Actual	Reconciling Items		
REVENUES						
Charges for services	\$ 36,000	\$ 36,000	\$ 40,060	\$ -	\$ 40,060	\$ 4,060
Investment earnings	28,500	28,500	37,899	-	37,899	9,399
Intergovernmental	225,900	225,900	713,624	(141,270) 1	572,354	346,454
Other	-	-	54,222	(54,222) 1	-	-
Total revenues	290,400	290,400	845,805	(195,492)	650,313	359,913
EXPENDITURES						
Current:						
Public safety	701,364	503,717	583,121	(195,492) 1	387,629	116,088
Capital outlay	325,000	392,647	67,934	-	67,934	324,713
Total expenditures	1,026,364	896,364	651,055	(195,492)	455,563	440,801
Excess (deficiency) of revenues over (under) expenditures	(735,964)	(605,964)	194,750	-	194,750	800,714
OTHER FINANCING SOURCES (USES)						
Transfers in	84,000	84,000	84,000	-	84,000	-
Transfers out	-	(130,000)	(130,000)	-	(130,000)	-
Total other financing sources (uses)	84,000	(46,000)	(46,000)	-	(46,000)	-
Net change in fund balances	(651,964)	(651,964)	148,750	-	148,750	800,714
Fund balance, beginning of year	801,985	801,985	801,985	-	801,985	-
FUND BALANCE, END OF YEAR	\$ 150,021	\$ 150,021	\$ 950,735	\$ -	\$ 950,735	\$ 800,714

1) Reconciling items for grant transactions not budgeted in operating budget.

**Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Budget and Actual
Nonmajor Special Revenue Fund – Judicial Programs
For the Fiscal Year Ended September 30, 2025**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES				
Fines and forfeitures	\$ 81,000	\$ 81,000	\$ 83,170	\$ 2,170
Investment earnings	10,500	10,500	13,341	2,841
Total revenues	91,500	91,500	96,511	5,011
EXPENDITURES				
Current:				
General government	390,237	390,237	103,045	287,192
Total expenditures	390,237	390,237	103,045	287,192
Net change in fund balances	(298,737)	(298,737)	(6,534)	292,203
Fund balance, beginning of year	306,683	306,683	306,683	-
FUND BALANCE, END OF YEAR	\$ 7,946	\$ 7,946	\$ 300,149	\$ 292,203

**Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Budget and Actual
Nonmajor Special Revenue Fund – Lasker Pool
For the Fiscal Year Ended September 30, 2025**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Charges for services	\$ 195,200	\$ 202,400	\$ 189,401	\$ (12,999)
Investment earnings	10,000	10,000	6,485	(3,515)
Total revenues	205,200	212,400	195,886	(16,514)
EXPENDITURES				
Current:				
Culture and recreation	952,007	751,527	559,616	191,911
Total expenditures	952,007	751,527	559,616	191,911
Excess (deficiency) of revenues over (under) expenditures	(746,807)	(539,127)	(363,730)	175,397
OTHER FINANCING SOURCES				
Transfers in	700,000	500,000	500,000	-
Total other financing sources	700,000	500,000	500,000	-
Net change in fund balances	(46,807)	(39,127)	136,270	175,397
Fund balance, beginning of year	87,504	87,504	87,504	-
FUND BALANCE, END OF YEAR	\$ 40,697	\$ 48,377	\$ 223,774	\$ 175,397

**Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Budget and Actual
Nonmajor Special Revenue Fund – Pension Reform Fund
For the Fiscal Year Ended September 30, 2025**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Investment earnings	\$ 45,000	\$ 45,000	\$ 47,514	\$ 2,514
Total revenues	45,000	45,000	47,514	2,514
EXPENDITURES				
Current:				
General government	1,107,235	1,107,235	-	1,107,235
Total expenditures	1,107,235	1,107,235	-	1,107,235
Net change in fund balances	(1,062,235)	(1,062,235)	47,514	1,109,749
Fund balance, beginning of year	1,071,713	1,071,713	1,071,713	-
FUND BALANCE, END OF YEAR	<u>\$ 9,478</u>	<u>\$ 9,478</u>	<u>\$ 1,119,227</u>	<u>\$ 1,109,749</u>

**Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Budget and Actual
Nonmajor Special Revenue Fund – Separation Pay Fund
For the Fiscal Year Ended September 30, 2025**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
EXPENDITURES				
Current:				
General government	\$ 1,247,089	\$ 1,346,855	\$ 1,346,855	\$ -
Total expenditures	1,247,089	1,346,855	1,346,855	-
Excess (deficiency) of revenues over (under) expenditures	(1,247,089)	(1,346,855)	(1,346,855)	-
OTHER FINANCING SOURCES				
Transfers in	1,075,570	1,366,570	1,366,570	-
Total other financing sources	1,075,570	1,366,570	1,366,570	-
Net change in fund balances	(171,519)	19,715	19,715	-
Fund balance, beginning of year	215,006	215,006	215,006	-
FUND BALANCE, END OF YEAR	\$ 43,487	\$ 234,721	\$ 234,721	\$ -

**Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Budget and Actual
Nonmajor Special Revenue Fund – Revenue Producing Parks
For the Fiscal Year Ended September 30, 2025**

	Budgeted Amounts		Actual Amounts		Actual Budgetary Basis	Variance with Final Budget
	Original	Final	Actual	Reconciling Items		
REVENUES						
Charges for services	\$ 300,450	\$ 300,450	\$ 319,552	\$ -	\$ 319,552	\$ 19,102
Investment earnings	40,000	40,000	30,075	-	30,075.0	(9,925.0)
Other	-	-	117,932	-	117,932.0	117,932.0
Total revenues	340,450	340,450	467,559	-	467,559	127,109
EXPENDITURES						
Current:						
Public safety	-	-	990	(990) 1	-	-
Culture and recreation	961,750	898,251	604,833	990 1	605,823	292,428
Capital outlay	83,777	147,277	64,520	-	64,520	82,757
Total expenditures	1,045,527	1,045,528	670,343	-	670,343	375,185
Excess (deficiency) of revenues over (under) expenditures	(705,077)	(705,078)	(202,784)	-	(202,784)	502,294
OTHER FINANCING USES						
Transfers out	(10,950)	(10,950)	(7,647)	-	(7,647)	3,303
Total other financing uses	(10,950)	(10,950)	(7,647)	-	(7,647)	3,303
Net change in fund balances	(716,027)	(716,028)	(210,431)	-	(210,431)	505,597
Fund balance, beginning of year	891,126	891,126	891,126	-	891,126	-
FUND BALANCE, END OF YEAR	\$ 175,099	\$ 175,098	\$ 680,695	\$ -	\$ 680,695	\$ 505,597

1) This represents a reclass for budget presentation purposes only.

**Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Budget and Actual
Nonmajor Special Revenue Fund – Hurricane Harvey Fund
For the Fiscal Year Ended September 30, 2025**

	Budgeted Amounts		Actual Amounts		Actual Budgetary Basis	Variance with Final Budget
	Original	Final	Amounts	Reconciling Items		
REVENUES						
Intergovernmental	\$ -	\$ -	\$ 43,584	\$ (43,584) ¹	\$ -	\$ -
Total revenues	-	-	43,584	(43,584)	-	-
EXPENDITURES						
Current:						
Planning and community development	-	-	43,584	(43,584) ¹	-	-
Total expenditures	-	-	43,584	(43,584)	-	-
Net change in fund balances	-	-	-	-	-	-
Fund balance, beginning of year	24,194	24,194	24,194	-	24,194	-
FUND BALANCE, END OF YEAR	\$ 24,194	\$ 24,194	\$ 24,194	\$ -	\$ 24,194	\$ -

1) Reconciling items for grant transactions not budgeted in the operating budget.

**Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Budget and Actual
Nonmajor Special Revenue Fund – Convention Center Surplus Fund
For the Fiscal Year Ended September 30, 2025**

	Budgeted Amounts		Actual Amounts		Actual Budgetary Basis	Variance with Final Budget
	Original	Final	Actual	Reconciling Items		
REVENUES						
Taxes:						
Hotel occupancy taxes	\$ 5,014,200	\$ 5,014,200	\$ -	\$ -	\$ -	\$ (5,014,200)
Investment earnings	440,000	440,000	371,575	-	371,575	(68,425)
Other	50,000	50,000	4,205,402	-	4,205,402	4,155,402
Total revenues	5,504,200	5,504,200	4,576,977	-	4,576,977	(927,223)
EXPENDITURES						
Current:						
Culture and recreation	8,276,997	9,017,231	1,402,669	-	1,402,669	7,614,562
Capital outlay	4,590,235	3,849,253	592,263	-	592,263	3,256,990
Total expenditures	12,867,232	12,866,484	1,994,932	-	1,994,932	10,871,552
Excess (deficiency) of revenues over (under) expenditures	(7,363,032)	(7,362,284)	2,582,045	-	2,582,045	9,944,329
OTHER FINANCING USES						
Transfers out	(1,613,808)	(1,614,556)	(1,741,672)	154,658 ¹	(1,587,014)	27,542
Total other financing uses	(1,613,808)	(1,614,556)	(1,741,672)	154,658	(1,587,014)	27,542
Net change in fund balances	(8,976,840)	(8,976,840)	840,373	154,658	995,031	9,971,871
Fund balance, beginning of year	8,371,865	8,371,865	8,371,865	-	8,371,865	-
FUND BALANCE, END OF YEAR	\$ (604,975)	\$ (604,975)	\$ 9,212,238	\$ 154,658	\$ 9,366,896	\$ 9,971,871

1) This represents a reclass for budget presentation purposes only

**Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Budget and Actual
Nonmajor Special Revenue Fund – Convention Center Operations Fund
For the Fiscal Year Ended September 30, 2025**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Taxes:				
Hotel occupancy taxes	\$ 1,712,500	\$ 1,712,500	\$ -	\$ (1,712,500)
Investment earnings	18,200	18,200	28,021	9,821
Total revenues	1,730,700	1,730,700	28,021	(1,702,679)
EXPENDITURES				
Current:				
Culture and recreation	1,300,000	1,300,000	231,035	1,068,965
Capital outlay	250,000	250,000	196,988	53,012
Total expenditures	1,550,000	1,550,000	428,023	1,121,977
Net change in fund balances	180,700	180,700	(400,002)	(580,702)
Fund balance, beginning of year	700,000	700,000	700,000	-
FUND BALANCE, END OF YEAR	<u>\$ 880,700</u>	<u>\$ 880,700</u>	<u>\$ 299,998</u>	<u>\$ (580,702)</u>

**Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Budget and Actual
Nonmajor Special Revenue Fund – Arts & Historical Fund
For the Fiscal Year Ended September 30, 2025**

	Budgeted Amounts		Actual Amounts		Actual Budgetary Basis	Variance with Final Budget
	Original	Final	Actual	Reconciling Items		
REVENUES						
Taxes:						
Hotel occupancy taxes	\$ 412,500	\$ 412,500	\$ 373,136	\$ -	\$ 373,136	\$ (39,364)
Investment earnings	87,510	87,510	146,440	-	146,440	58,930
Total revenues	500,010	500,010	519,576	-	519,576	19,566
EXPENDITURES						
Current:						
Culture and recreation	-	5,000	258,580	(254,125) 1	4,455	545
Capital outlay	3,739,239	3,729,734	107,998	254,125 1	362,123	3,367,611
Total expenditures	3,739,239	3,734,734	366,578	-	366,578	3,368,156
Fund balance, beginning of year	3,249,440	3,249,440	3,249,440	-	3,249,440	-
FUND BALANCE, END OF YEAR	\$ 10,211	\$ 14,716	\$ 3,402,438	\$ -	\$ 3,402,438	\$ 3,387,722

1) This represents a reclass for budget presentation purposes only

**Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Budget and Actual
Nonmajor Special Revenue Fund – HOT Advertising and Tourism Fund
For the Fiscal Year Ended September 30, 2025**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Taxes:				
Hotel occupancy taxes	\$ 9,900,000	\$ 9,900,000	\$ 8,954,470	\$ (945,530)
Investment earnings	227,180	227,180	280,512	53,332
	<hr/>	<hr/>	<hr/>	<hr/>
Total revenues	10,127,180	10,127,180	9,234,982	(892,198)
 EXPENDITURES				
Current:				
Culture and recreation	9,900,000	9,900,000	9,477,190	422,810
	<hr/>	<hr/>	<hr/>	<hr/>
Total expenditures	9,900,000	9,900,000	9,477,190	422,810
	<hr/>	<hr/>	<hr/>	<hr/>
Net change in fund balances	227,180	227,180	(242,208)	(469,388)
	<hr/>	<hr/>	<hr/>	<hr/>
Fund balance, beginning of year	8,855,049	8,855,049	8,855,049	-
	<hr/>	<hr/>	<hr/>	<hr/>
FUND BALANCE, END OF YEAR	<u>\$ 9,082,229</u>	<u>\$ 9,082,229</u>	<u>\$ 8,612,841</u>	<u>\$ (469,388)</u>

**Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Budget and Actual
Nonmajor Special Revenue Fund – HOT Beach Cleaning and Maintenance Fund
For the Fiscal Year Ended September 30, 2025**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Taxes:				
Hotel occupancy taxes	\$ 1,650,000	\$ 1,650,000	\$ 1,492,546	\$ (157,454)
Investment earnings	80,430	80,430	87,567	7,137
	<hr/>	<hr/>	<hr/>	<hr/>
Total revenues	1,730,430	1,730,430	1,580,113	(150,317)
 EXPENDITURES				
Current:				
Culture and recreation	4,158,000	4,158,000	3,775,631	382,369
	<hr/>	<hr/>	<hr/>	<hr/>
Total expenditures	4,158,000	4,158,000	3,775,631	382,369
	<hr/>	<hr/>	<hr/>	<hr/>
Excess (deficiency) of revenues over (under) expenditures	(2,427,570)	(2,427,570)	(2,195,518)	232,052
 OTHER FINANCING SOURCES				
Transfers in	2,508,000	2,508,000	2,283,085	(224,915)
	<hr/>	<hr/>	<hr/>	<hr/>
Total other financing sources	2,508,000	2,508,000	2,283,085	(224,915)
	<hr/>	<hr/>	<hr/>	<hr/>
Net change in fund balances	80,430	80,430	87,567	7,137
Fund balance, beginning of year	3,196,491	3,196,491	3,196,491	-
	<hr/>	<hr/>	<hr/>	<hr/>
FUND BALANCE, END OF YEAR	<u>\$ 3,276,921</u>	<u>\$ 3,276,921</u>	<u>\$ 3,284,058</u>	<u>\$ 7,137</u>

**Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Budget and Actual
Nonmajor Special Revenue Fund – HOT Beach Patrol and Safety Fund
For the Fiscal Year Ended September 30, 2025**

	Budgeted Amounts		Actual Amounts		Actual Budgetary Basis	Variance with Final Budget
	Original	Final	Actual	Reconciling Items		
REVENUES						
Taxes:						
Hotel occupancy taxes	\$ 1,650,000	\$ 1,650,000	\$ 1,492,546	\$ -	\$ 1,492,546	\$ (157,454)
Investment earnings	86,980	86,980	80,199	-	80,199	(6,781)
Total revenues	1,736,980	1,736,980	1,572,745	-	1,572,745	(164,235)
EXPENDITURES						
Current:						
Culture and recreation	3,861,000	3,861,000	3,661,831	43,861 1	3,705,692	155,308
Planning and community development	-	-	37,764	(37,764) 1	-	-
Capital outlay	-	-	6,097	(6,097) 1	-	-
Total expenditures	3,861,000	3,861,000	3,705,692	-	3,705,692	155,308
Excess (deficiency) of revenues over (under) expenditures	(2,124,020)	(2,124,020)	(2,132,947)	-	(2,132,947)	(8,927)
OTHER FINANCING SOURCES						
Transfers in	2,211,000	2,211,000	2,012,720	-	2,012,720	(198,280)
Transfers out	-	-	-	-	-	-
Total other financing sources	2,211,000	2,211,000	2,012,720	-	2,012,720	(198,280)
Net change in fund balances	86,980	86,980	(120,227)	-	(120,227)	(207,207)
Fund balance, beginning of year	3,066,075	3,066,075	3,066,075	-	3,066,075	-
FUND BALANCE, END OF YEAR	\$ 3,153,055	\$ 3,153,055	\$ 2,945,848	\$ -	\$ 2,945,848	\$ (207,207)

1) This represents a reclass for budget presentation purposes only

**Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Budget and Actual
Nonmajor Special Revenue Fund – HOT Arts & Historical Preservation Fund
For the Fiscal Year Ended September 30, 2025**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Taxes:				
Hotel occupancy taxes	\$ 2,475,000	\$ 2,475,000	\$ 2,238,550	\$ (236,450)
Investment earnings	81,350	81,350	127,452	46,102
	<hr/>	<hr/>	<hr/>	<hr/>
Total revenues	2,556,350	2,556,350	2,366,002	(190,348)
 EXPENDITURES				
Current:				
Culture and recreation	2,274,040	2,274,040	2,038,098	235,942
	<hr/>	<hr/>	<hr/>	<hr/>
Total expenditures	2,274,040	2,274,040	2,038,098	235,942
	<hr/>	<hr/>	<hr/>	<hr/>
Net change in fund balances	282,310	282,310	327,904	45,594
	<hr/>	<hr/>	<hr/>	<hr/>
Fund balance, beginning of year	2,806,598	2,806,598	2,806,598	-
	<hr/>	<hr/>	<hr/>	<hr/>
FUND BALANCE, END OF YEAR	\$ 3,088,908	\$ 3,088,908	\$ 3,134,502	\$ 45,594

**Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Budget and Actual
Nonmajor Special Revenue Fund – HOT Beach Renourishment and Preservation Fund
For the Fiscal Year Ended September 30, 2025**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Investment earnings	\$ 74,050	\$ 74,050	\$ 107,913	\$ 33,863
Total revenues	74,050	74,050	107,913	33,863
EXPENDITURES				
Current:				
Culture and recreation	1,881,000	1,881,000	1,712,314	168,686
Total expenditures	1,881,000	1,881,000	1,712,314	168,686
Excess (deficiency) of revenues over (under) expenditures	(1,806,950)	(1,806,950)	(1,604,401)	202,549
OTHER FINANCING SOURCES				
Transfers in	1,881,000	1,881,000	1,712,314	(168,686)
Total other financing sources	1,881,000	1,881,000	1,712,314	(168,686)
Net change in fund balances	74,050	74,050	107,913	33,863
Fund balance, beginning of year	2,961,117	2,961,117	2,961,117	-
FUND BALANCE, END OF YEAR	\$ 3,035,167	\$ 3,035,167	\$ 3,069,030	\$ 33,863

**Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Budget and Actual
Nonmajor Special Revenue Fund – Short-Term Rental Regulation Fund
For the Fiscal Year Ended September 30, 2025**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Licenses and permits	\$ 755,000	\$ 755,000	\$ 725,568	\$ (29,432)
Investment earnings	-	-	17,323	17,323
Total revenues	755,000	755,000	742,891	(12,109)
EXPENDITURES				
Current:				
Public safety	2,292,374	2,292,374	6,392	2,285,982
Total expenditures	2,292,374	2,292,374	6,392	2,285,982
Net change in fund balances	(1,537,374)	(1,537,374)	736,499	2,273,873
Fund balance, beginning of year	1,638,448	1,638,448	1,638,448	-
FUND BALANCE, END OF YEAR	\$ 101,074	\$ 101,074	\$ 2,374,947	\$ 2,273,873

**Schedule of Revenues, Expenditures, and Changes in
Fund Balance – Budget and Actual
Nonmajor Special Revenue Fund – American Rescue Plan Act
For the Fiscal Year Ended September 30, 2025**

	Budgeted Amounts		Actual Amounts		Actual Budgetary Basis	Variance With Final Budget
	Original	Final	Actual	Reconciling Items		
REVENUES						
Investment earnings	\$ -	\$ -	\$ 73,908	\$ -	\$ 73,908	\$ 73,908
Intergovernmental	-	-	1,270,177	(1,270,177) ¹	-	-
Total revenues	-	-	1,344,085	(1,270,177)	73,908	73,908
EXPENDITURES						
Capital outlay	-	-	2,911,227	(2,911,227) ¹	-	-
Total expenditures	-	-	2,911,227	(2,911,227)	-	-
Net change in fund balances	-	-	(1,567,142)	1,641,050	73,908	(73,908)
Fund balance, beginning of year	1,697,647	1,697,647	1,697,647	-	1,697,647	-
FUND BALANCE, END OF YEAR	\$ 1,697,647	\$ 1,697,647	\$ 130,505	\$ 1,641,050	\$ 1,771,555	\$ (73,908)

1) Reconciling items for grant transactions not budgeted in the operating budget.

**Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Budget and Actual
Nonmajor Capital Projects Fund – Infrastructure and Debt Service Fund
For the Fiscal Year Ended September 30, 2025**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES				
Investment earnings	\$ 175,000	\$ 175,000	\$ 332,115	\$ 157,115
Other	-	-	6,092	6,092
Total revenues	175,000	175,000	338,207	163,207
EXPENDITURES				
Current:				
Highways and roads	2,757,154	2,076,887	545,631	1,531,256
Capital outlay	6,544,492	7,393,436	1,311,664	6,081,772
Total expenditures	9,301,646	9,470,323	1,857,295	7,613,028
Excess (deficiency) of revenues over (under) expenditures	(9,126,646)	(9,295,323)	(1,519,088)	7,776,235
OTHER FINANCING SOURCES (USES)				
Transfers in	6,621,090	6,529,535	6,529,535	-
Transfers out	(500,000)	(500,000)	(500,000)	-
Total other financing sources (uses)	6,121,090	6,029,535	6,029,535	-
Net change in fund balances	(3,005,556)	(3,265,788)	4,510,447	7,776,235
Fund balance, beginning of year	5,469,711	5,469,711	5,469,711	-
FUND BALANCE, END OF YEAR	\$ 2,464,155	\$ 2,203,923	\$ 9,980,158	\$ 7,776,235

**Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Budget and Actual
Nonmajor Capital Projects Fund – Technology Replacement Fund
For the Fiscal Year Ended September 30, 2025**

	Budgeted Amounts		Actual Amounts		Actual Budgetary Basis	Variance with Final Budget
	Original	Final	Actual	Reconciling Items		
REVENUES						
Investment earnings	\$ 250,000	\$ 250,000	\$ 162,396	\$ -	\$ 162,396	\$ (87,604)
Other	-	-	3,000	-	3,000	3,000.00
Total revenues	250,000	250,000	165,396	-	165,396	(84,604)
EXPENDITURES						
Current:						
General government	-	432,966	565,141	(132,175) 1	432,966	-
Capital outlay	5,891,235	5,458,270	2,731,241	132,175 1	2,863,416	2,594,854
Total expenditures	5,891,235	5,891,236	3,296,382	-	3,296,382	2,594,854
Excess (deficiency) of revenues over (under) expenditures	(5,641,235)	(5,641,236)	(3,130,986)	-	(3,130,986)	2,510,250
OTHER FINANCING SOURCES						
Transfers in	800,000	1,300,000	1,000,000	-	1,000,000	(300,000)
Total other financing sources	800,000	1,300,000	1,000,000	-	1,000,000	(300,000)
Net change in fund balances	(4,841,235)	(4,341,236)	(2,130,986)	-	(2,130,986)	2,210,250
Fund balance, beginning of year	5,234,561	5,234,561	5,234,561	-	5,234,561	-
FUND BALANCE, END OF YEAR	\$ 393,326	\$ 893,325	\$ 3,103,575	\$ -	\$ 3,103,575	\$ 2,210,250

1) This represents a reclass for budget presentation purposes only

**Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Budget and Actual
Nonmajor Debt Service Fund
For the Fiscal Year Ended September 30, 2025**

	Budgeted Amounts		Actual Amounts		Actual Budgetary Basis	Variance with Final Budget
	Original	Final	Actual	Reconciling Items		
REVENUES						
Taxes:						
Property tax	\$ 4,940,583	\$ 4,940,500	\$ 4,790,149	\$ -	\$ 4,790,149	\$ (150,351)
Investment earnings	117,970	117,970	139,770	-	139,770	21,800
Total revenues	5,058,553	5,058,470	4,929,919	-	4,929,919	(128,551)
EXPENDITURES						
Debt service						
Principal	2,623,900	2,623,900	2,623,900	-	2,623,900	-
Interest on long-term debt	2,051,178	2,051,178	2,339,372	(289,019) 1	2,050,353	825
Total expenditures	4,675,078	4,675,078	4,963,272	(289,019)	4,674,253	825
Excess (deficiency) of revenues over (under) expenditures	383,475	383,392	(33,353)	289,019	255,666	(127,726)
OTHER FINANCING SOURCES						
Premium on issuance of debt	-	-	289,019	(289,019) 1	-	-
Total other financing sources	-	-	289,019	(289,019)	-	-
Net change in fund balances	383,475	383,392	255,666	-	255,666	(127,726)
Fund balance, beginning of year	1,931,734	1,931,734	1,931,734	-	1,931,734	-
FUND BALANCE, END OF YEAR	\$ 2,315,209	\$ 2,315,126	\$ 2,187,400	\$ -	\$ 2,187,400	\$ (127,726)

1) This represents a reclass for budget presentation purposes only

**Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Budget and Actual
Nonmajor Debt Service Fund - Hotel Occupancy Tax Debt Service Fund
For the Fiscal Year Ended September 30, 2025**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Taxes:				
Hotel occupancy taxes	\$ 11,900,000	\$ 11,900,000	\$ 12,295,356	\$ 395,356
Investment earnings	192,000	192,000	202,013	10,013
	<hr/>	<hr/>	<hr/>	<hr/>
Total revenues	12,092,000	12,092,000	12,497,369	405,369
 EXPENDITURES				
Current:				
Culture and recreation	10,128,410	10,128,410	10,087,911	40,499
Debt service				
Principal	1,425,000	1,425,000	1,425,000	-
Interest on long-term debt	538,590	538,590	538,187	403
	<hr/>	<hr/>	<hr/>	<hr/>
Total expenditures	12,092,000	12,092,000	12,051,098	40,902
	<hr/>	<hr/>	<hr/>	<hr/>
Net change in fund balances	-	-	446,271	446,271
	<hr/>	<hr/>	<hr/>	<hr/>
Fund balance, beginning of year	2,925,525	2,925,525	2,925,525	-
	<hr/>	<hr/>	<hr/>	<hr/>
FUND BALANCE, END OF YEAR	<u>\$ 2,925,525</u>	<u>\$ 2,925,525</u>	<u>\$ 3,371,796</u>	<u>\$ 446,271</u>

Nonmajor Enterprise Funds

To account for operations that are financed and operated in a manner similar to private business enterprises – (a) where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods and services to the general public on a continuing basis be financed or recovered primarily through the user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

Sanitation Services – To account for the provision of a sanitation system to the residents of the City, including but not limited to administration, operations, maintenance, financing and related debt services, and billing and collections.

Airport Fund – To account for the provision of a municipal airport including but not limited to administration, operations, maintenance, financing and related debt services, and billing and collections.

Drainage Utility Fund – To account for the provision of a utility drainage system to the residents of the City, including but not limited to administration, operations, maintenance, financing and related debt services, and billing and collections.

**Combining Statement of Net Position
Nonmajor Enterprise Funds
September 30, 2025**

	Sanitation	Drainage	Airport	Total
ASSETS				
Current assets:				
Cash and cash equivalents	\$ 772,235	\$ 1,046,663	\$ 1,490,874	\$ 3,309,772
Accounts receivable, net of allowance	2,939,692	869,613	15,668	3,824,973
Lease receivable - current	-	-	355,070	355,070
Due from other governments	205,964	16,266	907	223,137
Prepaid items	1,354	903	-	2,257
Restricted cash and cash equivalents	2,693,825	248,112	4,432,363	7,374,300
Total current assets	6,613,070	2,181,557	6,294,882	15,089,509
Non-current assets:				
Lease receivable - non-current	-	-	15,448,269	15,448,269
Capital assets not being depreciated				
Land and improvements	-	315,941	1,230,764	1,546,705
Construction in progress	152,877	7,783,024	1,159,932	9,095,833
Capital assets net of depreciation				
Infrastructure	57,172	21,920,334	15,878,539	37,856,045
Building and improvements	616,663	-	2,526,203	3,142,866
Equipment and furniture	555,887	460,215	141,994	1,158,096
Licensed vehicles	2,356,459	427,037	104,299	2,887,795
Total non-current assets	3,739,058	30,906,551	36,490,000	71,135,609
Total assets	10,352,128	33,088,108	42,784,882	86,225,118
DEFERRED OUTFLOWS OF RESOURCES				
Deferred outflows relating to pension activities	695,062	347,532	69,507	1,112,101
Total deferred outflows of resources	695,062	347,532	69,507	1,112,101
LIABILITIES				
Current liabilities:				
Accounts payable and accrued expenses	220,396	77,153	20,021	317,570
Accrued interest payable	23,615	-	-	23,615
Due to other funds	13,816	-	-	13,816
Due to other governments	56,992	-	-	56,992
Unearned revenue	9,875	-	3,993	13,868
Long-term liabilities, current	1,389,730	111,875	31,380	1,532,985
Total current liabilities	1,714,424	189,028	55,394	1,958,846
Non-current liabilities:				
Long-term liabilities, non-current	1,726,652	138,909	41,459	1,907,020
Net pension liability	2,149,279	1,074,640	214,927	3,438,846
Total non-current liabilities	3,875,931	1,213,549	256,386	5,345,866
Total liabilities	5,590,355	1,402,577	311,780	7,304,712
DEFERRED INFLOWS OF RESOURCES				
Deferred inflows relating to leases	-	-	13,924,292	13,924,292
Deferred inflows relating to pension activities	25,566	12,784	2,557	40,907
Total deferred inflows of resources	25,566	12,784	13,926,849	13,965,199
NET POSITION				
Net investment in capital assets	4,157,883	30,906,551	21,041,731	56,106,165
Unrestricted	1,273,386	1,113,728	7,574,029	9,961,143
TOTAL NET POSITION	\$ 5,431,269	\$ 32,020,279	\$ 28,615,760	\$ 66,067,308

**Combining Statement of Revenues, Expenses,
and Changes in Net Position
Nonmajor Enterprise Funds
For the Fiscal Year Ended September 30, 2025**

	<u>Sanitation</u>	<u>Drainage</u>	<u>Airport</u>	<u>Total</u>
OPERATING REVENUES				
Charges for services	\$ 9,588,705	\$ 3,354,713	\$ 323,273	\$ 13,266,691
Lease revenue	-	-	816,610	816,610
Other	-	-	63	63
	<hr/>	<hr/>	<hr/>	<hr/>
Total operating revenues	9,588,705	3,354,713	1,139,946	14,083,364
OPERATING EXPENSES				
Personnel services	4,697,871	2,189,912	644,229	7,532,012
Contractual services	1,645,310	147,899	483,710	2,276,919
Supplies and materials	111,068	170,810	88,827	370,705
Other operating expenses	256,673	-	302,210	558,883
Depreciation and amortization	623,361	1,917,130	1,445,105	3,985,596
	<hr/>	<hr/>	<hr/>	<hr/>
Total operating expenses	7,334,283	4,425,751	2,964,081	14,724,115
Operating income (loss)	2,254,422	(1,071,038)	(1,824,135)	(640,751)
NON-OPERATING REVENUES (EXPENSES)				
Interest and investment earnings	122,441	29,736	614,173	766,350
Intergovernmental	829,745	416,397	103,629	1,349,771
Gain (loss) on disposal of capital assets	8,754	-	4,327,046	4,335,800
Interest expense	(257,232)	(14)	-	(257,246)
	<hr/>	<hr/>	<hr/>	<hr/>
Total non-operating revenues (expenses)	703,708	446,119	5,044,848	6,194,675
Income (loss) before capital contributions and transfers	2,958,130	(624,919)	3,220,713	5,553,924
Capital contributions	34,498	397,385	587,685	1,019,568
Transfers out	(635,700)	(162,000)	(49,630)	(847,330)
	<hr/>	<hr/>	<hr/>	<hr/>
Change in net position	2,356,928	(389,534)	3,758,768	5,726,162
Net position, beginning of year	3,074,341	32,409,813	24,856,992	60,341,146
	<hr/>	<hr/>	<hr/>	<hr/>
NET POSITION, END OF YEAR	\$ 5,431,269	\$ 32,020,279	\$ 28,615,760	\$ 66,067,308

**Combining Statement of Cash Flows
Nonmajor Enterprise Funds
For the Year Ended September 30, 2025**

	Sanitation	Drainage	Airport	Total
OPERATING ACTIVITIES				
Receipts from customers and users	\$ 9,263,585	\$ 3,363,704	\$ 478,837	\$ 13,106,126
Lease revenue	-	-	499,359	499,359
Miscellaneous	-	-	63	63
Disbursed for employee services	(4,682,538)	(2,090,709)	(624,306)	(7,397,553)
Disbursed for goods and services	(1,540,979)	(272,664)	(888,972)	(2,702,615)
Net cash provided (used) by operating activities	3,040,068	1,000,331	(535,019)	3,505,380
NONCAPITAL FINANCING ACTIVITIES				
Transfers to other funds	(635,700)	(162,000)	(49,630)	(847,330)
Net cash used by noncapital financing activities	(635,700)	(162,000)	(49,630)	(847,330)
CAPITAL AND RELATED FINANCING ACTIVITIES				
Acquisition and construction of capital assets	(103,662)	(491,216)	(461,867)	(1,056,745)
Proceeds from sale of capital assets	8,754	-	4,327,046	4,335,800
Principal payments on debt	(1,100,000)	-	-	(1,100,000)
Interest payments on debt	(75,286)	(14)	-	(75,300)
Intergovernmental grants	829,745	416,397	103,629	1,349,771
Net cash provided (used) by capital and related financing activities	(440,449)	(74,833)	3,968,808	3,453,526
INVESTING ACTIVITIES				
Interest received	122,441	29,736	614,173	766,350
Net cash provided by investing activities	122,441	29,736	614,173	766,350
Net change in cash and cash equivalents	2,086,360	793,234	3,998,332	6,877,926
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	1,379,700	501,541	1,924,905	3,806,146
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 3,466,060</u>	<u>\$ 1,294,775</u>	<u>\$ 5,923,237</u>	<u>\$ 10,684,072</u>
Unrestricted cash and equivalents	\$ 772,235	\$ 1,046,663	\$ 1,490,874	\$ 3,309,772
Restricted cash and equivalents	2,693,825	248,112	4,432,363	7,374,300
	<u>\$ 3,466,060</u>	<u>\$ 1,294,775</u>	<u>\$ 5,923,237</u>	<u>\$ 10,684,072</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES				
Operating income (loss)	\$ 2,254,422	\$ (1,071,038)	\$ (1,824,135)	\$ (640,751)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Depreciation and amortization	623,361	1,917,130	1,445,105	3,985,596
(Increase) decrease in accounts receivable	(334,995)	8,991	151,571	(174,433)
(Increase) decrease in lease receivable	-	-	345,494	345,494
(Increase) decrease in inventory	-	46,845	-	46,845
(Increase) decrease in prepaid items	1,063	(469)	-	594
(Increase) decrease in interfund receivables and payables	445,273	644	(7,822)	438,095
(Increase) decrease in deferred outflows/inflows related to pension activities	423,916	211,958	42,392	678,266
Increase (decrease) in accounts payable and accrued expenses	10,303	18,349	(784)	27,868
Increase (decrease) in unearned revenue	9,875	-	3,993	13,868
Increase (decrease) in compensated absences payable	60,659	94,825	17,293	172,777
Increase (decrease) in net pension liability	(453,809)	(226,904)	(45,381)	(726,094)
Increase (decrease) in deferred inflows related to leases	-	-	(662,745)	(662,745)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>\$ 3,040,068</u>	<u>\$ 1,000,331</u>	<u>\$ (535,019)</u>	<u>\$ 3,505,380</u>
NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES				
Capital contributions	\$ 34,498	\$ 397,385	\$ 587,685	\$ 1,019,568

**Schedule of Revenues, Expenses, and Changes
in Net Position - Budget and Actual
Combined Utility System
For the Fiscal Year Ended September 30, 2025**

	Budgeted Amounts		Actual Amounts		Actual Budgetary Basis	Variance With Final Budget
	Original	Final	Actual	Reconciling Items		
OPERATING REVENUES						
Charges for services	\$ 43,863,600	\$ 47,923,600	\$ 46,450,223	\$ -	\$ 46,450,223	\$ (1,473,377)
Lease revenue	-	-	39,596	-	39,596	39,596
Total operating revenues	43,863,600	47,923,600	46,489,819	-	46,489,819	(1,433,781)
OPERATING EXPENSES						
Personnel services	14,260,266	13,841,701	12,785,891	179,612	12,965,503	876,198
Contractual services	6,591,560	6,364,175	5,194,874	(720,310)	4,474,564	1,889,611
Supplies and materials	3,254,490	3,024,521	1,690,938	-	1,690,938	1,333,583
Surface water contract	8,356,000	8,460,765	8,405,818	-	8,405,818	54,947
Other operating expenses	2,149,618	2,391,615	2,056,169	(113,378)	1,942,791	448,824
Depreciation and amortization	-	-	11,767,649	(11,767,649)	-	-
Total operating expenses	34,611,934	34,082,777	41,901,339	(12,421,725)	29,479,614	4,603,163
Operating income	9,251,666	13,840,823	4,588,480	12,421,725	17,010,205	(1,419,098)
NON-OPERATING REVENUES (EXPENSES)						
Investment earnings	590,000	460,000	3,081,777	-	3,081,777	2,621,777
Intergovernmental	-	-	294,296	-	294,296	294,296
Gain (loss) on disposal of capital assets	-	-	(33,378)	170,749	137,371	137,371
Interest expense	(10,574,376)	(10,574,370)	(6,505,052)	(4,003,551)	(10,508,603)	65,767
Total non-operating revenues (expenses)	(9,984,376)	(10,114,370)	(3,162,357)	(3,832,802)	(6,995,159)	3,119,211
Income (loss) before capital contributions and transfers	(732,710)	3,726,453	1,426,123	8,588,923	10,015,046	1,700,113
Capital contributions	-	-	1,251,107	(1,251,107)	-	-
Transfers out	(2,959,240)	(3,012,240)	(2,412,240)	-	(2,412,240)	600,000
Change in net position	(3,691,950)	714,213	264,990	7,337,816	7,602,806	2,300,113
Net position, beginning of year	270,326,784	270,326,784	270,326,784	-	270,326,784	-
NET POSITION, END OF YEAR	\$ 266,634,834	\$ 271,040,997	\$ 270,591,774	\$ 7,337,816	\$ 277,929,590	\$ 2,300,113

- 1) This includes the accrual for compensated absences and GASB 68 pension expense which are not budgeted items.
- 2) This includes expenses budgeted as capital outlay but not capitalizable assets and therefore reported as contractual services for GAAP basis.
- 3) This represents the principal payments on long-term debt which are budgeted as expenses (see Note 9) and GASB 34 reporting transactions that are not budgeted items.
- 4) Depreciation and amortization is a non-cash expense and therefore not budgeted.
- 5) Capital contributions are not budgeted items.
- 6) This represents non-budgeted Improvement Fund transactions.
- 7) This represents a reclass for budget presentation purposes only.

**Schedule of Revenues, Expenses, and Changes
in Net Position - Budget and Actual
Sanitation Services
For the Fiscal Year Ended September 30, 2025**

	Budgeted Amounts		Actual Amounts		Actual Budgetary Basis	Variance With Final Budget
	Original	Final	Actual	Reconciling Items		
OPERATING REVENUES						
Charges for services	\$ 9,808,340	\$ 10,829,340	\$ 9,588,705	\$ -	\$ 9,588,705	\$ (1,240,635)
Total operating revenues	9,808,340	10,829,340	9,588,705	-	9,588,705	(1,240,635)
OPERATING EXPENSES						
Personnel services	5,011,734	4,940,173	4,697,871	(30,767) 1	4,667,104	273,069
Contractual services	3,206,641	3,169,119	1,645,310	-	1,645,310	1,523,809
Supplies and materials	111,700	121,996	111,068	-	111,068	10,928
Other operating expenses	261,327	268,172	256,673	-	256,673	11,499
Depreciation and amortization	-	-	623,361	(623,361) 2	-	-
Total operating expenses	8,591,402	8,499,460	7,334,283	(654,128)	6,680,155	1,819,305
Operating income	1,216,938	2,329,880	2,254,422	654,128	2,908,550	(1,675,752)
NON-OPERATING REVENUES (EXPENSES)						
Investment earnings	-	-	122,441	-	122,441	122,441
Intergovernmental	-	-	829,745	-	829,745	829,745
Gain (loss) on disposal of capital assets	-	-	8,754	-	8,754	8,754
Interest expense	(1,175,264)	(1,175,270)	(257,232)	(910,062) 3	(1,167,294)	7,976
Total non-operating revenues (expenses)	(1,175,264)	(1,175,270)	703,708	(910,062)	(206,354)	968,916
Income before capital contributions and transfers	41,674	1,154,610	2,958,130	(255,934)	2,702,196	(706,836)
Capital contributions	-	-	34,498	(34,498) 4	-	-
Transfers out	(628,700)	(635,700)	(635,700)	-	(635,700)	-
Change in net position	(587,026)	518,910	2,356,928	(290,432)	2,066,496	(706,836)
Net position, beginning of year	3,074,341	3,074,341	3,074,341	-	3,074,341	-
NET POSITION, END OF YEAR	\$ 2,487,315	\$ 3,593,251	\$ 5,431,269	\$ (290,432)	\$ 5,140,837	\$ (706,836)

1) This includes the accrual for compensated absences and GASB 68 pension expense which are not budgeted items.

2) Depreciation and amortization is a non-cash expense and therefore not budgeted.

3) This represents the principal payments on long-term debt which are budgeted as expenses (see Note 9) and GASB 34 reporting transactions that are not budgeted items.

4) Capital contributions are not budgeted items.

**Schedule of Revenues, Expenses, and Changes
in Net Position - Budget and Actual
Drainage Utility
For the Fiscal Year Ended September 30, 2025**

	Budgeted Amounts		Actual Amounts		Actual Budgetary Basis	Variance With Final Budget
	Original	Final	Actual	Reconciling Items		
OPERATING REVENUES						
Charges for services	\$ 3,640,000	\$ 3,640,000	\$ 3,354,713	\$ -	\$ 3,354,713	\$ (285,287)
Total operating revenues	3,640,000	3,640,000	3,354,713	-	3,354,713	(285,287)
OPERATING EXPENSES						
Personnel services	2,665,008	2,543,178	2,189,912	(676) 1	2,189,236	353,942
Contractual services	689,856	666,810	147,899	491,216 5	639,115	27,695
Supplies and materials	373,004	346,872	170,810	-	170,810	176,062
Depreciation and amortization	-	-	1,917,130	(1,917,130) 2	-	-
Total operating expenses	3,727,868	3,556,860	4,425,751	(1,426,590)	2,999,161	557,699
Operating income (loss)	(87,868)	83,140	(1,071,038)	1,426,590	355,552	1,343,450
NON-OPERATING REVENUES (EXPENSES)						
Investment earnings	35,000	25,000	29,736	(10,533) 4	19,203	(5,797)
Intergovernmental	-	-	416,397	-	416,397	416,397
Interest expense	-	-	(14)	-	(14)	(14)
Total non-operating revenues (expenses)	35,000	25,000	446,119	(10,533)	435,586	410,586
Income (loss) before capital contributions and transfers	(52,868)	108,140	(624,919)	1,416,057	791,138	1,754,036
Capital contributions	-	-	397,385	(397,385) 3	-	-
Transfers out	(162,000)	(162,000)	(162,000)	-	(162,000)	-
Change in net position	(214,868)	(53,860)	(389,534)	1,018,672	629,138	1,754,036
Net position, beginning of year	32,409,813	32,409,813	32,409,813	-	32,409,813	-
NET POSITION, END OF YEAR	\$ 32,194,945	\$ 32,355,953	\$ 32,020,279	\$ 1,018,672	\$ 33,038,951	\$ 1,754,036

1) This includes the accrual for compensated absences and GASB 68 pension expense which are not budgeted items.
 2) Depreciation and amortization is a non-cash expense and is therefore not budgeted.
 3) Capital contributions are not budgeted items.
 4) This represents non-budgeted Improvement Fund transactions.
 5) This includes expenses budgeted as capital outlay but not capitalizable assets and therefore reported as contractual services for GAAP basis.

**Schedule of Revenues, Expenses, and Changes
in Net Position - Budget and Actual
Airport
For the Fiscal Year Ended September 30, 2025**

	Budgeted Amounts		Actual Amounts		Actual Budgetary Basis	Variance With Final Budget
	Original	Final	Actual	Reconciling Items		
OPERATING REVENUES						
Charges for services	\$ 1,339,664	\$ 1,339,664	\$ 323,273	\$ -	\$ 323,273	\$ (1,016,391)
Lease revenue	-	-	816,610	-	816,610	816,610
Other	-	-	63	-	63	63
Total operating revenues	1,339,664	1,339,664	1,139,946	-	1,139,946	(199,718)
OPERATING EXPENSES						
Personnel services	638,600	650,143	644,229	(14,304) 1	629,925	20,218
Contractual services	338,860	385,926	483,710	(252,923) 4	230,787	155,139
Supplies and materials	98,750	101,300	88,827	-	88,827	12,473
Other operating expenses	305,138	304,130	302,210	-	302,210	1,920
Depreciation and amortization	-	-	1,445,105	(1,445,105) 2	-	-
Total operating expenses	1,381,348	1,441,499	2,964,081	(1,712,332)	1,251,749	189,750
Operating loss	(41,684)	(101,835)	(1,824,135)	1,712,332	(111,803)	(9,968)
NON-OPERATING REVENUES (EXPENSES)						
Investment earnings	60,000	60,000	614,173	-	614,173	554,173
Intergovernmental	100,000	100,000	103,629	-	103,629	3,629
Gain (loss) on disposal of capital assets	-	-	4,327,046	-	4,327,046	4,327,046
Total non-operating revenues (expenses)	160,000	160,000	5,044,848	-	5,044,848	4,884,848
Income before capital contributions and transfers	118,316	58,165	3,220,713	1,712,332	4,933,045	4,874,880
Capital contributions	-	-	587,685	(587,685) 3	-	-
Transfers out	(49,630)	(49,630)	(49,630)	-	(49,630)	-
Change in net position	68,686	8,535	3,758,768	1,124,647	4,883,415	4,874,880
Net position, beginning of year	24,856,992	24,856,992	24,856,992	-	24,856,992	-
NET POSITION, END OF YEAR	\$ 24,925,678	\$ 24,865,527	\$ 28,615,760	\$ 1,124,647	\$ 29,740,407	\$ 4,874,880

1) This includes the accrual for compensated absences and GASB 68 pension expense which are not budgeted items.

2) Depreciation and amortization is a non-cash expense and therefore not budgeted.

3) Capital contributions are not budgeted items.

4) This represents non-budgeted Improvement Fund transactions.

Internal Service Funds

To account for the financing of goods or services provided by one department or agency to other departments or agencies of the City, or to other governments, on a cost-reimbursement basis.

Central Garage – To account for the financing of garage activities through charges to user departments.

Casualty and Liability Insurance – To account for City casualty and liability insurance costs and financing through charges to user departments.

Central Service – To account for the financing of providing mailing, printing and data processing services to user departments.

Construction Management – To account for the financing of construction project oversight.

Workers' Compensation Insurance – To account for City workers' compensation insurance costs and financing through charges to user departments.

Health and Life Insurance – To account for City health and life insurance costs and financing through charges to user departments and participating agency, the Park Board.

**Combining Statement of Net Position
Internal Service Funds
September 30, 2025**

	<u>Central Garage</u>	<u>Casualty and Liability Insurance</u>	<u>Central Service</u>
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 1,316,866	\$ 296,499	\$ 2,426,438
Accounts receivable, net of allowance	53,663	-	-
Due from other governments	19,594	-	-
Due from component unit	-	-	-
Inventories	291,926	-	-
Prepaid items	-	618,959	286,386
Restricted cash and cash equivalents	-	-	-
	<hr/>	<hr/>	<hr/>
Total current assets	1,682,049	915,458	2,712,824
Non-current assets:			
Capital assets not being depreciated			
Construction in progress	64,894	-	4,389,391
Capital assets net of depreciation			
Infrastructure	-	-	225,457
Building and improvements	347,030	-	2,705,261
Equipment and furniture	58,443	-	269,060
Licensed vehicles	764,870	-	50,798
Right of use asset net of amortization	-	-	24,907
	<hr/>	<hr/>	<hr/>
Total non-current assets	1,235,237	-	7,664,874
Total assets	<hr/>	<hr/>	<hr/>
	2,917,286	915,458	10,377,698
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows relating to OPEB	-	-	-
	<hr/>	<hr/>	<hr/>
Total deferred outflows of resources	-	-	-
LIABILITIES			
Current liabilities:			
Accounts payable and accrued expenses	240,436	31,683	114,713
Long-term liabilities, current	114,027	-	312,241
Total OPEB liability, current	-	-	-
	<hr/>	<hr/>	<hr/>
Total current liabilities	354,463	31,683	426,954
Non-current liabilities:			
Long-term liabilities, non-current	245,665	-	390,913
Total OPEB liability, non-current	-	-	-
	<hr/>	<hr/>	<hr/>
Total non-current liabilities	245,665	-	390,913
Total liabilities	<hr/>	<hr/>	<hr/>
	600,128	31,683	817,867
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows relating to OPEB	-	-	-
	<hr/>	<hr/>	<hr/>
Total deferred inflows of resources	-	-	-
NET POSITION			
Net investment in capital assets	1,235,237	-	7,664,874
Unrestricted	1,081,921	883,775	1,894,957
	<hr/>	<hr/>	<hr/>
TOTAL NET POSITION	\$ 2,317,158	\$ 883,775	\$ 9,559,831

Construction Management	Workers' Compensation Insurance	Health and Life Insurance	Total
\$ -	\$ 384,195	\$ 6,290,611	\$ 10,714,609
-	-	-	53,663
-	-	-	19,594
-	-	205,850	205,850
-	-	-	291,926
-	-	-	905,345
-	-	5,800,000	5,800,000
-	384,195	12,296,461	17,990,987
-	-	-	4,454,285
-	-	-	225,457
-	-	-	3,052,291
-	-	-	327,503
-	-	-	815,668
-	-	-	24,907
-	-	-	8,900,111
-	384,195	12,296,461	26,891,098
-	-	4,435,472	4,435,472
-	-	4,435,472	4,435,472
-	-	159,671	546,503
-	234,756	1,316,000	1,977,024
-	-	80,858	80,858
-	234,756	1,556,529	2,604,385
-	228,249	-	864,827
-	-	5,663,300	5,663,300
-	228,249	5,663,300	6,528,127
-	463,005	7,219,829	9,132,512
-	-	12,553,154	12,553,154
-	-	12,553,154	12,553,154
-	-	-	8,900,111
-	(78,810)	(3,041,050)	740,793
\$ -	\$ (78,810)	\$ (3,041,050)	\$ 9,640,904

**Combining Statement of Revenues, Expenses
and Changes in Net Position
Internal Service Funds
For the Fiscal Year Ended September 30, 2025**

	<u>Central Garage</u>	<u>Casualty and Liability Insurance</u>	<u>Central Service</u>
OPERATING REVENUES			
Charges for services	\$ 6,387,936	\$ 2,797,782	\$ 6,265,472
Total operating revenues	6,387,936	2,797,782	6,265,472
OPERATING EXPENSES			
Personnel services	1,960,053	80,276	3,162,056
Contractual services	2,011,968	23,414	2,144,582
Supplies and materials	2,664,686	533	158,245
Insurance claims and premiums	-	2,457,465	-
Other operating expenses	2,363	-	13,590
Depreciation and amortization	256,585	-	710,964
Total operating expenses	6,895,655	2,561,688	6,189,437
Operating income (loss)	(507,719)	236,094	76,035
NON-OPERATING REVENUES (EXPENSES)			
Interest and investment earnings	52,829	1,604	114,086
Insurance recoveries	375,747	-	-
Intergovernmental	548	-	-
Gain (loss) on disposal of capital assets	42,171	-	164
Interest expense	(140)	-	(539)
Total non-operating revenues (expenses)	471,155	1,604	113,711
Income (loss) before capital contributions and transfers	(36,564)	237,698	189,746
Capital contributions	15,714	-	2,724,073
Transfers out	-	-	(500,000)
Change in net position	(20,850)	237,698	2,413,819
Net position, beginning of year	2,338,008	646,077	7,146,012
NET POSITION, END OF YEAR	<u>\$ 2,317,158</u>	<u>\$ 883,775</u>	<u>\$ 9,559,831</u>

<u>Construction Management</u>	<u>Workers' Compensation Insurance</u>	<u>Health and Life Insurance</u>	<u>Total</u>
\$ 472,770	\$ 998,590	\$ 15,964,104	\$ 32,886,654
472,770	998,590	15,964,104	32,886,654
309,139	-	-	5,511,524
190,563	-	3,237,745	7,608,272
9,469	-	-	2,832,933
-	759,577	12,042,530	15,259,572
461	-	586,238	602,652
-	-	-	967,549
<u>509,632</u>	<u>759,577</u>	<u>15,866,513</u>	<u>32,782,502</u>
(36,862)	239,013	97,591	104,152
-	8,537	512,814	689,870
-	-	-	375,747
-	-	-	548
-	-	-	42,335
<u>(28,810)</u>	<u>-</u>	<u>-</u>	<u>(29,489)</u>
<u>(28,810)</u>	<u>8,537</u>	<u>512,814</u>	<u>1,079,011</u>
(65,672)	247,550	610,405	1,183,163
-	-	-	2,739,787
-	-	-	(500,000)
<u>(65,672)</u>	<u>247,550</u>	<u>610,405</u>	<u>3,422,950</u>
<u>65,672</u>	<u>(326,360)</u>	<u>(3,651,455)</u>	<u>6,217,954</u>
<u>\$ -</u>	<u>\$ (78,810)</u>	<u>\$ (3,041,050)</u>	<u>\$ 9,640,904</u>

**Combining Statement of Cash Flows
Internal Service Funds
For the Fiscal Year Ended September 30, 2025**

	Central Garage	Casualty and Liability Insurance	Central Service
OPERATING ACTIVITIES			
Receipts from customers and users	\$ 554,367	\$ -	\$ -
Receipts for interfund services	5,800,711	2,797,782	6,265,472
Disbursed for employee services	(1,895,892)	(121,003)	(2,940,804)
Disbursed for goods and services	(4,618,966)	(2,483,814)	(2,414,931)
Net cash provided (used) by operating activities	(159,780)	192,965	909,737
NONCAPITAL FINANCING ACTIVITIES			
Transfers to other funds	-	-	(500,000)
Net cash used by noncapital financing activities	-	-	(500,000)
CAPITAL AND RELATED FINANCING ACTIVITIES			
Acquisition and construction of capital assets	(62,370)	-	(110,780)
Proceeds from sale of capital assets	42,171	-	164
Insurance proceeds	375,747	-	-
Interest payments on debt	(140)	-	(539)
Intergovernmental grants	548	-	-
Net cash provided (used) by capital and related financing activities	355,956	-	(111,155)
INVESTING ACTIVITIES			
Interest received	52,829	1,604	114,086
Net cash provided by investing activities	52,829	1,604	114,086
Net change in cash and cash equivalents	249,005	194,569	412,668
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>1,067,861</u>	<u>101,930</u>	<u>2,013,770</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 1,316,866</u>	<u>\$ 296,499</u>	<u>\$ 2,426,438</u>
Unrestricted cash and equivalents	\$ 1,316,866	\$ 296,499	\$ 2,426,438
Restricted cash and equivalents	-	-	-
	<u>\$ 1,316,866</u>	<u>\$ 296,499</u>	<u>\$ 2,426,438</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES			
Operating income (loss)	\$ (507,719)	\$ 236,094	\$ 76,035
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Depreciation and amortization	256,585	-	710,964
(Increase) decrease in accounts receivable	(32,858)	-	-
(Increase) decrease in inventory	(32,590)	-	-
(Increase) decrease in prepaid items	-	(4,216)	9,388
(Increase) decrease in interfund receivables and payables	73,145	-	-
(Increase) decrease in due from component unit	17,453	-	-
(Increase) decrease in deferred outflows/inflows related to OPEB	-	-	-
Increase (decrease) in accounts payable and accrued expenses	14,480	2,741	(72,202)
Increase (decrease) in claims payable	-	-	-
Increase (decrease) in compensated absences payable	51,724	(41,654)	185,552
Increase (decrease) in total OPEB liability	-	-	-
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>\$ (159,780)</u>	<u>\$ 192,965</u>	<u>\$ 909,737</u>
NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES			
Capital contributions	\$ 15,714	\$ -	\$ 2,724,073

Construction Management	Workers' Compensation Insurance	Health and Life Insurance	Total
\$ -	\$ -	\$ -	\$ 554,367
472,770	998,590	15,964,104	32,299,429
(584,586)	-	-	(5,542,285)
(200,912)	(897,932)	(15,967,774)	(26,584,329)
(312,728)	100,658	(3,670)	727,182
-	-	-	(500,000)
-	-	-	(500,000)
-	-	-	(173,150)
-	-	-	42,335
-	-	-	375,747
(28,810)	-	-	(29,489)
-	-	-	548
(28,810)	-	-	215,991
-	8,537	512,814	689,870
-	8,537	512,814	689,870
(341,538)	109,195	509,144	1,133,043
341,538	275,000	11,581,467	15,381,566
\$ -	\$ 384,195	\$ 12,090,611	\$ 16,514,609
\$ -	\$ 384,195	\$ 6,290,611	\$ 10,714,609
-	-	5,800,000	5,800,000
\$ -	\$ 384,195	\$ 12,090,611	\$ 16,514,609
\$ (36,862)	\$ 239,013	\$ 97,591	\$ 104,152
-	-	-	967,549
-	-	-	(32,858)
-	-	-	(32,590)
-	-	-	5,172
-	(117,613)	-	(44,468)
-	-	12,429	29,882
-	-	(496,529)	(496,529)
(38,259)	(28,561)	(78,723)	(200,524)
-	7,819	641,000	648,819
(237,607)	-	-	(41,985)
-	-	(179,438)	(179,438)
\$ (312,728)	\$ 100,658	\$ (3,670)	\$ 727,182
\$ -	\$ -	\$ -	\$ 2,739,787

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Pension Trust Funds

To account for assets held by the City in a trustee capacity or as an agent for individuals, private organizations, other governments and/or other funds.

City of Galveston Employee's Retirement Plan for Employees – To account for the accumulation of resources to be used for employee retirement annuity payments at appropriate amounts and times in the future. These funds are reported on a calendar year basis for the year ended December 31, 2024.

Galveston Firefighters' Pension Fund – To account for the accumulation of resources to be used for firefighter retirement annuity payments at appropriate amounts and times in the future. These funds are reported on a calendar year basis for the year ended December 31, 2024.

City of Galveston Employee's Retirement Plan for Police – To account for the accumulation of resources to be used for Police retirement annuity payments at appropriate amounts and times in the future. These funds are reported on a calendar year basis for the year ended December 31, 2024.

**Combining Statement of Fiduciary Net Position
Pension Trust Funds
December 31, 2024**

	City of Galveston Employee's Retirement Plan for Employees	Galveston Firefighters' Pension Fund	City of Galveston Employee's Retirement Plan for Police	Total
ASSETS				
Cash and cash equivalents	\$ 866,065	\$ 3,152,726	\$ 149,772	\$ 4,168,563
Receivables				
Accrued interest and dividends	-	145,769	-	145,769
Loans to participants	-	-	914,500	914,500
Investments				
Equity mutual funds	52,668,398	46,685,165	21,314,510	120,668,073
Bond mutual funds	-	2,277,060	-	2,277,060
Alternative investments	7,900,969	4,043,394	1,151,005	13,095,368
Domestic fixed income mutual funds	15,535,171	-	3,524,928	19,060,099
International fixed income funds	1,063,446	-	-	1,063,446
Government securities	-	4,825,161	3,504,504	8,329,665
Prepaid items	-	1,229	-	1,229
	<u>78,034,049</u>	<u>61,130,504</u>	<u>30,559,219</u>	<u>169,723,772</u>
LIABILITIES				
Accounts and refunds payable	-	1,451	-	1,451
Unearned revenue	-	1,852,340	-	1,852,340
	<u>-</u>	<u>1,853,791</u>	<u>-</u>	<u>1,853,791</u>
NET POSITION - RESTRICTED FOR PENSION BENEFITS				
Held in trust for benefits and other purposes	<u>78,034,049</u>	<u>59,276,713</u>	<u>30,559,219</u>	<u>167,869,981</u>
TOTAL NET POSITION - RESTRICTED FOR PENSION BENEFITS	<u>\$ 78,034,049</u>	<u>\$ 59,276,713</u>	<u>\$ 30,559,219</u>	<u>\$ 167,869,981</u>

**Combining Statement of Changes in Fiduciary Net Position
Pension Trust Funds
For the Year Ended December 31, 2024**

	City of Galveston Employee's Retirement Plan for Employees	Galveston Firefighters' Pension Fund	City of Galveston Employee's Retirement Plan for Police	Total
ADDITIONS				
Contributions:				
Employer	\$ 4,788,969	\$ 2,377,605	\$ 3,272,784	\$ 10,439,358
Plan members	2,159,702	1,995,220	1,996,859	6,151,781
Total contributions	6,948,671	4,372,825	5,269,643	16,591,139
Investment income				
Net change in fair value of investments	7,179,932	4,268,606	2,464,989	13,913,527
Interest and dividends	1,756,947	1,752,347	502,422	4,011,716
Less investment expenses	(127,964)	(210,976)	(73,420)	(412,360)
Total investment income	8,808,915	5,809,977	2,893,991	17,512,883
Total additions	15,757,586	10,182,802	8,163,634	34,104,022
DEDUCTIONS				
Benefits paid to members and beneficiaries	5,584,063	4,342,963	4,450,066	14,377,092
Refunds of contributions	-	928,931	-	928,931
Administrative expenses	137,137	206,256	149,082	492,475
Total deductions	5,721,200	5,478,150	4,599,148	15,798,498
Change in net position	10,036,386	4,704,652	3,564,486	18,305,524
Net position - restricted for pensions, beginning of year	67,997,663	54,572,061	26,994,733	149,564,457
NET POSITION - RESTRICTED FOR PENSIONS, END OF YEAR	\$ 78,034,049	\$ 59,276,713	\$ 30,559,219	\$ 167,869,981

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Discretely Presented Component Units

The following statements combine information from the City's eight discretely presented component units.

The **Park Board of Trustees of the City of Galveston, Texas** (the Park Board), was created by state statute to provide improvements and maintenance to City waterfront parks and beaches.

The **Galveston Island Redevelopment Authority** (GIRDA) has oversight responsibility for tax increment reinvestment zone thirteen. This tax zone was established to provide funds for development and improvement projects within a specific geographic area of the City.

The **Campeche Shores Public Improvement District** (Campeche District) was established by the City to provide funds for development and improvement projects specifically for Campeche Shores District.

The **Beachside Village Public Improvement District** (Beachside District) was established by the City to provide funds for street, drainage and utility public improvement projects, specifically in Beachside Village Public Improvement District.

The **Bayside at Waterman's Public Improvement District** was established by the City according to the law of the Texas Local Government Code Chapter 372 Subchapter A for the development of approximately 162 single family residences and associated rights-of-way, landscaping, and infrastructure necessary to provide roadways, drainage, and utilities within approximately 21.5 acres located in the corporate limits of the City.

The **Board of Trustees of the Galveston Wharves** (Galveston Wharves) was created by the City Charter to manage, control, and maintain the wharves.

The **Galveston Housing Finance Corporation** was created by state statute to provide the making of home mortgages and the making of loans to lending institutions for the purpose of making home mortgages.

The **City of Galveston Property Finance Authority, Inc.** was created by State Statute for the purpose of acquiring, owning, holding, leasing and selling real or personal property to or for the benefit of the City of Galveston for the furtherance of its public purposes, and collecting, receiving, borrowing, lending or otherwise obtaining and lending funds to or for the use of the City or to others for the City's public purposes.

**Discretely Presented Component Units
Combining Statement of Net Position
September 30, 2025**

	Park Board of Trustees	Galveston Island Redevelopment Authority	Campeche Shores - Public Improvement District No. 1
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 10,588,500	\$ 326,612	\$ -
Accounts receivable, net of allowance	5,159,089	-	30,870
Lease receivable	401,568	-	-
Due from other governments	-	-	-
Inventories	17,044	-	-
Prepaid items and other	411,870	-	-
Restricted cash and cash equivalents	3,722,053	-	-
Total current assets	20,300,124	326,612	30,870
Non-current assets:			
Lease receivable - non-current	-	-	-
Capital assets - nondepreciable	-	-	-
Capital assets - depreciable, net	250,433,376	-	-
Right of use asset net of amortization	1,124,828	-	-
Total non-current assets	251,558,204	-	-
Total assets	271,858,328	326,612	30,870
DEFERRED OUTFLOWS OF RESOURCES			
Deferred charge on refunding bonds	-	-	-
Total deferred outflows of resources	-	-	-
LIABILITIES			
Current liabilities:			
Accounts payable and accrued expenses	2,672,031	77,837	-
Due to other governments	6,783,106	-	-
Accrued interest payable	288	4,536,015	-
Unearned revenue	290,200	-	-
Long-term liabilities, current	624,103	-	-
Total current liabilities	10,369,728	4,613,852	-
Non-current liabilities:			
Long-term liabilities, non-current	1,227,696	11,884,990	-
Net pension liability	-	-	-
Total non-current liabilities	1,227,696	11,884,990	-
Total liabilities	11,597,424	16,498,842	-
DEFERRED INFLOWS OF RESOURCES			
Deferred gain on refunding bonds	-	-	-
Deferred inflows relating to leases	376,139	-	-
Deferred inflows relating to pension activities	-	-	-
Total deferred inflows of resources	376,139	-	-
NET POSITION			
Net investment in capital assets	250,205,392	-	-
Restricted:			
Debt service	213,220	-	-
Hotel occupancy taxes	9,108,759	-	-
Unrestricted	357,394	(16,172,230)	30,870
TOTAL NET POSITION	\$ 259,884,765	\$ (16,172,230)	\$ 30,870

*As of December 31, 2024

Beachside Village - Public Improvement District	Bayside at Waterman's - Public Improvement District	Board of Trustees of Galveston Wharves*	Galveston Housing Finance Corporation*	Galveston Property Finance Authority*	Total
\$ -	\$ -	\$ 46,304,655	\$ 95,369	\$ 923,354	\$ 58,238,490
42,026	-	12,985,794	24,000	-	18,241,779
-	-	6,435,726	-	-	6,837,294
-	-	-	-	11,148	11,148
-	-	-	-	-	17,044
-	-	711,462	-	-	1,123,332
9,991	1,055,079	144,610,831	-	-	149,397,954
52,017	1,055,079	211,048,468	119,369	934,502	233,867,041
-	-	242,555,098	-	-	242,555,098
-	-	114,840,987	5,605	-	114,846,592
-	4,677,811	175,154,407	-	-	430,265,594
-	-	4,618,196	-	-	5,743,024
-	4,677,811	537,168,688	5,605	-	793,410,308
52,017	5,732,890	748,217,156	124,974	934,502	1,027,277,349
-	92,843	-	-	-	92,843
-	92,843	-	-	-	92,843
-	-	41,473,878	-	-	44,223,746
-	-	11,935,112	11,148	-	18,729,366
-	-	4,251,238	-	-	8,787,541
-	-	4,313,418	-	-	4,603,618
-	160,000	9,718,171	-	-	10,502,274
-	160,000	71,691,817	11,148	-	86,846,545
-	5,815,000	224,827,985	-	-	243,755,671
-	-	1,137,761	-	-	1,137,761
-	5,815,000	225,965,746	-	-	244,893,432
-	5,975,000	297,657,563	11,148	-	331,739,977
-	-	25,029	-	-	25,029
-	-	234,610,577	-	-	234,986,716
-	-	258,056	-	-	258,056
-	-	234,893,662	-	-	235,269,801
-	(1,204,346)	146,951,723	5,605	-	395,958,374
-	-	20,264,769	-	-	20,477,989
-	-	-	-	-	9,108,759
52,017	1,055,079	48,449,439	108,221	934,502	34,815,292
\$ 52,017	\$ (149,267)	\$ 215,665,931	\$ 113,826	\$ 934,502	\$ 460,360,414

**Discretely Presented Component Units
Combining Statement of Activities
For the Fiscal Year Ended September 30, 2025**

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position	
		Charges for Services	Capital Grants and Contributions	Park Board of Trustees	Galveston Island Redevelopment Authority
COMPONENT UNITS					
Park Board of Trustees	\$ 42,869,849	\$ 7,360,697	\$ 1,419,892	\$ (34,089,260)	\$ -
Galveston Island Redevelopment Authority	932,982	-	-	-	(932,982)
Campeche Shores - Public Improvement District No. 1	64,680	-	-	-	-
Beachside Village - Public Improvement District	117,266	-	-	-	-
Bayside at Waterman's - Public Improvement District	651,425	-	-	-	-
Board of Trustees of Galveston Wharves*	60,099,981	79,266,762	6,865,490	-	-
	<u>\$ 104,736,183</u>	<u>\$ 86,627,459</u>	<u>\$ 8,285,382</u>	(34,089,260)	(932,982)
General revenues:					
Taxes:					
Property taxes				-	787,987
Hotel occupancy taxes				17,947,681	-
Special assessments				-	-
Miscellaneous				10,621,881	14,500
Unrestricted investment earnings				72,432	104
Total general revenues				<u>28,641,994</u>	<u>802,591</u>
Change in net position				(5,447,266)	(130,391)
Net position (deficit) - beginning				<u>265,332,031</u>	<u>(16,041,839)</u>
NET POSITION (DEFICIT) - ENDING				<u>\$ 259,884,765</u>	<u>\$ (16,172,230)</u>

*For the Year Ended December 31, 2024

Net (Expense) Revenue and Changes in Net Position

Campeche Shores - Public Improvement District No. 1	Beachside Village - Public Improvement District	Bayside at Waterman's - Public Improvement District	Board of Trustees of Galveston Wharves*	Galveston Housing Finance Corporation*	Galveston Property Finance Authority*	Totals
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (34,089,260)
-	-	-	-	-	-	(932,982)
(64,680)	-	-	-	-	-	(64,680)
-	(117,266)	-	-	-	-	(117,266)
-	-	(651,425)	-	-	-	(651,425)
-	-	-	26,032,271	-	-	26,032,271
(64,680)	(117,266)	(651,425)	26,032,271	-	-	(9,823,342)
-	-	-	-	-	-	787,987
-	-	-	-	-	-	17,947,681
82,320	138,223	617,498	-	-	-	838,041
-	-	-	736,195	8,351	34,801	11,415,728
-	-	54,558	5,238,995	-	-	5,366,089
82,320	138,223	672,056	5,975,190	8,351	34,801	36,355,526
17,640	20,957	20,631	32,007,461	8,351	34,801	26,532,184
13,230	31,060	(169,898)	183,658,470	105,475	899,701	433,828,230
\$ 30,870	\$ 52,017	\$ (149,267)	\$ 215,665,931	\$ 113,826	\$ 934,502	\$ 460,360,414

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Unaudited Statistical Section



2025 Annual Comprehensive Financial Report



GALVESTON WATER
AND ELECTRIC LIGHT
STATION



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Statistical Section
(Unaudited)

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.

	<u>Page</u>
Financial Trends – Schedules 1-4	178
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 – Schedules 5-8	188
These schedules contain information to help the reader assess the City's most significant local revenue sources: sales and property taxes.	
Debt Capacity – Schedules 9-11	194
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 – Schedules 12-13	198
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 – Schedules 14-16	201
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.	

**Net Position by Component
Last Ten Fiscal Years
Amounts in (000's)
(Accrual Basis of Accounting)
(Unaudited)**

	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
GOVERNMENTAL ACTIVITIES				
Net investment in capital assets	\$ 131,335	\$ 147,847	\$ 170,911	\$ 191,799
Restricted	32,732	34,264	33,271	31,559
Unrestricted (deficit)	<u>(18,881)</u>	<u>(27,203)</u>	<u>(46,587)</u>	<u>(51,039)</u>
Total governmental activities net position	145,186	154,908	157,595	172,319
BUSINESS-TYPE ACTIVITIES				
Net investment in capital assets	193,491	240,169	255,587	277,164
Restricted	15,706	2,937	3,196	2,674
Unrestricted (Deficit)	<u>45,169</u>	<u>28,429</u>	<u>23,274</u>	<u>21,056</u>
Total business-type activities net position	254,366	271,535	282,057	300,894
PRIMARY GOVERNMENT				
Net investment in capital assets	324,826	388,016	426,498	468,963
Restricted	48,438	37,201	36,467	34,233
Unrestricted (deficit)	<u>26,288</u>	<u>1,226</u>	<u>(23,313)</u>	<u>(29,983)</u>
TOTAL PRIMARY GOVERNMENT NET POSITION	<u>\$ 399,552</u>	<u>\$ 426,443</u>	<u>\$ 439,652</u>	<u>\$ 473,213</u>

Schedule 1

<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
\$ 198,501	\$ 191,088	\$ 180,332	\$ 178,462	\$ 189,389	\$ 194,853
32,664	35,470	54,568	87,202	89,003	91,083
<u>(52,594)</u>	<u>(42,709)</u>	<u>(36,845)</u>	<u>(39,395)</u>	<u>(40,328)</u>	<u>(42,908)</u>
178,571	183,849	198,055	226,269	238,064	243,028
282,578	277,342	282,996	290,704	309,788	313,345
2,749	-	-	-	-	-
<u>17,775</u>	<u>24,475</u>	<u>30,063</u>	<u>27,632</u>	<u>20,455</u>	<u>22,890</u>
303,102	301,817	313,059	318,336	330,243	336,235
481,079	468,430	463,328	469,166	499,177	508,198
35,413	35,470	54,568	87,202	89,003	91,083
<u>(34,819)</u>	<u>(18,234)</u>	<u>(6,782)</u>	<u>(11,763)</u>	<u>(19,873)</u>	<u>(20,018)</u>
<u>\$ 481,673</u>	<u>\$ 485,666</u>	<u>\$ 511,114</u>	<u>\$ 544,605</u>	<u>\$ 568,307</u>	<u>\$ 579,263</u>

**Changes in Net Position
Last Ten Fiscal Years
Amounts in (000's)
(Accrual Basis of Accounting)
(Unaudited)**

	2016	2017	2018	2019
EXPENSES				
Governmental activities:				
General government	\$ 9,882	\$ 13,984	\$ 10,381	\$ 8,870
Public safety	31,839	34,793	36,194	38,415
Public works	6,383	7,729	9,669	10,653
Culture and recreation	18,416	18,754	17,633	19,637
Planning and community development	4,733	10,067	21,999	7,512
Transportation system	6,013	5,705	5,125	4,693
Interest on long-term debt	2,660	1,620	2,488	2,232
Total governmental activities expenses	79,926	92,652	103,489	92,012
Business-type activities:				
Combined utility system	21,011	32,273	35,646	36,776
Sanitation	2,949	5,739	6,566	5,342
Drainage	14,141	2,979	2,726	3,064
Airport	1,774	1,887	1,796	1,768
Total business-type activities expenses	39,875	42,878	46,734	46,950
Total primary government expenses	119,801	135,530	150,223	138,962
PROGRAM REVENUES				
Governmental activities:				
Charges for services:				
General government	1,725	1,761	225	127
Public safety	2,378	2,658	1,870	2,017
Culture and recreation	42	198	1,436	1,604
Planning and community development	1,714	1,455	1,375	1,423
Transportation system	1,681	1,568	1,166	446
Operating grants and contributions:				
General government	14	-	-	-
Public safety	2,613	930	333	601
Culture and recreation	1,885	109	196	100
Planning and community development	4,881	15,228	1,722	740
Transportation system	3,506	2,792	2,293	2,061
Capital grants and contributions:				
General government	-	-	-	465
Public safety	-	-	-	-
Public works	32	-	-	-
Culture and recreation	-	400	380	115
Planning and community development	21,705	10,942	25,979	32,828
Transportation system	3,897	3,600	1,217	71
Total governmental activities program revenues	46,073	41,641	38,192	42,598
Business-type activities:				
Charges for services:				
Combined utility system	26,796	37,201	38,279	36,999
Sanitation	2,464	5,494	6,288	6,216
Drainage	14,524	2,853	2,825	2,789
Airport	1,151	935	957	1,056
Operating grants and contributions:				
Combined utility system	-	-	-	-
Sanitation	-	-	-	-
Drainage	-	-	-	-
Airport	43	251	322	50
Capital grants and contributions:				
Combined utility system	-	2,808	63	25
Sanitation	-	-	-	-
Drainage	-	-	-	-
Airport	1,972	501	499	3,702
Total business-type activities program revenues	46,950	50,043	49,233	50,837
Total primary government program revenues	93,023	91,684	87,425	93,435
NET (EXPENSE) REVENUE				
Governmental activities	(33,853)	(51,011)	(65,297)	(49,414)
Business-type activities	7,075	7,165	2,499	3,887
TOTAL PRIMARY GOVERNMENT NET (EXPENSE) REVENUE	\$ (26,778)	\$ (43,846)	\$ (62,798)	\$ (45,527)

Schedule 2
Page 1 of 2

2020	2021	2022	2023	2024	2025
\$ 9,535	\$ 12,516	\$ 14,354	\$ 19,789	\$ 13,804	\$ 19,256
40,476	40,159	39,292	49,146	48,437	56,939
10,481	12,042	6,122	4,420	14,673	10,951
17,350	23,608	27,530	42,053	46,132	60,471
5,546	5,796	3,985	6,571	6,820	4,233
4,224	4,203	3,489	4,745	6,825	6,401
910	2,530	2,496	2,489	2,254	4,242
88,522	100,854	97,268	129,213	138,945	162,493
38,072	39,697	37,962	49,047	50,371	48,396
6,830	7,049	7,377	8,466	8,391	7,614
3,364	3,134	3,757	4,163	4,344	4,439
1,958	2,174	2,254	2,341	2,472	2,939
50,224	52,054	51,350	64,017	65,578	63,388
138,746	152,908	148,618	193,230	204,523	225,881
564	42	635	3,029	2,799	5,468
1,759	1,899	1,818	2,225	2,328	2,771
1,575	2,791	3,073	3,108	2,973	3,460
1,487	2,087	2,694	1,959	1,796	1,887
229	155	356	365	356	318
-	-	-	-	234	-
941	204	121	461	518	445
125	100	100	342	200	100
1,516	1,958	1,691	1,263	1,311	1,558
2,668	2,652	2,274	1,853	2,390	2,258
-	376	2,356	5,462	19,551	11,877
500	-	147	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
11,505	6,712	2,517	2,736	2,467	2,081
127	775	2	-	953	13
22,996	19,751	17,784	22,803	37,876	32,236
38,168	37,184	41,946	43,386	41,426	46,490
6,338	6,380	8,443	8,311	8,706	9,589
2,865	2,823	2,935	2,973	3,305	3,354
1,118	177	310	302	1,286	1,140
-	-	-	-	41	-
-	-	-	-	1	-
-	-	-	-	1	-
50	50	50	50	100	100
-	-	-	-	-	294
-	-	-	-	-	830
-	-	-	-	-	416
606	-	59	-	-	4
49,145	46,614	53,743	55,022	54,866	62,217
72,141	66,365	71,527	77,825	92,742	94,453
(65,526)	(81,103)	(79,484)	(106,410)	(101,069)	(130,257)
(1,079)	(5,440)	2,393	(8,995)	(10,712)	(1,171)
\$ (66,605)	\$ (86,543)	\$ (77,091)	\$ (115,405)	\$ (111,781)	\$ (131,428)

Changes in Net Position - Continued
Last Ten Fiscal Years
Amounts in (000's)
(Accrual Basis of Accounting)
(Unaudited)

	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
GENERAL REVENUES AND OTHER CHANGES IN NET POSITION				
Governmental activities:				
Taxes:				
Property taxes	\$ 25,963	\$ 28,509	\$ 31,846	\$ 32,692
Sales and use taxes	20,117	20,264	20,492	21,656
Mixed beverage tax	839	879	933	977
Hotel occupancy taxes	11,782	11,731	13,279	12,824
Franchise taxes	5,386	5,563	6,605	6,420
Payments in lieu of taxes	268	289	167	248
Unrestricted investment earnings	492	444	1,462	1,714
Miscellaneous	3,038	1,699	1,971	705
Gain on sale of capital assets	-	-	-	-
Transfers	(29,007)	(9,260)	(9,368)	(13,099)
Total governmental activities general revenues and other changes in net position	<u>38,878</u>	<u>60,118</u>	<u>67,387</u>	<u>64,137</u>
Business-type activities:				
Net gain on sale of asset	-	273	-	108
Unrestricted investment earnings	154	281	998	1,743
Lease revenue	-	-	-	-
Miscellaneous	1	189	-	-
Transfers	29,007	9,260	9,368	13,099
Total business-type activities general revenues and other changes in net position	<u>29,162</u>	<u>10,003</u>	<u>10,366</u>	<u>14,950</u>
Total primary government general revenues and other changes in net position	<u>68,040</u>	<u>70,121</u>	<u>77,753</u>	<u>79,087</u>
Changes in net position:				
Governmental activities	5,025	9,107	2,091	14,723
Business-type activities	36,237	17,168	12,758	18,837
TOTAL PRIMARY GOVERNMENT CHANGES IN NET POSITION	<u>\$ 41,262</u>	<u>\$ 26,275</u>	<u>\$ 14,849</u>	<u>\$ 33,560</u>

	2020	2021	2022	2023	2024	2025
\$	35,474	\$ 38,637	\$ 40,824	\$ 42,904	\$ 45,815	\$ 48,930
	21,046	24,998	30,078	31,226	29,434	31,742
	762	1,005	1,146	1,269	1,176	1,128
	10,602	15,630	21,137	54,706	33,037	32,855
	5,874	5,012	5,186	5,106	5,185	5,319
	315	488	334	327	332	376
	1,050	83	765	6,686	7,705	6,825
	791	2,810	1,417	831	7,760	5,131
	-	-	-	-	-	1,926
	(2,478)	(2,282)	(6,635)	(8,430)	(17,578)	989
	<u>73,436</u>	<u>86,381</u>	<u>94,252</u>	<u>134,625</u>	<u>112,866</u>	<u>135,221</u>
	33	35	481	155	-	4,303
	789	574	717	4,526	4,902	3,848
	-	942	933	934	-	-
	-	321	430	226	139	-
	<u>2,478</u>	<u>2,282</u>	<u>6,635</u>	<u>8,430</u>	<u>17,578</u>	<u>(989)</u>
	<u>3,300</u>	<u>4,154</u>	<u>9,196</u>	<u>14,271</u>	<u>22,619</u>	<u>7,162</u>
	<u>76,736</u>	<u>90,535</u>	<u>103,448</u>	<u>148,896</u>	<u>135,485</u>	<u>142,383</u>
	7,909	5,278	14,768	28,215	11,796	4,964
	<u>2,221</u>	<u>(1,286)</u>	<u>11,589</u>	<u>5,276</u>	<u>11,907</u>	<u>5,991</u>
\$	<u>10,130</u>	<u>\$ 3,992</u>	<u>\$ 26,357</u>	<u>\$ 33,491</u>	<u>\$ 23,703</u>	<u>\$ 10,955</u>

**Fund Balances of Governmental Funds
Last Ten Fiscal Years
(Modified Accrual Basis of Accounting)
(Unaudited)**

	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
GENERAL FUND				
Nonspendable:				
Prepaid items	\$ 88,427	\$ 79,354	\$ 91,435	\$ 68,961
Assigned:				
Recovery and capital reserve	-	-	-	-
Emergency reserves	3,575,226	11,968,618	13,550,627	13,384,909
Unassigned	<u>16,995,557</u>	<u>5,738,923</u>	<u>6,179,328</u>	<u>3,055,805</u>
 Total general fund	 20,659,210	 17,786,895	 19,821,390	 16,509,675
ALL OTHER GOVERNMENTAL FUNDS				
Nonspendable:				
Inventories	294,596	129,879	310,764	331,719
Prepaid items	-	-	23,122	10,045
Restricted items:				
Debt service	4,254,333	4,408,675	4,367,984	4,465,821
Advertising & tourism	-	-	-	-
Arts & historical preservation	-	-	-	-
Beach preservation	1,056,745	1,212,904	1,358,515	1,516,878
Beach safety	-	-	-	-
Culture & recreation	-	-	-	-
Infrastructure and debt service	-	4,393,781	3,504,762	4,168,643
Capital projects	21,549,478	46,396,468	41,924,866	35,359,833
Grants	1,833,048	951,233	411,349	540,074
Tourism, convention and hotel industry:				
Convention center operator	520,419	1,837,916	3,130,596	3,179,700
City of Galveston	4,154,602	1,055,608	1,473,585	1,626,422
Committed:				
Governmental projects	12,933,623	5,404,901	4,160,382	1,551,041
Assigned:				
Other	-	6,346,778	5,350,132	5,362,283
Unassigned	<u>(430,719)</u>	<u>(14,770)</u>	<u>(16,706)</u>	<u>-</u>
 Total all other governmental funds	 <u>46,166,125</u>	 <u>72,123,373</u>	 <u>65,999,351</u>	 <u>58,112,459</u>
 TOTAL GOVERNMENTAL FUNDS	 <u>\$ 66,825,335</u>	 <u>\$ 89,910,268</u>	 <u>\$ 85,820,741</u>	 <u>\$ 74,622,134</u>

Note: In conforming to provisions of GASB Statement No. 54, fund balances of prior periods were restated to new fund balance classifications.

Schedule 3

<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
\$ 51,356	\$ 51,607	\$ 59,583	\$ 56,423	\$ 444,963	\$ 888,684
-	-	-	-	-	1,160,074
13,891,624	15,097,988	16,890,554	18,054,725	19,408,112	20,180,272
<u>2,809,581</u>	<u>6,795,964</u>	<u>7,212,686</u>	<u>7,146,150</u>	<u>4,032,706</u>	<u>5,997,642</u>
16,752,561	21,945,559	24,162,823	25,257,298	23,885,781	28,226,672
309,440	210,080	232,109	219,735	221,760	206,728
6,345	6,838	5,675	6,219	352,774	5,857
4,484,665	4,442,502	4,401,607	4,541,215	4,857,259	5,559,196
-	-	-	8,737,810	8,855,049	8,612,841
-	-	-	5,276,930	6,056,038	6,536,940
1,573,309	2,474,001	3,317,342	9,181,166	8,553,874	8,353,914
-	-	-	3,345,320	3,066,075	2,945,848
-	-	-	-	-	680,695
3,576,889	4,539,267	5,288,829	6,126,242	5,469,711	9,980,158
63,782,473	52,464,216	48,435,668	45,938,566	46,786,060	65,730,674
935,961	1,075,725	1,018,286	1,773,430	3,566,414	2,235,563
3,400,736	5,568,561	745,914	699,999	700,000	299,998
1,799,287	1,957,591	10,499,123	11,650,581	9,792,158	10,336,754
1,723,887	1,371,708	1,561,889	1,894,106	10,752,229	8,888,832
6,089,666	6,889,785	5,837,555	7,100,711	-	-
<u>(1,682)</u>	<u>(1,925)</u>	<u>-</u>	<u>-</u>	<u>(346,789)</u>	<u>(10,163)</u>
<u>87,680,976</u>	<u>80,998,349</u>	<u>81,343,997</u>	<u>106,492,030</u>	<u>108,682,612</u>	<u>130,363,835</u>
<u>\$ 104,433,537</u>	<u>\$ 102,943,908</u>	<u>\$ 105,506,820</u>	<u>\$ 131,749,328</u>	<u>\$ 132,568,393</u>	<u>\$ 158,590,507</u>

**Changes in Fund Balances of Governmental Funds
Last Ten Fiscal Years
(Modified Accrual Basis of Accounting)
(Unaudited)**

	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
REVENUES				
Taxes:				
Property taxes	\$ 26,076,657	\$ 28,357,560	\$ 31,856,689	\$ 32,409,278
Sales and use taxes	19,278,432	19,383,937	20,491,545	21,655,825
Hotel occupancy taxes	11,782,092	11,731,027	13,279,410	12,823,716
Mixed beverage tax	838,733	879,328	933,147	976,845
Franchise taxes	6,224,831	6,542,201	6,604,636	6,420,262
Licenses and permits	1,330,049	1,142,579	1,196,241	1,264,319
Fines and forfeitures	1,877,085	1,667,151	1,620,853	1,771,369
Charges for services	4,040,969	4,112,023	2,831,731	2,252,123
Investment earnings	426,697	397,473	1,311,524	1,607,645
Intergovernmental	37,174,025	37,662,122	34,950,034	39,882,936
Other	7,927,895	2,287,674	2,464,658	1,146,282
Payments in lieu of taxes	-	188,561	166,921	248,545
Total revenues	<u>116,977,465</u>	<u>114,351,636</u>	<u>117,707,389</u>	<u>122,459,145</u>
EXPENDITURES				
General government	7,870,018	9,383,448	8,979,498	8,394,061
Public safety	28,662,210	30,744,605	31,746,253	33,077,768
Highways and roads	3,623,002	3,933,319	4,959,120	8,794,060
Culture and recreation	16,080,344	15,326,905	17,080,557	17,047,521
Planning and community development	4,026,954	8,838,704	6,027,028	8,677,373
Transportation	5,853,333	5,543,757	4,453,424	3,923,930
Capital outlay	41,872,758	38,569,718	41,922,932	48,132,202
Debt service:				
Principal	6,520,000	5,126,769	6,578,170	4,819,042
Interest on long-term debt	3,893,170	1,911,402	2,153,652	3,838,683
Total expenditures	<u>118,401,789</u>	<u>119,378,627</u>	<u>123,900,634</u>	<u>136,704,640</u>
Excess of revenues over (under) expenditures	(1,424,324)	(5,026,991)	(6,193,245)	(14,245,495)
OTHER FINANCING SOURCES (USES)				
Issuance of certificates of obligation	-	-	-	-
Premium on issuance of debt	2,455,092	2,708,151	-	-
Issuance of bonds	17,365,000	22,600,000	-	-
Issuance of lease	-	-	-	-
Payments to refunding bond escrow agent	(19,522,803)	-	-	-
Sale of capital assets	29,260	87,474	195,262	229,303
Transfers in	5,654,928	37,901,933	8,917,866	16,785,746
Transfers out	(5,034,951)	(36,849,302)	(7,009,410)	(13,968,161)
Total other financing sources (uses)	<u>946,526</u>	<u>26,448,256</u>	<u>2,103,718</u>	<u>3,046,888</u>
NET CHANGE IN FUND BALANCE	<u>\$ (477,798)</u>	<u>\$ 21,421,265</u>	<u>\$ (4,089,527)</u>	<u>\$ (11,198,607)</u>
DEBT SERVICE AS A PERCENTAGE OF NONCAPITAL EXPENDITURE	9.73%	6.98%	10.67%	8.09%

Schedule 4

	2020	2021	2022	2023	2024	2025
\$	35,353,309	\$ 38,708,204	\$ 40,592,399	\$ 42,906,690	\$ 45,639,963	\$ 48,801,466
	21,046,049	24,997,605	30,078,269	31,226,280	29,434,012	31,742,280
	10,601,834	15,629,966	21,136,657	54,705,747	33,037,127	32,854,723
	761,777	1,004,855	1,146,597	1,269,054	1,175,555	1,128,223
	5,873,889	5,012,286	5,185,672	5,106,401	5,185,065	5,319,073
	1,320,998	1,847,839	2,450,956	1,697,672	2,446,867	2,415,089
	1,463,600	1,735,104	1,578,907	1,624,024	1,687,452	2,115,938
	1,822,642	2,717,575	3,382,754	4,507,727	3,210,613	5,895,004
	1,017,673	81,506	731,421	6,311,369	7,023,248	6,133,656
	19,864,892	12,712,334	9,493,068	12,719,547	28,546,729	20,038,359
	2,086,373	3,026,177	1,807,304	3,731,085	8,996,903	6,402,837
	315,490	488,121	334,419	326,688	332,163	375,637
	<u>101,528,526</u>	<u>107,961,572</u>	<u>117,918,423</u>	<u>166,132,284</u>	<u>166,715,697</u>	<u>163,222,285</u>
	8,995,896	11,514,807	10,549,113	10,387,517	11,501,547	12,506,988
	35,989,943	37,842,467	39,743,646	44,555,750	47,589,661	51,293,780
	6,788,555	4,580,912	5,233,577	7,805,360	7,907,401	7,403,018
	15,536,705	19,714,437	24,826,339	39,884,844	45,917,819	57,000,868
	1,748,399	3,590,289	3,332,188	5,543,471	6,164,198	4,825,533
	3,471,524	3,505,326	3,665,228	3,956,137	4,099,621	4,344,337
	27,585,279	23,729,443	25,648,445	22,087,597	39,271,496	16,051,177
	5,549,306	3,755,100	4,033,200	5,075,400	4,722,462	5,806,668
	4,906,116	3,287,106	3,122,479	3,119,935	2,867,255	3,942,683
	<u>110,571,723</u>	<u>111,519,887</u>	<u>120,154,215</u>	<u>142,416,011</u>	<u>170,041,460</u>	<u>163,175,052</u>
	(9,043,197)	(3,558,315)	(2,235,792)	23,716,273	(3,325,763)	47,233
	-	-	5,500,000	-	-	18,460,000
	6,194,024	-	-	-	-	1,829,019
	31,205,000	-	-	-	-	-
	-	-	-	-	233,623	-
	-	-	-	-	-	-
	315,298	250,533	117,135	199,066	201,635	1,926,292
	48,183,989	12,308,379	13,426,466	19,504,427	23,409,986	20,837,234
	(45,386,913)	(10,490,227)	(14,244,897)	(17,177,258)	(19,700,416)	(17,077,664)
	<u>40,511,398</u>	<u>2,068,685</u>	<u>4,798,704</u>	<u>2,526,235</u>	<u>4,144,828</u>	<u>25,974,881</u>
\$	<u>31,468,201</u>	<u>(1,489,630)</u>	<u>2,562,912</u>	<u>26,242,508</u>	<u>819,065</u>	<u>26,022,114</u>
	11.35%	7.11%	6.96%	6.33%	5.76%	6.44%

**Actual Value of Taxable Property
Last Ten Fiscal Years
(Unaudited)**

<u>Year Ended September 30,</u>	<u>Tax Year</u>	<u>Real Property</u>		<u>Personal Property</u>	<u>Less Tax Exempt Real Property</u>
		<u>Residential Property</u>	<u>Commercial Property</u>		
2016	2015	\$ 4,709,378,375	\$ 2,419,995,951	\$ 490,328,554	\$ 2,329,056,020
2017	2016	5,078,286,527	2,948,065,401	475,924,292	2,656,735,937
2018	2017	5,731,588,183	2,767,945,856	440,556,376	2,767,008,032
2019	2018	5,783,141,090	2,785,915,714	466,581,283	2,704,709,306
2020	2019	6,170,091,943	2,821,267,727	481,536,694	2,795,241,612
2021	2020	6,605,047,569	3,580,302,094	452,636,940	3,385,292,832
2022	2021	8,168,067,978	1,201,748,900	432,966,953	1,202,620,885
2023	2022	9,673,114,667	1,453,826,728	523,481,304	1,669,932,285
2024	2023	11,641,835,500	1,588,967,198	540,539,246	2,096,187,342
2025	2024	12,759,460,879	1,786,619,083	661,983,419	2,698,397,595

Source: Galveston Central Appraisal District

Note: All properties are assessed at 100% of actual taxable value. The difference between market value and taxable value is the value of exemptions granted for statutory purposes.

Residential property includes both single-family and multi-family properties.

Schedule 5

Total Taxable Assessed Value	Total Direct Tax Rate	Estimated Actual Value	Assessed Value as a Percentage of Estimated Actual Value	Effective Tax Levy for Fiscal Year
\$ 5,290,646,860	0.52900	\$ 7,619,702,880	69.43%	\$ 30,309,291
5,845,540,283	0.52600	8,502,276,220	68.75%	30,994,043
6,173,082,383	0.56100	8,940,090,415	69.05%	35,079,961
6,330,928,781	0.56100	9,035,638,087	70.07%	34,349,034
6,677,654,752	0.57989	9,472,896,364	70.49%	37,274,510
7,252,693,771	0.56000	10,637,986,603	68.18%	39,201,180
8,600,162,946	0.49850	9,802,783,831	87.73%	41,619,594
9,980,490,414	0.44450	11,650,422,699	85.67%	43,499,294
11,675,154,602	0.40885	13,771,341,944	84.78%	46,825,395
12,509,665,786	0.40885	15,208,063,381	82.26%	49,857,749

**Property Tax Rates
Direct and Overlapping Governments
Last Ten Fiscal Years
(Unaudited)**

Schedule 6

Year Ended September 30,	City Direct Rates				Overlapping Rates					
	General	Library	Debt Service	Total Direct	Galveston Independent School District	Galveston College	Navigation District 1	Galveston County	Total Millage	
2016	\$ 0.43395	\$ 0.05000	\$ 0.04505	\$ 0.52900	\$ 1.15500	\$ 0.17875	\$ 0.04529	\$ 0.56125	\$ 2.46929	
2017	0.44102	0.05000	0.03498	0.52600	1.15500	0.17025	0.04167	0.54625	2.43917	
2018	0.44100	0.05000	0.07000	0.56100	1.15500	0.16619	0.04047	0.54615	2.46881	
2019	0.45850	0.05000	0.05250	0.56100	1.15500	0.17519	0.04292	0.52983	2.46394	
2020	0.47739	0.05000	0.05250	0.57989	1.08500	0.17118	0.04439	0.50440	2.38486	
2021	0.45750	0.05000	0.05250	0.56000	1.02640	0.15919	0.04049	0.46513	2.25121	
2022	0.39600	0.05000	0.05250	0.49850	0.96320	0.14619	0.03384	0.41494	2.05667	
2023	0.34200	0.05000	0.05250	0.44450	1.03500	0.13200	0.02854	0.36758	2.00762	
2024	0.31578	0.05000	0.04307	0.40885	0.84750	0.12400	0.02542	0.33415	1.73992	
2025	0.31864	0.05000	0.04021	0.40885	0.84490	0.11950	0.02393	0.33346	1.73064	

Source: Galveston Central Appraisal District, 2024 Taxing Entities and Tax Rates

**Principal Property Taxpayers
Current Year and Nine Years Ago
(Unaudited)**

Schedule 7

Taxpayer	Fiscal Year 2025			Fiscal Year 2016		
	Tax Year 2024			Tax Year 2015		
	Taxable Assessed Value	Rank	% of Total Assessed Valuation	Taxable Assessed Value	Rank	% of Total Assessed Valuation
Fertitta Hospitality Inc	\$ 90,903,716	1	0.73%	\$ 38,570,690	2	0.73%
CenterPoint Energy Houston	71,699,010	2	0.57%	45,827,826	1	0.87%
Texas International Terminals	54,134,610	3	0.43%	-	-	-
2014 Galveston Jones Drive LLC	43,000,000	4	0.34%	-	-	-
3433 Cove View Blvd Inc	41,941,368	5	0.34%	-	-	-
GCC Supply & Trading	37,968,660	7	0.30%	-	-	-
Brownstone GYB Apartments LLC	33,176,530	9	0.27%	-	-	-
Seawall Hospitality LLC	32,735,889	8	0.26%	-	-	-
American National Ins Co	30,114,500	6	0.24%	-	-	-
CW Campeche Owner LLC	30,000,000	10	0.24%	-	-	-
Willie G's Post Oak Inc	-	-	-	30,077,185	3	0.57%
Galveston Terminals Inc	-	-	-	15,019,290	9	0.28%
Galveston Island Water Park LP	-	-	-	17,293,370	8	0.33%
Silverleaf Resorts Inc	-	-	-	17,711,280	7	0.33%
AET Offshore Services Inc	-	-	-	14,297,132	10	0.27%
Noble Drilling Services Inc	-	-	-	29,436,828	4	0.56%
Eighteen Seventy Strand Corp	-	-	-	22,125,280	5	0.42%
TFT Galveston Portfolio LTD	-	-	-	18,501,120	6	0.35%
Subtotal	465,674,283		3.72%	248,860,001		4.70%
Other Taxpayers	12,043,991,503		96.28%	5,041,786,859		95.30%
TOTAL TAXABLE ASSESSED VALUE	\$ 12,509,665,786		100.00%	\$ 5,290,646,860		100.00%

Source: Galveston County Appraisal District

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**Property Tax Levies and Collections
Last Ten Fiscal Years
(Unaudited)**

Schedule 8

Year Ended September 30,	Tax Year	Tax Rate	Effective Tax Levy for Fiscal Year*	Collections of the Current Year Effective Levy Within the Fiscal Year of the Levy		Collections of Prior Year Levies Collected in the Fiscal Year	Total Collections by Fiscal Year	
				Amount	Percentage of Levy	Amount**	Amount	Percent of Current Levy
2016	2015	0.52900	\$ 30,309,291	\$ 27,069,019	89.31%	\$ 753,857	\$ 27,822,876	91.80%
2017	2016	0.52600	30,994,043	29,484,505	95.13%	749,472	30,233,977	97.55%
2018	2017	0.56100	35,079,961	33,017,376	94.12%	657,324	33,674,700	95.99%
2019	2018	0.56100	34,349,034	33,644,354	97.95%	865,913	34,510,267	100.47%
2020	2019	0.57989	37,274,510	36,532,560	98.01%	832,044	37,364,604	100.24%
2021	2020	0.56000	39,201,180	38,529,460	98.29%	973,945	39,503,405	100.77%
2022	2021	0.49850	41,619,594	40,838,108	98.12%	831,184	41,669,292	100.12%
2023	2022	0.44450	43,499,294	42,872,716	98.56%	1,150,172	44,022,888	101.20%
2024	2023	0.40885	46,825,395	45,953,778	98.14%	832,356	46,786,134	99.92%
2025	2024	0.40885	49,857,749	48,890,091	98.06%	1,058,718	49,948,809	100.18%

Source:

* Tax department records of the City's Effective Tax levy based on the GCAD appraisal roll adjusted for the over 65/disabled tax freeze.

** Includes delinquent taxes and penalties and interest.

**Ratios of Outstanding Debt by Type
Last Ten Fiscal Years
Amounts in (000's) except per capita amounts
(Unaudited)**

Year Ended September 30,	Governmental Activities					
	General Obligation Bonds	Special Obligation Bonds	Leases	SBITA	Certificates of Obligation	Other**
2016	\$ 12,565	\$ 24,390	\$ -	\$ -	\$ 9,789	\$ 7,571
2017	33,835	23,525	-	-	5,829	7,938
2018	31,131	22,605	-	-	2,874	7,612
2019	28,775	24,553	-	-	1,391	5,758
2020	56,867	20,580	-	-	-	9,770
2021	54,221	19,470	452	-	-	9,028
2022	51,373	18,285	336	205	5,500	8,280
2023	48,298	17,015	163	138	4,770	7,667
2024	45,785	15,665	323	37	4,020	7,093
2025	43,161	14,240	192	6	20,830	8,313

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

* See the schedule of Demographic and Economic Statistics for personal income and population data.

** Other debt consists of unamortized bond discount/premiums.

Schedule 9

Business-Type Activities				Total Primary Government	Percentage of Personal Income	Percentage of Total Taxable Value of Property	Per Capita*
Revenue Bonds	General Obligation Bonds	Certificates of Obligation	Other**				
\$ 23,515	\$ 15,440	\$ -	\$ 21,576	\$ 114,846	8.6%	2.2%	\$ 2,289
21,910	14,466	33,355	21,602	162,460	11.7%	2.8%	3,214
20,255	13,499	32,330	18,512	148,818	10.4%	2.4%	2,947
18,540	11,970	64,580	17,323	172,890	11.5%	2.7%	3,426
16,760	10,483	63,825	13,711	191,996	12.2%	2.9%	3,798
-	23,254	62,560	8,164	177,149	10.9%	2.4%	3,299
-	20,572	67,765	5,020	177,336	8.9%	2.1%	3,332
-	17,857	126,020	7,462	229,390	10.8%	2.3%	4,272
-	15,750	122,585	6,964	218,222	10.9%	1.9%	4,099
-	13,744	119,020	6,498	226,004	10.6%	1.8%	4,221

**Ratios of General Bonded Debt Outstanding
Last Ten Fiscal Years
Amounts in (000's) except per capita amounts
(Unaudited)**

Schedule 10

<u>Year Ended September 30,</u>	<u>Tax Year</u>	<u>General Obligation Bonds</u>	<u>Less: Amounts Available in Debt Service Fund</u>	<u>Net General Obligation Bonds</u>	<u>Percentage of Estimated Taxable Value* Property</u>	<u>Per Capita**</u>
2016	2015	\$ 12,565	\$ 3,433	\$ 9,132	0.12%	\$ 182
2017	2016	33,835	3,579	30,256	0.36%	599
2018	2017	31,131	3,724	27,407	0.31%	543
2019	2018	28,775	3,811	24,964	0.28%	495
2020	2019	56,867	1,717	55,150	0.58%	1,091
2021	2020	54,221	1,668	52,553	0.49%	979
2022	2021	51,373	1,614	49,759	0.51%	935
2023	2022	48,298	1,667	46,631	0.40%	868
2024	2023	52,878	1,932	50,946	0.37%	824
2025	2024	51,474	2,187	49,287	0.32%	765

Note: The General Obligation Bond amounts above represent only the tax supported General Obligation Debt. The General Obligation Bonds of the business-type activities are excluded as these are revenue supported debt and would artificially inflate the per capita amounts if included. Details regarding the City's outstanding debt can be found in the notes to the financial statements.

* See the Schedule of Actual Value of Taxable Property for property value data.

** Population data can be found in the Schedule of Demographic and Economic Statistics.

**Direct and Estimated Overlapping Governmental Activities Debt
September 30, 2025
(Unaudited)**

Schedule 11

Taxing Jurisdiction	Gross Debt	Overlapping	
		Estimated Percentage*	Amount
Galveston County	\$ 159,620,000	24.37%	\$ 38,898,275
Galveston Independent School District	319,315,000	80.87%	258,219,788
Galveston County Municipal Utility District #30	2,300,000	100.00%	2,300,000
Total overlapping debt			<u>299,418,063</u>
City direct debt			<u>86,742,255</u>
TOTAL DIRECT AND OVERLAPPING DEBT			<u><u>\$ 386,160,318</u></u>
Ratio of Direct and Overlapping Funded Debt to 2024 Taxable Assessed Valuation			<u>3.09%</u>
Per capita debt - direct and overlapping			<u>\$ 7,213</u>

Sources: Texas Municipal Advisory Council of Texas and City Finance Department

Notes:

Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the City. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of the City of Galveston. This process recognizes that, when considering the government's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore responsible for paying the debt of each overlapping government.

* 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.

**Demographic and Economic Statistics
Last Ten Fiscal Years
(Unaudited)**

Schedule 12

Year Ended September 30,	Estimated Population (1)	Personal Income (\$ thousands)	Per Capita Personal Income (1)	Median Age (1)	Educational Level in Years of Formal Schooling (1)	School Enrollment (2)	Unemployment Rate (3)	Value of Building Permits (\$ thousands) (4)
2016	50,180	\$ 1,338,050	\$ 26,665	36.3	12.0	6,976	5.6%	\$131,081
2017	50,550	1,383,351	27,366	37.0	12.0	6,884	5.2%	224,606
2018	50,497	1,425,379	28,227	36.6	12.0	7,017	4.6%	123,707
2019	50,457	1,500,238	29,733	39.4	12.0	7,015	3.8%	157,480
2020	50,546	1,571,717	30,406	37.8	12.0	7,041	10.1%	131,373
2021	53,695	1,632,650	30,406	38.2	12.0	6,648	5.4%	249,802
2022	53,219	1,997,309	37,530	39.4	12.0	6,691	4.5%	357,883
2023	53,695	2,124,872	39,573	40.3	12.0	6,650	3.9%	335,155
2024	53,237	1,994,471	37,464	39.4	12.0	6,700	4.7%	311,542
2025	53,538	2,135,256	39,883	40.0	12.0	6,444	4.6%	205,007

Data Sources:

- (1) United States Census Bureau and City-Data.com
- (2) Galveston Independent School District
- (3) United States Census Bureau and Texas Workforce Commission (<https://texaslmi.com/LMIbyCategory/LAUS>)
- (4) City of Galveston

Note: Personal income information is a total for the year. Unemployment rate information is an adjusted yearly average.

**Principal Employers
Current Year and Nine Years Ago
(Unaudited)**

Schedule 13

Employer	2025			2016		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
University of Texas Medical Branch	10,690	1	58.45%	9,000	1	53.42%
Landry's Restaurants	2,400	2	13.12%	1,300	4	7.72%
Galveston Independent School District	1,366	3	7.47%	1,361	3	8.08%
City of Galveston	909	4	4.97%	700	6	4.15%
Moody Gardens ¹	802	5	4.39%	922	5	5.47%
Galveston County (on Island only)	586	6	3.20%	460	9	2.73%
American National Insurance Company	428	7	2.34%	1,600	2	9.50%
Texas A&M University at Galveston	426	8	2.33%	397	10	2.36%
Shriners	361	9	1.97%	-	-	-
USACOE	321	10	1.76%	-	-	-
Fertitta Hospitality	-	-	-	566	7	3.36%
Galveston College	-	-	-	543	8	3.22%
	<u>18,289</u>		<u>100.00%</u>	<u>16,849</u>		<u>100.00%</u>

Source: GEDP, City of Galveston research efforts

¹ This includes peak employment totals.

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**Full-time Equivalent City Government Employees by Function
Last Ten Fiscal Years
(Unaudited)**

Schedule 14

	Fiscal Year									
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
GENERAL GOVERNMENT										
City secretary	4	4	4	4	4	4	4	3	4	4
Municipal court	9	8	8	8	8	10	10	8	9	9
City manager	6	6	5	3	4	3	3	3	3	3
City auditor	2	2	2	2	2	2	3	3	3	3
Finance	19	19	18	17	13	13	19	17	18	23
Legal	6	7	7	7	5	6	6	5	6	5
Human resources	4	5	5	5	5	5	5	5	5	6
Public safety										
Police	185	190	203	209	200	209	212	194	212	191
Fire	118	120	119	119	118	119	119	116	123	120
Emergency management	2	2	2	1	1	1	2	2	2	2
City marshal	1	1	1	1	17	8	8	8	9	21
Public works										
Streets and traffic	46	43	58	61	49	56	57	47	57	54
Parks	36	39	40	42	38	41	46	40	46	59
Planning and community development	25	25	24	25	42	36	14	14	15	18
Waterworks	40	45	43	44	39	48	49	50	54	41
Sewer system	87	90	87	88	54	85	88	85	93	65
Drainage utility	34	33	37	36	28	35	35	29	34	39
Sanitation	58	59	59	59	56	59	60	58	60	53
Municipal airport	8	8	8	8	7	7	8	7	8	8
Central service	16	18	24	25	34	27	26	27	33	30
Central garage	24	22	22	22	21	24	24	22	23	23
Municipal insurance	2	2	2	2	2	2	1	1	1	1
Construction management	6	13	17	17	17	14	14	14	13	12
Parking management	-	-	-	-	-	-	5	5	5	4
Lasker Park pool	-	-	-	-	-	-	4	5	5	-
Alarm permit	-	-	-	-	-	-	1	1	1	-
Recurring grant positions	-	-	-	-	-	-	-	10	10	5
Island transit	58	58	58	53	38	45	48	27	44	40
Total	796	819	853	858	802	859	871	806	896	839

**Operating Indicators by Function
Last Ten Fiscal Years
(Unaudited)**

FUNCTION	Fiscal Year			
	2016	2017	2018	2019
Police:				
Physical arrests	6,178	5,176	4,794	4,450
Parking violations	15,406	18,834	19,546	22,947
Traffic violations	20,915	16,054	16,369	18,059
Fire:				
Calls	7,700	7,360	7,031	6,843
Inspections	2,750	1,964	1,765	1,450
Water:				
Service connections	21,623	21,945	22,338	22,794
Average daily consumption (gallons)	14,170,071	14,092,921	11,904,677	10,616,792
Sewer:				
Average daily flow (gallons)	9,302,558	7,420,000	7,640,699	7,792,000
Maximum daily capacity of plants (gallons)	14,550,000	14,874,000	14,874,000	14,874,000

Source: Various City departments

Schedule 15

Fiscal Year						
2020	2021	2022	2023	2024	2025	
4,100	5,824	4,994	4,832	4,100	4,544	
1,119	418	537	306	875	986	
6,892	9,012	6,590	6,791	6,524	7,520	
6,891	8,680	7,292	8,374	8,745	8,522	
1,926	1,475	2,073	2,056	1,912	1,636	
26,811	25,503	23,087	23,867	21,460	23,883	
10,892,000	10,507,074	11,149,673	11,500,185	11,160,088	10,467,402	
7,792,000	7,739,205	6,809,878	5,103,698	5,538,500	1,604,595	
14,874,000	14,580,000	14,550,000	14,550,000	14,550,000	15,250,000	

**Capital Asset Statistics by Function
Last Ten Fiscal Years
(Unaudited)**

FUNCTION	Fiscal Year			
	2016	2017	2018	2019
Police:				
Stations	1	1	1	1
Patrol units	65	68	62	52
Police officers	136	132	148	146
Fire:				
Stations	6	6	6	6
Fire fighters	112	112	112	115
Highways and streets:				
Streets (miles)	324	324	324	324
Street lights	4,405	4,405	4,541	4,583
Culture and recreation:				
Parks acreage	168	168	751	751
Parks	13	13	17	17
Tennis courts	16	16	16	16
Community centers	2	2	2	2
Cemeteries	6	6	6	6
Athletic fields	11	11	24	24
Swimming pools	-	1	1	1
Water:				
Water mains (miles)	391	391	395	400
Fire hydrants	2,555	2,555	2,585	2,696
Maximum daily capacity (thousands of gallons)	21,500,000	21,500,000	21,500,000	37,100,000
Sewer:				
Treatment plants	4	4	4	4
Sanitary sewers (miles)	244	244	246	246
Storm sewers (miles)	75	75	57	62
Maximum daily treatment capacity (thousands of gallons)	14,874,000	14,874,000	14,874,000	14,874,000

Source: Various City departments

Note: No capital asset indicators are available for the general government function.

Schedule 16

Fiscal Year						
2020	2021	2022	2023	2024	2025	
1	1	1	1	1	1	1
109	103	47	50	49	47	47
151	150	151	146	143	146	146
6	6	6	6	6	6	6
111	111	111	111	117	117	117
378	378	378	378	381	384	384
4,583	5,290	5,290	5,290	5,316	5,369	5,369
751	751	751	751	751	751	751
17	17	17	17	17	17	17
16	16	16	16	16	16	16
2	2	2	2	2	2	2
6	6	6	6	6	6	6
24	24	24	24	24	24	24
1	1	1	1	1	1	1
491	491	511	500	444	429	429
2,600	2,606	2,650	2,612	2,626	2,640	2,640
37,100,000	35,800,000	37,100,000	36,000,000	36,000,000	36,000,000	36,000,000
4	4	4	4	4	4	4
268	254	256	271	250	246	246
63	63	65	70	78	96	96
14,874,000	14,580,000	14,550,000	14,500,000	14,550,000	15,250,000	15,250,000