

**CITY OF GEORGE WEST, TEXAS**

**ANNUAL  
FINANCIAL REPORT**

**FISCAL YEAR ENDED  
SEPTEMBER 30, 2022**





## Armstrong, Vaughan & Associates, P. C.

Certified Public Accountants

To the Council and Management,  
City of George West

We have audited the 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, 2022, and have issued our report thereon dated December 30, 2022. Professional standards require that we advise you of the following matters relating to our audit.

### **Our Responsibility in Relation to the Financial Statement Audit**

As communicated in our engagement letter dated August 15, 2022, our responsibility, as described by professional standards, is to form and express an opinion about whether the financial statements that have been prepared by management with your oversight are presented fairly, in all material respects, in conformity with accounting principles generally accepted in the United States of America. Our audit of the financial statements does not relieve you or management of your respective responsibilities.

Our responsibility, as prescribed by professional standards, is to plan and perform our audit to obtain reasonable, rather than absolute, assurance about whether the financial statements are free of material misstatement. An audit of financial statements includes consideration of internal control over financial reporting as a basis for designing 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 over financial reporting. Accordingly, as part of our audit, we considered the internal control of City of George West solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

We are also responsible for communicating significant matters related to the audit that are, in our professional judgment, relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures for the purpose of identifying other matters to communicate to you.

### **Planned Scope and Timing of the Audit**

We conducted our audit with the planned scope and timing we previously communicated to you.

### **Compliance with All Ethics Requirements Regarding Independence**

The engagement team and others in our firm, as appropriate, have complied with all relevant ethical requirements regarding independence.

## **Qualitative Aspects of the Entity's Significant Accounting Practices**

### *Significant Accounting Policies*

Management has the responsibility to select and use appropriate accounting policies. A summary of the significant accounting policies adopted by City of George West is included in Note A to the financial statements. During the period under audit, there were no significant changes to polices except for the following:

- Effective October 1, 2021, the City adopted Government Accounting Standards Board Statement 87, which changed the way leases (contracts conveying the right to use an identified asset) are presented and recorded. The City analyzed its contracts and fond no leases at this time.

No matters have come to our attention that would require us, under professional standards, to inform you about (1) the methods used to account for significant unusual transactions and (2) the effect of significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.

### *Significant Accounting Estimates*

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's current judgments. Those judgments are normally based on knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ markedly from management's current judgments.

The most sensitive accounting estimates affecting the financial statements are Management's estimate of useful lives of capital assets, allowance for doubtful accounts and net pension and OPEB liability assumptions for mortality rates and investment returns.

Management's estimate of useful lives of the depreciable assets are based on past history, engineering estimates, and industry standards. The allowance for doubtful accounts has been estimated for ad valorem property taxes and is based on collection history of the City. We evaluated the key factors and assumptions used to develop these estimates and determined that they are reasonable in relation to the basic financial statements taken as a whole and in relation to the applicable opinion units.

The estimate of the Net Pension and Other Post Employment Benefit (OPEB) Liabilities are based on the actuarial study performed by Texas Municipal Retirement System (TMRS) with no input from the City's management. We have considered the underlying inputs provided by the City related to covered employees as well as the reasonableness of the actuarial assumptions used.

### *Financial Statement Disclosures*

Certain financial statement disclosures involve significant judgment and are particularly sensitive because of their significance to financial statement users. The most sensitive disclosures affecting City of George West's financial statements relate to: Texas Municipal Retirement System and budgetary comparison information.

### **Significant Difficulties Encountered in Performing the Audit**

We encountered no difficulties in dealing with management in performing and completing our audit.

### **Disagreements with Management**

For purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter, which could be significant to City of George West's financial statements or the auditor's report. No such disagreements arose during the course of the audit.

### **Corrected and Uncorrected Misstatements**

For purposes of this communication, professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that we believe are trivial, and communicate them to the appropriate level of management. Further, professional standards require us to also communicate the effect of uncorrected misstatements related to prior periods on the relevant classes of transactions, account balances or disclosures, and the financial statements as a whole and each applicable opinion unit. No such misstatements were detected.

In addition, professional standards require us to communicate to you all material, corrected misstatements that were brought to the attention of management as a result of our audit procedures. We identified a material misstatement related to beginning balances, which was brought to the attention of, and corrected by, management. Additionally, we assisted management in recording routine journal entries for year-end accruals, depreciation, and net pension and OPEB liabilities.

### **Representations Requested from Management**

We have requested certain written representations from management, which are included in a separate letter dated December 30, 2022.

### **Management's Consultations with Other Accountants**

In some cases, management may decide to consult with other accountants about auditing and accounting matters. Management informed us that, and to our knowledge, there were no consultations with other accountants regarding auditing and accounting matters.

### **Other Significant Matters, Findings, or Issues**

In the normal course of our professional association with City of George West, we generally discuss a variety of matters, including the application of accounting principles and auditing standards, operating and regulatory conditions affecting the entity, and operational plans and strategies that may affect the risks of material misstatement. None of the matters discussed resulted in a condition to our retention as City of George West's auditors.

During audit procedures, we became aware of an opportunity to strengthen the City's operations with the following suggestion:

Leave Accruals

The City's personnel manual does not explicitly address caps on leave accruals. Several employees have accumulated vacation balances that represent individually significant liabilities to the City. In the event of an employee departure, the City could be responsible for substantial payouts related to accumulated vacation leave balances. The City should consider reviewing and revising its leave policy to prevent large accumulations of vacation leave balances.

**Public Funds Investment Act**

As, part of our audit, we review the City's compliance with the Public Funds Investment Act. Our procedures determined that the City is in compliance, in all material effects, with the provisions of the Act.

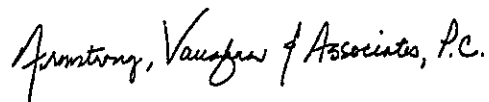
**Other Information in Documents Containing Audited Financial Statements**

Pursuant to professional standards, our responsibility as auditors for other information in documents containing City of George West's audited financial statements does not extend beyond the financial information identified in the audit report, and we are not required to perform any procedures to corroborate such other information. However, in accordance with such standards, we have read the information and considered whether such information, or the manner of its presentation, was materially consistent with its presentation in the financial statements.

Our responsibility also includes communicating to you any information which we believe is a material misstatement of fact. Nothing came to our attention that caused us to believe that such information, or its manner of presentation, is materially inconsistent with the information, or manner of its presentation, appearing in the financial statements.

This report is intended solely for the information and use of the City Council and management of City of George West and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,



Armstrong, Vaughan & Associates, P.C.

December 30, 2022

CITY OF GEORGE WEST  
ANNUAL FINANCIAL REPORT  
FOR THE YEAR ENDED SEPTEMBER 30, 2022

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CITY OF GEORGE WEST

PRINCIPAL OFFICERS

CITY OFFICIALS

MAYOR

ANDREW GARZA

MAYOR PRO-TERM

JEARL RANNEFELD

CITY COUNCIL

JOHN WALKER

PATRICIA CLIFTON

NATHAN STROLENY

CITY MANAGER, INTERIM

SHIRLEY HOLM

CITY SECRETARY

D'ANN LANE

CITY ATTORNEY

EPIMENIO YSASSI





Armstrong, Vaughan & Associates, P. C.

Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

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

***Opinions***

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of George West, as of and for the year ended September 30, 2022, and the related notes to the financial statements, which collectively comprise the City of George West's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of George West, as of September 30, 2022, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

***Basis for Opinions***

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

***Responsibilities of Management for the Financial Statements***

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, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City of George West's ability to continue as a going concern for one year after the date that the financial statements are issued.

***Auditor's Responsibilities for the Audit of the Financial Statements***

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

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City of George West's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City of George West's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, and pension related information 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.

*Supplementary 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 individual fund financial statements and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The individual fund financial statements are the responsibility of management and were derived from and relate 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.*

Armstrong, Vaughan & Associates, P.C.  
December 30, 2022

## 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, 2022. Please read it in conjunction with the City's financial statements, which follow this section.

### FINANCIAL HIGHLIGHTS

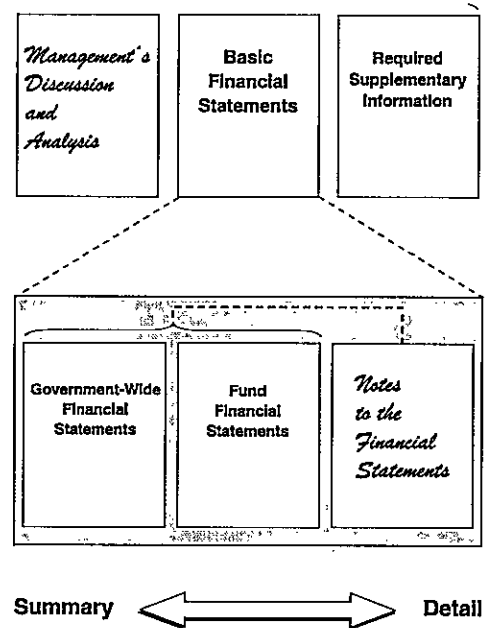
- The City's total combined net position was \$4.9 million at September 30, 2022.
- The general fund balance is \$546 thousand, of which \$536 thousand is unassigned. The balance represents a reduction of \$401 thousand from the prior year. In the prior year, the general fund was buoyed by a one-time reallocation of sales tax of approximately \$900 thousand.
- The City received additional funding under the American Recovery Plan Act (ARPA). Management has elected the revenue loss exemption and has spent some of the funds on improvements across different areas in the City. \$416 thousand of the ARPA funds have been deferred for use in subsequent fiscal years as governance is still in the process of determining how the grant funds will be utilized.

### 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 \$4.9 million at September 30, 2022. (See Table A-1).

	Governmental Activities		Business-Type Activities		Total		Percentage Change
	2022	2021	2022	2021	2022	2021	
<i>Assets:</i>							
Current Assets	\$ 1,594,229	\$ 1,908,671	\$ 1,001,428	\$ 975,266	\$ 2,595,657	\$ 2,883,937	(10.0)
Non-Current Assets	1,798,949	1,542,703	3,216,398	3,470,286	5,015,347	5,012,989	0.0
<b>Total Assets</b>	<b>3,393,178</b>	<b>3,451,374</b>	<b>4,217,826</b>	<b>4,445,552</b>	<b>7,611,004</b>	<b>7,896,926</b>	<b>(3.6)</b>
<i>Deferred Outflows:</i>							
Deferred Pension/OPEB Related Outflows	60,032	54,157	23,238	29,059	83,270	83,216	0.1
<i>Liabilities:</i>							
Current Liabilities	673,782	596,972	410,250	414,411	1,084,032	1,011,383	7.2
Long-Term Liabilities	698,049	826,576	877,538	1,093,489	1,575,587	1,920,065	(17.9)
<b>Total Liabilities</b>	<b>1,371,831</b>	<b>1,423,548</b>	<b>1,287,788</b>	<b>1,507,900</b>	<b>2,659,619</b>	<b>2,931,448</b>	<b>(9.3)</b>
<i>Deferred Inflows:</i>							
Deferred Pension/OPEB Related Inflows	88,493	70,952	38,528	38,199	127,021	109,151	16.4
<i>Net Position:</i>							
Invested in Capital Assets	771,348	466,750	2,207,898	2,303,786	2,979,246	2,770,536	7.5
Restricted	750,983	722,073	-	-	750,983	722,073	4.0
Unrestricted	470,555	822,208	706,850	624,726	1,177,405	1,446,934	(18.6)
<b>Total Net Position</b>	<b>\$ 1,992,886</b>	<b>\$ 2,011,031</b>	<b>\$ 2,914,748</b>	<b>\$ 2,928,512</b>	<b>\$ 4,907,634</b>	<b>\$ 4,939,543</b>	<b>(0.6)</b>

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

## Governmental Activities

- Governmental activity fund revenues slumped substantially from the prior year due to a one-time reallocation of sales tax in the prior year of about \$900 thousand.
- Management continues to receive grant awards from various state and federal sources. Some of the expense increases are related to increased grant revenues.

**Table A-2**  
Changes in City's Net Position

	Governmental Activities		Business-Type Activities		Total		Percentage Change
	2022	2021	2022	2021	2022	2021	
<i>Program Revenues:</i>							
Charges for Services	\$ 204,349	\$ 171,534	\$ 2,068,069	\$ 1,833,175	\$ 2,272,418	\$ 2,004,709	13.4
Operating & Capital Grants	373,988	286,725	-	-	373,988	286,725	30.4
<i>General Revenues:</i>							
Taxes	1,920,349	2,701,724	-	-	1,920,349	2,701,724	(28.9)
Interest Earnings	432	761	191	432	623	1,193	(47.8)
Miscellaneous	40,352	29,642	15,818	2,364	56,170	32,006	75.5
<b>Total Revenues</b>	<b>2,539,470</b>	<b>3,190,386</b>	<b>2,084,078</b>	<b>1,835,971</b>	<b>4,623,548</b>	<b>5,026,357</b>	<b>(8.0)</b>
<i>Program Expenses:</i>							
General Administration	585,132	472,265	-	-	585,132	472,265	23.9
Public Safety	1,266,703	1,088,131	-	-	1,266,703	1,088,131	16.4
Street Maintenance	280,989	173,475	-	-	280,989	173,475	62.0
Culture and Recreation	198,305	207,746	-	-	198,305	207,746	(4.5)
Water	-	-	519,485	559,586	519,485	559,586	(7.2)
Gas	-	-	639,166	526,986	639,166	526,986	21.3
Sewer	-	-	547,761	482,131	547,761	482,131	13.6
Garbage	-	-	579,168	550,053	579,168	550,053	5.3
Interest on Debt	15,201	15,280	23,547	23,130	38,748	38,410	0.9
<b>Total Expenses</b>	<b>2,346,330</b>	<b>1,956,897</b>	<b>2,309,127</b>	<b>2,141,886</b>	<b>4,655,457</b>	<b>4,098,783</b>	<b>13.6</b>
Transfers In (Out)	(211,285)	(181,339)	211,285	181,339	-	-	0.0
<b>Change in Net Position</b>	<b>(18,145)</b>	<b>1,052,150</b>	<b>(13,764)</b>	<b>(124,576)</b>	<b>(31,909)</b>	<b>927,574</b>	<b>(103.4)</b>
Beginning Net Position	2,011,031	958,881	2,928,512	3,053,088	4,939,543	4,011,969	
Ending Net Position	\$ 1,992,886	\$ 2,011,031	\$ 2,914,748	\$ 2,928,512	\$ 4,907,634	\$ 4,939,543	

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 \$2.3 million; 34% of these activities were covered by property tax collections of \$810 thousand.

**Table A-3**  
Net Cost of Selected City Functions

	Total Cost of Services		Percentage Change	Net Cost of Services		Percentage Change
	2022	2021		2022	2021	
<i>Governmental Activities:</i>						
General Administration	\$ 585,132	\$ 472,265	23.9	\$ 544,913	\$ 447,980	21.6
Public Safety	1,266,703	1,088,131	16.4	759,539	678,852	11.9
Street Maintenance	280,989	173,475	62.0	255,185	155,084	64.5
Culture and Recreation	198,305	207,746	(4.5)	193,155	201,442	(4.1)
<b>Total Governmental Activities</b>	<b>\$ 2,331,129</b>	<b>\$ 1,941,617</b>	<b>20.1</b>	<b>\$ 1,752,792</b>	<b>\$ 1,483,358</b>	<b>18.2</b>
<i>Business-type Activities:</i>						
Water	\$ 543,032	\$ 582,716	(6.8)	\$ (78,052)	\$ 28,295	(375.9)
Gas	639,166	526,986	21.3	314,644	267,191	17.8
Sewer	547,761	482,131	13.6	72,826	42,202	72.6
Garbage	579,168	550,053	5.3	(68,360)	(28,977)	135.9
<b>Total Business-Type Activities</b>	<b>\$ 2,309,127</b>	<b>\$ 2,141,886</b>	<b>7.8</b>	<b>\$ 241,058</b>	<b>\$ 308,711</b>	<b>(21.9)</b>

### Business-Type Activities

Revenues of the City's Utility business-type activities increased 14% to \$2.1 million, and operating expenses increased 8% to \$2.3 million. Revenues are based on the City's established rates and fluctuations in expenses are primarily related to changes in usage throughout the City.

### FINANCIAL ANALYSIS OF THE CITY'S FUNDS

Revenues from governmental fund types totaled \$2.5 million. The decline from the prior year was related mainly to a one-time sales tax reallocation in the prior of approximately \$900 thousand. The decline was partially offset by additional grant revenues.

### Budgetary Highlights

Revenues were over budget by \$305 thousand, due primarily to \$289 thousand better than expected grant revenues. Expenditures were \$627 thousand over budget, due primarily to capital outlay. Overall, the City had established a break-even budget but the general fund balance declined \$402 thousand more than expected.

### CAPITAL ASSETS AND DEBT ADMINISTRATION

#### Capital Assets

As of September 30, 2022, the City had \$13.8 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 Activities		Business-Type Activities		Total		Total Percentage Change
	2022	2021	2022	2021	2022	2021	
Land	\$ 17	\$ 17	\$ 24	\$ 24	\$ 41	\$ 41	0.0
Buildings and Improvements	961	961	137	137	1,098	1,098	(0.0)
Equipment	2,342	2,133	1,403	1,398	3,745	3,531	6.1
Infrastructure	724	598	-	-	724	598	21.1
Utility System	-	-	8,171	8,140	8,171	8,140	0.4
Totals at Historical Cost	4,044	3,709	9,735	9,699	13,779	13,408	2.8
Total Accumulated Depreciation	(2,604)	(2,497)	(6,519)	(6,229)	(9,123)	(8,726)	4.5
Net Capital Assets	<u>\$ 1,440</u>	<u>\$ 1,212</u>	<u>\$ 3,216</u>	<u>\$ 3,470</u>	<u>\$ 4,656</u>	<u>\$ 4,682</u>	(0.6)

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 \$1.7 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
	2022	2021	2022	2021	2022	2021	
Bonds Payable	\$ 669	\$ 746	\$ 1,009	\$ 1,167	\$ 1,677	\$ 1,912	(12.3)
Total Long-Term Debt	\$ 669	\$ 746	\$ 1,009	\$ 1,167	\$ 1,677	\$ 1,912	(12.3)

## ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The City's elected and appointed officials considered many factors when setting the fiscal year 2023 budget, tax rates, and fees that will be charged. The economic outlook for Live Oak County remains stable. The City conservatively budgeted revenues for the general fund at a slight decline from fiscal year 2022 levels. The expenditure budget has been set equal to revenues, with the expectation that any capital asset additions will be funded primarily by incremental grant awards.

## 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, 2022

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 1,339,825	\$ 684,328	\$ 2,024,153
Receivables (net of allowances for uncollectibles):			
Ad Valorem Taxes	96,980	-	96,980
Other	200,734	273,790	474,524
Internal Balances	(43,310)	43,310	-
Restricted Assets:			
Cash and Cash Equivalents	359,101	-	359,101
Capital Assets:			
Land	17,210	24,029	41,239
Buildings and Improvements	961,402	137,179	1,098,581
Vehicles and Equipment	2,341,731	1,403,048	3,744,779
Infrastructure	723,811	-	723,811
Utility System	-	8,170,842	8,170,842
Accumulated Depreciation	(2,604,306)	(6,518,700)	(9,123,006)
<b>TOTAL ASSETS</b>	<u>3,393,178</u>	<u>4,217,826</u>	<u>7,611,004</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred OPEB Related Outflows	16,285	3,820	20,105
Deferred Pension Related Outflows	43,747	19,418	63,165
<b>TOTAL DEFERRED OUTFLOWS     OF RESOURCES</b>	<u>\$ 60,032</u>	<u>\$ 23,238</u>	<u>\$ 83,270</u>

See accompanying notes to basic financial statements.

CITY OF GEORGE WEST  
STATEMENT OF NET POSITION (CONTINUED)  
SEPTEMBER 30, 2022

	Governmental Activities	Business-Type Activities	Total
<b>LIABILITIES</b>			
Accounts Payable	\$ 118,474	\$ 122,274	\$ 240,748
Accrued Wages	9,059	5,603	14,662
Compensated Absences	52,201	19,698	71,899
Accrued Interest	-	3,291	3,291
Unearned Grant Revenue	415,548	-	415,548
Customer Deposits	-	98,884	98,884
<i>Noncurrent Liabilities:</i>			
Bonds and Capital Leases Payable Within One Year	78,500	160,500	239,000
Bonds and Capital Leases Payable	590,000	848,000	1,438,000
Net Pension Liability	20,039	8,894	28,933
Total OPEB Liability	88,010	20,644	108,654
<b>TOTAL LIABILITIES</b>	<u>1,371,831</u>	<u>1,287,788</u>	<u>2,659,619</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred Pension Related Inflows	84,905	37,686	122,591
Deferred OPEB Related Inflows	3,588	842	4,430
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<u>88,493</u>	<u>38,528</u>	<u>127,021</u>
<b>NET POSITION</b>			
Net Investment in Capital Assets	771,348	2,207,898	2,979,246
Restricted for:			
Public Education Fund	10,127	-	10,127
Debt Service	247,065	-	247,065
Municipal Court/Police	251,566	-	251,566
Tourism	242,225	-	242,225
Unrestricted, Deficit	470,555	706,850	1,177,405
<b>TOTAL NET POSITION</b>	<u>\$ 1,992,886</u>	<u>\$ 2,914,748</u>	<u>\$ 4,907,634</u>

See accompanying notes to basic financial statements.

CITY OF GEORGE WEST  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED SEPTEMBER 30, 2022

<u>Functions and Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>		
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
<b>Primary Government:</b>				
<i>Governmental Activities:</i>				
General Administration	\$ 585,132	\$ 21,219	\$ 19,000	\$ -
Public Safety	1,266,703	152,176	354,988	-
Street Maintenance	280,989	25,804	-	-
Culture and Recreation	198,305	5,150	-	-
Interest on Long-term Debt	15,201	-	-	-
<i>Total Governmental Activities</i>	<u>2,346,330</u>	<u>204,349</u>	<u>373,988</u>	<u>-</u>
<i>Business-Type Activities:</i>				
Water	543,032	621,084	-	-
Gas	639,166	324,522	-	-
Sewer	547,761	474,935	-	-
Garbage	579,168	647,528	-	-
<i>Total Business-Type Activities</i>	<u>2,309,127</u>	<u>2,068,069</u>	<u>-</u>	<u>-</u>
<b>Total Primary Government</b>	<u>\$ 4,655,457</u>	<u>\$ 2,272,418</u>	<u>\$ 373,988</u>	<u>\$ -</u>
<b>General Revenues:</b>				
Taxes				
Ad Valorem Taxes				
Franchise Taxes				
Sales Taxes				
Hotel Occupancy Tax				
Interest and Investment Earnings				
Miscellaneous				
<b>Total General Revenues</b>				
Transfers				
Change in Net Position				
<b>Net Position at Beginning of Year</b>				
<b>Net Position at End of Year</b>				

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>
\$ (544,913)	\$ -	\$ (544,913)
(759,539)	-	(759,539)
(255,185)	-	(255,185)
(193,155)	-	(193,155)
(15,201)	-	(15,201)
<u>(1,767,993)</u>	<u>-</u>	<u>(1,767,993)</u>
-	78,052	78,052
-	(314,644)	(314,644)
-	(72,826)	(72,826)
-	68,360	68,360
<u>-</u>	<u>(241,058)</u>	<u>(241,058)</u>
<u>(1,767,993)</u>	<u>(241,058)</u>	<u>(2,009,051)</u>
810,367	-	810,367
148,926	-	148,926
818,236	-	818,236
142,820	-	142,820
432	191	623
40,352	15,818	56,170
<u>1,961,133</u>	<u>16,009</u>	<u>1,977,142</u>
<u>(211,285)</u>	<u>211,285</u>	<u>-</u>
(18,145)	(13,764)	(31,909)
<u>2,011,031</u>	<u>2,928,512</u>	<u>4,939,543</u>
<u>\$ 1,992,886</u>	<u>\$ 2,914,748</u>	<u>\$ 4,907,634</u>

CITY OF GEORGE WEST  
BALANCE SHEET - GOVERNMENTAL FUNDS  
SEPTEMBER 30, 2022

	Major Funds		Other Nonmajor Funds	Total Governmental Funds
	General Fund	Debt Service Fund		
<b>ASSETS</b>				
Cash and Cash Equivalents	\$ 971,745	\$ 213,105	\$ 154,977	\$ 1,339,827
Receivables (net of allowances for uncollectibles):				
Property Taxes	64,066	32,916	-	96,982
Other Receivables	166,439	-	34,295	200,734
Due from Other Funds	-	1,044	19,786	20,830
Restricted Assets				
Cash and Cash Equivalents	-	-	359,101	359,101
<b>TOTAL ASSETS</b>	<b>\$ 1,202,250</b>	<b>\$ 247,065</b>	<b>\$ 568,159</b>	<b>\$ 2,017,474</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>				
<i>Liabilities:</i>				
Accounts Payable	\$ 103,067	\$ -	\$ 15,407	\$ 118,474
Accrued Wages	9,059	-	-	9,059
Due To Other Funds	64,140	-	-	64,140
<i>Total Liabilities</i>	<u>176,266</u>	<u>-</u>	<u>15,407</u>	<u>191,673</u>
<i>Deferred Inflows of Resources:</i>				
Unearned Grant Revenue	415,548	-	-	415,548
Unavailable Property Tax Revenue	64,066	32,916	-	96,982
<i>Total Deferred Inflows of Resources</i>	<u>479,614</u>	<u>32,916</u>	<u>-</u>	<u>512,530</u>
<i>Fund Balances:</i>				
Restricted for:				
Public Education Fund	10,127	-	-	10,127
Municipal Court/Police	-	-	251,566	251,566
Debt Service	-	214,149	-	214,149
Tourism	-	-	242,225	242,225
Assigned:				
Future Projects	-	-	58,961	58,961
Unassigned (Deficit)	536,243	-	-	536,243
<i>Total Fund Balances</i>	<u>546,370</u>	<u>214,149</u>	<u>552,752</u>	<u>1,313,271</u>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>	<b>\$ 1,202,250</b>	<b>\$ 247,065</b>	<b>\$ 568,159</b>	<b>\$ 2,017,474</b>

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, 2022

TOTAL FUND BALANCE - TOTAL GOVERNMENTAL FUNDS		\$ 1,313,271
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.		1,439,848
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.		96,978
Accrued compensated absences are not due and payable in the current period and, therefore, not reported in the funds.		(52,201)
Long-term liabilities, including capital leases, are not due and payable in the current period and, therefore, not reported in the funds.		(668,500)
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	(20,039)	
Total OPEB Liability	(88,010)	
Pension/OPEB Related Deferred Outflows	60,032	
Pension/OPEB Related Deferred Inflows	<u>(88,493)</u>	<u>(136,510)</u>
TOTAL NET POSITION - GOVERNMENTAL ACTIVITIES		<u>\$ 1,992,886</u>

See accompanying notes to basic financial statements.



CITY OF GEORGE WEST  
STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES – GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED SEPTEMBER 30, 2022

	Major Funds		Total Nonmajor Funds	Total Governmental Funds
	General Fund	Debt Service Fund		
<b>REVENUES</b>				
Ad Valorem Taxes	\$ 532,569	\$ 277,486	\$ -	\$ 810,055
Franchise Fees	148,926	-	-	148,926
Sales Taxes	818,236	-	-	818,236
Hotel Occupancy Tax	-	-	142,819	142,819
Fines and Penalties	129,417	-	6,743	136,160
Charges For Service	35,896	-	-	35,896
Grants	373,988	-	-	373,988
Licenses and Permits	25,904	-	-	25,904
Interest Income	428	-	925	1,353
Miscellaneous	42,743	-	-	42,743
<b>TOTAL REVENUES</b>	<u>2,108,107</u>	<u>277,486</u>	<u>150,487</u>	<u>2,536,080</u>
<b>EXPENDITURES</b>				
<i>Current:</i>				
General Administration	435,626	-	88,000	523,626
Public Safety	1,102,106	-	11,237	1,113,343
Street Maintenance	270,100	-	-	270,100
Culture and Recreation	180,866	-	-	180,866
Municipal Court	99,223	-	11,031	110,254
Capital Outlay	392,382	-	-	392,382
<i>Debt Service:</i>				
Principal	-	77,000	-	77,000
Interest and Fiscal Charges	-	15,201	-	15,201
<b>TOTAL EXPENDITURES</b>	<u>2,480,303</u>	<u>92,201</u>	<u>110,268</u>	<u>2,682,772</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(372,196)	185,285	40,219	(146,692)
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers Out	(29,322)	(181,963)	-	(211,285)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>(29,322)</u>	<u>(181,963)</u>	<u>-</u>	<u>(211,285)</u>
Net Change in Fund Balance	(401,518)	3,322	40,219	(357,977)
<b>FUND BALANCES AT BEGINNING OF YEAR</b>	<u>947,888</u>	<u>210,827</u>	<u>512,533</u>	<u>1,671,248</u>
<b>FUND BALANCES AT END OF YEAR</b>	<u>\$ 546,370</u>	<u>\$ 214,149</u>	<u>\$ 552,752</u>	<u>\$ 1,313,271</u>

See accompanying notes to basic financial statements.

CITY OF GEORGE WEST  
RECONCILIATION OF THE STATEMENT OF REVENUES,  
EXPENDITURES, AND CHANGES IN FUND BALANCES OF  
GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED SEPTEMBER 30, 2022

NET CHANGE IN FUND BALANCES - GOVERNMENTAL FUNDS		\$ (357,977)
Amounts reported for governmental activities in the Statement of Activities are different because:		
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlay exceeded depreciation.		227,598
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.		
Property Tax Receivable		313
Governmental funds report required contributions to employee pensions as expenditures. However in the Statement of Activities the cost of the pension is recorded based on the actuarially determined cost of the plan. This is the amount that pension expense exceeded (subceded) the contributions.		61,522
Governmental funds report required contributions to employee OPEB as expenditures. However in the Statement of Activities the cost of the OPEB is recorded based on the actuarially determined cost of the plan. This is the amount that OPEB expense exceeded (subceded) the contributions.		(23,163)
The issuance of long-term debt (e.g. bonds and capital leases) provides current financial resources to the governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transactions, however, has any effect on net position. This amount is the net effect of these differences in the treatment of long-term debt and related items.		
Principal Payments	<u>77,000</u>	77,000
Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.		
Change in Compensated Absences		<u>(3,438)</u>
CHANGE IN NET POSITION - GOVERNMENTAL ACTIVITIES		<u>\$ (18,145)</u>

See accompanying notes to basic financial statements.

CITY OF GEORGE WEST  
STATEMENT OF NET POSITION – PROPRIETARY FUND  
SEPTEMBER 30, 2022

	Business-Type Activities
	Utility Fund
<b>ASSETS</b>	
<i>Current Assets:</i>	
Cash and Cash Equivalents	\$ 684,328
Accounts Receivables - Customers (Net of Allowance for Uncollectibles)	273,790
Due From Other Funds	43,310
<i>Total Current Assets</i>	1,001,428
 <i>Capital Assets:</i>	
Land	24,029
Building and Improvements	137,179
Machinery and Equipment	1,403,048
Utility System	8,170,842
Accumulated Depreciation	(6,518,700)
<i>Total Capital Assets, Net</i>	3,216,398
<i>Total Noncurrent Assets</i>	3,216,398
 <b>TOTAL ASSETS</b>	 4,217,826
 <b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Deferred OPEB Related Outflows	3,820
Deferred Pension Related Outflows	19,418
<b>TOTAL DEFERRED OUTFLOWS OF RESOURCES</b>	 \$ 23,238

See accompanying notes to basic financial statements.

CITY OF GEORGE WEST  
STATEMENT OF NET POSITION – PROPRIETARY FUND (CONTINUED)  
SEPTEMBER 30, 2022

	Business-Type Activities
	Utility Fund
<b>LIABILITIES</b>	
<i>Current Liabilities:</i>	
Accounts Payable	\$ 122,274
Accrued Wages	5,603
Compensated Absences	19,698
Accrued Interest Payable	3,291
Customer Deposits	98,884
Current Portion of Bonds Payable	160,500
<i>Total Current Liabilities</i>	410,250
 <i>Noncurrent Liabilities:</i>	
Bonds Payable	848,000
Net Pension Liability	8,894
Total OPEB Liability	20,644
<i>Total Noncurrent Liabilities</i>	877,538
<b>TOTAL LIABILITIES</b>	<b>1,287,788</b>
 <b>DEFERRED INFLOWS OF RESOURCES</b>	
Deferred Pension Related Inflows	37,686
Deferred OPEB Related Inflows	842
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<b>38,528</b>
 <b>NET POSITION</b>	
Net Investment in Capital Assets	2,207,898
Unrestricted	706,850
<b>TOTAL NET POSITION</b>	<b>\$ 2,914,748</b>

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, 2022

	Business-Type Activities
	Utility Fund
<b>OPERATING REVENUES</b>	
Charges for Water Service	\$ 621,084
Charges for Gas Services	324,522
Charges for Sewer Service	474,935
Charges for Garbage Service	647,528
Miscellaneous Income	15,819
<b>TOTAL OPERATING REVENUES</b>	<b>2,083,888</b>
<b>OPERATING EXPENSES</b>	
Personnel	647,536
Supplies	74,933
Services and Charges	524,843
Gas Purchases	178,200
Solid Waste Costs	569,982
Depreciation	290,087
<b>TOTAL OPERATING EXPENSES</b>	<b>2,285,581</b>
<b>OPERATING INCOME (LOSS)</b>	<b>(201,693)</b>
<b>NONOPERATING REVENUES (EXPENSES)</b>	
Interest Income	191
Interest Charges	(23,547)
<b>TOTAL NONOPERATING REVENUES (EXPENSES)</b>	<b>(23,356)</b>
<b>NET INCOME (LOSS) BEFORE TRANSFERS</b>	<b>(225,049)</b>
Transfers In (Out)	211,285
<b>NET INCOME (LOSS)</b>	<b>(13,764)</b>
<b>NET POSITION AT BEGINNING OF YEAR</b>	<b>2,928,512</b>
<b>NET POSITION AT END OF YEAR</b>	<b>\$ 2,914,748</b>

See accompanying notes to basic financial statements.

CITY OF GEORGE WEST  
 STATEMENT OF CASH FLOWS - PROPRIETARY FUND  
 FOR THE YEAR ENDED SEPTEMBER 30, 2022

	Business-Type Activities <u>Sewer Fund</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>	
Cash Received From Customers	\$ 2,070,943
Cash Paid to Employees for Services	(690,652)
Cash Paid to Suppliers for Goods and Services	(1,364,656)
<b>NET CASH FLOWS PROVIDED (USED) BY OPERATING ACTIVITIES</b>	<u>15,635</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>	
Transfers From (To) Primary Government	<u>211,285</u>
<b>NET CASH PROVIDED (USED) BY NONCAPITAL FINANCING ACTIVITIES</b>	<u>211,285</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>	
Purchase of Capital Assets	(36,199)
Principal Payments on Long-term Debt	(158,000)
Interest Paid for Financing Activities	(23,962)
<b>NET CASH PROVIDED (USED) BY CAPITAL AND AND RELATED FINANCING ACTIVITIES</b>	<u>(218,161)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>	
Investment Interest Received	<u>191</u>
<b>NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES</b>	<u>191</u>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	8,950
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>	<u>675,378</u>
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	<u>\$ 684,328</u>
<b>Interest Paid During the Year</b>	\$ 23,962

See accompanying notes to basic financial statements.

CITY OF GEORGE WEST  
STATEMENT OF CASH FLOWS - PROPRIETARY FUND (CONTINUED)  
FOR THE YEAR ENDED SEPTEMBER 30, 2022

	Business-Type Activities
	Sewer Fund
<b>Reconciliation of Operating Income to Net Cash</b>	
<b>Provided (Used) by Operating Activities:</b>	
Operating Income (Loss)	\$ (201,693)
Adjustments to Reconcile Operating Income to Net	
Cash Provided (Used) by Operating Activities:	
Depreciation	290,087
(Increase) Decrease in Operating Assets:	
Accounts Receivable, Net	(17,212)
Deferred Outflows - OPEB	3,919
Deferred Pension Outflows	1,902
Increase (Decrease) in Current Liabilities:	
Accounts Payable	(16,698)
Accrued Wages	1,803
Compensated Absences	4,382
Customer Deposits	4,267
Deferred Inflows - OPEB	(957)
Total OPEB Liability	(13,272)
Deferred Pension Inflows	1,286
Net Pension Liability	(42,179)
<b>Total Adjustments to Reconcile Operating Activities</b>	<b>217,328</b>
<b>Net Cash Provided (Used) by Operating Activities</b>	<b>\$ 15,635</b>

See accompanying notes to basic financial statements.

CITY OF GEORGE WEST  
NOTES TO BASIC FINANCIAL STATEMENTS  
SEPTEMBER 30, 2022

**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, 2022

**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, Drug Forfeiture, Certificate of Obligation 2016, and Sports Complex.

CITY OF GEORGE WEST  
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
SEPTEMBER 30, 2022

**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, 2022

**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, 2021 and past due after January 31, 2022. 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, 2022

**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:

<u>Asset</u>	<u>Estimated Life</u>
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, 2022

**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**

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

**14. OTHER POST-EMPLOYMENT BENEFIT (OPEB) LIABILITY**

For purposes of measuring the OPEB liability, deferred outflows of resources and deferred inflows of resources related to pensions, and OPEB expense, information about the Total OPEB Liability of the Texas Municipal Retirement System (TMRS) and additions to/deletions from TMRS' Total OPEB Liability have been determined on the same basis as they are reported by TMRS. For this purpose, plan contributions are recognized in the period that compensation is reported for the employee, which is when contributions are legally due. Benefit payments and refunds are recognized when due and payable in accordance with the benefit terms.

CITY OF GEORGE WEST  
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
SEPTEMBER 30, 2022

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

15. 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.

16. 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.

17. RECLASSIFICATIONS

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

18. 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.

CITY OF GEORGE WEST  
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
SEPTEMBER 30, 2022

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

19. INTERFUND TRANSFERS

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

20. 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.

21. NEW ACCOUNTING PRONOUNCEMENT

The City implemented Governmental Accounting Standards Board Statement 87 regarding leases as of October 1, 2021. This Statement changed the way leases are presented and recorded. The City analyzed its contracts and found no leases at this time.

**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, 2022, 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.

CITY OF GEORGE WEST  
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
SEPTEMBER 30, 2022

**NOTE B – DEPOSITS AND INVESTMENTS (Continued)**

2. Investments (Continued)

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.

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.
- 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.



CITY OF GEORGE WEST  
 NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
 SEPTEMBER 30, 2022

**NOTE C -- RESTRICTED CASH**

Restricted cash for the City as of September 30, 2022 is as follows:

	Balance 9/30/2022
<i>Governmental Activities:</i>	
Special Police	\$ 97,117
Occupancy Tax	222,809
2016 Certificates of Obligation	12,229
Sports Complex Project	26,946
Total Restricted Cash	\$ 359,101

**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, 2021, upon which the fiscal 2022 levy was based, was \$145 million (i.e., market value less exemptions). The estimated market value was \$150 million, making the taxable value 97% 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, 2022, was \$0.55321 per \$100 of assessed value, which means that the City has a tax margin of \$1.947 for each \$100 value and could increase its annual tax levy by approximately \$2.8 million based upon the present assessed valuation before the limit is reached.

CITY OF GEORGE WEST  
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
SEPTEMBER 30, 2022

**NOTE E -- RECEIVABLES**

Receivables for the City as of September 30, 2022 are as follows:

	General Fund	Debt Service Fund	Nonmajor Funds	Utility Fund
Receivables				
Property Tax	\$ 68,888	\$ 35,394	\$ -	\$ -
Sales and Mixed Beverage Tax	143,744	-	-	-
Franchise Tax	16,803	-	-	-
Hotel Occupancy Tax	-	-	34,295	-
Utilities	-	-	-	277,677
Loan To Cayetano Live Oak	5,890	-	-	6,378
	<u>235,325</u>	<u>35,394</u>	<u>34,295</u>	<u>284,055</u>
Less: Allowance for Doubtful Accounts				
Property Tax	(4,822)	(2,478)	-	-
Utilities	-	-	-	(10,265)
	<u>(4,822)</u>	<u>(2,478)</u>	<u>-</u>	<u>(10,265)</u>
Total Receivables, Net	<u>\$ 230,503</u>	<u>\$ 32,916</u>	<u>\$ 34,295</u>	<u>\$ 273,790</u>

**NOTE F -- CAPITAL ASSETS**

Capital asset activity for the year ended September 30, 2022, was as follows:

<u>Governmental Activities</u>	Balance 10/1/2021	Additions	Disposals/ Transfers	Balance 9/30/2022
Land	\$ 17,210	\$ -	\$ -	\$ 17,210
Buildings and Improvements	961,402	-	-	961,402
Vehicles and Equipment	2,132,731	209,000	-	2,341,731
Infrastructure	598,125	125,686	-	723,811
	<u>3,709,468</u>	<u>334,686</u>	<u>-</u>	<u>4,044,154</u>
Less Accumulated Depreciation				
Buildings and Improvements	(450,767)	(23,033)	-	(473,800)
Vehicles and Equipment	(1,826,399)	(70,798)	-	(1,897,197)
Infrastructure	(220,052)	(13,257)	-	(233,309)
	<u>(2,497,218)</u>	<u>(107,088)</u>	<u>-</u>	<u>(2,604,306)</u>
Governmental Capital Assets, Net	<u>\$ 1,212,250</u>	<u>\$ 227,598</u>	<u>\$ -</u>	<u>\$ 1,439,848</u>

Land is not depreciated.

CITY OF GEORGE WEST  
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
SEPTEMBER 30, 2022

**NOTE F -- CAPITAL ASSETS (CONTINUED)**

Depreciation expense was charged to the governmental functions as follows:

General Administration	\$	5,546
Public Safety		69,932
Street Maintenance		13,563
Culture & Recreation		18,047
Total Depreciation Expense - Governmental Activities		\$ 107,088

Capital asset activity in the business-type fund for the year ended September 30, 2022, was as follows:

<b>Business-Type Activities</b>	Balance 10/1/2021	Additions	Disposals/ Transfers	Balance 9/30/2022
Land	\$ 24,029	\$ -	\$ -	\$ 24,029
Buildings and Improvements	137,179	-	-	137,179
Vehicles and Equipment	1,397,886	5,162	-	1,403,048
Utility System	8,139,805	31,037	-	8,170,842
	9,698,899	36,199	-	9,735,098
 Less Accumulated Depreciation				
Buildings and Improvements	(74,196)	(2,194)	-	(76,390)
Vehicles and Equipment	(1,129,796)	(62,556)	-	(1,192,352)
Utility System	(5,024,621)	(225,337)	-	(5,249,958)
	(6,228,613)	(290,087)	-	(6,518,700)
 Business-Type Capital Assets, Net	\$ 3,470,286	\$ (253,888)	\$ -	\$ 3,216,398

Land is not depreciated.

**NOTE G -- LONG-TERM DEBT**

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.

In August 2020, the City issued Certificates of Obligation Refunding Series 2020 in the amount of \$1,644,000 to refund the Certificate of Obligation bonds issued in 2004 and 2012. The Certificates of Obligation Refunding Series 2020 carry an interest rate of 2.15% and mature on January 15, 2032. The refunding resulted in gross debt service savings of \$136,754 and a present value savings of \$119,684.

CITY OF GEORGE WEST  
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
SEPTEMBER 30, 2022

**NOTE G -- LONG-TERM DEBT (CONTINUED)**

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.

Changes in long-term debt were as follows:

	Balance 10/1/2021	Additions	Reductions	Balance 9/30/2022	Due Within One Year
<u>Governmental Activities:</u>					
<i>Certificates of Obligation:</i>					
Series 2020 Refunding Bond	\$ 745,500	\$ -	\$ (77,000)	\$ 668,500	\$ 78,500
Total Governmental Activities	<u>\$ 745,500</u>	<u>\$ -</u>	<u>\$ (77,000)</u>	<u>\$ 668,500</u>	<u>\$ 78,500</u>
<u>Business-Type Activities</u>					
<i>Certificates of Obligation:</i>					
Series 2016	\$ 421,000	\$ -	\$ (81,000)	\$ 340,000	\$ 82,000
Series 2020 Refunding Bond	745,500	-	(77,000)	668,500	78,500
Total Business-Type Activities	<u>\$ 1,166,500</u>	<u>\$ -</u>	<u>\$ (158,000)</u>	<u>\$ 1,008,500</u>	<u>\$ 160,500</u>

The annual requirements to amortize all long-term debt and obligations outstanding as of September 30, 2022, including interest payments, are as follows:

Year Ending September 30,	Governmental Activities			Business-Type Activities		
	Principal	Interest	Total	Principal	Interest	Total
2023	\$ 78,500	\$ 13,529	\$ 92,029	\$ 160,500	\$ 20,635	\$ 181,135
2024	80,000	11,825	91,825	164,000	17,217	181,217
2025	82,000	10,084	92,084	168,000	13,720	181,720
2026	57,500	8,584	66,084	145,500	10,423	155,923
2027	58,500	7,337	65,837	58,500	7,337	65,837
2028-2032	312,000	17,050	329,050	312,000	17,050	329,050
	<u>\$ 668,500</u>	<u>\$ 68,409</u>	<u>\$ 736,909</u>	<u>\$ 1,008,500</u>	<u>\$ 86,382</u>	<u>\$ 1,094,882</u>

CITY OF GEORGE WEST  
 NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
 SEPTEMBER 30, 2022

**NOTE H -- EMPLOYEES' RETIREMENT SYSTEMS**

Texas Municipal Retirement System

**Plan Description**

The City participates as one of 895 plans in the defined benefit cash-balance plan administered by the Texas Municipal Retirement System (TMRS). TMRS is a statewide public retirement plan 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 employees of Texas participating cities. The TMRS Act places the general administration and management of TMRS with a six-member, Governor-appointed Board of Trustees; however, TMRS is not fiscally dependent on the State of Texas. TMRS issues a publicly available Annual Comprehensive Financial Report (Annual Report) that can be obtained at [www.tmr.com](http://www.tmr.com).

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

**Benefits Provided**

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

At retirement, the benefit is calculated as if the sum of the employee's 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 payments options. Members may also choose to receive a portion of their benefit as a Partial Lump Sum Distribution in an amount equal to 12, 24, or 36 monthly payments, which cannot exceed 75% of the member's deposits and interest. The City has elected to provide updated service credits and cost of living adjustments to retirees.

At the December 31, 2021 valuation and measurement date, the following employees were covered by the benefit terms:

	2021	2020
Inactive employees or beneficiaries currently receiving benefits	10	10
Inactive employees entitled to but not yet receiving benefits	41	41
Active employees	34	34
	85	85

CITY OF GEORGE WEST  
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
SEPTEMBER 30, 2022

**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.

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 5.55% and 5.52% in calendar years 2021 and 2022, respectively. The City's contributions to TMRS for the year ended September 30, 2022 were \$89,404, which was equal to the required contributions.

**Net Pension Liability**

The City's Net Pension Liability (NPL) was measured as of December 31, 2021, 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, 2021 actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.50%
Salary Increases	3.5% to 11.5% including inflation
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 are based on the PUB(10) mortality tables with the Public Safety table used for males and the General Employee table used for females. Mortality rates for healthy retirees and beneficiaries are based on the Gender-distinct 2019 Municipal Retirees of Texas mortality tables. The rates for actives, healthy retirees and beneficiaries are projected on a fully generational basis by Scale UMP to account for future mortality improvements. For disabled annuitants, the same mortality tables for healthy retirees is used with a 4-year set-forward for males and a 3-year set-forward for females. In addition, a 3.5% and 3.0% minimum mortality rate is applied, for males and females respectively, to reflect the impairment for younger members who become disabled. The rates are projected on a fully generational basis by Scale UMP to account for future mortality improvements subject to the floor.

CITY OF GEORGE WEST  
 NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
 SEPTEMBER 30, 2022

**NOTE H -- EMPLOYEES' RETIREMENT SYSTEMS (Continued)**

**Actuarial Assumptions (Continued)**

The actuarial assumptions were developed primarily from the actuarial investigation of the experience of TMRS over the four-year period from December 31, 2014 to December 31, 2018. They were adopted in 2019 and first used in the December 31, 2019 actuarial valuation. The post-retirement mortality assumption for Annuity Purchase Rates (APRs) is based on the Mortality Experience Investigation Study covering 2009 through 2011 and dated December 31, 2013. Plan assets are managed on a total return basis with an emphasis on both capital appreciation as well as the production of income in order to satisfy the short-term and long-term funding needs of TMRS.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. In determining their best estimate of a recommended investment return assumption under the various alternative asset allocation portfolios, 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 arithmetic real rates of return 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>
Global Equity	35.00%	7.55%
Core Fixed Income	6.00%	2.00%
Non-Core Fixed Income	20.00%	5.68%
Other Public and Private Markets	12.00%	7.22%
Real Estate	12.00%	6.85%
Hedge Funds	5.00%	5.35%
Private Equity	10.00%	10.00%
	<u>100.00%</u>	

CITY OF GEORGE WEST  
 NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
 SEPTEMBER 30, 2022

**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, 2021:

	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
Balance at December 31, 2020	\$ 1,922,557	\$ 1,776,635	\$ 145,922
Changes for the year:			
Service Cost	137,631	-	137,631
Interest	132,258	-	132,258
Change of Benefit Terms	-	-	-
Difference Between Expected and Actual Experience	3,411	-	3,411
Changes of Assumptions	-	-	-
Contributions - Employer	-	83,103	(83,103)
Contributions - Employee	-	77,097	(77,097)
Net Investment Income	-	231,154	(231,154)
Benefit Payments, Including Refunds of Employee Contributions	(63,997)	(63,997)	-
Administrative Expense	-	(1,072)	1,072
Other Changes	-	7	(7)
Net Changes	<u>209,303</u>	<u>326,292</u>	<u>(116,989)</u>
Balance at December 31, 2021	<u>\$ 2,131,860</u>	<u>\$ 2,102,927</u>	<u>\$ 28,933</u>



CITY OF GEORGE WEST  
 NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
 SEPTEMBER 30, 2022

**NOTE H -- EMPLOYEES' RETIREMENT SYSTEMS (Continued)**

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

The following presents the net pension liability of the City, calculated using the discount rate of 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)	\$ 320,306	\$ 28,933	\$ (210,563)

**Pension Plan Fiduciary Net Position**

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

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

For the year ended September 30, 2022, the City recognized a negative pension expense of \$(10,110). Also, as of September 30, 2022, 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	\$ -	\$ 6,282
Changes in Actuarial Assumptions	673	-
Differences Between Projected and Actual Investment Earnings	-	116,309
Contributions Subsequent to the Measurement Date	62,492	-
	\$ 63,165	\$ 122,591

Deferred outflows of resources in the amount of \$62,492 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, 2022. 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,	
2021	\$ (28,247)
2022	(46,637)
2023	(24,791)
2024	(22,243)
Thereafter	-
	\$ (121,918)

CITY OF GEORGE WEST  
 NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
 SEPTEMBER 30, 2022

**NOTE I – OTHER POSTEMPLOYMENT BENEFIT (OPEB)**

The City also participates in the cost sharing single-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 post-employment benefit,” or OPEB. Membership in the plan at December 31, 2021, the valuation and measurement date, consisted of:

Inactive employees or beneficiaries currently receiving benefits	10
Inactive employees entitled to but not yet receiving benefits	5
Active employees	34
Total	49

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,		
2021	0.20%	0.07%
2020	0.18%	0.06%

These contribution rates are based on actuarial assumptions developed primarily from the actuarial investigation of the experience of TMRS over the four year period from December 31, 2014 to December 31, 2018. They were adopted in 2019 and first used in the December 31, 2019 actuarial valuation. For calculating the OPEB liability and the OPEB contribution rates, the Gender-distinct 2019 Municipal Retirees of Texas mortality tables. The rates are projected on a fully generational basis by Scale UMP to account for future mortality improvements. Based on the size of the city, rates are multiplied by an additional factor of 100.0%. The assumptions are summarized below:

CITY OF GEORGE WEST  
 NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
 SEPTEMBER 30, 2022

**NOTE I – OTHER POSTEMPLOYMENT BENEFIT (Continued)**

Inflation	2.50% per year
Salary Increases	3.50% to 11.50% Including Inflation
Discount Rate	1.84%
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	2019 Municipal Retirees of Texas Mortality Tables. The rates are projected on a fully generational basis with scale UMP.
Mortality Rates - Disabled Retirees	2019 Municipal Retirees of Texas Mortality Tables with a 4 year set-forward for males and a 3 year set-forward for females. In addition, a 3.5% and 3% minimum mortality rate will be applied to reflect the impairment for younger members who become disabled for males and females, respectively. The rates are projected on a fully generational basis by scale UMP to account for future mortality improvements subject to the floor.

The City's Total OPEB Liability (TOL), based on the above actuarial factors, as of December 31, 2021, the measurement and actuarial valuation date, was calculated as follows:

	Total OPEB Liability
Balance at December 31, 2020	\$ 97,143
Changes for the year:	
Service Cost	7,940
Interest	2,013
Change of Benefit Terms	-
Difference Between Expected and Actual Experience	(1,041)
Changes of Assumptions or Other Inputs	3,481
Benefit Payments	(882)
Net Changes	11,511
Balance at December 31, 2021	\$ 108,654

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.

CITY OF GEORGE WEST  
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
SEPTEMBER 30, 2022

**NOTE I -- OTHER POSTEMPLOYMENT BENEFIT (Continued)**

The following presents the Total OPEB Liability (TOL) of the City, calculated using a discount rate of 2%, as well as what the City's TOL would be if it were calculated using a discount rate that is 1-percentage point lower and 1-percentage point higher than the current rate:

	Discount Rate <u>0.84%</u>	Discount Rate <u>1.84%</u>	Discount Rate <u>2.84%</u>
Total OPEB Liability (Asset)	\$ 134,784	\$ 108,654	\$ 88,784

For the year ended September 30, 2022, the City recognized OPEB expense of \$14,231. And reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and Actual Experiences	\$ -	\$ 4,430
Changes in Assumptions & Other Input Contributions Subsequent to the Measurement Date	17,756	-
	<u>2,349</u>	<u>-</u>
	<u>\$ 20,105</u>	<u>\$ 4,430</u>

Deferred outflows of resources in the amount of \$2,349 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, 2022. 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,	
2022	\$ 4,278
2023	3,379
2024	4,537
2025	1,002
2024	130
Thereafter	-
	<u>\$ 13,326</u>

CITY OF GEORGE WEST  
 NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
 SEPTEMBER 30, 2022

**NOTE J -- INTERFUND TRANSACTIONS**

As of September 30, 2022, 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&amp;S Tax Deposit on-behalf of Debt Service Fund</i>
Proprietary Fund/Nonmajor Funds	19,786	<i>Court-Related Collections on-behalf of other funds</i>
Total	<u>\$ 83,926</u>	

The following transfers occurred during the year ended September 30, 2022:

<u>From</u>	<u>To</u>	<u>Amount</u>	<u>Purpose</u>
Debt Service	Proprietary	\$ 181,963	In support of debt service
General	Proprietary	29,322	Grant funds reimbursed
		<u>\$ 211,285</u>	

**NOTE K -- 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, 2022 were \$84,617 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, 2022

	Budget Amounts		Actual Amounts	Variance
	Original	Final		Favorable (Unfavorable)
<b>REVENUES</b>				
Ad Valorem Taxes	\$ 543,882	\$ 543,882	\$ 532,569	\$ (11,313)
Franchise Fees	146,000	146,000	148,926	2,926
Sales Taxes	776,000	776,000	818,236	42,236
Fines and Penalties	177,813	177,813	129,417	(48,396)
Charges For Service	38,350	38,350	35,896	(2,454)
Grants	84,562	84,562	373,988	289,426
Licenses and Permits	25,500	25,500	25,904	404
Interest Income	1,737	1,737	428	(1,309)
Miscellaneous	9,350	9,350	42,743	33,393
<b>TOTAL REVENUES</b>	<u>1,803,194</u>	<u>1,803,194</u>	<u>2,108,107</u>	<u>304,913</u>
<b>EXPENDITURES</b>				
<i>Current:</i>				
General Administration	414,954	414,954	435,626	(20,672)
Public Safety	986,276	986,276	1,102,106	(115,830)
Street Maintenance	180,649	180,649	270,100	(89,451)
Culture and Recreation	182,707	182,707	180,866	1,841
Municipal Court	88,608	88,608	99,223	(10,615)
Capital Outlay	-	-	392,382	(392,382)
<b>TOTAL EXPENDITURES</b>	<u>1,853,194</u>	<u>1,853,194</u>	<u>2,480,303</u>	<u>(627,109)</u>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<u>(50,000)</u>	<u>(50,000)</u>	<u>(372,196)</u>	<u>(322,196)</u>
<b>OTHER SOURCES (USES) OF FUNDS:</b>				
Transfers In (Out)	-	-	(29,322)	(29,322)
Proceeds from Sale of Capital Assets	50,000	50,000	-	(50,000)
<b>TOTAL OTHER SOURCES (USES) OF FUNDS:</b>	<u>50,000</u>	<u>50,000</u>	<u>(29,322)</u>	<u>(79,322)</u>
<b>Net Change in Fund Balance</b>	-	-	<b>(401,518)</b>	(401,518)
<b>Beginning Fund Balance</b>	<u>947,888</u>	<u>947,888</u>	<u>947,888</u>	-
<b>Ending Fund Balance, Deficit</b>	<u>\$ 947,888</u>	<u>\$ 947,888</u>	<u>\$ 546,370</u>	<u>\$ (401,518)</u>

CITY OF GEORGE WEST  
NOTES TO SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE-  
BUDGET AND ACTUAL - GENERAL FUND  
SEPTEMBER 30, 2022

**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 EIGHT PLAN YEARS

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

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

2018	2019	2020	2021
\$ 109,077	\$ 119,511	\$ 136,077	\$ 137,631
110,757	112,607	120,109	132,258
-	-	-	-
(95,686)	(55,300)	(7,011)	3,411
-	5,842	-	-
(120,234)	(83,688)	(75,931)	(63,997)
3,914	98,972	173,244	209,303
1,646,427	1,650,341	1,749,313	1,922,557
<u>\$ 1,650,341</u>	<u>\$ 1,749,313</u>	<u>\$ 1,922,557</u>	<u>\$ 2,131,860</u>

2018	2019	2020	2021
\$ 70,106	\$ 78,151	\$ 85,355	\$ 83,103
58,206	63,435	73,317	77,097
(40,402)	203,424	119,264	231,154
(120,234)	(83,688)	(75,931)	(63,997)
(781)	(1,149)	(774)	(1,072)
(42)	(34)	(30)	7
(33,147)	260,139	201,201	326,292
1,348,442	1,315,295	1,575,434	1,776,635
<u>\$ 1,315,295</u>	<u>\$ 1,575,434</u>	<u>\$ 1,776,635</u>	<u>\$ 2,102,927</u>

\$ 335,046	\$ 173,879	\$ 145,922	\$ 28,933
79.70%	90.06%	92.41%	98.64%
\$ 1,164,112	\$ 1,268,697	\$ 1,466,345	\$ 1,617,038
28.78%	13.71%	9.95%	1.79%

CITY OF GEORGE WEST  
 REQUIRED SUPPLEMENTARY INFORMATION  
 NOTES TO THE SCHEDULE OF CHANGES - NET PENSION LIABILITY AND RELATED RATIOS  
 LAST EIGHT FISCAL YEARS

Fiscal Year	Actuarially Determined Contribution	Contributions in Relation to the Actuarially Determined Contribution	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
2015	\$ 88,600	\$ 88,600	-	\$ 1,664,451	5.32%
2016	\$ 72,663	\$ 72,663	-	\$ 1,413,741	5.14%
2017	\$ 64,195	\$ 64,195	-	\$ 1,185,832	5.41%
2018	\$ 67,643	\$ 67,643	-	\$ 1,146,805	5.90%
2019	\$ 72,340	\$ 72,340	-	\$ 1,183,916	6.11%
2020	\$ 86,851	\$ 86,851	-	\$ 1,467,824	5.92%
2021	\$ 80,504	\$ 80,504	-	\$ 1,401,499	5.74%
2022	\$ 89,404	\$ 89,404	-	\$ 1,617,038	5.53%

**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	23 Years
Asset Valuation Method	10 Year Smoothed Market; 12% Soft Corridor
Inflation	2.50%
Salary Increases	3.50% to 11.50% 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 2019 valuation pursuant to an experience study of the period 2014 - 2018.
Mortality	Post-retirement: 2019 Municipal Retirees of Texas Mortality Tables. The rates are projected on a fully generational basis with scale UMP. Pre-retirement: PUB(10) mortality tables, with the Public Safety table used for males and the General Employee table used for females. The rates are projected on a fully generational basis with scale UMP.

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

	Total OPEB Liability				
	2017	2018	2019	2020	2021
Service Cost	\$ 3,535	\$ 4,074	\$ 4,314	\$ 6,452	\$ 7,940
Interest	1,997	2,127	2,211	2,122	2,013
Changes of Benefit Terms	-	-	-	-	-
Difference between Expected and Actual Experience	-	(5,764)	(4,338)	731	(1,041)
Changes in Assumptions or Other Inputs	5,807	(4,980)	14,580	14,054	3,481
Benefit Payments	(114)	(233)	(254)	(293)	(882)
Net Change in Total OPEB Liability	11,225	(4,776)	16,513	23,066	11,511
Total OPEB Liability - Beginning	51,115	62,340	57,564	74,077	97,143
Total OPEB Liability - Ending	<u>\$ 62,340</u>	<u>\$ 57,564</u>	<u>\$ 74,077</u>	<u>\$ 97,143</u>	<u>\$ 108,654</u>
 Covered Payroll	 \$1,140,290	 \$1,164,112	 \$1,268,697	 \$1,466,345	 \$1,617,038
 Total OPEB Liability as a Percentage of Covered Payroll	 5.47%	 4.94%	 5.84%	 6.62%	 6.72%

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 11.50% Including Inflation
Discount Rate	1.84%
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	2019 Municipal Retirees of Texas Mortality Tables. The rates are projected on a fully generational basis with scale UMP.
Mortality Rates - Disabled Retirees	2019 Municipal Retirees of Texas Mortality Tables with a 4 year set-forward for males and a 3 year set-forward for females. In addition, a 3.5% and 3% minimum mortality rate will be applied to reflect the impairment for younger members who become disabled for males and females, respectively. The rates are projected on a fully generational basis by scale UMP to account for future mortality improvements subject to the 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, 2022 AND 2021

	<u>2022</u>	<u>2021</u>
<b>ASSETS</b>		
Cash and Cash Equivalents	\$ 971,745	\$ 1,264,648
Receivables (net of allowances for uncollectibles):		
Property Taxes	64,066	47,903
Prepaid Expenses	-	135,672
Other Receivables	<u>166,439</u>	<u>54,166</u>
<b>TOTAL ASSETS</b>	<b><u>\$ 1,202,250</u></b>	<b><u>\$ 1,502,389</u></b>
 <b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>		
<i>Liabilities:</i>		
Accounts Payable	\$ 103,067	\$ 86,423
Accrued Wages	9,059	38,621
Due to Other Funds	<u>64,140</u>	<u>64,140</u>
<i>Total Liabilities</i>	<u>176,266</u>	<u>189,184</u>
 <i>Deferred Inflows of Resources:</i>		
Unearned Grant Revenue	415,548	317,414
Unavailable Property Tax Revenue	<u>64,066</u>	<u>47,903</u>
<i>Total Deferred Inflows of Resources</i>	<u>479,614</u>	<u>365,317</u>
 <i>Fund Balances:</i>		
Nonspendable for:		
Prepaid Items	-	135,672
Committed for:		
Public Education Fund	10,127	7,988
Unassigned (Deficit)	<u>536,243</u>	<u>804,228</u>
<i>Total Fund Balance</i>	<u>546,370</u>	<u>947,888</u>
 <b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>	 <b><u>\$ 1,202,250</u></b>	 <b><u>\$ 1,502,389</u></b>

CITY OF GEORGE WEST  
 COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES AND  
 CHANGES IN FUND BALANCE - GENERAL FUND  
 FOR THE FISCAL YEARS ENDED SEPTEMBER 30, 2022 AND 2021

	2022	2021
<b>REVENUES</b>		
Ad Valorem Taxes	\$ 532,569	\$ 551,090
Franchise Fees	148,926	139,219
Sales Taxes	818,236	1,642,942
Fines and Penalties	129,417	104,805
Charges For Service	35,896	35,938
Grants	373,988	286,085
Licenses and Permits	25,904	18,391
Interest Income	428	757
Miscellaneous	42,743	10,153
<b>TOTAL REVENUES</b>	<b>2,108,107</b>	<b>2,789,380</b>
<b>EXPENDITURES</b>		
Current:		
General Administration	435,626	400,527
Public Safety	1,102,106	930,848
Street Maintenance	270,100	162,396
Culture and Recreation	180,866	189,640
Municipal Court	99,223	100,869
Capital Outlay	392,382	32,732
<b>TOTAL EXPENDITURES</b>	<b>2,480,303</b>	<b>1,817,012</b>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<b>(372,196)</b>	<b>972,368</b>
<b>OTHER FINANCING SOURCES (USES)</b>		
Proceeds from Sale of Capital Assets	-	25,000
Transfers Out	(29,322)	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>(29,322)</b>	<b>25,000</b>
<b>Net Change in Fund Balance</b>	<b>(401,518)</b>	<b>997,368</b>
<b>BEGINNING FUND BALANCE</b>	<b>947,888</b>	<b>(49,480)</b>
<b>ENDING FUND BALANCE, DEFICIT</b>	<b>\$ 546,370</b>	<b>\$ 947,888</b>

CITY OF GEORGE WEST  
 COMBINING BALANCE SHEETS  
 NONMAJOR GOVERNMENTAL FUNDS  
 SEPTEMBER 30, 2022

	Special Revenue Funds			
	Hotel Occupancy	Court Security	Court Technology	Court Child Safety
<b>ASSETS</b>				
Cash and Cash Equivalents	\$ -	\$ 98,087	\$ 35,957	\$ 20,933
Accounts Receivable, Net of Allowance				
Taxes	34,295	-	-	-
Due From Other Funds	-	-	-	-
Restricted Assets:				
Cash and Cash Equivalents	222,809	-	-	-
<b>TOTAL ASSETS</b>	<b>\$ 257,104</b>	<b>\$ 98,087</b>	<b>\$ 35,957</b>	<b>\$ 20,933</b>
<b>LIABILITIES &amp; FUND BALANCES</b>				
<i>Liabilities:</i>				
Accounts Payable	\$ 14,879	\$ -	\$ -	\$ -
<i>Total Liabilities</i>	<u>14,879</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Fund Balances:</i>				
Restricted For:				
Police	-	-	-	-
Municipal Court	-	98,087	35,957	20,933
Tourism	242,225	-	-	-
Assigned For:				
Future Projects	-	-	-	-
<i>Total Fund Balances</i>	<u>242,225</u>	<u>98,087</u>	<u>35,957</u>	<u>20,933</u>
<b>TOTAL LIABILITIES &amp; FUND BALANCES</b>	<b>\$ 257,104</b>	<b>\$ 98,087</b>	<b>\$ 35,957</b>	<b>\$ 20,933</b>



Drug Forfeiture	Capital Projects Funds		Totals	
	Certificate of Obligation 2016	Sports Complex	2022	2021
\$ -	\$ -	\$ -	\$ 154,977	\$ 159,265
-	-	-	34,295	31,780
-	19,786	-	19,786	19,786
<u>97,117</u>	<u>12,229</u>	<u>26,946</u>	<u>359,101</u>	<u>330,453</u>
<u>\$ 97,117</u>	<u>\$ 32,015</u>	<u>\$ 26,946</u>	<u>\$ 568,159</u>	<u>\$ 541,284</u>
\$ 528	\$ -	\$ -	\$ 15,407	\$ 28,751
<u>528</u>	<u>-</u>	<u>-</u>	<u>15,407</u>	<u>28,751</u>
96,589	-	-	96,589	107,822
-	-	-	154,977	159,265
-	-	-	242,225	187,406
-	32,015	26,946	58,961	58,040
<u>96,589</u>	<u>32,015</u>	<u>26,946</u>	<u>552,752</u>	<u>512,533</u>
<u>\$ 97,117</u>	<u>\$ 32,015</u>	<u>\$ 26,946</u>	<u>\$ 568,159</u>	<u>\$ 541,284</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, 2022

	Special Revenue Funds				
	Hotel Occupancy	Court Security	Court Technology	Court Child Safety	Drug Forfeiture
<b>REVENUES</b>					
Hotel Occupancy Tax	\$ 142,819	\$ -	\$ -	\$ -	\$ -
Fines and Penalties	-	3,630	3,113	-	-
Interest Income	-	-	-	-	4
<b>TOTAL REVENUES</b>	<u>142,819</u>	<u>3,630</u>	<u>3,113</u>	<u>-</u>	<u>4</u>
<b>EXPENDITURES</b>					
Current:					
Public Safety	-	-	-	-	11,237
Municipal Court	-	3,952	6,905	174	-
Administration	88,000	-	-	-	-
Capital Outlay	-	-	-	-	-
<b>TOTAL EXPENDITURES</b>	<u>88,000</u>	<u>3,952</u>	<u>6,905</u>	<u>174</u>	<u>11,237</u>
Net Change in Fund Balance	54,819	(322)	(3,792)	(174)	(11,233)
Fund Balances at Beginning of Year	<u>187,406</u>	<u>98,409</u>	<u>39,749</u>	<u>21,107</u>	<u>107,822</u>
Fund Balances at End of Year	<u>\$ 242,225</u>	<u>\$ 98,087</u>	<u>\$ 35,957</u>	<u>\$ 20,933</u>	<u>\$ 96,589</u>

Capital Projects Funds		Totals	
Certificate of Obligation 2016	Sports Complex	2022	2021
\$ -	\$ -	\$ 142,819	\$ 109,232
-	-	6,743	7,530
<u>921</u>	<u>-</u>	<u>925</u>	<u>-</u>
<u>921</u>	<u>-</u>	<u>150,487</u>	<u>116,762</u>
-	-	11,237	22,423
-	-	11,031	9,879
-	-	88,000	77,514
<u>-</u>	<u>-</u>	<u>-</u>	<u>122,215</u>
<u>-</u>	<u>-</u>	<u>110,268</u>	<u>232,031</u>
921	-	40,219	(115,269)
<u>31,094</u>	<u>26,946</u>	<u>512,533</u>	<u>627,802</u>
<u>\$ 32,015</u>	<u>\$ 26,946</u>	<u>\$ 552,752</u>	<u>\$ 512,533</u>

CITY OF GEORGE WEST  
 COMPARATIVE STATEMENTS OF NET POSITION  
 PROPRIETARY FUND – UTILITY SYSTEM  
 SEPTEMBER 30, 2022 AND 2021

	2022	2021
<b>ASSETS</b>		
<i>Current Assets:</i>		
Cash and Cash Equivalents	\$ 684,328	\$ 675,378
Accounts Receivables - Customers (Net of Allowance for Uncollectibles)	273,790	256,578
Due From Other Funds	43,310	43,310
<i>Total Current Assets</i>	1,001,428	975,266
 <i>Capital Assets:</i>		
Land	24,029	24,029
Building and Improvements	137,179	137,179
Machinery and Equipment	1,403,048	1,397,886
Utility System	8,170,842	8,139,805
Accumulated Depreciation	(6,518,700)	(6,228,613)
<i>Total Capital Assets, Net</i>	3,216,398	3,470,286
<i>Total Noncurrent Assets</i>	3,216,398	3,470,286
 <b>TOTAL ASSETS</b>	4,217,826	4,445,552
 <b>DEFERRED OUTFLOWS OF RESOURCES</b>		
Deferred OPEB Related Outflows	3,820	7,739
Deferred Pension Related Outflows	19,418	21,320
<b>TOTAL DEFERRED OUTFLOWS OF RESOURCES</b>	\$ 23,238	\$ 29,059

CITY OF GEORGE WEST  
 COMPARATIVE STATEMENTS OF NET POSITION  
 PROPRIETARY FUND – UTILITY SYSTEM (CONTINUED)  
 SEPTEMBER 30, 2022 AND 2021

	2022	2021
<b>LIABILITIES</b>		
<i>Current Liabilities:</i>		
Accounts Payable	\$ 122,274	\$ 138,972
Accrued Wages	5,603	3,800
Compensated Absences	19,698	15,316
Accrued Interest Payable	3,291	3,706
Customer Deposits	98,884	94,617
Current Portion of Bonds Payable	160,500	158,000
<i>Total Current Liabilities</i>	410,250	414,411
 <i>Noncurrent Liabilities:</i>		
Bonds Payable	848,000	1,008,500
Net Pension Liability	8,894	51,073
Total OPEB Liability	20,644	33,916
<i>Total Noncurrent Liabilities</i>	877,538	1,093,489
 <b>TOTAL LIABILITIES</b>	<b>1,287,788</b>	<b>1,507,900</b>
 <b>DEFERRED INFLOWS OF RESOURCES</b>		
Deferred Pension Related Inflows	37,686	36,400
Deferred OPEB Related Inflows	842	1,799
<b>TOTAL DEFERRED INFLOWS     OF RESOURCES</b>	<b>38,528</b>	<b>38,199</b>
 <b>NET POSITION</b>		
Net Investment in Capital Assets	2,207,898	2,303,786
Unrestricted	706,850	624,726
<b>TOTAL NET POSITION</b>	<b>\$ 2,914,748</b>	<b>\$ 2,928,512</b>

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, 2022 AND 2021

	2022	2021
<b>OPERATING REVENUES</b>		
Charges for Water Service	\$ 621,084	\$ 554,421
Charges for Gas Services	324,522	259,795
Charges for Sewer Service	474,935	439,929
Charges for Garbage Service	647,528	579,030
Miscellaneous Income	15,819	2,365
<b>TOTAL OPERATING REVENUES</b>	<b>2,083,888</b>	<b>1,835,540</b>
<b>OPERATING EXPENSES</b>		
Personnel	647,536	709,082
Supplies	74,933	97,852
Services and Charges	524,843	387,090
Gas Purchases	178,200	97,587
Solid Waste Costs	569,982	540,256
Depreciation	290,087	286,890
<b>TOTAL OPERATING EXPENSES</b>	<b>2,285,581</b>	<b>2,118,757</b>
<b>OPERATING INCOME (LOSS)</b>	<b>(201,693)</b>	<b>(283,217)</b>
<b>NONOPERATING REVENUES (EXPENSES)</b>		
Interest Income	191	432
Interest Charges	(23,547)	(23,130)
<b>TOTAL NONOPERATING REVENUES (EXPENSES)</b>	<b>(23,356)</b>	<b>(22,698)</b>
<b>NET INCOME (LOSS) BEFORE TRANSFERS</b>	<b>(225,049)</b>	<b>(305,915)</b>
Transfers In (Out)	211,285	181,339
<b>NET INCOME (LOSS)</b>	<b>(13,764)</b>	<b>(124,576)</b>
<b>NET POSITION AT BEGINNING OF YEAR</b>	<b>2,928,512</b>	<b>3,053,088</b>
<b>NET POSITION AT END OF YEAR</b>	<b>\$ 2,914,748</b>	<b>\$ 2,928,512</b>

CITY OF GEORGE WEST  
 COMPARATIVE STATEMENTS OF CASH FLOWS  
 PROPRIETARY FUND – UTILITY SYSTEM  
 FOR THE FISCAL YEARS ENDED SEPTEMBER 30, 2022 AND 2021

	2022	2021
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Cash Received From Customers	\$ 2,070,943	\$ 1,871,542
Cash Paid to Employees for Services	(690,652)	(728,411)
Cash Paid to Suppliers for Goods and Services	(1,364,656)	(1,080,245)
<b>NET CASH FLOWS PROVIDED (USED) BY     OPERATING ACTIVITIES</b>	<b>15,635</b>	<b>62,886</b>
 <b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>		
Transfers From (To) Primary Government	211,285	181,339
Intergovernmental Borrowings	-	(4,982)
<b>NET CASH PROVIDED (USED) BY     NONCAPITAL FINANCING ACTIVITIES</b>	<b>211,285</b>	<b>176,357</b>
 <b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Purchase of Capital Assets	(36,199)	(57,005)
Principal Payments on Long-term Debt	(158,000)	(155,500)
Interest Paid for Financing Activities	(23,962)	(25,839)
<b>NET CASH PROVIDED (USED) BY CAPITAL AND     RELATED FINANCING ACTIVITIES</b>	<b>(218,161)</b>	<b>(238,344)</b>
 <b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Investment Interest Received	191	432
<b>NET CASH PROVIDED (USED) BY     INVESTING ACTIVITIES</b>	<b>191</b>	<b>432</b>
 <b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>8,950</b>	<b>1,331</b>
 <b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>		
Cash and Cash Equivalents	675,378	674,047
	<b>675,378</b>	<b>674,047</b>
 <b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>		
Cash and Cash Equivalents	684,328	675,378
	<b>\$ 684,328</b>	<b>\$ 675,378</b>
 <b>Interest Paid During the Year</b>	<b>\$ 23,962</b>	<b>\$ 25,839</b>

CITY OF GEORGE WEST  
 COMPARATIVE STATEMENTS OF CASH FLOWS  
 PROPRIETARY FUND – UTILITY SYSTEM (CONTINUED)  
 FOR THE FISCAL YEARS ENDED SEPTEMBER 30, 2022 AND 2021

	<u>2022</u>	<u>2021</u>
Reconciliation of Operating Income to Net Cash		
Provided (Used) by Operating Activities:		
Operating Income (Loss)	\$ (201,693)	\$ (283,217)
Adjustments to Reconcile Operating Income to Net		
Cash Provided (Used) by Operating Activities:		
Depreciation	290,087	286,890
(Increase) Decrease in Operating Assets:		
Accounts Receivable, Net	(17,212)	28,987
Deferred OPEB Outflows	3,919	(3,226)
Deferred Pension Outflows	1,902	10,268
Increase (Decrease) in Current Liabilities:		
Accounts Payable	(16,698)	42,540
Accrued Wages	1,803	(10,303)
Compensated Absences	4,382	3,354
Customer Deposits	4,267	7,015
Deferred OPEB Inflows	(957)	(658)
Total OPEB Liability	(13,272)	9,471
Deferred Pension Inflows	1,286	(21,928)
Net Pension Liability	(42,179)	(6,307)
	<u>217,328</u>	<u>346,103</u>
Net Cash Provided (Used) by		
Operating Activities	<u>\$ 15,635</u>	<u>\$ 62,886</u>