

CITY OF GEORGE WEST, TEXAS

**ANNUAL
FINANCIAL REPORT**

**FISCAL YEAR ENDED
SEPTEMBER 30, 2023**







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, 2023, and have issued our report thereon dated January 9, 2024. 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 October 6, 2023, 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 policies.

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 January 9, 2024.

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.

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.

Respectfully,



Armstrong, Vaughan & Associates, P.C.

January 9, 2024

CITY OF GEORGE WEST
ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED SEPTEMBER 30, 2023

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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

Report on the Audit of the Financial Statements

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, 2023, 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, 2023, 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. The comparative financial statements are presented for purpose of additional analysis and are not a required part of the basic financial statements.

The comparative 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.
January 9, 2024

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, 2023. Please read it in conjunction with the City's financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

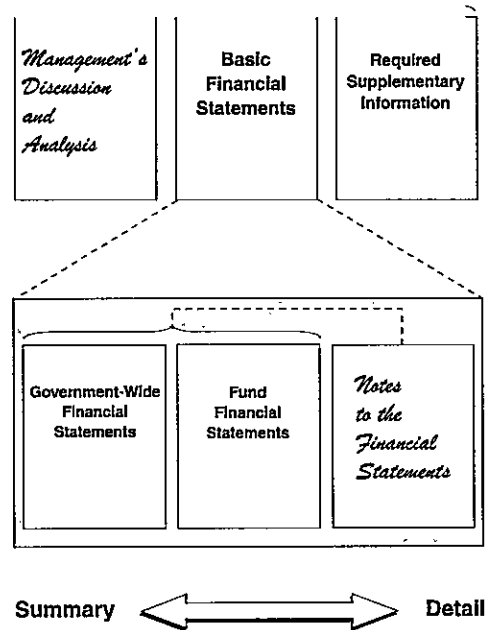
- The City's total combined net position was \$5.2 million at September 30, 2023.
- The general fund balance is \$498 thousand, of which \$491 thousand is unassigned. The balance represents a reduction of \$49 thousand from the prior year.
- The City received additional funding under the American Recovery 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 \$5.2 million at September 30, 2023. (See Table A-1).

| | Governmental Activities | | Business-Type Activities | | Total | | Percentage Change |
|--|----------------------------|---------------------|-----------------------------|---------------------|---------------------|---------------------|----------------------|
| | 2023 | 2022 | 2023 | 2022 | 2023 | 2022 | |
| <i>Assets:</i> | | | | | | | |
| Current Assets | \$ 1,986,335 | \$ 1,594,229 | \$ 714,216 | \$ 1,001,428 | \$ 2,700,551 | \$ 2,595,657 | 4.0 |
| Non-Current Assets | 2,132,017 | 1,798,949 | 3,274,332 | 3,216,398 | 5,406,349 | 5,015,347 | 7.8 |
| Total Assets | 4,118,352 | 3,393,178 | 3,988,548 | 4,217,826 | 8,106,900 | 7,611,004 | 6.5 |
| <i>Deferred Outflows:</i> | | | | | | | |
| Deferred Pension/OPEB Related Outflows | 155,027 | 60,032 | 47,605 | 23,238 | 202,632 | 83,270 | 143.3 |
| <i>Liabilities:</i> | | | | | | | |
| Current Liabilities | 1,125,707 | 673,782 | 409,524 | 410,250 | 1,535,231 | 1,084,032 | 41.6 |
| Long-Term Liabilities | 764,215 | 698,049 | 776,977 | 877,538 | 1,541,192 | 1,575,587 | (2.2) |
| Total Liabilities | 1,889,922 | 1,371,831 | 1,186,501 | 1,287,788 | 3,076,423 | 2,659,619 | 15.7 |
| <i>Deferred Inflows:</i> | | | | | | | |
| Deferred Pension/OPEB Related Inflows | 43,782 | 88,493 | 9,022 | 38,528 | 52,804 | 127,021 | (58.4) |
| <i>Net Position:</i> | | | | | | | |
| Invested in Capital Assets | 1,255,669 | 771,348 | 2,426,332 | 2,207,898 | 3,682,001 | 2,979,246 | 23.6 |
| Restricted | 655,515 | 750,983 | - | - | 655,515 | 750,983 | (12.7) |
| Unrestricted | 428,491 | 470,555 | 414,298 | 706,850 | 842,789 | 1,177,405 | (28.4) |
| Total Net Position | \$ 2,339,675 | \$ 1,992,886 | \$ 2,840,630 | \$ 2,914,748 | \$ 5,180,305 | \$ 4,907,634 | 5.6 |

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

Governmental Activities

- Governmental activity fund revenues increased substantially due to receipt of grant funds.
- 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 |
|----------------------------|-------------------------|---------------------|--------------------------|---------------------|---------------------|---------------------|-------------------|
| | 2023 | 2022 | 2023 | 2022 | 2023 | 2022 | |
| <i>Program Revenues:</i> | | | | | | | |
| Charges for Services | \$ 207,546 | \$ 204,349 | \$ 1,999,352 | \$ 2,068,069 | \$ 2,206,898 | \$ 2,272,418 | (2.9) |
| Operating & Capital Grants | 1,019,111 | 373,988 | - | - | 1,019,111 | 373,988 | 172.5 |
| <i>General Revenues:</i> | | | | | | | |
| Taxes | 2,038,975 | 1,920,349 | - | - | 2,038,975 | 1,920,349 | 6.2 |
| Interest Earnings | 3,110 | 432 | 417 | 191 | 3,527 | 623 | 466.1 |
| Miscellaneous | 20,039 | 40,352 | 2,242 | 15,818 | 22,281 | 56,170 | (60.3) |
| Total Revenues | 3,288,781 | 2,539,470 | 2,002,011 | 2,084,078 | 5,290,792 | 4,623,548 | 14.4 |
| <i>Program Expenses:</i> | | | | | | | |
| General Administration | 1,036,524 | 585,132 | - | - | 1,036,524 | 585,132 | 77.1 |
| Public Safety | 1,290,078 | 1,266,703 | - | - | 1,290,078 | 1,266,703 | 1.8 |
| Street Maintenance | 298,202 | 280,989 | - | - | 298,202 | 280,989 | 6.1 |
| Culture and Recreation | 122,581 | 198,305 | - | - | 122,581 | 198,305 | (38.2) |
| Water | - | - | 596,072 | 519,485 | 596,072 | 519,485 | 14.7 |
| Gas | - | - | 524,356 | 639,166 | 524,356 | 639,166 | (18.0) |
| Sewer | - | - | 519,329 | 547,761 | 519,329 | 547,761 | (5.2) |
| Garbage | - | - | 597,295 | 579,168 | 597,295 | 579,168 | 3.1 |
| Interest on Debt | 13,529 | 15,201 | 20,155 | 23,547 | 33,684 | 38,748 | (13.1) |
| Total Expenses | 2,760,914 | 2,346,330 | 2,257,207 | 2,309,127 | 5,018,121 | 4,655,457 | 7.8 |
| Transfers In (Out) | (181,078) | (211,285) | 181,078 | 211,285 | - | - | 0.0 |
| Change in Net Position | 346,789 | (18,145) | (74,118) | (13,764) | 272,671 | (31,909) | (954.5) |
| Beginning Net Position | 1,992,886 | 2,011,031 | 2,914,748 | 2,928,512 | 4,907,634 | 4,939,543 | |
| Ending Net Position | \$ 2,339,675 | \$ 1,992,886 | \$ 2,840,630 | \$ 2,914,748 | \$ 5,180,305 | \$ 4,907,634 | |

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 \$2.8 million; 30% of these activities were covered by property tax collections of \$815 thousand.

Table A-3
Net Cost of Selected City Functions

| | Total Cost of Services | | | Percentage Change | Net Cost of Services | | |
|---------------------------------------|------------------------|---------------------|--------------|---------------------|----------------------|---------------|-------------------|
| | 2023 | 2022 | | | 2023 | 2022 | Percentage Change |
| <i>Governmental Activities:</i> | | | | | | | |
| General Administration | \$ 1,036,524 | \$ 585,132 | 77.1 | \$ 807,743 | \$ 544,913 | 48.2 | |
| Public Safety | 1,290,078 | 1,266,703 | 1.8 | 321,530 | 759,539 | (57.7) | |
| Street Maintenance | 298,202 | 280,989 | 6.1 | 276,036 | 255,185 | 8.2 | |
| Culture and Recreation | 122,581 | 198,305 | (38.2) | 115,419 | 193,155 | (40.2) | |
| Total Governmental Activities | \$ 2,747,385 | \$ 2,331,129 | 17.9 | \$ 1,520,728 | \$ 1,752,792 | (13.2) | |
| <i>Business-type Activities:</i> | | | | | | | |
| Water | \$ 616,227 | \$ 543,032 | 13.5 | \$ 49,277 | \$ (78,052) | (163.1) | |
| Gas | 524,356 | 639,166 | (18.0) | 218,060 | 314,644 | (30.7) | |
| Sewer | 519,329 | 547,761 | (5.2) | 63,581 | 72,826 | (12.7) | |
| Garbage | 597,295 | 579,168 | 3.1 | (73,063) | (68,360) | 6.9 | |
| Total Business-Type Activities | \$ 2,257,207 | \$ 2,309,127 | (2.2) | \$ 257,855 | \$ 241,058 | 7.0 | |

Business-Type Activities

Revenues of the City’s Utility business-type activities decreased 4% to \$2.0 million, and operating expenses decreased 2% 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 \$3.3 million. The increase was due to additional grant revenues.

Budgetary Highlights

Revenues were over budget by \$667 thousand, due primarily to \$650 thousand better than expected grant revenues. Expenditures were \$1.0 million over budget, primarily due to general administration, public safety, street maintenance, municipal court and capital outlay. The city increased the overall fund balance by \$348 thousand more than expected from the final budget but the general fund balance declined \$397 thousand more than expected.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

As of September 30, 2023, the City had \$14.7 million in a broad range of capital assets, including land, equipment, buildings, and vehicles. (See Table A-4.)

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

| | Governmental Activities | | Business-Type Activities | | Total | | Total Percentage Change |
|--------------------------------|-------------------------|----------|--------------------------|----------|----------|----------|-------------------------|
| | 2023 | 2022 | 2023 | 2022 | 2023 | 2022 | |
| Land | \$ 17 | \$ 17 | \$ 356 | \$ 24 | \$ 373 | \$ 41 | 809.8 |
| Buildings and Improvements | 961 | 961 | 137 | 137 | 1,098 | 1,098 | (0.0) |
| Equipment | 2,641 | 2,342 | 1,408 | 1,403 | 4,049 | 3,745 | 8.1 |
| Infrastructure | 767 | 724 | - | - | 767 | 724 | 5.9 |
| Utility System | - | - | 8,171 | 8,171 | 8,171 | 8,171 | 0.0 |
| Construction in Progress | 224 | - | - | - | 224 | - | 100.0 |
| Totals at Historical Cost | 4,610 | 4,044 | 10,072 | 9,735 | 14,682 | 13,779 | 6.6 |
| Total Accumulated Depreciation | (2,766) | (2,604) | (6,798) | (6,519) | (9,564) | (9,123) | 4.8 |
| Net Capital Assets | \$ 1,844 | \$ 1,440 | \$ 3,274 | \$ 3,216 | \$ 5,118 | \$ 4,656 | 9.9 |

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 \$1.4 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 | | Business-Type | | Total | | Total Percentage Change |
|----------------------|--------------|--------|---------------|----------|----------|----------|-------------------------------|
| | Activities | | Activities | | | | |
| | 2023 | 2022 | 2023 | 2022 | 2023 | 2022 | |
| Bonds Payable | \$ 590 | \$ 669 | \$ 848 | \$ 1,009 | \$ 1,438 | \$ 1,677 | (14.3) |
| Total Long-Term Debt | \$ 590 | \$ 669 | \$ 848 | \$ 1,009 | \$ 1,438 | \$ 1,677 | (14.3) |

ECONOMIC FACTORS AND NEXT YEAR’S BUDGETS AND RATES

The City’s elected and appointed officials considered many factors when setting the fiscal year 2024 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 2023 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, 2023

| | Governmental Activities | Business-Type Activities | Total |
|--|----------------------------|-----------------------------|-------------------|
| ASSETS | | | |
| Cash and Cash Equivalents | \$ 1,239,175 | \$ 424,631 | \$ 1,663,806 |
| Receivables (net of allowances for uncollectibles): | | | |
| Ad Valorem Taxes | 118,039 | - | 118,039 |
| Other | 672,431 | 246,275 | 918,706 |
| Internal Balances | (43,310) | 43,310 | - |
| Restricted Assets: | | | |
| Cash and Cash Equivalents | 286,348 | - | 286,348 |
| Capital Assets: | | | |
| Land | 17,210 | 356,156 | 373,366 |
| Buildings and Improvements | 961,402 | 137,179 | 1,098,581 |
| Vehicles and Equipment | 2,641,424 | 1,408,232 | 4,049,656 |
| Infrastructure | 767,405 | - | 767,405 |
| Utility System | 224,152 | 8,170,842 | 8,394,994 |
| Accumulated Depreciation | (2,765,924) | (6,798,077) | (9,564,001) |
| TOTAL ASSETS | <u>4,118,352</u> | <u>3,988,548</u> | <u>8,106,900</u> |
| DEFERRED OUTFLOWS OF RESOURCES | | | |
| Deferred OPEB Related Outflows | 2,806 | 1,038 | 3,844 |
| Deferred Pension Related Outflows | 152,221 | 46,567 | 198,788 |
| TOTAL DEFERRED OUTFLOWS OF RESOURCES | <u>\$ 155,027</u> | <u>\$ 47,605</u> | <u>\$ 202,632</u> |

See accompanying notes to basic financial statements.

CITY OF GEORGE WEST
STATEMENT OF NET POSITION (CONTINUED)
SEPTEMBER 30, 2023

| | Governmental Activities | Business-Type Activities | Total |
|--|----------------------------|-----------------------------|---------------------|
| LIABILITIES | | | |
| Accounts Payable | \$ 563,354 | \$ 118,131 | \$ 681,485 |
| Accrued Wages | 9,178 | 5,241 | 14,419 |
| Compensated Absences | 57,627 | 17,767 | 75,394 |
| Accrued Interest | - | 2,867 | 2,867 |
| Unearned Grant Revenue | 415,548 | - | 415,548 |
| Customer Deposits | - | 101,518 | 101,518 |
| <i>Noncurrent Liabilities:</i> | | | |
| Bonds and Notes Payable Within One Year | 80,000 | 164,000 | 244,000 |
| Bonds and Notes Payable | 510,000 | 684,000 | 1,194,000 |
| Net Pension Liability | 196,655 | 71,688 | 268,343 |
| Total OPEB Liability | 57,560 | 21,289 | 78,849 |
| TOTAL LIABILITIES | <u>1,889,922</u> | <u>1,186,501</u> | <u>3,076,423</u> |
| DEFERRED INFLOWS OF RESOURCES | | | |
| Deferred Pension Related Inflows | 28,036 | 1,298 | 29,334 |
| Deferred OPEB Related Inflows | 15,746 | 7,724 | 23,470 |
| TOTAL DEFERRED INFLOWS OF RESOURCES | <u>43,782</u> | <u>9,022</u> | <u>52,804</u> |
| NET POSITION | | | |
| Net Investment in Capital Assets | 1,255,669 | 2,426,332 | 3,682,001 |
| Restricted for: | | | |
| Public Education Fund | 6,554 | - | 6,554 |
| Debt Service | 244,091 | - | 244,091 |
| Municipal Court/Police | 160,561 | - | 160,561 |
| Tourism | 244,309 | - | 244,309 |
| Unrestricted | 428,491 | 414,298 | 842,789 |
| TOTAL NET POSITION | <u>\$ 2,339,675</u> | <u>\$ 2,840,630</u> | <u>\$ 5,180,305</u> |

See accompanying notes to basic financial statements.

CITY OF GEORGE WEST
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2023

| <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> |
| Primary Government: | | | | |
| <i>Governmental Activities:</i> | | | | |
| General Administration | \$ 1,036,524 | \$ 30,379 | \$ 150,902 | \$ 47,500 |
| Public Safety | 1,290,078 | 147,839 | 414,971 | 405,738 |
| Street Maintenance | 298,202 | 22,166 | - | - |
| Culture and Recreation | 122,581 | 7,162 | - | - |
| Interest on Long-term Debt | 13,529 | - | - | - |
| <i>Total Governmental Activities</i> | <u>2,760,914</u> | <u>207,546</u> | <u>565,873</u> | <u>453,238</u> |
| <i>Business-Type Activities:</i> | | | | |
| Water | 616,227 | 566,950 | - | - |
| Gas | 524,356 | 306,296 | - | - |
| Sewer | 519,329 | 455,748 | - | - |
| Garbage | 597,295 | 670,358 | - | - |
| <i>Total Business-Type Activities</i> | <u>2,257,207</u> | <u>1,999,352</u> | <u>-</u> | <u>-</u> |
| Total Primary Government | \$ 5,018,121 | \$ 2,206,898 | \$ 565,873 | \$ 453,238 |
| General Revenues: | | | | |
| Taxes | | | | |
| Ad Valorem Taxes | | | | |
| Franchise Taxes | | | | |
| Sales Taxes | | | | |
| Hotel Occupancy Tax | | | | |
| Interest and Investment Earnings | | | | |
| Miscellaneous | | | | |
| Total General Revenues | | | | |
| Transfers | | | | |
| Change in Net Position | | | | |
| Net Position at Beginning of Year | | | | |
| Net Position at End of Year | | | | |

See accompanying notes to basic financial statements.

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

| <u>Governmental Activities</u> | <u>Business-Type Activities</u> | <u>Total</u> |
|------------------------------------|-------------------------------------|---------------------|
| \$ (807,743) | \$ - | \$ (807,743) |
| (321,530) | - | (321,530) |
| (276,036) | - | (276,036) |
| (115,419) | - | (115,419) |
| <u>(13,529)</u> | <u>-</u> | <u>(13,529)</u> |
| <u>(1,534,257)</u> | <u>-</u> | <u>(1,534,257)</u> |
| - | (49,277) | (49,277) |
| - | (218,060) | (218,060) |
| - | (63,581) | (63,581) |
| - | 73,063 | 73,063 |
| <u>-</u> | <u>(257,855)</u> | <u>(257,855)</u> |
| <u>(1,534,257)</u> | <u>(257,855)</u> | <u>(1,792,112)</u> |
| 814,503 | - | 814,503 |
| 139,117 | - | 139,117 |
| 934,922 | - | 934,922 |
| 150,433 | - | 150,433 |
| 3,110 | 417 | 3,527 |
| 20,039 | 2,242 | 22,281 |
| <u>2,062,124</u> | <u>2,659</u> | <u>2,064,783</u> |
| <u>(181,078)</u> | <u>181,078</u> | <u>-</u> |
| 346,789 | (74,118) | 272,671 |
| <u>1,992,886</u> | <u>2,914,748</u> | <u>4,907,634</u> |
| <u>\$ 2,339,675</u> | <u>\$ 2,840,630</u> | <u>\$ 5,180,305</u> |

CITY OF GEORGE WEST
BALANCE SHEET - GOVERNMENTAL FUNDS
SEPTEMBER 30, 2023

| | Major Funds | | Other Nonmajor Funds | Total Governmental Funds |
|--|---------------------|----------------------|----------------------------|--------------------------------|
| | General Fund | Debt Service Fund | | |
| ASSETS | | | | |
| Cash and Cash Equivalents | \$ 883,327 | \$ 204,009 | \$ 151,839 | \$ 1,239,175 |
| Receivables (net of allowances for uncollectibles): | | | | |
| Property Taxes | 79,001 | 39,038 | - | 118,039 |
| Other Receivables | 638,136 | - | 34,295 | 672,431 |
| Due from Other Funds | - | 1,044 | 19,785 | 20,829 |
| Restricted Assets | | | | |
| Cash and Cash Equivalents | - | - | 286,348 | 286,348 |
| TOTAL ASSETS | \$ 1,600,464 | \$ 244,091 | \$ 492,267 | \$ 2,336,822 |
| LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES | | | | |
| <i>Liabilities:</i> | | | | |
| Accounts Payable | \$ 534,918 | \$ - | \$ 28,436 | \$ 563,354 |
| Accrued Wages | 9,179 | - | - | 9,179 |
| Unearned Grant Revenue | 415,548 | - | - | 415,548 |
| Due To Other Funds | 64,139 | - | - | 64,139 |
| <i>Total Liabilities</i> | <u>1,023,784</u> | <u>-</u> | <u>28,436</u> | <u>1,052,220</u> |
| <i>Deferred Inflows of Resources:</i> | | | | |
| Unavailable Property Tax Revenue | 79,001 | 39,038 | - | 118,039 |
| <i>Total Deferred Inflows of Resources</i> | <u>79,001</u> | <u>39,038</u> | <u>-</u> | <u>118,039</u> |
| <i>Fund Balances:</i> | | | | |
| Restricted for: | | | | |
| Public Education Fund | 6,554 | - | - | 6,554 |
| Municipal Court/Police | - | - | 160,561 | 160,561 |
| Debt Service | - | 205,053 | - | 205,053 |
| Tourism | - | - | 244,309 | 244,309 |
| Assigned: | | | | |
| Future Projects | - | - | 58,961 | 58,961 |
| Unassigned | 491,125 | - | - | 491,125 |
| <i>Total Fund Balances</i> | <u>497,679</u> | <u>205,053</u> | <u>463,831</u> | <u>1,166,563</u> |
| TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES | \$ 1,600,464 | \$ 244,091 | \$ 492,267 | \$ 2,336,822 |

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, 2023

| | | |
|---|-----------------|---------------------|
| TOTAL FUND BALANCE - TOTAL GOVERNMENTAL FUNDS | | \$ 1,166,563 |
| 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. | | 1,845,669 |
| Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds. | | 118,040 |
| Accrued compensated absences are not due and payable in the current period and, therefore, not reported in the funds. | | (57,627) |
| Long-term liabilities are not due and payable in the current period and, therefore, not reported in the funds. | | (590,000) |
| 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 | (196,655) | |
| Total OPEB Liability | (57,560) | |
| Pension/OPEB Related Deferred Outflows | 155,027 | |
| Pension/OPEB Related Deferred Inflows | <u>(43,782)</u> | <u>(142,970)</u> |
| TOTAL NET POSITION - GOVERNMENTAL ACTIVITIES | | <u>\$ 2,339,675</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, 2023

| | Major Funds | | Total Nonmajor Funds | Total Governmental Funds |
|--|-------------------|----------------------|----------------------------|--------------------------------|
| | General Fund | Debt Service Fund | | |
| REVENUES | | | | |
| Ad Valorem Taxes | \$ 529,432 | \$ 264,011 | \$ - | \$ 793,443 |
| Franchise Fees | 139,117 | - | - | 139,117 |
| Sales Taxes | 934,922 | - | - | 934,922 |
| Hotel Occupancy Tax | - | - | 150,433 | 150,433 |
| Fines and Penalties | 134,434 | - | 11,574 | 146,008 |
| Charges For Service | 27,719 | - | - | 27,719 |
| Grants | 1,017,627 | - | - | 1,017,627 |
| Licenses and Permits | 22,166 | - | - | 22,166 |
| Interest Income | 3,105 | - | 4 | 3,109 |
| Miscellaneous | 33,175 | - | - | 33,175 |
| TOTAL REVENUES | <u>2,841,697</u> | <u>264,011</u> | <u>162,011</u> | <u>3,267,719</u> |
| EXPENDITURES | | | | |
| <i>Current:</i> | | | | |
| General Administration | 905,047 | - | 104,755 | 1,009,802 |
| Public Safety | 990,839 | - | 46,975 | 1,037,814 |
| Street Maintenance | 263,401 | - | - | 263,401 |
| Culture and Recreation | 106,436 | - | - | 106,436 |
| Municipal Court | 138,108 | - | 10,752 | 148,860 |
| Capital Outlay | 486,557 | - | 88,450 | 575,007 |
| <i>Debt Service:</i> | | | | |
| Principal | - | 78,500 | - | 78,500 |
| Interest and Fiscal Charges | - | 13,529 | - | 13,529 |
| TOTAL EXPENDITURES | <u>2,890,388</u> | <u>92,029</u> | <u>250,932</u> | <u>3,233,349</u> |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | (48,691) | 171,982 | (88,921) | 34,370 |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers Out | - | (181,078) | - | (181,078) |
| TOTAL OTHER FINANCING SOURCES (USES) | <u>-</u> | <u>(181,078)</u> | <u>-</u> | <u>(181,078)</u> |
| Net Change in Fund Balance | (48,691) | (9,096) | (88,921) | (146,708) |
| FUND BALANCES AT BEGINNING OF YEAR | <u>546,370</u> | <u>214,149</u> | <u>552,752</u> | <u>1,313,271</u> |
| FUND BALANCES AT END OF YEAR | <u>\$ 497,679</u> | <u>\$ 205,053</u> | <u>\$ 463,831</u> | <u>\$ 1,166,563</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, 2023

NET CHANGE IN FUND BALANCES - GOVERNMENTAL FUNDS \$ (146,708)

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. 405,822

Revenues in the Statement of Activities that do not provide current financial
resources are not reported as revenues in the funds. 21,061
Property Tax Receivable

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. (11,273)

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. 4,813

The issuance of long-term debt (e.g. bonds and notes payable) 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. 78,500
Principal Payments 78,500

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. (5,426)
Change in Compensated Absences (5,426)

CHANGE IN NET POSITION - GOVERNMENTAL ACTIVITIES \$ 346,789

See accompanying notes to basic financial statements.

CITY OF GEORGE WEST
STATEMENT OF NET POSITION – PROPRIETARY FUND
SEPTEMBER 30, 2023

| | Business-Type Activities |
|---|-----------------------------|
| | Utility Fund |
| ASSETS | |
| <i>Current Assets:</i> | |
| Cash and Cash Equivalents | \$ 424,631 |
| Accounts Receivables - Customers (Net of Allowance for Uncollectibles) | 246,275 |
| Due From Other Funds | 43,310 |
| <i>Total Current Assets</i> | 714,216 |
| <i>Capital Assets:</i> | |
| Land | 356,156 |
| Building and Improvements | 137,179 |
| Machinery and Equipment | 1,408,232 |
| Utility System | 8,170,842 |
| Accumulated Depreciation | (6,798,077) |
| <i>Total Capital Assets, Net</i> | 3,274,332 |
| <i>Total Noncurrent Assets</i> | 3,274,332 |
| TOTAL ASSETS | 3,988,548 |
| DEFERRED OUTFLOWS OF RESOURCES | |
| Deferred OPEB Related Outflows | 1,038 |
| Deferred Pension Related Outflows | 46,567 |
| TOTAL DEFERRED OUTFLOWS OF RESOURCES | \$ 47,605 |

See accompanying notes to basic financial statements.

CITY OF GEORGE WEST
STATEMENT OF NET POSITION – PROPRIETARY FUND (CONTINUED)
SEPTEMBER 30, 2023

| | Business-Type Activities |
|--|-----------------------------|
| | Utility Fund |
| LIABILITIES | |
| <i>Current Liabilities:</i> | |
| Accounts Payable | \$ 118,131 |
| Accrued Wages | 5,241 |
| Compensated Absences | 17,767 |
| Accrued Interest Payable | 2,867 |
| Customer Deposits | 101,518 |
| Current Portion of Bonds Payable | 164,000 |
| <i>Total Current Liabilities</i> | 409,524 |
| <i>Noncurrent Liabilities:</i> | |
| Bonds Payable | 684,000 |
| Net Pension Liability | 71,688 |
| Total OPEB Liability | 21,289 |
| <i>Total Noncurrent Liabilities</i> | 776,977 |
| TOTAL LIABILITIES | 1,186,501 |
| DEFERRED INFLOWS OF RESOURCES | |
| Deferred Pension Related Inflows | 1,298 |
| Deferred OPEB Related Inflows | 7,724 |
| TOTAL DEFERRED INFLOWS OF RESOURCES | 9,022 |
| NET POSITION | |
| Net Investment in Capital Assets | 2,426,332 |
| Unrestricted | 414,298 |
| TOTAL NET POSITION | \$ 2,840,630 |

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, 2023

| | Business-Type Activities Utility Fund |
|---|--|
| OPERATING REVENUES | |
| Charges for Water Service | \$ 566,950 |
| Charges for Gas Services | 306,296 |
| Charges for Sewer Service | 455,748 |
| Charges for Garbage Service | 670,358 |
| Miscellaneous Income | 2,242 |
| TOTAL OPERATING REVENUES | 2,001,594 |
| OPERATING EXPENSES | |
| Personnel | 579,678 |
| Supplies | 67,284 |
| Services and Charges | 601,295 |
| Gas Purchases | 121,903 |
| Solid Waste Costs | 587,514 |
| Depreciation | 279,378 |
| TOTAL OPERATING EXPENSES | 2,237,052 |
| OPERATING INCOME (LOSS) | (235,458) |
| NONOPERATING REVENUES (EXPENSES) | |
| Interest Income | 417 |
| Interest Charges | (20,155) |
| TOTAL NONOPERATING REVENUES (EXPENSES) | (19,738) |
| NET INCOME (LOSS) BEFORE TRANSFERS | (255,196) |
| Transfers In (Out) | 181,078 |
| NET INCOME (LOSS) | (74,118) |
| NET POSITION AT BEGINNING OF YEAR | 2,914,748 |
| NET POSITION AT END OF YEAR | \$ 2,840,630 |

See accompanying notes to basic financial statements.

CITY OF GEORGE WEST
STATEMENT OF CASH FLOWS - PROPRIETARY FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2023

| | Business-Type Activities |
|---|-----------------------------|
| | Sewer Fund |
| CASH FLOWS FROM OPERATING ACTIVITIES: | |
| Cash Received From Customers | \$ 2,031,743 |
| Cash Paid to Employees for Services | (572,405) |
| Cash Paid to Suppliers for Goods and Services | (1,382,139) |
| NET CASH FLOWS PROVIDED (USED) BY OPERATING ACTIVITIES | 77,199 |
| CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES | |
| Transfers From (To) Primary Government | 181,078 |
| NET CASH PROVIDED (USED) BY NONCAPITAL FINANCING ACTIVITIES | 181,078 |
| CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES | |
| Purchase of Capital Assets | (337,311) |
| Principal Payments on Long-term Debt | (160,500) |
| Interest Paid for Financing Activities | (20,580) |
| NET CASH PROVIDED (USED) BY CAPITAL AND AND RELATED FINANCING ACTIVITIES | (518,391) |
| CASH FLOWS FROM INVESTING ACTIVITIES: | |
| Investment Interest Received | 417 |
| NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES | 417 |
| NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS | (259,697) |
| CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR | 684,328 |
| CASH AND CASH EQUIVALENTS, END OF YEAR | \$ 424,631 |
| Interest Paid During the Year | \$ 20,580 |

See accompanying notes to basic financial statements.

CITY OF GEORGE WEST
STATEMENT OF CASH FLOWS - PROPRIETARY FUND (CONTINUED)
FOR THE YEAR ENDED SEPTEMBER 30, 2023

| | Business-Type Activities |
|---|-----------------------------|
| | Sewer Fund |
| Reconciliation of Operating Income to Net Cash | |
| Provided (Used) by Operating Activities: | |
| Operating Income (Loss) | \$ (235,458) |
| Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities: | |
| Depreciation | 279,378 |
| (Increase) Decrease in Operating Assets: | |
| Accounts Receivable, Net | 27,515 |
| Deferred Outflows - OPEB | 2,782 |
| Deferred Pension Outflows | (27,149) |
| Increase (Decrease) in Current Liabilities: | |
| Accounts Payable | (4,143) |
| Accrued Wages | (362) |
| Compensated Absences | (1,931) |
| Customer Deposits | 2,634 |
| Deferred Inflows - OPEB | 6,882 |
| Total OPEB Liability | 645 |
| Deferred Pension Inflows | (36,388) |
| Net Pension Liability | 62,794 |
| Total Adjustments to Reconcile Operating Activities | 312,657 |
| Net Cash Provided (Used) by Operating Activities | \$ 77,199 |

See accompanying notes to basic financial statements.

CITY OF GEORGE WEST
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

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 and Debt Service Fund meets the criteria as *major governmental funds*.

CITY OF GEORGE WEST
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2023

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, 2023

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, 2023

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, 2022 and past due after January 31, 2023. 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, 2023

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 unearned revenue.

10. CAPITAL ASSETS

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

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

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

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

11. COMPENSATED ABSENCES

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

CITY OF GEORGE WEST
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2023

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, 2023

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 positions 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, 2023

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.

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, 2023, 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, 2023

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, 2023

NOTE C -- RESTRICTED CASH

Restricted cash for the City as of September 30, 2023 is as follows:

| | Balance 9/30/2023 |
|---------------------------------|----------------------|
| <i>Governmental Activities:</i> | |
| Special Police | \$ 8,722 |
| Occupancy Tax | 238,450 |
| 2016 Certificates of Obligation | 12,230 |
| Sports Complex Project | 26,946 |
| Total Restricted Cash | \$ 286,348 |

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, 2022, upon which the fiscal 2023 levy was based, was \$132 million (i.e., market value less exemptions). The estimated market value was \$136 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, 2023, was \$0.634010 per \$100 of assessed value, which means that the City has a tax margin of \$1.866 for each \$100 value and could increase its annual tax levy by approximately \$2.5 million based upon the present assessed valuation before the limit is reached.

NOTE E -- UNEARNED REVENUE

Unearned revenue arise when assets are recognized before revenue recognition criteria have been satisfied. The city has unearned revenue due to the unspent ARPA funds. Grant and reimbursement revenues received in advance of expenses/expenditures are reflected as unearned revenue.

CITY OF GEORGE WEST
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2023

NOTE F -- RECEIVABLES

Receivables for the City as of September 30, 2023 are as follows:

| | General Fund | Debt Service Fund | Nonmajor Funds | Utility Fund |
|---------------------------------------|-------------------|----------------------|-------------------|-------------------|
| Receivables | | | | |
| Property Tax | \$ 84,948 | \$ 41,976 | \$ - | \$ - |
| Sales and Mixed Beverage Tax | 163,341 | - | - | - |
| Franchise Tax | 18,015 | - | - | - |
| Grant Receivable | 451,732 | - | - | - |
| Hotel Occupancy Tax | - | - | 34,295 | - |
| Utilities | - | - | - | 240,252 |
| Loan To Cayetano Live Oak | 5,047 | - | - | 6,023 |
| | <u>723,083</u> | <u>41,976</u> | <u>34,295</u> | <u>246,275</u> |
| Less: Allowance for Doubtful Accounts | | | | |
| Property Tax | (5,946) | (2,938) | - | - |
| | <u>(5,946)</u> | <u>(2,938)</u> | <u>-</u> | <u>-</u> |
| Total Receivables, Net | <u>\$ 717,137</u> | <u>\$ 39,038</u> | <u>\$ 34,295</u> | <u>\$ 246,275</u> |

NOTE G -- CAPITAL ASSETS

Capital asset activity for the year ended September 30, 2023, was as follows:

| <u>Governmental Activities</u> | Balance 10/1/2022 | Additions | Disposals/ Transfers | Balance 9/30/2023 |
|----------------------------------|----------------------|-------------------|-------------------------|----------------------|
| Land | \$ 17,210 | \$ - | \$ - | \$ 17,210 |
| Buildings and Improvements | 961,402 | - | - | 961,402 |
| Vehicles and Equipment | 2,341,731 | 299,693 | - | 2,641,424 |
| Infrastructure | 723,811 | 43,594 | - | 767,405 |
| Construction In Progress | - | 224,152 | - | 224,152 |
| | <u>4,044,154</u> | <u>567,439</u> | <u>-</u> | <u>4,611,593</u> |
| Less Accumulated Depreciation | | | | |
| Buildings and Improvements | (473,801) | (22,733) | - | (496,534) |
| Vehicles and Equipment | (1,897,197) | (100,289) | - | (1,997,486) |
| Infrastructure | (233,309) | (38,595) | - | (271,904) |
| | <u>(2,604,307)</u> | <u>(161,617)</u> | <u>-</u> | <u>(2,765,924)</u> |
| Governmental Capital Assets, Net | <u>\$ 1,439,847</u> | <u>\$ 405,822</u> | <u>\$ -</u> | <u>\$ 1,845,669</u> |

Land and Construction in Progress are not depreciated.

CITY OF GEORGE WEST
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2023

NOTE G -- CAPITAL ASSETS (CONTINUED)

Depreciation expense was charged to the governmental functions as follows:

| | |
|---|-------------------|
| General Administration | \$ 14,957 |
| Public Safety | 94,756 |
| Street Maintenance | 33,704 |
| Culture & Recreation | <u>18,200</u> |
| Total Depreciation Expense - Governmental Activities | <u>\$ 161,617</u> |

Capital asset activity in the business-type fund for the year ended September 30, 2023, was as follows:

| Business-Type Activities | Balance 10/1/2022 | Additions | Disposals/ Transfers | Balance 9/30/2023 |
|---------------------------------------|-------------------------|----------------------|-------------------------|-------------------------|
| Land | \$ 24,029 | \$ 332,127 | \$ - | \$ 356,156 |
| Buildings and Improvements | 137,179 | - | - | 137,179 |
| Vehicles and Equipment | 1,403,048 | 5,184 | - | 1,408,232 |
| Utility System | <u>8,170,842</u> | <u>-</u> | <u>-</u> | <u>8,170,842</u> |
| | <u>9,735,098</u> | <u>337,311</u> | <u>-</u> | <u>10,072,409</u> |
| Less Accumulated Depreciation | | | | |
| Buildings and Improvements | (76,390) | (2,156) | - | (78,546) |
| Vehicles and Equipment | (1,192,352) | (50,854) | - | (1,243,206) |
| Utility System | <u>(5,249,958)</u> | <u>(226,367)</u> | <u>-</u> | <u>(5,476,325)</u> |
| | <u>(6,518,700)</u> | <u>(279,377)</u> | <u>-</u> | <u>(6,798,077)</u> |
| Business-Type Capital Assets, Net | <u>\$ 3,216,398</u> | <u>\$ 57,934</u> | <u>\$ -</u> | <u>\$ 3,274,332</u> |

Land is not depreciated.

NOTE H -- 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, 2023

NOTE H -- 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 10/1/2022 | Additions | Reductions | Balance 9/30/2023 | Due Within One Year |
|------------------------------------|----------------------|-------------|---------------------|----------------------|------------------------|
| Governmental Activities: | | | | | |
| <i>Certificates of Obligation:</i> | | | | | |
| Series 2020 Refunding Bond | \$ 668,500 | \$ - | \$ (78,500) | \$ 590,000 | \$ 80,000 |
| Total Governmental Activities | <u>\$ 668,500</u> | <u>\$ -</u> | <u>\$ (78,500)</u> | <u>\$ 590,000</u> | <u>\$ 80,000</u> |
| Business-Type Activities | | | | | |
| <i>Certificates of Obligation:</i> | | | | | |
| Series 2016 | \$ 340,000 | \$ - | \$ (82,000) | \$ 258,000 | \$ 84,000 |
| Series 2020 Refunding Bond | 668,500 | - | (78,500) | 590,000 | 80,000 |
| Total Business-Type Activities | <u>\$ 1,008,500</u> | <u>\$ -</u> | <u>\$ (160,500)</u> | <u>\$ 848,000</u> | <u>\$ 164,000</u> |

The annual requirements to amortize all long-term debt and obligations outstanding as of September 30, 2023, including interest payments, are as follows:

| Year Ending September 30, | Governmental Activities | | | Business-Type Activities | | |
|------------------------------|-------------------------|------------------|-------------------|--------------------------|------------------|-------------------|
| | Principal | Interest | Total | Principal | Interest | Total |
| 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 | 60,000 | 6,063 | 66,063 | 60,000 | 6,063 | 66,063 |
| 2029-2032 | 252,000 | 10,987 | 262,987 | 252,000 | 17,050 | 269,050 |
| | <u>\$ 590,000</u> | <u>\$ 54,880</u> | <u>\$ 644,880</u> | <u>\$ 848,000</u> | <u>\$ 71,810</u> | <u>\$ 919,810</u> |

CITY OF GEORGE WEST
 NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
 SEPTEMBER 30, 2023

NOTE I -- EMPLOYEES' RETIREMENT SYSTEMS

Texas Municipal Retirement System

Plan Description

The City participates as one of 928 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.

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, 2022 valuation and measurement date, the following employees were covered by the benefit terms:

| | 2022 | 2021 |
|--|------|------|
| Inactive employees or beneficiaries currently receiving benefits | 14 | 10 |
| Inactive employees entitled to but not yet receiving benefits | 40 | 41 |
| Active employees | 29 | 34 |
| | 83 | 85 |

CITY OF GEORGE WEST
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2023

NOTE I -- 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 ratio is 2:1, 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 5.52% and 5.58% in calendar years 2022 and 2023, respectively. The City's contributions to TMRS for the year ended September 30, 2023 were \$81,615, which was equal to the required contributions.

Net Pension Liability

The City's Net Pension Liability (NPL) was measured as of December 31, 2022, 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, 2022 actuarial valuation was determined using the following actuarial assumptions:

| | |
|----------------------------|-------------------------------------|
| Inflation | 2.50% per year |
| Salary Increases | 3.50% to 11.50% 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, 2023

NOTE I -- 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, 2109 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% | 7.70% |
| Core Fixed Income | 6.00% | 4.90% |
| Non-Core Fixed Income | 20.00% | 8.70% |
| Other Public and Private Markets | 12.00% | 8.10% |
| Real Estate | 12.00% | 5.80% |
| Hedge Funds | 5.00% | 6.90% |
| Private Equity | 10.00% | 11.80% |
| | <u>100.00%</u> | |

CITY OF GEORGE WEST
 NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
 SEPTEMBER 30, 2023

NOTE I -- 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, 2022:

| | Total Pension Liability | Plan Fiduciary Net Position | Net Pension Liability |
|--|----------------------------|--------------------------------|--------------------------|
| Balance at December 31, 2021 | \$ 2,131,860 | \$ 2,102,927 | \$ 28,933 |
| Changes for the year: | | | |
| Service Cost | 143,317 | - | 143,317 |
| Interest | 146,466 | - | 146,466 |
| Change of Benefit Terms | - | - | - |
| Difference Between Expected and Actual Experience | (44,177) | - | (44,177) |
| Changes of Assumptions | - | - | - |
| Contributions - Employer | - | 82,082 | (82,082) |
| Contributions - Employee | - | 77,135 | (77,135) |
| Net Investment Income | - | (153,278) | 153,278 |
| Benefit Payments, Including Refunds of Employee Contributions | (67,306) | (67,306) | - |
| Administrative Expense | - | (1,328) | 1,328 |
| Other Changes | - | 1,585 | (1,585) |
| Net Changes | <u>178,300</u> | <u>(61,110)</u> | <u>239,410</u> |
| Balance at December 31, 2022 | <u>\$ 2,310,160</u> | <u>\$ 2,041,817</u> | <u>\$ 268,343</u> |

CITY OF GEORGE WEST
 NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
 SEPTEMBER 30, 2023

NOTE I -- 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) | \$ 571,190 | \$ 268,343 | \$ 20,727 |

Pension Plan Fiduciary Net Position

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

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

For the year ended September 30, 2023, the City recognized a pension expense of \$87,563. Also, as of September 30, 2023, 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 | \$ - | \$ (29,334) |
| Differences Between Projected and Actual Investment Earnings | 141,344 | - |
| Contributions Subsequent to the Measurement Date | 57,444 | - |
| | \$ 198,788 | \$ (29,334) |

Deferred outflows of resources in the amount of \$57,444 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, 2023. 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, | |
|---------------------------------|------------|
| 2023 | \$ (1,270) |
| 2024 | 20,576 |
| 2025 | 33,659 |
| 2026 | 59,045 |
| Thereafter | - |
| | \$ 112,010 |

CITY OF GEORGE WEST
 NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
 SEPTEMBER 30, 2023

NOTE J -- 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, 2022, the valuation and measurement date, consisted of:

| | |
|--|----|
| Inactive employees or beneficiaries currently receiving benefits | 13 |
| Inactive employees entitled to but not yet receiving benefits | 6 |
| Active employees | 29 |
| Total | 48 |

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, | | |
| 2023 | 0.35% | 0.08% |
| 2022 | 0.20% | 0.07% |

The city contributes to the SDBF at a contractually required rate as determined by an annual actuarial valuation. The rate is equal to the cost of providing one-year term life insurance. The funding policy for the SDBF program is to assure that adequate resources are available to meet all death benefit payments for the upcoming year; the intent is not to pre-fund retiree term life insurance during employees' entire careers. The following key assumptions were used in developing the actuarial valuation:

CITY OF GEORGE WEST
 NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
 SEPTEMBER 30, 2023

NOTE J -- OTHER POSTEMPLOYMENT BENEFIT (CONTINUED)

| | |
|-------------------------------------|--|
| Inflation | 2.50% per year |
| Salary Increases | 3.50% to 11.50% Including Inflation |
| Discount Rate | 4.05% |
| 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, 2022, the measurement and actuarial valuation date, was calculated as follows:

| | Total OPEB Liability |
|---|-------------------------|
| Balance at December 31, 2021 | \$ 108,654 |
| Changes for the year: | |
| Service Cost | 8,793 |
| Interest | 2,070 |
| Change of Benefit Terms | - |
| Difference Between Expected and Actual Experience | 2,727 |
| Changes of Assumptions or Other Inputs | (42,315) |
| Benefit Payments | (1,080) |
| Net Changes | (29,805) |
| Balance at December 31, 2022 | \$ 78,849 |

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, 2023

NOTE J -- OTHER POSTEMPLOYMENT BENEFIT (CONTINUED)

The following presents the Total OPEB Liability (TOL) of the City, calculated using a discount rate of 4.05%, 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 3.05% | Discount Rate 4.05% | Discount Rate 5.05% |
|------------------------------|------------------------|------------------------|------------------------|
| Total OPEB Liability (Asset) | \$ 94,999 | \$ 78,849 | \$ 66,344 |

For the year ended September 30, 2023, the City recognized OPEB expense of \$8,071. And reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|---|--------------------------------------|-------------------------------------|
| Differences between expected and Actual Experiences | \$ - | \$ (428) |
| Changes in Assumptions & Other Input Contributions Subsequent to the Measurement Date | - | (23,042) |
| | 3,844 | - |
| | \$ 3,844 | \$ (23,470) |

Deferred outflows of resources in the amount of \$3,844 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, 2023. 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, | |
|--------------------------------------|-------------|
| 2023 | \$ (3,691) |
| 2024 | (2,533) |
| 2025 | (6,068) |
| 2026 | (6,940) |
| 2027 | (4,238) |
| Thereafter | - |
| | \$ (23,470) |

CITY OF GEORGE WEST
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2023

NOTE K -- INTERFUND TRANSACTIONS

As of September 30, 2023, 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 | \$ 63,095 | <i>Utility Collections on-behalf of Proprietary Fund</i> |
| General Fund/Debt Service Fund | 1,044 | <i>I&S Tax Deposit on-behalf of Debt Service Fund</i> |
| Proprietary Fund/Nonmajor Funds | 19,785 | <i>Court-Related Collections on-behalf of other funds</i> |
| Total | <u>\$ 83,924</u> | |

The following transfers occurred during the year ended September 30, 2023:

| <u>From</u> | <u>To</u> | <u>Amount</u> | <u>Purpose</u> |
|--------------|-------------|---------------|----------------------------|
| Debt Service | Proprietary | \$ 181,078 | In support of debt service |

NOTE L -- RISK MANAGEMENT

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; business interruption; errors and omissions; injuries to employees; employee health benefits; and other claims of various natures. The City contracts with the Texas Municipal League (TML) to provide insurance coverage for property and casualty, and workers compensation. TML is a multi-employer group that provides for a combination of risk sharing among pool participants and stop loss coverage. Contributions are set annually by the provider. Liability by the City is generally limited to the contributed amounts for losses up to \$1,000,000. Annual contributions for the year ended September 30, 2023 were \$84,903 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, 2023

| | Budget Amounts | | Actual Amounts | Variance |
|--|-------------------|-------------------|-------------------|----------------------------|
| | Original | Final | | Favorable (Unfavorable) |
| REVENUES | | | | |
| Ad Valorem Taxes | \$ 584,985 | \$ 584,985 | \$ 529,432 | \$ (55,553) |
| Franchise Fees | 146,000 | 146,000 | 139,117 | (6,883) |
| Sales Taxes | 830,000 | 830,000 | 934,922 | 104,922 |
| Fines and Penalties | 152,950 | 152,950 | 134,434 | (18,516) |
| Charges For Service | 41,600 | 41,600 | 27,719 | (13,881) |
| Grants | 367,669 | 367,669 | 1,017,627 | 649,958 |
| Licenses and Permits | 25,500 | 25,500 | 22,166 | (3,334) |
| Interest Income | 2,200 | 2,200 | 3,105 | 905 |
| Miscellaneous | 23,500 | 23,500 | 33,175 | 9,675 |
| TOTAL REVENUES | <u>2,174,404</u> | <u>2,174,404</u> | <u>2,841,697</u> | <u>667,293</u> |
| EXPENDITURES | | | | |
| <i>Current:</i> | | | | |
| General Administration | 415,036 | 415,036 | 905,047 | (490,011) |
| Public Safety | 623,790 | 623,790 | 990,839 | (367,049) |
| Street Maintenance | 221,463 | 221,463 | 263,401 | (41,938) |
| Culture and Recreation | 137,325 | 137,325 | 106,436 | 30,889 |
| Municipal Court | 131,452 | 131,452 | 138,108 | (6,656) |
| Capital Outlay | 347,669 | 347,669 | 486,557 | (138,888) |
| TOTAL EXPENDITURES | <u>1,876,735</u> | <u>1,876,735</u> | <u>2,890,388</u> | <u>(1,013,653)</u> |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | <u>297,669</u> | <u>297,669</u> | <u>(48,691)</u> | <u>(346,360)</u> |
| OTHER SOURCES (USES) OF FUNDS: | | | | |
| Proceeds from Sale of Capital Assets | 50,000 | 50,000 | - | (50,000) |
| TOTAL OTHER SOURCES (USES) OF FUNDS: | <u>50,000</u> | <u>50,000</u> | <u>-</u> | <u>(50,000)</u> |
| Net Change in Fund Balance | 347,669 | 347,669 | (48,691) | (396,360) |
| Beginning Fund Balance | <u>546,370</u> | <u>546,370</u> | <u>546,370</u> | <u>-</u> |
| Ending Fund Balance, Deficit | <u>\$ 894,039</u> | <u>\$ 894,039</u> | <u>\$ 497,679</u> | <u>\$ (396,360)</u> |

CITY OF GEORGE WEST
NOTES TO SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE-
BUDGET AND ACTUAL - GENERAL FUND
SEPTEMBER 30, 2023

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. However, the city exceeded its budget in the following areas:

General and Administrative by \$490,011
Public Safety by \$367,049
Street Maintenance by \$41,938
Municipal Court by \$6,656
Capital Outlay by \$138,888

The City does not use encumbrances.

CITY OF GEORGE WEST
 REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF CHANGES – NET PENSION LIABILITY AND RELATED RATIOS
 LAST NINE 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: GASB 68 requires 10 years of data to be provided in this schedule. The employer/city will develop the schedule prospectively as data becomes available.

| Total Pension Liability | | | | |
|-------------------------|---------------------|---------------------|---------------------|---------------------|
| 2018 | 2019 | 2020 | 2021 | 2022 |
| \$ 109,077 | \$ 119,511 | \$ 136,077 | \$ 137,631 | \$ 143,317 |
| 110,757 | 112,607 | 120,109 | 132,258 | 146,466 |
| - | - | - | - | - |
| (95,686) | (55,300) | (7,011) | 3,411 | (44,177) |
| - | 5,842 | - | - | - |
| (120,234) | (83,688) | (75,931) | (63,997) | (67,306) |
| 3,914 | 98,972 | 173,244 | 209,303 | 178,300 |
| 1,646,427 | 1,650,341 | 1,749,313 | 1,922,557 | 2,131,860 |
| <u>\$ 1,650,341</u> | <u>\$ 1,749,313</u> | <u>\$ 1,922,557</u> | <u>\$ 2,131,860</u> | <u>\$ 2,310,160</u> |

| Plan Fiduciary Net Position | | | | |
|-----------------------------|---------------------|---------------------|---------------------|---------------------|
| 2018 | 2019 | 2020 | 2021 | 2022 |
| \$ 70,106 | \$ 78,151 | \$ 85,355 | \$ 83,103 | \$ 82,082 |
| 58,206 | 63,435 | 73,317 | 77,097 | 77,135 |
| (40,402) | 203,424 | 119,264 | 231,154 | (153,278) |
| (120,234) | (83,688) | (75,931) | (63,997) | (67,306) |
| (781) | (1,149) | (774) | (1,072) | (1,328) |
| (42) | (34) | (30) | 7 | 1,585 |
| (33,147) | 260,139 | 201,201 | 326,292 | (61,110) |
| 1,348,442 | 1,315,295 | 1,575,434 | 1,776,635 | 2,102,927 |
| <u>\$ 1,315,295</u> | <u>\$ 1,575,434</u> | <u>\$ 1,776,635</u> | <u>\$ 2,102,927</u> | <u>\$ 2,041,817</u> |

| | | | | |
|--------------|--------------|--------------|--------------|--------------|
| \$ 335,046 | \$ 173,879 | \$ 145,922 | \$ 28,933 | \$ 268,343 |
| 79.70% | 90.06% | 92.41% | 98.64% | 88.38% |
| \$ 1,164,112 | \$ 1,268,697 | \$ 1,466,345 | \$ 1,617,038 | \$ 1,542,699 |
| 28.78% | 13.71% | 9.95% | 1.79% | 17.39% |

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 |
|-------------|---|---|--|--------------------|---|
| 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% |
| 2023 | \$ 81,615 | \$ 81,615 | - | \$ 1,466,601 | 5.56% |

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 | 22 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 SIX CALENDAR YEARS

| | Total OPEB Liability | | | | | |
|---|----------------------|------------------|------------------|------------------|-------------------|------------------|
| | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 |
| Service Cost | \$ 3,535 | \$ 4,074 | \$ 4,314 | \$ 6,452 | \$ 7,940 | \$ 8,793 |
| Interest | 1,997 | 2,127 | 2,211 | 2,122 | 2,013 | 2,070 |
| Changes of Benefit Terms | - | - | - | - | - | - |
| Difference between Expected and Actual Experience | - | (5,764) | (4,338) | 731 | (1,041) | 2,727 |
| Changes in Assumptions or Other Inputs | 5,807 | (4,980) | 14,580 | 14,054 | 3,481 | (42,315) |
| Benefit Payments | (114) | (233) | (254) | (293) | (882) | (1,080) |
| Net Change in Total OPEB Liability | 11,225 | (4,776) | 16,513 | 23,066 | 11,511 | (29,805) |
| Total OPEB Liability - Beginning | 51,115 | 62,340 | 57,564 | 74,077 | 97,143 | 108,654 |
| Total OPEB Liability - Ending | <u>\$ 62,340</u> | <u>\$ 57,564</u> | <u>\$ 74,077</u> | <u>\$ 97,143</u> | <u>\$ 108,654</u> | <u>\$ 78,849</u> |
| Covered Payroll | \$1,140,290 | \$1,164,112 | \$1,268,697 | \$1,466,345 | \$1,617,038 | \$ 1,542,699 |
| Total OPEB Liability as a Percentage of Covered Payroll | 5.47% | 4.94% | 5.84% | 6.62% | 6.72% | 5.11% |

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 | 4.05% |
| 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, 2023 AND 2022

| | 2023 | 2022 |
|--|-------------------------|-------------------------|
| ASSETS | | |
| Cash and Cash Equivalents | \$ 883,327 | \$ 971,745 |
| Receivables (net of allowances for uncollectibles): | | |
| Property Taxes | 79,001 | 64,066 |
| Other Receivables | 638,136 | 166,439 |
| TOTAL ASSETS | \$ 1,600,464 | \$ 1,202,250 |
| LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES | | |
| <i>Liabilities:</i> | | |
| Accounts Payable | \$ 534,918 | \$ 103,067 |
| Accrued Wages | 9,179 | 9,059 |
| Unearned Grant Revenue | 415,548 | 415,548 |
| Due to Other Funds | 64,139 | 64,140 |
| <i>Total Liabilities</i> | 1,023,784 | 591,814 |
| <i>Deferred Inflows of Resources:</i> | | |
| Unavailable Property Tax Revenue | 79,001 | 64,066 |
| <i>Total Deferred Inflows of Resources</i> | 79,001 | 64,066 |
| <i>Fund Balances:</i> | | |
| Committed for: | | |
| Public Education Fund | 6,554 | 10,127 |
| Unassigned | 491,125 | 536,243 |
| <i>Total Fund Balance</i> | 497,679 | 546,370 |
| TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES | \$ 1,600,464 | \$ 1,202,250 |

CITY OF GEORGE WEST
 COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCE - GENERAL FUND
 FOR THE FISCAL YEARS ENDED SEPTEMBER 30, 2023 AND 2022

| | 2023 | 2022 |
|--|-------------------|-------------------|
| REVENUES | | |
| Ad Valorem Taxes | \$ 529,432 | \$ 532,569 |
| Franchise Fees | 139,117 | 148,926 |
| Sales Taxes | 934,922 | 818,236 |
| Fines and Penalties | 134,434 | 129,417 |
| Charges For Service | 27,719 | 35,896 |
| Grants | 1,017,627 | 373,988 |
| Licenses and Permits | 22,166 | 25,904 |
| Interest Income | 3,105 | 428 |
| Miscellaneous | 33,175 | 42,743 |
| TOTAL REVENUES | 2,841,697 | 2,108,107 |
| EXPENDITURES | | |
| Current: | | |
| General Administration | 905,047 | 435,626 |
| Public Safety | 990,839 | 1,102,106 |
| Street Maintenance | 263,401 | 270,100 |
| Culture and Recreation | 106,436 | 180,866 |
| Municipal Court | 138,108 | 99,223 |
| Capital Outlay | 486,557 | 392,382 |
| TOTAL EXPENDITURES | 2,890,388 | 2,480,303 |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | (48,691) | (372,196) |
| OTHER FINANCING SOURCES (USES) | | |
| Transfers Out | - | (29,322) |
| TOTAL OTHER FINANCING SOURCES (USES) | - | (29,322) |
| Net Change in Fund Balance | (48,691) | (401,518) |
| BEGINNING FUND BALANCE | 546,370 | 947,888 |
| ENDING FUND BALANCE, DEFICIT | \$ 497,679 | \$ 546,370 |

CITY OF GEORGE WEST
 COMBINING BALANCE SHEETS
 NONMAJOR GOVERNMENTAL FUNDS
 SEPTEMBER 30, 2023

| | Special Revenue Funds | | | |
|--|-----------------------|-------------------|---------------------|-----------------------|
| | Hotel Occupancy | Court Security | Court Technology | Court Child Safety |
| ASSETS | | | | |
| Cash and Cash Equivalents | \$ - | \$ 99,514 | \$ 31,809 | \$ 20,516 |
| Accounts Receivable, Net of Allowance | | | | |
| Taxes | 34,295 | - | - | - |
| Due From Other Funds | - | - | - | - |
| Restricted Assets: | | | | |
| Cash and Cash Equivalents | 238,450 | - | - | - |
| TOTAL ASSETS | \$ 272,745 | \$ 99,514 | \$ 31,809 | \$ 20,516 |
| LIABILITIES & FUND BALANCES | | | | |
| <i>Liabilities:</i> | | | | |
| Accounts Payable | \$ 28,436 | \$ - | \$ - | \$ - |
| <i>Total Liabilities</i> | <u>28,436</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| <i>Fund Balances:</i> | | | | |
| Restricted For: | | | | |
| Police | - | - | - | - |
| Municipal Court | - | 99,514 | 31,809 | 20,516 |
| Tourism | 244,309 | - | - | - |
| Assigned For: | | | | |
| Future Projects | - | - | - | - |
| <i>Total Fund Balances</i> | <u>244,309</u> | <u>99,514</u> | <u>31,809</u> | <u>20,516</u> |
| TOTAL LIABILITIES & FUND BALANCES | \$ 272,745 | \$ 99,514 | \$ 31,809 | \$ 20,516 |

| Drug Forfeiture | Capital Projects Funds | | Totals | |
|--------------------|-----------------------------------|-------------------|-------------------|-------------------|
| | Certificate of Obligation 2016 | Sports Complex | 2023 | 2022 |
| \$ - | \$ - | \$ - | \$ 151,839 | \$ 154,977 |
| - | - | - | 34,295 | 34,295 |
| - | 19,785 | - | 19,785 | 19,786 |
| <u>8,722</u> | <u>12,230</u> | <u>26,946</u> | <u>286,348</u> | <u>359,101</u> |
| <u>\$ 8,722</u> | <u>\$ 32,015</u> | <u>\$ 26,946</u> | <u>\$ 492,267</u> | <u>\$ 568,159</u> |
| <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 28,436</u> | <u>\$ 15,407</u> |
| <u>-</u> | <u>-</u> | <u>-</u> | <u>28,436</u> | <u>15,407</u> |
| 8,722 | - | - | 8,722 | 96,589 |
| - | - | - | 151,839 | 154,977 |
| - | - | - | 244,309 | 242,225 |
| <u>-</u> | <u>32,015</u> | <u>26,946</u> | <u>58,961</u> | <u>58,961</u> |
| <u>8,722</u> | <u>32,015</u> | <u>26,946</u> | <u>463,831</u> | <u>552,752</u> |
| <u>\$ 8,722</u> | <u>\$ 32,015</u> | <u>\$ 26,946</u> | <u>\$ 492,267</u> | <u>\$ 568,159</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, 2023

| | Special Revenue Funds | | | | |
|------------------------------------|-----------------------|-------------------|---------------------|-----------------------|--------------------|
| | Hotel Occupancy | Court Security | Court Technology | Court Child Safety | Drug Forfeiture |
| REVENUES | | | | | |
| Hotel Occupancy Tax | \$ 150,433 | \$ - | \$ - | \$ - | \$ - |
| Fines and Penalties | - | 4,119 | 3,495 | - | 3,960 |
| Interest Income | - | - | - | - | 4 |
| TOTAL REVENUES | <u>150,433</u> | <u>4,119</u> | <u>3,495</u> | <u>-</u> | <u>3,964</u> |
| EXPENDITURES | | | | | |
| Current: | | | | | |
| Public Safety | - | - | - | - | 46,975 |
| Municipal Court | - | 2,692 | 7,643 | 417 | - |
| Administration | 104,755 | - | - | - | - |
| Capital Outlay | 43,594 | - | - | - | 44,856 |
| TOTAL EXPENDITURES | <u>148,349</u> | <u>2,692</u> | <u>7,643</u> | <u>417</u> | <u>91,831</u> |
| Net Change in Fund Balance | 2,084 | 1,427 | (4,148) | (417) | (87,867) |
| Fund Balances at Beginning of Year | 242,225 | 98,087 | 35,957 | 20,933 | 96,589 |
| Fund Balances at End of Year | <u>\$ 244,309</u> | <u>\$ 99,514</u> | <u>\$ 31,809</u> | <u>\$ 20,516</u> | <u>\$ 8,722</u> |

| Capital Projects Funds | | | |
|-----------------------------------|-------------------|-------------------|-------------------|
| Certificate of Obligation 2016 | Sports Complex | Totals | |
| | | 2023 | 2022 |
| \$ - | \$ - | \$ 150,433 | \$ 142,819 |
| - | - | 11,574 | 6,743 |
| - | - | 4 | 925 |
| - | - | <u>162,011</u> | <u>150,487</u> |
| - | - | 46,975 | 11,237 |
| - | - | 10,752 | 11,031 |
| - | - | 104,755 | 88,000 |
| - | - | 88,450 | - |
| - | - | <u>250,932</u> | <u>110,268</u> |
| - | - | (88,921) | 40,219 |
| <u>32,015</u> | <u>26,946</u> | <u>552,752</u> | <u>512,533</u> |
| <u>\$ 32,015</u> | <u>\$ 26,946</u> | <u>\$ 463,831</u> | <u>\$ 552,752</u> |

CITY OF GEORGE WEST
 COMPARATIVE STATEMENTS OF NET POSITION
 PROPRIETARY FUND – UTILITY SYSTEM
 SEPTEMBER 30, 2023 AND 2022

| | 2023 | 2022 |
|---|---------------|---------------|
| ASSETS | | |
| <i>Current Assets:</i> | | |
| Cash and Cash Equivalents | \$ 424,631 | \$ 684,328 |
| Accounts Receivables - Customers (Net of Allowance for Uncollectibles) | 246,275 | 273,790 |
| Due From Other Funds | 43,310 | 43,310 |
| <i>Total Current Assets</i> | 714,216 | 1,001,428 |
| <i>Capital Assets:</i> | | |
| Land | 356,156 | 24,029 |
| Building and Improvements | 137,179 | 137,179 |
| Machinery and Equipment | 1,408,232 | 1,403,048 |
| Utility System | 8,170,842 | 8,170,842 |
| Accumulated Depreciation | (6,798,077) | (6,518,700) |
| <i>Total Capital Assets, Net</i> | 3,274,332 | 3,216,398 |
| <i>Total Noncurrent Assets</i> | 3,274,332 | 3,216,398 |
| TOTAL ASSETS | 3,988,548 | 4,217,826 |
| DEFERRED OUTFLOWS OF RESOURCES | | |
| Deferred OPEB Related Outflows | 1,038 | 3,820 |
| Deferred Pension Related Outflows | 46,567 | 19,418 |
| TOTAL DEFERRED OUTFLOWS OF RESOURCES | \$ 47,605 | \$ 23,238 |

CITY OF GEORGE WEST
 COMPARATIVE STATEMENTS OF NET POSITION
 PROPRIETARY FUND – UTILITY SYSTEM (CONTINUED)
 SEPTEMBER 30, 2023 AND 2022

| | 2023 | 2022 |
|--|---------------------|---------------------|
| LIABILITIES | | |
| <i>Current Liabilities:</i> | | |
| Accounts Payable | \$ 118,131 | \$ 122,274 |
| Accrued Wages | 5,241 | 5,603 |
| Compensated Absences | 17,767 | 19,698 |
| Accrued Interest Payable | 2,867 | 3,291 |
| Customer Deposits | 101,518 | 98,884 |
| Current Portion of Bonds Payable | 164,000 | 160,500 |
| <i>Total Current Liabilities</i> | 409,524 | 410,250 |
| <i>Noncurrent Liabilities:</i> | | |
| Bonds Payable | 684,000 | 848,000 |
| Net Pension Liability | 71,688 | 8,894 |
| Total OPEB Liability | 21,289 | 20,644 |
| <i>Total Noncurrent Liabilities</i> | 776,977 | 877,538 |
| TOTAL LIABILITIES | 1,186,501 | 1,287,788 |
| DEFERRED INFLOWS OF RESOURCES | | |
| Deferred Pension Related Inflows | 1,298 | 37,686 |
| Deferred OPEB Related Inflows | 7,724 | 842 |
| TOTAL DEFERRED INFLOWS OF RESOURCES | 9,022 | 38,528 |
| NET POSITION | | |
| Net Investment in Capital Assets | 2,426,332 | 2,207,898 |
| Unrestricted | 414,298 | 706,850 |
| TOTAL NET POSITION | \$ 2,840,630 | \$ 2,914,748 |

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, 2023 AND 2022

| | 2023 | 2022 |
|---|---------------------|---------------------|
| OPERATING REVENUES | | |
| Charges for Water Service | \$ 566,950 | \$ 621,084 |
| Charges for Gas Services | 306,296 | 324,522 |
| Charges for Sewer Service | 455,748 | 474,935 |
| Charges for Garbage Service | 670,358 | 647,528 |
| Miscellaneous Income | 2,242 | 15,819 |
| TOTAL OPERATING REVENUES | 2,001,594 | 2,083,888 |
| OPERATING EXPENSES | | |
| Personnel | 579,678 | 647,536 |
| Supplies | 67,284 | 74,933 |
| Services and Charges | 601,295 | 524,843 |
| Gas Purchases | 121,903 | 178,200 |
| Solid Waste Costs | 587,514 | 569,982 |
| Depreciation | 279,378 | 290,087 |
| TOTAL OPERATING EXPENSES | 2,237,052 | 2,285,581 |
| OPERATING INCOME (LOSS) | (235,458) | (201,693) |
| NONOPERATING REVENUES (EXPENSES) | | |
| Interest Income | 417 | 191 |
| Interest Charges | (20,155) | (23,547) |
| TOTAL NONOPERATING REVENUES (EXPENSES) | (19,738) | (23,356) |
| NET INCOME (LOSS) BEFORE TRANSFERS | (255,196) | (225,049) |
| Transfers In (Out) | 181,078 | 211,285 |
| NET INCOME (LOSS) | (74,118) | (13,764) |
| NET POSITION AT BEGINNING OF YEAR | 2,914,748 | 2,928,512 |
| NET POSITION AT END OF YEAR | \$ 2,840,630 | \$ 2,914,748 |

CITY OF GEORGE WEST
 COMPARATIVE STATEMENTS OF CASH FLOWS
 PROPRIETARY FUND – UTILITY SYSTEM
 FOR THE FISCAL YEARS ENDED SEPTEMBER 30, 2023 AND 2022

| | 2023 | 2022 |
|---|-------------------|-------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES: | | |
| Cash Received From Customers | \$ 2,031,743 | \$ 2,070,943 |
| Cash Paid to Employees for Services | (572,405) | (690,652) |
| Cash Paid to Suppliers for Goods and Services | (1,382,139) | (1,364,656) |
| NET CASH FLOWS PROVIDED (USED) BY OPERATING ACTIVITIES | 77,199 | 15,635 |
| CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES | | |
| Transfers From (To) Primary Government | 181,078 | 211,285 |
| NET CASH PROVIDED (USED) BY NONCAPITAL FINANCING ACTIVITIES | 181,078 | 211,285 |
| CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES | | |
| Purchase of Capital Assets | (337,311) | (36,199) |
| Principal Payments on Long-term Debt | (160,500) | (158,000) |
| Interest Paid for Financing Activities | (20,580) | (23,962) |
| NET CASH PROVIDED (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES | (518,391) | (218,161) |
| CASH FLOWS FROM INVESTING ACTIVITIES: | | |
| Investment Interest Received | 417 | 191 |
| NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES | 417 | 191 |
| NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS | (259,697) | 8,950 |
| CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR | | |
| Cash and Cash Equivalents | 684,328 | 675,378 |
| | 684,328 | 675,378 |
| CASH AND CASH EQUIVALENTS, END OF YEAR | | |
| Cash and Cash Equivalents | 424,631 | 684,328 |
| | \$ 424,631 | \$ 684,328 |
| Interest Paid During the Year | \$ 20,580 | \$ 23,962 |

CITY OF GEORGE WEST
 COMPARATIVE STATEMENTS OF CASH FLOWS
 PROPRIETARY FUND – UTILITY SYSTEM (CONTINUED)
 FOR THE FISCAL YEARS ENDED SEPTEMBER 30, 2023 AND 2022

| | 2023 | 2022 |
|--|------------------|------------------|
| Reconciliation of Operating Income to Net Cash | | |
| Provided (Used) by Operating Activities: | | |
| Operating Income (Loss) | \$ (235,458) | \$ (201,693) |
| Adjustments to Reconcile Operating Income to Net | | |
| Cash Provided (Used) by Operating Activities: | | |
| Depreciation | 279,378 | 290,087 |
| (Increase) Decrease in Operating Assets: | | |
| Accounts Receivable, Net | 27,515 | (17,212) |
| Deferred OPEB Outflows | 2,782 | 3,919 |
| Deferred Pension Outflows | (27,149) | 1,902 |
| Increase (Decrease) in Current Liabilities: | | |
| Accounts Payable | (4,143) | (16,698) |
| Accrued Wages | (362) | 1,803 |
| Compensated Absences | (1,931) | 4,382 |
| Customer Deposits | 2,634 | 4,267 |
| Deferred OPEB Inflows | 6,882 | (957) |
| Total OPEB Liability | 645 | (13,272) |
| Deferred Pension Inflows | (36,388) | 1,286 |
| Net Pension Liability | 62,794 | (42,179) |
| | 312,657 | 217,328 |
| | | |
| Net Cash Provided (Used) by | | |
| Operating Activities | \$ 77,199 | \$ 15,635 |







