

CITY OF GEORGE WEST, TEXAS

**ANNUAL
FINANCIAL REPORT**

**FISCAL YEAR ENDED
SEPTEMBER 30, 2019**



CITY OF GEORGE WEST
 ANNUAL FINANCIAL REPORT
 FOR THE YEAR ENDED SEPTEMBER 30, 2019

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CITY OF GEORGE WEST

PRINCIPAL OFFICERS

CITY OFFICIALS

MAYOR

ANDREW GARZA

MAYOR PRO-TERM

JEARL RANNEFELD

CITY COUNCIL

KITLEY WASICEK

PATRICIA CLIFTON

RINDLE WILSON

CITY MANAGER, INTERIM

SHIRLEY HOLM

CITY SECRETARY, INTERIM

D'ANN LANE

CITY ATTORNEY

EPIMENIO YSASSI



INDEPENDENT AUDITOR'S REPORT

The Honorable Mayor and
Members of the City Council
City of George West

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of George West, as of and for the year ended September 30, 2019, and the related notes to the financial statements, which collectively comprise City of George West's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

The City of George West's management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a reasonable basis for our opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities, business-type activities, each major fund and aggregate remaining fund information for the City of George West, as of September 30, 2019, 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.


Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of George West's basic financial statements as a whole. The combining and individual fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. These statements are the responsibility of management and were derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.



Armstrong, Vaughan & Associates, P.C.
March 30, 2020



MANAGEMENT’S DISCUSSION AND ANALYSIS

This section of the City of George West’s annual financial report presents our discussion and analysis of the City’s financial performance during the fiscal year ended September 30, 2019. Please read it in conjunction with the City’s financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

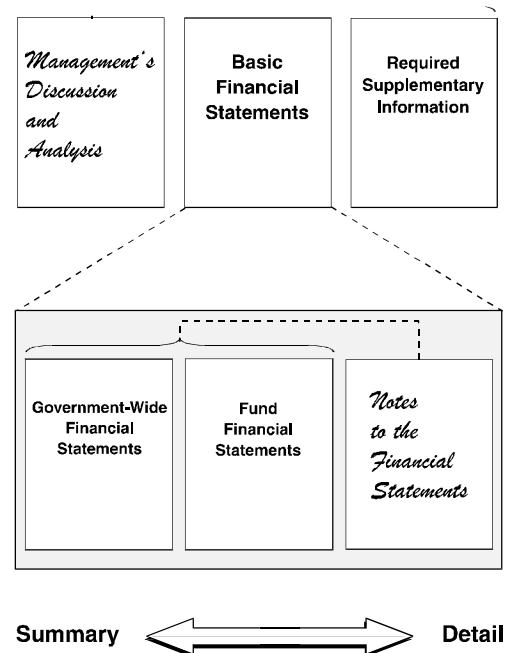
- The City’s total combined net position was \$3.6 million at September 30, 2019.
- The general fund reported a fund balance this year of \$267 thousand of which \$262 thousand is unassigned.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of three parts—*management’s discussion and analysis* (this section), the *basic financial statements*, and *required supplementary information*. The basic financial statements include two kinds of statements that present different views of the City:

- The first two statements are *government-wide financial statements* that provide both *long-term* and *short-term* information about the City’s overall financial status.
- The remaining statements are *fund financial statements* that focus on *individual parts* of the government, reporting the City’s operations in more detail than the government-wide statements.
- *The governmental funds* statements tell how *general government* services were financed in the *short-term* as well as what remains for future spending.
- *Proprietary fund* statements offer *short- and long-term* financial information about the activities the government operates *like businesses*.

Figure A-1F, Required Components of the City’s Annual Financial Report



The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. The statements are followed by a section of *required supplementary information* that further explains and supports the information in the financial statements. Figure A-1 shows how the required parts of this annual report are arranged and related to one another.

Figure A-2. Major Features of the City's Government-wide and Fund Financial Statements			
Type of Statements	Fund Statements		
	Government-wide	Governmental Funds	Proprietary Funds
Scope	Entire City's government (except fiduciary funds) and the City's component units	The activities of the City that are not proprietary or fiduciary	Activities of the City that operate similar to private businesses: sewer
Required financial statements	• Statement of net position	• Balance Sheet	• Statement of net position
	• Statement of activities	• Statement of revenues, expenditures & changes in fund balances	• Statement of revenues, & changes in net position
			• Statement of cash flows
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus
Type of asset/liability information	All assets and liabilities, both financial and capital, short-term and long-term	Only assets expected to be used up and liabilities that come due during the year or thereafter; no capital assets included	All assets and liabilities, both financial and capital, and short-term and long-term
Type of inflow/outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and payment is due during the year or soon thereafter.	All revenues and expenses during year, regardless of when cash is received or paid

Figure A-2 summarizes the major features of the City's financial statements, including the portion of the City government they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis explains the structure and contents of each of the statements.

Government-Wide Statements

The government-wide statements report information about the City as a whole using accounting methods similar to those used by private-sector companies. The statement of net position includes all of the government's assets and liabilities. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The two government-wide statements report the City's net position and how they have changed. Net position—the difference between the City's assets and liabilities—is one way to measure the City's financial health or *position*.

- Over time, increases or decreases in the City's net position are an indicator of whether its financial health is improving or deteriorating, respectively.
- To assess the overall health of the City, one needs to consider additional non-financial factors such as changes in the City's tax base.
- The government-wide financial statements of the City include the *Governmental activities*. Most of the City's basic services are included here, such as general government, public safety, highways and streets, sanitation, economic development, culture and recreation, and interest on long-term debt. Property taxes and charges for services finance most of these activities.

Fund Financial Statements

The fund financial statements provide more detailed information about the City's most significant *funds*—not the City as a whole. Funds are accounting devices that the City uses to keep track of specific sources of funding and spending for particular purposes.

- Some funds are required by State law and by bond covenants.
- The City Council establishes other funds to control and manage money for particular purposes or to show that it is properly using certain taxes and grants.

The City has the following kinds of funds:

- *Governmental funds*—Most of the City's basic services are included in governmental funds, which focus on (1) how *cash and other financial assets* that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental fund statements provide a detailed *short-term* view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs. Because this information does not encompass the additional long-term focus of the government-wide statements, we provide additional information on the subsequent page, which explains the relationship (or differences) between them.
- *Proprietary funds*—Services for which the City charges customers a fee are generally reported in proprietary funds. Proprietary funds, like the government-wide statements, provide both long-term and short-term financial information.

FINANCIAL ANALYSIS OF THE CITY AS A WHOLE

The City's combined net position was \$3.6 million at September 30, 2019. (See Table A-1).

Table A-1
City's Net Position

	Governmental Activities		Business-Type Activities		Total		Percentage Change
	2019	2018	2019	2018	2019	2018	
<i>Assets:</i>							
Current Assets	\$ 913,440	\$ 827,303	\$ 912,543	\$ 847,430	\$ 1,825,983	\$ 1,674,733	9.0
Non-Current Assets	1,240,430	1,293,079	3,640,103	3,806,936	4,880,533	5,100,015	(4.3)
<i>Total Assets</i>	<u>2,153,870</u>	<u>2,120,382</u>	<u>4,552,646</u>	<u>4,654,366</u>	<u>6,706,516</u>	<u>6,774,748</u>	(1.0)
<i>Deferred Outflows:</i>							
Deferred Pension/OPEB Related Outflows	129,468	68,489	14,571	18,266	144,039	86,755	66.0
<i>Liabilities:</i>							
Current Liabilities	231,029	232,847	373,648	369,407	604,677	602,254	0.4
Long-Term Liabilities	1,117,357	1,159,938	1,385,353	1,516,687	2,502,710	2,676,625	(6.5)
<i>Total Liabilities</i>	<u>1,348,386</u>	<u>1,392,785</u>	<u>1,759,001</u>	<u>1,886,094</u>	<u>3,107,387</u>	<u>3,278,879</u>	(5.2)
<i>Deferred Inflows:</i>							
Deferred Pension/OPEB Related Inflows	121,846	92,116	22,047	41,378	143,893	133,494	7.8
<i>Net Position:</i>							
Invested in Capital Assets	204,294	79,368	2,192,953	2,222,436	2,397,247	2,301,804	4.1
Restricted	583,553	504,405	-	-	583,553	504,405	15.7
Unrestricted	25,259	120,197	593,216	522,724	618,475	642,921	(3.8)
<i>Total Net Position</i>	<u>\$ 813,106</u>	<u>\$ 703,970</u>	<u>\$ 2,786,169</u>	<u>\$ 2,745,160</u>	<u>\$ 3,599,275</u>	<u>\$ 3,449,130</u>	4.4

The unrestricted net position represents resources available to fund the programs of the City next year.

Governmental Activities

- Sales tax increased by \$33 thousand. Charges for service increased by \$81 thousand due to income from resource officers and an increase in patrolmen issuing police tickets.
- A significant portion of the revenue, 82% comes from taxes, and 13% is received through charges for services.

Table A-2
Changes in City's Net Position

	Governmental Activities		Business-Type Activities		Total		Percentage Change
	2019	2018	2019	2018	2019	2018	
<i>Program Revenues:</i>							
Charges for Services	\$ 276,889	\$ 196,175	\$ 1,872,946	\$ 1,855,170	\$ 2,149,835	\$ 2,051,345	4.8
Operating & Capital Grants	60,680	53,709	36,429	-	97,109	53,709	80.8
<i>General Revenues:</i>							
Taxes	1,815,531	1,762,927	-	-	1,815,531	1,762,927	3.0
Interest Earnings	1,615	1,649	240	522	1,855	2,171	(14.6)
Miscellaneous	50,506	11,916	3,694	1,919	54,200	13,835	291.8
<i>Total Revenues</i>	<u>2,205,221</u>	<u>2,026,376</u>	<u>1,913,309</u>	<u>1,857,611</u>	<u>4,118,530</u>	<u>3,883,987</u>	6.0
<i>Program Expenses:</i>							
General Administration	652,545	753,889	-	-	652,545	753,889	(13.4)
Public Safety	841,609	818,467	-	-	841,609	818,467	2.8
Street Maintenance	204,629	244,058	-	-	204,629	244,058	(16.2)
Culture and Recreation	188,776	187,406	-	-	188,776	187,406	0.7
Water	-	-	462,085	414,680	462,085	414,680	11.4
Gas	-	-	380,452	242,063	380,452	242,063	57.2
Sewer	-	-	351,686	353,582	351,686	353,582	(0.5)
Garbage	-	-	516,625	484,743	516,625	484,743	6.6
Depreciation	-	-	289,093	282,218	289,093	282,218	2.4
Interest on Debt	36,842	37,613	44,043	51,899	80,885	89,512	(9.6)
<i>Total Expenses</i>	<u>1,924,401</u>	<u>2,041,433</u>	<u>2,043,984</u>	<u>1,829,185</u>	<u>3,968,385</u>	<u>3,870,618</u>	2.5
Transfers In (Out)	(171,684)	(187,405)	171,684	187,405	-	-	0.0
Change in Net Position	<u>\$ 109,136</u>	<u>\$ (202,462)</u>	<u>\$ 41,009</u>	<u>\$ 215,831</u>	<u>\$ 150,145</u>	<u>\$ 13,369</u>	(1023.1)

Table A-3 presents the cost of each of the City's largest functions, as well as each function's net cost (total cost less fees generated by the activities and intergovernmental aid). The net cost reflects what was funded by state revenues as well as local tax dollars. The cost of all *governmental* activities this year was \$1.9 million. Taxpayers paid for 39% of these activities through property taxes of \$742 thousand.

Table A-3
Net Cost of Selected City Functions

	Total Cost of Services			Percentage Change	Net Cost of Services			Percentage Change
	2019	2018			2019	2018		
<i>Governmental Activities:</i>								
General Administration	\$ 652,545	\$ 753,889	(13.4)	\$ 579,934	\$ 732,499	(20.8)		
Public Safety	841,609	818,467	2.8	609,850	620,912	(1.8)		
Street Maintenance	204,629	244,058	(16.2)	176,950	217,093	(18.5)		
Culture and Recreation	188,776	187,406	0.7	183,256	183,432	(0.1)		
Total Governmental Activities	<u>\$ 1,887,559</u>	<u>\$ 2,003,820</u>	<u>(5.8)</u>	<u>\$ 1,549,990</u>	<u>\$ 1,753,936</u>	<u>(11.6)</u>		
<i>Business-type Activities:</i>								
Water	\$ 462,085	\$ 414,680	11.4	\$ 69,835	\$ 174,271	(59.9)		
Gas	380,452	242,063	57.2	(93,938)	37,426	(351.0)		
Sewer	351,686	353,582	(0.5)	201,284	131,985	52.5		
Garbage	516,625	484,743	6.6	21,346	16,420	30.0		
Total Business-Type Activities	<u>\$ 1,710,848</u>	<u>\$ 1,495,068</u>	<u>14.4</u>	<u>\$ 198,527</u>	<u>\$ 360,102</u>	<u>(328.4)</u>		

Business-Type Activities

Revenues of the City's Utility business-type activities increased 3% to \$1.9 million, and operating expenses increased 11.7% to \$2.2 million. Revenues are based on the City's established rates and fluctuations in expenses are primarily related to changes in usage throughout the City. There was a large number of temporary residents who relocated during the prior year due to changes in the oil industry.

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

Revenues from governmental fund types totaled \$2 million. The \$179 thousand increase from prior year is attributable to the increase in resource officers and municipal fines.

Budgetary Highlights

The City's actual expenditures in the General Fund were \$188 thousand less than the budgeted amounts and revenues were \$86 thousand less than budgeted amounts. Municipal fines and grants made up the majority of the budget variance.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

As of September 30, 2019, the City had invested \$4.7 million in a broad range of capital assets, including land, equipment, buildings, and vehicles. (See Table A-4.)

Table A-4
City's Capital Assets
(in thousands dollars)

	Governmental		Business-Type		Total		Total Percentage Change
	Activities		Activities		2019	2018	
	2019	2018	2019	2018	2019	2018	
Land	\$ 17	\$ 17	\$ 24	\$ 24	\$ 41	\$ 41	0.0
Buildings and Improvements	961	886	137	137	1,098	1,023	7.3
Equipment	1,539	1,670	1,118	1,089	2,657	2,759	(3.7)
Infrastructure	598	598	-	-	598	598	0.0
Utility System	-	-	7,892	7,892	7,892	7,892	0.0
Totals at Historical Cost	3,115	3,171	9,171	9,142	12,286	12,313	(0.2)
Total Accumulated Depreciation	(2,042)	(2,162)	(5,531)	(5,336)	(7,573)	(7,498)	1.0
Net Capital Assets	<u>\$ 1,073</u>	<u>\$ 1,009</u>	<u>\$ 3,640</u>	<u>\$ 3,806</u>	<u>\$ 4,713</u>	<u>\$ 4,815</u>	(2.1)

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

Long Term Debt

At year-end, the City had bonds of \$2.3 million outstanding as shown in Table A-5. More detailed information about the City's debt is presented in the notes to the financial statements.

Table A-5
City's Long-Term Debt
(in thousands dollars)

	Governmental Activities		Business-Type Activities		Total		Total Percentage Change
	2019	2018	2019	2018	2019	2018	
Bonds Payable	\$ 869	\$ 931	\$ 1,447	\$ 1,585	\$ 2,316	\$ 2,515	(7.9)
Total Long-Term Debt	<u>\$ 869</u>	<u>\$ 931</u>	<u>\$ 1,447</u>	<u>\$ 1,585</u>	<u>\$ 2,316</u>	<u>\$ 2,515</u>	<u>(7.9)</u>

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The City's elected and appointed officials considered many factors when setting the fiscal year 2020 budget, tax rates, and fees that will be charged. The economic outlook for Live Oak County remains stable. The City's budget levels remain similar to previous years.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the City's finances and to demonstrate the City's accountability for the money it receives. If you have questions about this report or need additional financial information, contact City Hall at (391) 449-1556.

BASIC FINANCIAL STATEMENTS

The basic financial statements include integrated sets of financial statements as required by the GASB. The sets of statements include:

- Government – Wide Financial Statements
- Fund Financial Statements:
 - Governmental Funds
 - Proprietary Funds

In addition, the notes to the financial statements are included to provide information that is essential to a user's understanding of the basic financial statements.

CITY OF GEORGE WEST
STATEMENT OF NET POSITION
SEPTEMBER 30, 2019

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and Cash Equivalents	\$ 676,983	\$ 643,651	\$ 1,320,634
Receivables (net of allowances for uncollectibles):			
Ad Valorem Taxes	77,285	-	77,285
Other	197,500	230,564	428,064
Internal Balances	(38,328)	38,328	-
Restricted Assets:			
Cash and Cash Equivalents	166,986	-	166,986
Capital Assets:			
Land	17,210	24,029	41,239
Buildings and Improvements	961,402	137,179	1,098,581
Vehicles and Equipment	1,538,558	1,117,765	2,656,323
Infrastructure	598,125	-	598,125
Utility System	-	7,891,867	7,891,867
Accumulated Depreciation	(2,041,851)	(5,530,737)	(7,572,588)
TOTAL ASSETS	<u>2,153,870</u>	<u>4,552,646</u>	<u>6,706,516</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred OPEB Related Outflows	1,283	203	1,486
Deferred Pension Related Outflows	128,185	14,368	142,553
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>\$ 129,468</u>	<u>\$ 14,571</u>	<u>\$ 144,039</u>

See accompanying notes to basic financial statements.

CITY OF GEORGE WEST
STATEMENT OF NET POSITION (CONTINUED)
SEPTEMBER 30, 2019

	Governmental Activities	Business-Type Activities	Total
LIABILITIES			
Accounts Payable	\$ 110,434	\$ 116,447	\$ 226,881
Accrued Wages	21,462	9,079	30,541
Compensated Absences	27,116	11,169	38,285
Accrued Interest	7,917	10,431	18,348
Customer Deposits	-	84,422	84,422
<i>Noncurrent Liabilities:</i>			
Bonds and Capital Leases Payable Within One Yea	64,100	142,100	206,200
Bonds and Capital Leases Payable	805,050	1,305,050	2,110,100
Net Pension Liability	270,980	64,066	335,046
Total OPEB Liability	41,327	16,237	57,564
TOTAL LIABILITIES	<u>1,348,386</u>	<u>1,759,001</u>	<u>3,107,387</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred Pension Related Inflows	118,460	20,353	138,813
Deferred OPEB Related Inflows	3,386	1,694	5,080
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>121,846</u>	<u>22,047</u>	<u>143,893</u>
NET POSITION			
Net Investment in Capital Assets	204,294	2,192,953	2,397,247
Restricted for:			
Public Education Fund	9,155	-	9,155
Debt Service	235,202	-	235,202
Municipal Court/Police	210,509	-	210,509
Tourism	128,687	-	128,687
Unrestricted	25,259	593,216	618,475
TOTAL NET POSITION	<u>\$ 813,106</u>	<u>\$ 2,786,169</u>	<u>\$ 3,599,275</u>

See accompanying notes to basic financial statements.

CITY OF GEORGE WEST
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2019

Functions and Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government:				
<i>Governmental Activities:</i>				
General Administration	\$ 652,545	\$ 72,611	\$ -	\$ -
Public Safety	841,609	171,079	60,680	-
Street Maintenance	204,629	27,679	-	-
Culture and Recreation	188,776	5,520	-	-
Interest on Long-term Debt	36,842	-	-	-
<i>Total Governmental Activities</i>	<u>1,924,401</u>	<u>276,889</u>	<u>60,680</u>	<u>-</u>
<i>Business-Type Activities:</i>				
Water	462,085	531,920	-	-
Gas	380,452	286,514	-	-
Sewer	351,686	516,541	-	36,429
Garbage	516,625	537,971	-	-
Depreciation	289,093	-	-	-
Interest on Long-term Debt	44,043	-	-	-
<i>Total Business-Type Activities</i>	<u>2,043,984</u>	<u>1,872,946</u>	<u>-</u>	<u>36,429</u>
Total Primary Government	<u>\$ 3,968,385</u>	<u>\$ 2,149,835</u>	<u>\$ 60,680</u>	<u>\$ 36,429</u>
General Revenues:				
Taxes				
Ad Valorem Taxes				
Franchise Taxes				
Sales Taxes				
Hotel Occupancy Tax				
Interest and Investment Earnings				
Miscellaneous				
Total General Revenues				
Transfers				
Change in Net Position				
Net Position at Beginning of Year				
Net Position at End of Year				

See accompanying notes to basic financial statements.

Net (Expense) Revenue and Changes in Net Position
Primary Government

<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
\$ (579,934)	\$ -	\$ (579,934)
(609,850)	-	(609,850)
(176,950)	-	(176,950)
(183,256)	-	(183,256)
(36,842)	-	(36,842)
<u>(1,586,832)</u>	<u>-</u>	<u>(1,586,832)</u>
-	69,835	69,835
-	(93,938)	(93,938)
-	201,284	201,284
-	21,346	21,346
-	(289,093)	(289,093)
-	(44,043)	(44,043)
<u>-</u>	<u>(134,609)</u>	<u>(134,609)</u>
<u>(1,586,832)</u>	<u>(134,609)</u>	<u>(1,721,441)</u>
741,737	-	741,737
135,730	-	135,730
784,192	-	784,192
153,872	-	153,872
1,615	240	1,855
50,506	3,694	54,200
<u>1,867,652</u>	<u>3,934</u>	<u>1,871,586</u>
<u>(171,684)</u>	<u>171,684</u>	<u>-</u>
109,136	41,009	150,145
<u>703,970</u>	<u>2,745,160</u>	<u>3,449,130</u>
<u>\$ 813,106</u>	<u>\$ 2,786,169</u>	<u>\$ 3,599,275</u>

CITY OF GEORGE WEST
BALANCE SHEET - GOVERNMENTAL FUNDS
SEPTEMBER 30, 2019

	Major Funds		Other Nonmajor Funds	Total Governmental Funds
	General Fund	Debt Service Fund		
ASSETS				
Cash and Cash Equivalents	\$ 299,985	\$ 209,783	\$ 167,216	\$ 676,984
Receivables (net of allowances for uncollectibles):				
Property Taxes	44,993	32,292	-	77,285
Other Receivables	157,486	-	40,014	197,500
Due from Other Funds	-	1,044	24,768	25,812
Restricted Assets				
Cash and Cash Equivalents	-	-	166,986	166,986
TOTAL ASSETS	\$ 502,464	\$ 243,119	\$ 398,984	\$ 1,144,567
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES				
<i>Liabilities:</i>				
Accounts Payable	\$ 108,551	\$ -	\$ 1,882	\$ 110,433
Accrued Wages	21,462	-	-	21,462
Due To Other Funds	64,140	-	-	64,140
<i>Total Liabilities</i>	<u>194,153</u>	<u>-</u>	<u>1,882</u>	<u>196,035</u>
<i>Deferred Inflows of Resources:</i>				
Unavailable Property Tax Revenue	41,781	30,070	-	71,851
<i>Total Deferred Inflows of Resources</i>	<u>41,781</u>	<u>30,070</u>	<u>-</u>	<u>267,886</u>
<i>Fund Balances:</i>				
Restricted for:				
Public Education Fund	9,155	-	-	9,155
Municipal Court/Police	-	-	210,509	210,509
Debt Service	-	213,049	-	213,049
Tourism	-	-	128,687	128,687
Assigned:				
Future Projects	-	-	57,906	57,906
Unassigned	257,375	-	-	257,375
<i>Total Fund Balances</i>	<u>266,530</u>	<u>213,049</u>	<u>397,102</u>	<u>876,681</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	\$ 502,464	\$ 243,119	\$ 398,984	\$ 1,144,567

See accompanying notes to basic financial statements.

CITY OF GEORGE WEST
RECONCILIATION OF THE GOVERNMENTAL FUNDS
BALANCE SHEET TO THE STATEMENT OF NET POSITION
SEPTEMBER 30, 2019

TOTAL FUND BALANCE - TOTAL GOVERNMENTAL FUNDS		\$ 876,681
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Capital Assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		1,073,444
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.		71,849
Accrued compensated absences are not due and payable in the current period and, therefore, not reported in the funds.		(27,116)
Long-term liabilities, including capital leases, are not due and payable in the current period and, therefore, not reported in the funds.		(869,150)
Accrued interest payable on long-term bonds is not due and payable in the current period and, therefore, not reported in the funds.		(7,917)
Net pension/OPEB liabilities (and related deferred outflows of resources) do not consume current financial resources and are not reported in the funds.		
Net Pension Liability	(270,980)	
Total OPEB Liability	(41,327)	
Pension/OPEB Related Deferred Outflows	129,468	
Pension/OPEB Related Deferred Inflows	(121,846)	(304,685)
TOTAL NET POSITION - GOVERNMENTAL ACTIVITIES		\$ 813,106

CITY OF GEORGE WEST
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES – GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2019

	Major Funds		Total Nonmajor Funds	Total Governmental Funds
	General Fund	Debt Service Fund		
REVENUES				
Ad Valorem Taxes	\$ 424,944	\$ 302,118	\$ -	\$ 727,062
Franchise Fees	135,730	-	-	135,730
Sales Taxes	784,192	-	-	784,192
Hotel Occupancy Tax	-	-	153,872	153,872
Fines and Penalties	159,727	-	18,408	178,135
Charges For Service	27,585	-	-	27,585
Grants	49,288	-	-	49,288
Licenses and Permits	27,679	-	-	27,679
Interest Income	1,475	-	139	1,614
Miscellaneous	69,303	-	-	69,303
TOTAL REVENUES	<u>1,679,923</u>	<u>302,118</u>	<u>172,419</u>	<u>2,154,460</u>
EXPENDITURES				
<i>Current:</i>				
General Administration	426,042	-	88,842	514,884
Public Safety	698,057	-	27,462	725,519
Street Maintenance	196,504	-	-	196,504
Culture and Recreation	270,008	-	-	270,008
Municipal Court	100,726	-	10,839	111,565
Capital Outlay	-	-	124,985	124,985
<i>Debt Service:</i>				
Principal	-	61,350	-	61,350
Interest and Fiscal Charges	-	36,843	-	36,843
TOTAL EXPENDITURES	<u>1,691,337</u>	<u>98,193</u>	<u>252,128</u>	<u>2,041,658</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(11,414)	203,925	(79,709)	112,802
OTHER FINANCING SOURCES (USES)				
Proceeds from Sale of Capital Assets	36,090	-	-	36,090
Transfers Out	9,071	(180,755)	-	(171,684)
TOTAL OTHER FINANCING SOURCES (USES)	<u>45,161</u>	<u>(180,755)</u>	<u>-</u>	<u>(135,594)</u>
Net Change in Fund Balance	33,747	23,170	(79,709)	(22,792)
FUND BALANCES AT BEGINNING OF YEAR	<u>232,783</u>	<u>189,879</u>	<u>476,811</u>	<u>899,473</u>
FUND BALANCES AT END OF YEAR	<u>\$ 266,530</u>	<u>\$ 213,049</u>	<u>\$ 397,102</u>	<u>\$ 876,681</u>

See accompanying notes to basic financial statements.

CITY OF GEORGE WEST
STATEMENT OF NET POSITION – PROPRIETARY FUND
SEPTEMBER 30, 2019

	Business-Type Activities
	Utility Fund
ASSETS	
<i>Current Assets:</i>	
Cash and Cash Equivalents	\$ 643,651
Accounts Receivables - Customers (Net of Allowance for Uncollectibles)	230,564
Due From Other Funds	38,328
<i>Total Current Assets</i>	912,543
 <i>Capital Assets:</i>	
Land	24,029
Building and Improvements	137,179
Machinery and Equipment	1,117,765
Utility System	7,891,867
Accumulated Depreciation	(5,530,737)
<i>Total Capital Assets, Net</i>	3,640,103
<i>Total Noncurrent Assets</i>	3,640,103
 TOTAL ASSETS	 4,552,646
 DEFERRED OUTFLOWS OF RESOURCES	
Deferred OPEB Related Outflows	203
Deferred Pension Related Outflows	14,368
TOTAL DEFERRED OUTFLOWS OF RESOURCES	\$ 14,571

See accompanying notes to basic financial statements.

CITY OF GEORGE WEST
STATEMENT OF NET POSITION – PROPRIETARY FUND (CONTINUED)
SEPTEMBER 30, 2019

	Business-Type Activities
	Utility Fund
LIABILITIES	
<i>Current Liabilities:</i>	
Accounts Payable	\$ 116,447
Accrued Wages	9,079
Compensated Absences	11,169
Accrued Interest Payable	10,431
Customer Deposits	84,422
Current Portion of Bonds Payable	142,100
<i>Total Current Liabilities</i>	373,648
 <i>Noncurrent Liabilities:</i>	
Bonds Payable	1,305,050
Net Pension Liability	64,066
Total OPEB Liability	16,237
<i>Total Noncurrent Liabilities</i>	1,385,353
TOTAL LIABILITIES	1,759,001
 DEFERRED INFLOWS OF RESOURCES	
Deferred Pension Related Inflows	20,353
Deferred OPEB Related Inflows	1,694
TOTAL DEFERRED INFLOWS OF RESOURCES	22,047
 NET POSITION	
Net Investment in Capital Assets	2,192,953
Unrestricted	593,216
TOTAL NET POSITION	\$ 2,786,169

See accompanying notes to basic financial statements.

CITY OF GEORGE WEST
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
PROPRIETARY FUND
FOR THE YEAR SEPTEMBER 30, 2019

	Business-Type Activities
	Utility Fund
OPERATING REVENUES	
Charges for Water Service	\$ 531,920
Charges for Gas Services	286,514
Charges for Sewer Service	516,541
Charges for Garbage Service	537,971
Grants and Donations	36,429
Miscellaneous Income	3,694
TOTAL OPERATING REVENUES	1,913,069
OPERATING EXPENSES	
Personnel	592,566
Supplies	138,083
Services and Charges	389,467
Gas Purchases	99,246
Solid Waste Costs	491,486
Depreciation	289,093
TOTAL OPERATING EXPENSES	1,999,941
OPERATING INCOME (LOSS)	(86,872)
NONOPERATING REVENUES (EXPENSES)	
Interest Income	240
Interest Charges	(44,043)
TOTAL NONOPERATING REVENUES (EXPENSES)	(43,803)
NET INCOME (LOSS) BEFORE TRANSFERS	(130,675)
Transfers In (Out)	171,684
NET INCOME (LOSS)	41,009
NET POSITION AT BEGINNING OF YEAR	2,745,160
NET POSITION AT END OF YEAR	\$ 2,786,169

See accompanying notes to basic financial statements.

CITY OF GEORGE WEST
STATEMENT OF CASH FLOWS - PROPRIETARY FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2019

	Business-Type Activities
	Sewer Fund
CASH FLOWS FROM OPERATING ACTIVITIES:	
Cash Received From Customers	\$ 1,923,082
Cash Paid to Employees for Services	(591,604)
Cash Paid to Suppliers for Goods and Services	(1,127,016)
NET CASH FLOWS PROVIDED (USED) BY OPERATING ACTIVITIES	204,462
 CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Due to Other Funds	(1,566)
Transfers From (To) Primary Government	171,684
NET CASH PROVIDED (USED) BY NONCAPITAL FINANCING ACTIVITIES	170,118
 CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Purchase of Capital Assets	(122,262)
Principal Payments on Long-term Debt	(137,350)
Interest Paid for Financing Activities	(44,068)
NET CASH PROVIDED (USED) BY CAPITAL AND AND RELATED FINANCING ACTIVITIES	(303,680)
 CASH FLOWS FROM INVESTING ACTIVITIES:	
Investment Interest Received	240
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	240
 NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	 71,140
 CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	 572,511
 CASH AND CASH EQUIVALENTS, END OF YEAR	 \$ 643,651
 Interest Paid During the Year	 \$ 44,068

See accompanying notes to basic financial statements.

CITY OF GEORGE WEST
STATEMENT OF CASH FLOWS - PROPRIETARY FUND (CONTINUED)
FOR THE YEAR ENDED SEPTEMBER 30, 2019

	Business-Type Activities
	Sewer Fund
Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities:	
Operating Income (Loss)	\$ (86,872)
Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities:	
Depreciation	289,093
(Increase) Decrease in Operating Assets:	
Accounts Receivable, Net	7,590
Deferred Outflows - OPEB	1,556
Deferred Pension Outflows	2,139
Increase (Decrease) in Current Liabilities:	
Accounts Payable	(8,734)
Accrued Wages	3,381
Compensated Absences	2,451
Customer Deposits	2,423
Deferred Inflows - OPEB	1,694
Total OPEB Liability	(1,593)
Deferred Pension Inflows	(21,025)
Net Pension Liability	12,359
Total Adjustments to Reconcile Operating Activities	291,334
 Net Cash Provided (Used) by Operating Activities	 \$ 204,462

See accompanying notes to basic financial statements.

CITY OF GEORGE WEST
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2019

NOTE A -- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of George West, Texas (“City”) was incorporated in 1946 under the provisions of the State of Texas. The City operates under a Home Rule Charter, which was adopted October 24, 1979. The City provides the following services as authorized by its charter: police and fire protection, parks and recreation, general administrative services, and utility services.

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

1. REPORTING ENTITY

Component Units

The City has evaluated related organizations and had determined that none of them qualify as component units. These financial statements only include the financial reporting entity.

2. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

The **government-wide financial statements** include the statement of net position and the statement of activities. Government-wide statements report information on all of the activities of the City. The effect of interfund transfers has been removed from the government-wide statements but continues to be reflected on the fund statements. Governmental activities are supported mainly by taxes and intergovernmental revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods and services.

The statement of activities reflects the degree to which the direct expenses of a given function or segments are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. 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 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 in program revenues are reported as general revenues.

Separate **fund financial statements** are provided for governmental funds and proprietary funds. The General Fund meets the criteria as *major governmental funds*.

CITY OF GEORGE WEST
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2019

NOTE A -- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3. 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. This measurement focus is also used for the proprietary 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. Revenue types which have been accrued consist of revenue from the investments, property taxes, intergovernmental revenue and charges for services. Grants are recognized as revenue when all applicable eligibility requirements imposed by the provider are met.

Revenues are classified as *program revenues* and *general revenues*. 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. General revenues include all taxes, grants not restricted to specific programs, investment earnings, and other miscellaneous revenues.

Governmental fund level financial statements are reported using 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 available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. Measurable and available revenues include revenues expected to be received within 60 days after the fiscal year ends. Receivables which are measurable but not collectible within 60 days after the end of the fiscal period are reported as deferred revenue.

Expenditures generally are recorded when a fund liability is incurred; however, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when the liability has matured and payment is due.

The government reports the following major governmental funds:

The General Fund is the general operating fund of the City and is always classified as a major fund. The General Fund is used to account for all financial resources except those required to be accounted for in another fund. Major revenue sources include property taxes, charges for services, intergovernmental revenues and investment of idle funds. Primary expenditures are for general administration, police, fire, recreation, public works, municipal court and sanitation.

The Debt Service Fund accounts for the resources accumulated and payments made for principal and interest on long-term general obligation debt of governmental funds.

The City has the following non-major funds: Hotel Occupancy, Court Security, Court Technology, Court Child Safety, Certificate of Obligation 2016, and Sports Complex.

CITY OF GEORGE WEST
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2019

NOTE A -- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3. MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION (Continued)

Proprietary fund level financial statements are used to account for activities, which are similar to those often found in the private sector. The measurement focus is upon determination of net income, financial position and cash flows. The City's Proprietary Fund is the Utility Fund (used to account for the provision of water, gas, garbage and sewer services to residents).

The **Proprietary Fund** is accounted for using the accrual basis of accounting as follows:

1. Revenues are recognized when earned, and expenses are recognized when the liabilities are incurred.
2. Current-year contributions, administrative expenses and benefit payments, which are not received or paid until the subsequent year, are accrued.

Proprietary funds distinguish operating revenues and expenses from non-operating. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations.

4. CASH AND CASH EQUIVALENTS

Cash and cash equivalents include cash deposits and investments with a maturity date within three (3) months of the date acquired by the City.

5. INVESTMENTS

State statutes authorize the City to invest in (a) obligations of the United States or its agencies and instrumentalities; (b) direct obligations of the State of Texas or its agencies; (c) other obligations, the principal and interest of which are unconditionally guaranteed or insured by the State of Texas or the United States; (d) obligations of states, agencies, counties, cities, and other political subdivisions of any state having been rated as to investment quality by a nationally recognized investment rating firm and having received a rating of not less than A or its equivalent; (e) certificates of deposit by state and national banks domiciled in this state that are (i) guaranteed or insured by the Federal Deposit Insurance Corporation, or its successor; or, (ii) secured by obligations that are described by (a) - (e). Statutes also allow investing in local government investment pools organized and rated in accordance with the Interlocal Cooperation Act, whose assets consist exclusively of the obligations of the United States or its agencies and instrumentalities and repurchase assessments involving those same obligations. The City has all its monies in interest bearing checking accounts, savings accounts, and government investment pools. Earnings from these investments are added to each account monthly or quarterly. Investments are carried at fair market value except for certificates of deposit which are carried at amortized cost.

CITY OF GEORGE WEST
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2019

NOTE A -- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

5. INVESTMENTS (Continued)

The City reports investments at fair value based on the hierarchy established by generally accepted accounting principles. The fair value hierarchy, which 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 in Pools are reported at an amount determined by the fair value per share of the pool's underlying portfolio, unless the pool maintains a consistent net asset value per share that approximates the fair value of the underlying securities. These investments are reported at net asset value.

6. ACCOUNTS RECEIVABLE

Property taxes are levied based on taxable value at January 1 prior to September 30 and become due October 1, 2018 and past due after January 31, 2019. Accordingly, receivables and revenues for property taxes are reflected on the government-wide statement based on the full accrual method of accounting. Property tax receivables for prior years' levy are shown net of an allowance for uncollectibles; however, presently the City estimates that all accounts are collectible.

Accounts receivable from other governments include amounts due from grantors for approved grants for specific programs and reimbursements for services performed by the City. Program grants are recorded as receivables and revenues at the time all eligibility requirements established by the provider have been met.

Reimbursements for services performed are recorded as receivables and revenues when they are earned in the government-wide statements. Included are fines and costs assessed by the court action and billable services for certain contracts. Revenues received in advance of the costs being incurred are recorded as deferred revenue in the fund statements. Receivables are shown net of an allowance for uncollectibles.

7. PREPAID ITEMS

Payments made for goods and services in advance are recorded as prepaid items on the balance sheet.

8. SHORT-TERM INTERFUND RECEIVABLES/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" or "due to other funds" on the fund statements. Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

CITY OF GEORGE WEST
 NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
 SEPTEMBER 30, 2019

NOTE A -- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

9. DEFERRED INFLOWS AND OUTFLOWS OF RESOURCES

A deferred outflow of resources is a consumption of net position that is applicable to a future reporting period while a deferred inflow of resources is an acquisition of net position. These items are presented in separate section following assets (deferred outflows) or liabilities (deferred inflows) on the statement of net position.

Property tax revenues are recognized when they become both measurable and available in the fund statements. Available means when due, or past due, and receivable within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. Property tax revenue not expected to be available for the current period are reflected as deferred inflows. Unavailable revenues arise when assets are recognized before revenue recognition criteria have been satisfied. Grant and reimbursement revenues received in advance of expenses/expenditures are reflected as unavailable revenue.

10. CAPITAL ASSETS

Capital assets, which include land, buildings and improvements, equipment, utility systems, and infrastructure assets, are reported in the applicable governmental or business type activities column in the government-wide financial statements. Capital assets such as equipment are defined as assets with a cost of \$5,000 or more and a useful live in excess of 1 year. Infrastructure assets include City-owned streets, sewer, sidewalks, curbs and bridges. Capital assets are recorded at historical costs if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The Costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Interest has not been capitalized during the construction period on property plant and equipment.

Capital assets are depreciated using the straight-line method over the following estimated useful lives:

Asset	Estimated Life
Buildings and Improvements	25 to 50 years
Vehicles and Equipment	5 to 25 years
Infrastructure	50 years
Utility System	15 to 25 years

11. COMPENSATED ABSENCES

Full time employees accrue 80 hours of vacation per year after completion of a 90 day probation period. Unused sick leave is not paid out on termination and is not accrued in these financial statements. Vacation leave is paid on termination and expires annually based on the calendar year. Vacation leave is accrued as incurred in the government-wide as it is expected to be paid with future financial resources.

CITY OF GEORGE WEST
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2019

NOTE A -- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

12. LONG-TERM OBLIGATIONS

In the government-wide financial statements, long-term debt (including capital leases) and other long-term obligations are reported as liabilities under governmental activities or proprietary fund type statement of net position. On new bond issues, bond premiums and discounts are deferred and amortized over the life of the bond. Bond issuance costs are expensed as incurred.

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

13. PENSIONS

The net pension liability, deferred inflows and outflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Texas Municipal Retirement System (TMRS), and additions to and deductions from TMRS's fiduciary net position have been determined on the same basis as they are reported by TMRS. 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.

14. FUND BALANCES

In the fund financial statements, governmental funds report the following classifications of fund balance:

Nonspendable – Represents amounts that cannot be spent because they are either not in spendable form (such as inventory or prepaid items) or legally required to remain intact.

Restricted - Represents amounts that are constrained by external parties, constitutional provisions or enabling legislation.

Committed - Represents amounts that can only be used for a specific purpose by a resolution of City Council. Committed amounts cannot be used for any other purpose unless the City Council removes those constraints through the same formal action.

Assigned - Represents amounts which the City intends to use for a specific purpose but do not meet the criteria of restricted or committed. Assignments may be created by the City Council.

Unassigned - Represents the residual balance that may be spent on any other purpose of the City.

When an expenditure is incurred for a purpose in which multiple classifications are available, the City considers restricted balances spent first, committed second and assigned third.

CITY OF GEORGE WEST
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2019

NOTE A -- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

15. NET POSITION

Net position represents the difference between assets and liabilities. Net position invested in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvements of those assets, and adding back unspent proceeds. Net position are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the City or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments.

16. RECLASSIFICATIONS

Certain reclassifications have been made to prior periods to conform to the current year presentation. These reclassifications had no effect on net position.

17. OPERATING REVENUES AND EXPENSES

Operating revenues are those revenues that are generated directly from the primary activity of the enterprise. For the City, those revenues are charges for sewer services. Operating expenses are the necessary costs incurred to provide the service that is the primary activity. Revenues and expenses not meeting these definitions are reported as nonoperating.

18. INTERFUND TRANSFERS

Legally authorized transfers are treated as interfund transfers and are included in the results of operations of both Governmental and Proprietary Funds.

19. USE OF ESTIMATES

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

20. NEW PRONOUNCEMENT

In April 2018, GASB issued Statement No. 88, *Certain disclosures Related to Debt, including Direct Borrowings and Direct Placements*. This statement establishes new note disclosure requirements for long-term debt, including direct borrowings and placements. In addition, this Statement requires that a government should disclose in the notes to financial statements summarized information about the following items:

CITY OF GEORGE WEST
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2019

NOTE A -- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

20. NEW PRONOUNCEMENT (continued)

(1) amount of unused lines of credit, (2) assets pledged as collateral for debt, and (3) terms specified in debt agreements with finance-related consequences such as: (a) events of default, (b) termination events, and (c) subjective acceleration clauses. This Statement also requires that disclosures for direct borrowings and placements be distinct from other debt disclosures. This Statement is effective for the City's financial periods beginning October 1, 2018. The City did not have any direct borrowings or placements that are distinct from other debt disclosures.

NOTE B -- DEPOSITS AND INVESTMENTS

The City's funds are required to be deposited and invested under the terms of a depository contract. The depository bank deposits for safekeeping and trust with the City's agent bank approved pledge securities in an amount sufficient to protect City funds on a day-to-day basis during the period of the contract. The pledge of approved securities is waived only to the extent of the depository bank's dollar amount of Federal Deposit Insurance Corporation ("FDIC") insurance.

1. Deposits

At September 30, 2019, the carrying amount of deposits at Frost Bank was covered by federal deposit insurance (FDIC) of \$250,000 and the City's depository had pledged securities having a face value of \$3,325,000 and market value of \$3,354,766 as collateral for the City's deposits. All of the City's cash was fully collateralized.

2. Investments

The City is required by Government Code Chapter 2256, The Public Funds Investment Act, to adopt, implement, and publicize an investment policy. That policy must address the following areas: (1) safety of principal and liquidity, (2) portfolio diversification, (3) allowable investments, (4) acceptable risk levels, (5) expected rates of return, (6) maximum allowable stated maturity of portfolio investments, (7) maximum average dollar-weighted maturity allowed based on the stated maturity date for the portfolio, (8) investment staff quality and capabilities, and (9) bid solicitation preferences for certificates of deposit. The Public Funds Investment Act ("Act") requires an annual audit of investment practices. Audit procedures in this area conducted as a part of the audit of the basic financial statements disclosed that in the areas of investment practices, management reports and establishment of appropriate policies, the City adhered to the requirements of the Act. Additionally, investment practices of the City were in accordance with local policies.

The Act determines the types of investments which are allowable for the City. These include, with certain restrictions, 1) obligations of the U.S. Treasury, U.S. agencies, and the State of Texas, 2) certificates of deposit, 3) certain municipal securities, 4) securities lending program, 5) repurchase agreements, 6) bankers acceptances, 7) mutual funds, 8) investment pools, 9) guaranteed investment contracts, and 10) commercial paper.

The City does not currently have any investments.

CITY OF GEORGE WEST
 NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
 SEPTEMBER 30, 2019

NOTE B -- DEPOSITS AND INVESTMENTS (Continued)

3. Analysis of Specific Deposit and Investment Risks

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

- a. Credit Risk - Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The ratings of securities by nationally recognized rating agencies are designed to give an indication of credit risk. At year end, the City was not significantly exposed to credit risk.
- b. Concentration of Credit Risk - The risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. At year end, the City was not exposed to a concentration of credit risk.

3. Analysis of Specific Deposit and Investment Risks (Continued)

- c. Interest Rate Risk - This is the risk that changes in interest rates will adversely affect the fair value of an investment. At year-end, the City was not exposed to interest rate risk.
- d. Custodial Credit Risk - Deposits are exposed to custodial credit risk if they are not covered by depository insurance and the deposits are uncollateralized, collateralized with securities held by the pledging financial institution, or collateralized with securities held by the pledging financial institution's trust department or agent but not in the City's name. Investment securities are exposed to custodial credit risk if the securities are uninsured, are not registered in the name of the government, and are held by either the counterparty or the counterparty's trust department or agent but not in the City's name. At year end, the City was not exposed to custodial credit risk.
- e. Foreign Currency Risk - This is the risk that exchange rates will adversely affect the fair value of an investment. At year end, the City was not exposed to foreign currency risk.

NOTE C -- RESTRICTED CASH

Restricted cash for the City as of September 30, 2019 is as follows:

	Balance 9/30/2019
<i>Governmental Activities:</i>	
Special Police	\$ 45,175
Occupancy Tax	88,673
2016 Certificates of Obligation	6,192
Sports Complex Project	26,946
Total Restricted Cash	\$ 166,986

CITY OF GEORGE WEST
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2019

NOTE D -- PROPERTY TAX CALENDAR

The City's property tax is levied and becomes collectible each October 1 based on the assessed values listed as of the prior January 1, which is the date a lien attaches to all taxable property in the City. Assessed values are established by the Live Oak County Appraisal District at 100% of estimated market value. Assessed values are reduced by lawful exemptions to arrive at taxable values. A revaluation of all property is required to be completed every four (4) years. The total taxable value as of January 1, 2018, upon which the fiscal 2019 levy was based, was \$137,877,010 (i.e., market value less exemptions). The estimated market value was \$147,544,357, making the taxable value 94% of the estimated market value.

The City is permitted by the Constitution of the State of Texas to levy taxes up to \$2.50 per \$100 of taxable assessed valuation for all governmental purposes. Pursuant to a decision of the Attorney General of the State of Texas, up to \$1.50 per \$100 of assessed valuation may be used for the payment of long-term debt. The combined tax rate to finance general governmental services, including the payment of principal and interest on long-term debt, for the year ended September 30, 2019, was \$0.532490 per \$100 of assessed value, which means that the City has a tax margin of \$1.96751 for each \$100 value and could increase its annual tax levy by approximately \$2,,712,774 based upon the present assessed valuation before the limit is reached. The current delinquent tax receivable for the year ended September 30, 2019 is \$83,102.

NOTE E -- RECEIVABLES

Receivables for the City as of September 30, 2019 are as follows:

	General Fund	Debt Service Fund	Nonmajor Funds	Utility Fund
Receivables				
Property Tax	\$ 48,380	\$ 34,722	\$ -	\$ -
Sales and Mixed Beverage Tax	137,558	-	-	-
Franchise Tax	12,099	-	-	-
Hotel Occupancy Tax	-	-	40,014	-
Utilities	-	-	-	233,001
Loan To Cayetano Live Oak	7,828	-	-	7,828
Credit Card Receivable	2	-	-	-
	<u>205,867</u>	<u>34,722</u>	<u>40,014</u>	<u>240,829</u>
Less: Allowance for Doubtful Accounts				
Property Tax	(3,388)	(2,430)	-	-
Utilities	-	-	-	(10,265)
	<u>(3,388)</u>	<u>(2,430)</u>	<u>-</u>	<u>(10,265)</u>
Total Receivables, Net	<u>\$ 202,479</u>	<u>\$ 32,292</u>	<u>\$ 40,014</u>	<u>\$ 230,564</u>

CITY OF GEORGE WEST
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2019

NOTE F -- CAPITAL ASSETS

Capital asset activity for the year ended September 30, 2019, was as follows:

<u>Governmental Activities</u>	Balance 10/1/2018	Additions	Disposals/ Transfers	Balance 9/30/2019
Land	\$ 17,210	\$ -	\$ -	\$ 17,210
Buildings and Improvements	886,300	75,102	-	961,402
Vehicles and Equipment	1,670,187	45,569	(177,198)	1,538,558
Infrastructure	598,125	-	-	598,125
	<u>3,171,822</u>	<u>120,671</u>	<u>(177,198)</u>	<u>3,115,295</u>
Less Accumulated Depreciation				
Buildings and Improvements	(382,294)	(22,406)	173,032	(231,668)
Vehicles and Equipment	(1,587,272)	(21,302)	-	(1,608,574)
Infrastructure	(192,387)	(9,222)	-	(201,609)
	<u>(2,161,953)</u>	<u>(52,930)</u>	<u>173,032</u>	<u>(2,041,851)</u>
Governmental Capital Assets, Net	<u>\$ 1,009,869</u>	<u>\$ 67,741</u>	<u>\$ (4,166)</u>	<u>\$ 1,073,444</u>

Land and Construction in Progress are not depreciated.

Depreciation expense was charged to the governmental functions as follows:

General Administration	\$ 2,674
Public Safety	27,094
Street Maintenance	9,835
Culture & Recreation	13,327
Total Depreciation Expense - Governmental Activities	<u>\$ 52,930</u>

CITY OF GEORGE WEST
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2019

NOTE F -- CAPITAL ASSETS (Continued)

Capital asset activity in the business-type fund for the year ended September 30, 2019, was as follows:

<u>Business-Type Activities</u>	<u>Balance 10/1/2018</u>	<u>Additions</u>	<u>Disposals/ Transfers</u>	<u>Balance 9/30/2019</u>
Land	\$ 24,029	\$ -	\$ -	\$ 24,029
Buildings and Improvements	137,179	-	-	137,179
Vehicles and Equipment	1,089,376	122,262	(93,873)	1,117,765
Utility System	7,891,867	-	-	7,891,867
	<u>9,142,451</u>	<u>122,262</u>	<u>(93,873)</u>	<u>9,170,840</u>
Less Accumulated Depreciation				
Buildings and Improvements	(64,249)	(3,614)	-	(67,863)
Vehicles and Equipment	(951,349)	(47,934)	93,873	(905,410)
Utility System	(4,319,919)	(237,545)	-	(4,557,464)
	<u>(5,335,517)</u>	<u>(289,093)</u>	<u>93,873</u>	<u>(5,530,737)</u>
Business-Type Capital Assets, Net	<u>\$ 3,806,934</u>	<u>\$ (166,831)</u>	<u>\$ -</u>	<u>\$ 3,640,103</u>

Land and Construction in Progress are not depreciated.

NOTE G -- LONG-TERM DEBT

The government issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities, the purchase of equipment, and street repair. Certificates of Obligation bonds have been issued for both Governmental activities and business-type activities. The original amount of the Certificate of Obligation bonds issued was \$1,116,000 and \$2,000,000 for the 2004 and 2012 series, respectively. The Certificates of Obligation carry an interest rate of 5.055% and 3.870% and mature on June 15, 2020 and July 15, 2020, respectively. Certificates of Obligation bonds are direct obligations and pledge the full faith and credit of the government and are secured solely from property tax revenues and utility revenues. The general fund and the utility fund are used to service the bonds.

In July 2016, the City issued Certificates of Obligation Series 2016 in the amount of \$800,000 for Wastewater Plant improvements. The Certificates of Obligation carry an interest rate of 2.09% and mature on September 1, 2026.

All series were privately placed with a bank and contain no subjective acceleration clauses, events of default with finance-related consequences, or termination events with finance-related consequences.

CITY OF GEORGE WEST
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2019

NOTE G -- LONG-TERM DEBT (Continued)

Changes in long-term debt were as follows:

	Balance 10/1/2018	Additions	Reductions	Balance 9/30/2019	Due Within One Year
Governmental Activities:					
<i>Certificates of Obligation:</i>					
Series 2004	\$ 154,500	\$ -	\$ (18,850)	\$ 135,650	\$ 19,600
Series 2012	776,000	-	(42,500)	733,500	44,500
Total Governmental Activities	<u>\$ 930,500</u>	<u>\$ -</u>	<u>\$ (61,350)</u>	<u>\$ 869,150</u>	<u>\$ 64,100</u>
Business-Type Activities					
<i>Certificates of Obligation:</i>					
Series 2004	\$ 154,500	\$ -	\$ (18,850)	\$ 135,650	\$ 19,600
Series 2012	776,000	-	(42,500)	733,500	44,500
Series 2016	654,000	-	(76,000)	578,000	78,000
Total Business-Type Activities	<u>\$ 1,584,500</u>	<u>\$ -</u>	<u>\$ (137,350)</u>	<u>\$ 1,447,150</u>	<u>\$ 142,100</u>

The annual requirements to amortize all long-term debt and obligations outstanding as of September 30, 2019, including interest payments, are as follows:

Year Ending September 30,	Governmental Activities			Business-Type Activities		
	Principal	Interest	Total	Principal	Interest	Total
2020	\$ 64,100	\$ 33,887	\$ 97,987	\$ 142,100	\$ 45,967	\$ 188,067
2021	66,850	31,114	97,964	145,850	41,564	187,414
2022	69,850	28,216	98,066	150,850	37,014	187,864
2023	72,600	25,193	97,793	154,600	32,299	186,899
2024	75,850	22,039	97,889	159,850	27,431	187,281
2025 - 2029	316,400	69,009	385,409	490,400	74,485	564,885
2030 - 2033	203,500	12,026	215,526	203,500	12,026	215,526
	<u>\$ 869,150</u>	<u>\$ 221,484</u>	<u>\$ 1,090,634</u>	<u>\$ 1,447,150</u>	<u>\$ 270,786</u>	<u>\$ 1,717,936</u>

CITY OF GEORGE WEST
 NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
 SEPTEMBER 30, 2019

NOTE H -- EMPLOYEES' RETIREMENT SYSTEMS

Texas Municipal Retirement System

Plan Description

The City participates as one of 883 plans in the nontraditional, joint contributory, hybrid defined benefit pension plan administered by the Texas Municipal Retirement System (TMRS). TMRS is an agency created by the state of Texas and administered in accordance with the TMRS Act, Subtitle G, Title 8, Texas Government Code (the TMRS Act) as an agent multiple-employer retirement system for municipal employees in the State of Texas. The TMRS Act places the general administration and management of the system with a six-member Board of Trustees. Although the Governor, with the advice and consent of the Senate, appoints the Board, TMRS is not fiscally dependent on the State of Texas. TMRS issues a publicly available comprehensive annual financial report (CAFR) that can be obtained at www.tmr.com.

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

Benefits Provided

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

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

At the December 31, 2018 valuation and measurement date, the following employees were covered by the benefit terms:

	2017	2018
Inactive employees or beneficiaries currently receiving benefits	7	7
Inactive employees entitled to but not yet receiving benefits	32	39
Active employees	28	32
	67	78

CITY OF GEORGE WEST
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2019

NOTE H -- EMPLOYEES' RETIREMENT SYSTEMS (Continued)

Contributions

The contribution rates for employees in TMRS are either 5%, 6%, or 7% of employee gross earnings, and the City matching percentages are either 100%, 150%, or 200%, both as adopted by the governing body of the City. Under the state law governing TMRS, the contribution rate for each city is determined annually by the actuary, using the Entry Age Normal (EAN) actuarial cost method. The actuarially determined rate is the estimated amount necessary to finance the cost of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability.

For the year ending September 30, 2019, employees for the City were required to contribute 5% of their annual gross earnings during the fiscal year. The contribution rates for the City were 6.12% and 6.33% in calendar years 2018 and 2019, respectively. The City's contributions to TMRS for the year ended September 30, 2019 were \$72,340, and were equal to the required contributions.

Net Pension Liability

The City's Net Pension Liability (NPL) was measured as of December 31, 2018, and the Total Pension Liability (TPL) used to calculate the Net Pension Liability was determined by an actuarial valuation as of that date.

Actuarial Assumptions

The Total Pension Liability in the December 31, 2018 actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.5% per year
Salary Increases	3.0% per year
Investment Rate of Return*	6.75%

* Presented net of pension plan investment expense, including inflation

Salary increases were based on a service-related table. Mortality rates for active members, retirees, and beneficiaries were based on the gender-distinct RP2000 Combined Health Mortality Table, with male rates multiplied by 109% and female rates multiplied by 103%. The rates are projected on a fully generational basis by scale BB to account for future mortality improvements. For disabled annuitants, the gender-distinct RP2000 Disabled Retiree Mortality Table is used with slight adjustments.

CITY OF GEORGE WEST
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2019

NOTE H -- EMPLOYEES' RETIREMENT SYSTEMS (Continued)

Actuarial Assumptions (Continued)

Actuarial assumptions used in the December 31, 2018 valuation were based on the results of actuarial experience studies. The experience study in TMRS was for the period December 31, 2010 through December 31, 2014. Healthy post-retirement mortality rates and annuity purchase rates were updated based on a Mortality Experience Investigation Study covering 2009 through 2011, and dated December 31, 2013. These assumptions were first used in the December 31, 2013 valuation, along with a change to the Entry Age Normal (EAN) actuarial cost method. Assumptions are reviewed annually. No additional changes were made for the 2014 valuation. After the Asset Allocation Study analysis and experience investigation study, the Board amended the long-term expected rate of return on pension plan investments from 7% to 6.75%. Plan assets are managed on a total return basis with an emphasis on both capital appreciation as well as the production of income, in order to satisfy the short-term and long-term funding needs of TMRS.

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return (Arithmetic)</u>
Domestic Equity	17.50%	4.55%
International Equity	17.50%	6.35%
Core Fixed Income	10.00%	1.00%
Non-Core Fixed Income	20.00%	3.90%
Real Return	10.00%	3.80%
Real Estate	10.00%	4.50%
Absolute Return	10.00%	3.75%
Private Equity	5.00%	7.50%
	<u>100.00%</u>	

CITY OF GEORGE WEST
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2019

NOTE H -- EMPLOYEES' RETIREMENT SYSTEMS (Continued)

Discount Rate

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

Changes in the Net Pension Liability

The below schedule presents the changes in the Net Pension Liability as of December 31, 2018:

	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
Balance at December 31, 2017	\$ 1,646,427	\$ 1,348,442	\$ 297,985
Changes for the year:			
Service Cost	109,077	-	109,077
Interest	110,757	-	110,757
Change of Benefit Terms	-	-	-
Difference Between Expected and Actual Experience	(95,686)	-	(95,686)
Changes of Assumptions	-	-	-
Contributions - Employer	-	70,106	(70,106)
Contributions - Employee	-	58,206	(58,206)
Net Investment Income	-	(40,402)	40,402
Benefit Payments, Including Refunds of Employee Contributions	(120,234)	(120,234)	-
Administrative Expense	-	(781)	781
Other Changes	-	(42)	42
Net Changes	3,914	(33,147)	37,061
Balance at December 31, 2018	\$ 1,650,341	\$ 1,315,295	\$ 335,046

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

CITY OF GEORGE WEST
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2019

NOTE H -- EMPLOYEES' RETIREMENT SYSTEMS (Continued)

The following presents the net pension liability of the City, calculated using the discount rate of 6.75%, as well as what the City's net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (5.75%) or 1-percentage point higher (7.75%) than the current rate:

	Discount Rate 5.75%	Discount Rate 6.75%	Discount Rate 7.75%
Net Pension Liability (Asset)	\$ 558,593	\$ 335,046	\$ 151,172

Pension Plan Fiduciary Net Position

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

Pension Expense and Deferred Outflows/Inflows of Resources Related to Pensions

For the year ended September 30, 2019, the City recognized pension expense of \$71,633. Also, as of September 30, 2019, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between Expected and Actual Economic Experience	\$ -	\$ 138,813
Changes in Actuarial Assumptions	20,353	-
Differences Between Projected and Actual Investment Earnings	68,364	-
Contributions Subsequent to the Measurement Date	53,836	-
	\$ 142,553	\$ 138,813

Deferred outflows of resources in the amount of \$53,836 is related to pensions resulting from contributions subsequent to the measurement date, and will be recognized as a reduction of the net pension liability for the plan year ending December 31, 2019. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

For the Year ended December 31,	
2019	\$ (20,915)
2020	(35,050)
2021	(20,417)
2022	26,286
2023	-
	\$ (50,096)

CITY OF GEORGE WEST
 NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
 SEPTEMBER 30, 2019

NOTE I -- OTHER POSTEMPLOYMENT BENEFIT (OPEB)

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

The death benefit for active employees provides a lump-sum payment approximately equal to the employee's annual salary (calculated based on the employee's actual earnings, for the 12-month period preceding the month of death); retired employees are insured for \$7,500; this coverage is an "other postemployment benefit," or OPEB. Membership in the plan at December 31, 2018, the valuation and measurement date, consisted of:

Inactive employees or beneficiaries currently receiving benefits	7
Inactive employees entitled to but not yet receiving benefits	7
Active employees	32
Total	46

The SDBF required contribution rates, based on these assumptions, are as follows:

	Total SDBF Contribution Rate	Retiree Portion of SDBF Contribution Rate
For the Plan Year Ended December 31,		
2018	0.15%	0.02%
2019	0.17%	0.02%

The City contributes to the SDBF at a contractually required rate as determined by an annual actuarial valuation. The rate is equal to the cost of providing one-year term life insurance. The funding policy for the SDBF program is to assure that adequate resources are available to meet all death benefit payments for the upcoming year; the intent is not to pre-fund retiree term life insurance during employees' entire careers. The actuarial assumptions used in the December 31, 2018 valuation were based on the results of an actuarial experience study for the period of December 31, 2010 to December 31, 2014. The assumptions are summarized below:

Inflation	2.50% per year
Salary Increases	3.50% to 10.50% Including Inflation
Discount Rate	3.71% (Based on Fidelity's 20-Year Municipal GO AA Index)
Administrative Expenses	All administrative expenses are paid through the Pension Trust and accounted for under reporting requirements under GASB Statement No. 68
Mortality Rates - Service Retirees	RP2000 Combined Mortality Table with blue collar adjustment with male rates multiplied by 109% and female rates multiplied by 103% and projected on a fully generational basis with scale BB.
Mortality Rates - Disabled Retirees	Same as service with a 3 year set-forward and subject to the 3% floor.

CITY OF GEORGE WEST
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2019

NOTE I -- OTHER POSTEMPLOYMENT BENEFIT (Continued)

The City's Total OPEB Liability (TOL), based on the above actuarial factors, as of December 31, 2018, the measurement and actuarial valuation date, was calculated as follows:

	Total OPEB Liability
Balance at December 31, 2017	\$ 62,340
Changes for the year:	
Service Cost	4,074
Interest	2,127
Change of Benefit Terms	-
Difference Between Expected and Actual Experience	(5,764)
Changes of Assumptions or Other Inputs	(4,980)
Benefit Payments	(233)
Net Changes	(4,776)
Balance at December 31, 2018	\$ 57,564

There is no separate trust maintained to fund this TOL. No assets are accumulated in a trust that meets the criteria in paragraph 4 of Statement No. 75 to pay related benefits.

The following presents the Total OPEB Liability (TOL) of the City, calculated using a discount rate of 3.71%, as well as what the City's TOL would be if it were calculated using a discount rate that is 1-percentage point lower (2.71%) and 1-percentage point higher (4.71%) than the current rate:

	Discount Rate 2.71%	Discount Rate 3.71%	Discount Rate 4.71%
Total OPEB Liability (Asset)	\$ 71,103	\$ 57,564	\$ 47,300

For the year ended September 30, 2019, the City recognized OPEB expense of \$6,920. And reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and Actual Experiences	\$ -	\$ 4,813
Changes in Assumptions & Other Input Contributions Subsequent to the Measurement Date	1,486	-
	\$ 1,486	\$ 5,080

CITY OF GEORGE WEST
 NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
 SEPTEMBER 30, 2019

NOTE I -- OTHER POSTEMPLOYMENT BENEFIT (Continued)

Deferred outflows of resources in the amount of \$1,486 is related to the OPEB benefits resulting from contributions subsequent to the measurement date, and will be recognized as a reduction of the new OPEB liability for the plan year ended December 31, 2019. Other amounts reported as deferred outflows and inflows of resources related to OPEB will be recognized in OPEB expense as follows:

For the Plan Year ended December 31,		
2018	\$	(815)
2019		(815)
2020		(815)
2021		(815)
2022		(1,714)
Thereafter		(106)
	<u>\$</u>	<u>(5,080)</u>

NOTE J -- INTERFUND TRANSACTIONS

As of September 30, 2019, interfund receivables and payables that resulted from various interfund transactions were as follows:

<u>Due from/Due to</u>	<u>Amount</u>	<u>Purpose</u>
General Fund/Proprietary Fund	\$ 63,096	<i>Utility Collections on-behalf of Proprietary Fund</i>
General Fund/Debt Service Fund	1,044	<i>I&S Tax Deposit on-behalf of Debt Service Fund</i>
Proprietary Fund/Nonmajor Funds	24,768	<i>Court-Related Collections on-behalf of other funds</i>
Total	<u>\$ 88,908</u>	

The following transfers occurred during the year ended September 30, 2019:

<u>From</u>	<u>To</u>	<u>Amount</u>	<u>Reason</u>
Debt Service	Proprietary	\$ 171,684	In support of debt service
		<u>\$ 171,684</u>	

NOTE K -- COMMITMENTS AND CONTINGENCIES

Litigation

The City is the subject of various other claims and litigation that have arisen in the course of its operations. Management is of the opinion that the City's liability in these cases, if decided adversely to the City, will not have a material effect on the City's financial position.

CITY OF GEORGE WEST
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2019

NOTE L -- RISK MANAGEMENT

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; business interruption; errors and omissions; injuries to employees; employee health benefits; and other claims of various natures. The City contracts with the Texas Municipal League (TML) to provide insurance coverage for property and casualty, and workers compensation. TML is a multi-employer group that provides for a combination of risk sharing among pool participants and stop loss coverage. Contributions are set annually by the provider. Liability by the City is generally limited to the contributed amounts for losses up to \$1,000,000. Annual contributions for the year ended September 30, 2019 were \$69,351 for property and casualty and workers compensation coverage.



REQUIRED SUPPLEMENTARY INFORMATION

Required supplementary information includes financial information and disclosures that are required by the GASB but are not considered a part of the basic financial statements. Such information includes:

- Budgetary Comparison Schedule – General Fund
- Schedule of Changes – Net Pension Liability and Relation Ratios
- Schedule of Changes – Total OPEB Liability and Relation Ratios

CITY OF GEORGE WEST
 REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE-
 BUDGET AND ACTUAL - GENERAL FUND
 FOR THE YEAR ENDED SEPTEMBER 30, 2019

	Budget Amounts		Actual Amounts	Variance
	Original	Final		Favorable (Unfavorable)
REVENUES				
Ad Valorem Taxes	\$ 502,303	\$ 427,403	\$ 424,944	\$ (2,459)
Franchise Fees	151,549	151,549	135,730	(15,819)
Sales Taxes	723,904	784,204	784,192	(12)
Fines and Penalties	273,168	271,730	159,727	(112,003)
Charges For Service	26,762	26,762	27,585	823
Grants	56,635	67,335	49,288	(18,047)
Licenses and Permits	28,308	28,308	27,679	(629)
Interest Income	430	430	1,475	1,045
Miscellaneous	8,281	8,281	69,303	61,022
TOTAL REVENUES	<u>1,771,340</u>	<u>1,766,002</u>	<u>1,679,923</u>	<u>(86,079)</u>
EXPENDITURES				
<i>Current:</i>				
General Administration	447,973	447,973	426,042	21,931
Public Safety	842,449	842,449	698,057	144,392
Street Maintenance	193,904	193,904	196,504	(2,600)
Culture and Recreation	172,037	184,037	270,008	(85,971)
Municipal Court	122,549	97,549	100,726	(3,177)
TOTAL EXPENDITURES	<u>1,778,912</u>	<u>1,765,912</u>	<u>1,691,337</u>	<u>74,575</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(7,572)</u>	<u>90</u>	<u>(11,414)</u>	<u>(11,504)</u>
OTHER SOURCES (USES) OF FUNDS:				
Proceeds from Sale of Capital Assets	-	-	36,090	-
Transfer In (Out)	-	-	9,071	9,071
TOTAL OTHER SOURCES (USES) OF FUNDS:	<u>-</u>	<u>-</u>	<u>45,161</u>	<u>45,161</u>
Net Change in Fund Balance	<u>(7,572)</u>	<u>90</u>	<u>33,747</u>	<u>33,657</u>
Beginning Fund Balance	<u>232,783</u>	<u>232,783</u>	<u>232,783</u>	<u>-</u>
Ending Fund Balance	<u>\$ 225,211</u>	<u>\$ 232,873</u>	<u>\$ 266,530</u>	<u>\$ 78,818</u>

CITY OF GEORGE WEST
NOTES TO SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE-
BUDGET AND ACTUAL - GENERAL FUND
SEPTEMBER 30, 2019

Budgetary Information – The budget is prepared in accordance with accounting principles generally accepted in the United States of America. The City maintains strict budgetary controls. The objective of these controls is to ensure compliance with legal provision embodied in the annual appropriated budget approved by the City Council and as such is a good management control device. The following are the funds which have legally adopted annual budgets: General Fund and Debt Service Fund.

Budgetary preparation and control is exercised at the department level. Actual expenditures may not legally exceed appropriations at the fund level.

The City does not use encumbrances.

CITY OF GEORGE WEST
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES – NET PENSION LIABILITY AND RELATED RATIOS
LAST FIVE PLAN YEARS

	Total Pension Liability				
	2014	2015	2016	2017	2018
Service Cost	\$ 109,358	\$ 140,271	\$ 121,090	\$ 106,161	\$ 109,077
Interest (on the Total Pension Liability)	83,794	95,635	104,864	108,272	110,757
Changes of Benefit Terms	-	-	-	-	-
Difference between Expected and Actual Experience	9,411	(10,745)	(61,483)	(69,768)	(95,686)
Change of Assumptions	-	54,137	-	-	-
Benefit Payments, Including Refunds of Employee Contributions	(47,576)	(50,138)	(114,633)	(98,389)	(120,234)
Net Change in Total Pension Liability	154,987	229,160	49,838	46,276	3,914
Total Pension Liability - Beginning	1,166,166	1,321,153	1,550,313	1,600,151	1,646,427
Total Pension Liability - Ending	<u>\$ 1,321,153</u>	<u>\$ 1,550,313</u>	<u>\$ 1,600,151</u>	<u>\$ 1,646,427</u>	<u>\$ 1,650,341</u>
Plan Fiduciary Net Position					
	2014	2015	2016	2017	2018
Contributions - Employer	\$ 74,767	\$ 89,779	\$ 67,314	\$ 63,163	\$ 70,106
Contributions - Employee	75,206	82,513	66,900	57,014	58,206
Net Investment Income	46,021	1,405	72,711	161,608	(40,402)
Benefit Payments, Including Refunds of Employee Contributions	(47,576)	(50,138)	(114,633)	(98,389)	(120,234)
Administrative Expense	(480)	(855)	(820)	(838)	(781)
Other	(39)	(43)	(44)	(42)	(42)
Net Change in Plan Fiduciary Net Position	147,899	122,661	91,428	182,516	(33,147)
Plan Fiduciary Net Position - Beginning	803,938	951,837	1,074,498	1,165,926	1,348,442
Plan Fiduciary Net Position - Ending	<u>\$ 951,837</u>	<u>\$ 1,074,498</u>	<u>\$ 1,165,926</u>	<u>\$ 1,348,442</u>	<u>\$ 1,315,295</u>
Net Pension Liability (Asset) - Ending	\$ 369,316	\$ 475,815	\$ 434,225	\$ 297,985	\$ 335,046
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	72.05%	69.31%	72.86%	81.90%	79.70%
Covered Payroll	\$ 1,504,114	\$ 1,650,253	\$ 1,338,006	\$ 1,140,290	\$ 1,164,112
Net Pension Liability as a Percentage of Covered Payroll	24.55%	28.83%	32.45%	26.13%	28.78%

Note: The schedule above reflects the changes in the net pension liability for the current year. GASB 68 requires 10 fiscal years of data to be provided in this schedule. The employer/city will be required to build this schedule over the 10 year period; as such, the employer should retain the annual GASB packages to utilize in building this schedule.

CITY OF GEORGE WEST
NOTES TO THE SCHEDULE OF CHANGES - NET PENSION LIABILITY AND RELATED
RATIOS
LAST FIVE FISCAL YEARS

	2015	2016	2017	2018	2019
Actuarially Determined Contribution	\$ 88,600	\$ 72,663	\$ 64,195	\$ 67,643	\$ 72,340
Contributions in Relation to the Actuarially Determined Contribution	88,600	72,663	64,195	67,643	72,340
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -
Covered Payroll	\$1,664,451	\$1,413,741	\$1,185,832	\$1,146,805	\$ 1,183,916
Contributions as a Percentage of Covered Payroll	5.32%	5.14%	5.41%	5.90%	6.11%

Valuation Date:

Actuarially determined contribution rates are calculated as of December 31 and become effective in January, thirteen (13) months later.

GASB 68 requires 10 fiscal years of data to be provided in the Schedule of Contributions: The City will build this report over the next 10 year period. This data in this schedule is based on the City's fiscal year-end, not the valuation/measurement date as provided in other schedules of this report.

Methods and Assumptions Used to Determine Contribution Rates:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percentage of Payroll, Closed
Remaining Amortization Period	25 Years
Asset Valuation Method	10 Year Smoothed Market; 15% Soft Corridor
Inflation	2.50%
Salary Increases	3.50% to 10.50% including Inflation
Investment Rate of Return	6.75%
Retirement Age	Experience-based table of rates that are specific to the City's plan of benefits. Last updated for the 2015 valuation pursuant to an experience study of the period 2010 - 2014.
Mortality	RP2000 Combined Mortality Table with blue Collar Adjustment with male rates multiplied by 109% and femal rates multiplied by 103% and projected on a fully generational basis with scale BB.

CITY OF GEORGE WEST
 REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF CHANGES – NET OPEB LIABILITY AND RELATED RATIOS
 LAST TWO CALENDAR YEARS

	Total OPEB Liability	
	2017	2018
Service Cost	\$ 3,535	\$ 4,074
Interest	1,997	2,127
Changes of Benefit Terms	-	-
Difference between Expected and Actual Experience	-	(5,764)
Changes in Assumptions or Other Inputs	5,807	(4,980)
Benefit Payments	(114)	(233)
Net Change in Total OPEB Liability	11,225	(4,776)
Total OPEB Liability - Beginning	51,115	62,340
Total OPEB Liability - Ending	\$ 62,340	\$ 57,564
 Covered Payroll	 \$ 1,140,290	 \$ 1,164,112
 Total OPEB Liability as a Percentage of Covered Payroll	 5.47%	 4.94%

Note: Information for this schedule is being accumulated prospectively until a ten year period is available.

Methods and Assumptions Used to Determine Contributions Rates:

Actuarial Assumptions:

Inflation	2.50% per year
Salary Increases	3.50% to 10.50% Including Inflation
Discount Rate	3.71% (Based on Fidelity's 20-Year Municipal GO AA Index)
Administrative Expenses	All administrative expenses are paid through the Pension Trust and accounted for under reporting requirements under GASB Statement No. 68
Mortality Rates - Service Retirees	RP2000 Combined Mortality Table with blue collar adjustment with male rates multiplied by 109% and female rates multiplied by 103% and projected on a fully generational basis with scale BB.
Mortality Rates - Disabled Retirees	Same as service with a 3 year set-forward and subject to the 3% floor.



SUPPLEMENTARY INFORMATION

Supplementary information includes financial statements and schedules not required by the GASB, nor a part of the basic financial statements, but are presented for purposes of additional analysis.

Such statements and schedule include:

- Comparative Statements – General Fund
- Combining Statements – Nonmajor Governmental Funds
- Comparative Statements – Proprietary Utility Fund

CITY OF GEORGE WEST
 COMPARATIVE BALANCE SHEETS
 GENERAL FUND
 SEPTEMBER 30, 2019 AND 2018

	2019	2018
ASSETS		
Cash and Cash Equivalents	\$ 299,985	\$ 393,367
Receivables (net of allowances for uncollectibles):		
Property Taxes	44,993	39,157
Other Receivables	157,486	107,676
 TOTAL ASSETS	 \$ 502,464	 \$ 540,200
 LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES		
<i>Liabilities:</i>		
Accounts Payable	\$ 108,551	\$ 117,039
Accrued Wages	21,462	15,842
Due to Other Funds	64,140	141,203
<i>Total Liabilities</i>	194,153	274,084
 <i>Deferred Inflows of Resources:</i>		
Unavailable Property Tax Revenue	41,781	33,333
<i>Total Deferred Inflows of Resources</i>	41,781	33,333
 <i>Fund Balances:</i>		
Committed for:		
Public Education Fund	9,155	4,242
Unassigned	257,375	228,541
<i>Total Fund Balance</i>	266,530	232,783
 TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	 \$ 502,464	 \$ 540,200

CITY OF GEORGE WEST
 COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCE - GENERAL FUND
 FOR THE FISCAL YEARS ENDED SEPTEMBER 30, 2019 AND 2018

	<u>2019</u>	<u>2018</u>
REVENUES		
Ad Valorem Taxes	\$ 424,944	\$ 460,585
Franchise Fees	135,730	153,402
Sales Taxes	784,192	751,079
Fines and Penalties	159,727	130,437
Charges For Service	27,585	26,347
Grants	49,288	49,973
Licenses and Permits	27,679	27,115
Interest Income	1,475	1,491
Miscellaneous	69,303	13,911
TOTAL REVENUES	<u>1,679,923</u>	<u>1,614,340</u>
EXPENDITURES		
Current:		
General Administration	426,042	414,443
Public Safety	698,057	732,481
Street Maintenance	196,504	233,733
Culture and Recreation	270,008	204,116
Municipal Court	100,726	109,131
Capital Outlay	-	39,000
TOTAL EXPENDITURES	<u>1,691,337</u>	<u>1,732,904</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(11,414)</u>	<u>(118,564)</u>
OTHER FINANCING SOURCES (USES)		
Proceeds from Sale of Capital Assets	36,090	39,000
Transfers Out	9,071	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>45,161</u>	<u>39,000</u>
Net Change in Fund Balance	33,747	(79,564)
BEGINNING FUND BALANCE	<u>232,783</u>	<u>312,347</u>
ENDING FUND BALANCE	<u>\$ 266,530</u>	<u>\$ 232,783</u>

CITY OF GEORGE WEST
 COMBINING BALANCE SHEETS
 NONMAJOR GOVERNMENTAL FUNDS
 SEPTEMBER 30, 2019

	Special Revenue Funds			
	Hotel Occupancy	Court Security	Court Technology	Court Child Safety
ASSETS				
Cash and Cash Equivalents	\$ -	\$ 96,191	\$ 48,338	\$ 22,687
Accounts Receivable, Net of Allowance				
Taxes	40,014	-	-	-
Due From Other Funds	-	-	-	-
Restricted Assets:				
Cash and Cash Equivalents	88,673	-	-	-
TOTAL ASSETS	\$ 128,687	\$ 96,191	\$ 48,338	\$ 22,687
LIABILITIES & FUND BALANCES				
<i>Liabilities:</i>				
Accounts Payable	\$ -	\$ -	\$ -	1,050
<i>Total Liabilities</i>	-	-	-	1,050
<i>Fund Balances:</i>				
Restricted For:				
Police	-	-	-	-
Municipal Court	-	96,191	48,338	21,637
Tourism	128,687	-	-	-
Assigned For:				
Future Projects	-	-	-	-
<i>Total Fund Balances</i>	128,687	96,191	48,338	21,637
TOTAL LIABILITIES & FUND BALANCES	\$ 128,687	\$ 96,191	\$ 48,338	\$ 22,687

	Capital Projects Funds			
<u>Drug Forfeiture</u>	<u>Certificate of Obligation 2016</u>	<u>Sports Complex</u>	<u>Totals</u>	
\$ -	\$ -	\$ -	\$ 167,216	
-	-	-	40,014	
-	24,768	-	24,768	
<u>45,175</u>	<u>6,192</u>	<u>26,946</u>	<u>166,986</u>	
<u>\$ 45,175</u>	<u>\$ 30,960</u>	<u>\$ 26,946</u>	<u>\$ 398,984</u>	
832	\$ -	\$ -	\$ 1,882	
<u>832</u>	<u>-</u>	<u>-</u>	<u>1,882</u>	
44,343	-	-	44,343	
-	-	-	166,166	
-	-	-	128,687	
<u>-</u>	<u>30,960</u>	<u>26,946</u>	<u>57,906</u>	
<u>44,343</u>	<u>30,960</u>	<u>26,946</u>	<u>397,102</u>	
<u>\$ 45,175</u>	<u>\$ 30,960</u>	<u>\$ 26,946</u>	<u>\$ 398,984</u>	

CITY OF GEORGE WEST
 COMBINING STATEMENTS OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCE - NONMAJOR GOVERNMENTAL FUNDS
 FOR THE FISCAL YEARS ENDED SEPTEMBER 30, 2019

	Special Revenue Funds			
	Hotel Occupancy	Court Security	Court Technology	Court Child Safety
REVENUES				
Hotel Occupancy Tax	\$ 153,872	\$ -	\$ -	\$ -
Fines and Penalties	-	3,005	4,012	-
Interest Income	-	-	-	-
TOTAL REVENUES	<u>153,872</u>	<u>3,005</u>	<u>4,012</u>	<u>-</u>
EXPENDITURES				
Current:				
Public Safety	-	-	-	-
Municipal Court	-	242	7,436	3,161
Administration	88,842	-	-	-
Capital Outlay	-	-	-	-
TOTAL EXPENDITURES	<u>88,842</u>	<u>242</u>	<u>7,436</u>	<u>3,161</u>
Net Change in Fund Balance	65,030	2,763	(3,424)	(3,161)
Fund Balances at Beginning of Year	<u>63,657</u>	<u>93,428</u>	<u>51,762</u>	<u>24,798</u>
Fund Balances at End of Year	<u><u>\$ 128,687</u></u>	<u><u>\$ 96,191</u></u>	<u><u>\$ 48,338</u></u>	<u><u>\$ 21,637</u></u>

	Capital Projects Funds			
Drug Forfeiture	Certificate of Obligation 2016	Sports Complex		Totals
\$ -	\$ -	\$ -		\$ 153,872
11,391	-	-		18,408
3	136	-		139
<u>11,394</u>	<u>136</u>	<u>-</u>		<u>172,419</u>
27,462	-	-		27,462
-	-	-		10,839
-	-	-		88,842
-	124,985	-		124,985
<u>27,462</u>	<u>124,985</u>	<u>-</u>		<u>252,128</u>
(16,068)	(124,849)	-		(79,709)
<u>60,411</u>	<u>155,809</u>	<u>26,946</u>		<u>476,811</u>
<u>\$ 44,343</u>	<u>\$ 30,960</u>	<u>\$ 26,946</u>		<u>\$ 397,102</u>

CITY OF GEORGE WEST
 COMPARATIVE STATEMENTS OF NET POSITION
 PROPRIETARY FUND – UTILITY SYSTEM
 SEPTEMBER 30, 2019 AND 2018

	2019	2018
ASSETS		
<i>Current Assets:</i>		
Cash and Cash Equivalents	\$ 643,651	\$ 572,511
Accounts Receivables - Customers (Net of Allowance for Uncollectibles)	230,564	238,154
Due From Other Funds	38,328	36,764
<i>Total Current Assets</i>	912,543	847,429
 <i>Capital Assets:</i>		
Land	24,029	24,029
Building and Improvements	137,179	137,179
Machinery and Equipment	1,117,765	1,089,377
Utility System	7,891,867	7,891,867
Accumulated Depreciation	(5,530,737)	(5,335,515)
<i>Total Capital Assets, Net</i>	3,640,103	3,806,937
<i>Total Noncurrent Assets</i>	3,640,103	3,806,937
 TOTAL ASSETS	 4,552,646	 4,654,366
 DEFERRED OUTFLOWS OF RESOURCES		
Deferred OPEB Related Outflows	203	1,759
Deferred Pension Related Outflows	14,368	16,507
TOTAL DEFERRED OUTFLOWS OF RESOURCES	 \$ 14,571	 \$ 18,266

CITY OF GEORGE WEST
 COMPARATIVE STATEMENTS OF NET POSITION
 PROPRIETARY FUND – UTILITY SYSTEM (CONTINUED)
 SEPTEMBER 30, 2019 AND 2018

	2019	2018
LIABILITIES		
<i>Current Liabilities:</i>		
Accounts Payable	\$ 116,447	\$ 125,181
Accrued Wages	9,079	5,698
Compensated Absences	11,169	8,718
Accrued Interest Payable	10,431	10,461
Customer Deposits	84,422	81,999
Current Portion of Bonds Payable	142,100	137,350
<i>Total Current Liabilities</i>	373,648	369,407
 <i>Noncurrent Liabilities:</i>		
Bonds Payable	1,305,050	1,447,150
Net Pension Liability	64,066	51,707
Total OPEB Liability	16,237	17,830
<i>Total Noncurrent Liabilities</i>	1,385,353	1,516,687
 TOTAL LIABILITIES	1,759,001	1,886,094
 DEFERRED INFLOWS OF RESOURCES		
Deferred Pension Related Inflows	20,353	41,378
Deferred OPEB Related Inflows	1,694	-
TOTAL DEFERRED INFLOWS OF RESOURCES	22,047	41,378
 NET POSITION		
Net Investment in Capital Assets	2,192,953	2,222,436
Unrestricted	593,216	522,724
TOTAL NET POSITION	\$ 2,786,169	\$ 2,745,160

CITY OF GEORGE WEST
 COMPARATIVE STATEMENTS OF REVENUES, EXPENSES AND
 CHANGES IN NET POSITION - PROPRIETARY FUND - UTILITY SYSTEM
 FOR THE FISCAL YEARS ENDED SEPTEMBER 30, 2019 AND 2018

	2019	2018
OPERATING REVENUES		
Charges for Water Service	\$ 531,920	\$ 588,951
Charges for Gas Services	286,514	279,489
Charges for Sewer Service	516,541	485,567
Charges for Garbage Service	537,971	501,163
Grants and Donations	36,429	-
Miscellaneous Income	3,694	1,919
TOTAL OPERATING REVENUES	1,913,069	1,857,089
OPERATING EXPENSES		
Personnel	592,566	480,170
Supplies	138,083	73,721
Services and Charges	389,467	368,633
Gas Purchases	99,246	94,624
Solid Waste Costs	491,486	477,920
Depreciation	289,093	282,218
TOTAL OPERATING EXPENSES	1,999,941	1,777,286
OPERATING INCOME (LOSS)	(86,872)	79,803
NONOPERATING REVENUES (EXPENSES)		
Interest Income	240	522
Interest Charges	(44,043)	(51,899)
TOTAL NONOPERATING REVENUES (EXPENSES)	(43,803)	(51,377)
NET INCOME (LOSS) BEFORE TRANSFERS	(130,675)	28,426
Transfers In (Out)	171,684	187,405
NET INCOME (LOSS)	41,009	215,831
NET POSITION AT BEGINNING OF YEAR	2,745,160	2,529,329
NET POSITION AT END OF YEAR	\$ 2,786,169	\$ 2,745,160

CITY OF GEORGE WEST
 COMPARATIVE STATEMENTS OF CASH FLOWS
 PROPRIETARY FUND – UTILITY SYSTEM
 FOR THE FISCAL YEARS ENDED SEPTEMBER 30, 2019 AND 2018

	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash Received From Customers	\$ 1,923,082	\$ 1,831,899
Cash Paid to Employees for Services	(591,604)	(475,640)
Cash Paid to Suppliers for Goods and Services	(1,127,016)	(911,023)
NET CASH FLOWS PROVIDED (USED) BY OPERATING ACTIVITIES	204,462	445,236
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Transfers From (To) Primary Government	171,684	187,405
Intergovernmental Borrowings	(1,566)	1,562
NET CASH PROVIDED (USED) BY NONCAPITAL FINANCING ACTIVITIES	170,118	188,967
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Purchase of Capital Assets	(122,262)	(90,626)
Principal Payments on Long-term Debt	(137,350)	(133,100)
Interest Paid for Financing Activities	(44,068)	(54,304)
NET CASH PROVIDED (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES	(303,680)	(278,030)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Investment Interest Received	240	522
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	240	522
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	71,140	356,695
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR		
Cash and Cash Equivalents	572,511	39,476
Restricted Cash and Cash Equivalents	-	48,265
	572,511	87,741
CASH AND CASH EQUIVALENTS, END OF YEAR		
Cash and Cash Equivalents	643,651	572,511
	\$ 643,651	\$ 572,511
 Interest Paid During the Year	 \$ 44,608	 \$ 54,304

CITY OF GEORGE WEST
 COMPARATIVE STATEMENTS OF CASH FLOWS
 PROPRIETARY FUND – UTILITY SYSTEM (CONTINUED)
 FOR THE FISCAL YEARS ENDED SEPTEMBER 30, 2019 AND 2018

	2019	2018
Reconciliation of Operating Income to Net Cash		
Provided (Used) by Operating Activities:		
Operating Income (Loss)	\$ (86,872)	\$ 79,803
Adjustments to Reconcile Operating Income to Net		
Cash Provided (Used) by Operating Activities:		
Depreciation	289,093	282,218
(Increase) Decrease in Operating Assets:		
Accounts Receivable, Net	7,590	(30,623)
Deferred OPEB Outflows	1,556	(1,759)
Deferred Pension Outflows	2,139	10,988
Increase (Decrease) in Current Liabilities:		
Accounts Payable	(8,734)	103,875
Accrued Wages	3,381	2,400
Compensated Absences	2,451	2,776
Customer Deposits	2,423	5,433
Deferred OPEB Inflows	1,694	-
Total OPEB Liability	(1,593)	3,211
Deferred Pension Inflows	(21,025)	25,879
Net Pension Liability	12,359	(38,965)
	291,334	365,433
Net Cash Provided (Used) by		
Operating Activities	\$ 204,462	\$ 445,236

