

CITY OF GEORGE WEST, TEXAS

**ANNUAL
FINANCIAL REPORT**

**FISCAL YEAR ENDED
SEPTEMBER 30, 2024**





CITY OF GEORGE WEST
ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED SEPTEMBER 30, 2024

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CITY OF GEORGE WEST
PRINCIPAL OFFICERS

CITY OFFICIALS

MAYOR

ANDREW GARZA

MAYOR PRO-TERM

JEARL RANNEFELD

CITY COUNCIL

JOHN WALKER

DAVID AINSWORTH JR.

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, 2024, 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, 2024, 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.

June 19, 2025

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, 2024. Please read it in conjunction with the City's financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

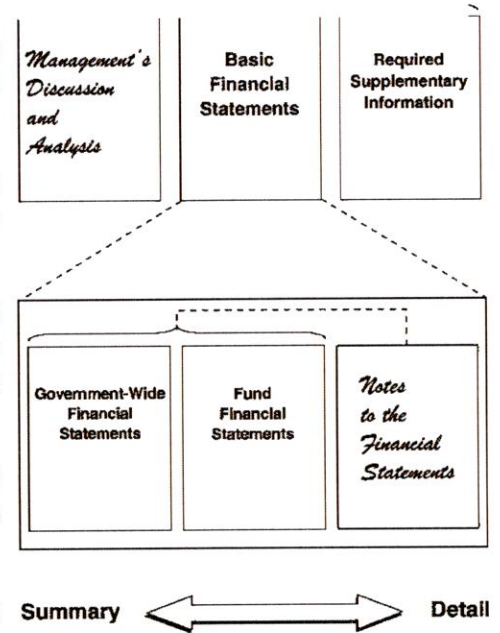
- The City's total combined net position was \$5.4 million at September 30, 2024.
- The general fund balance is \$501 thousand, of which \$492 thousand is unassigned. The balance represents an increase of 3.5 thousand from the prior year.

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	Government-wide	Fund Statements	
		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 \$5.4 million at September 30, 2024. (See Table A-1).

	Governmental Activities		Business-Type Activities		Total		Percentage Change
	2024	2023	2024	2023	2024	2023	
	<i>Assets:</i>						
Current Assets	\$ 1,896,443	\$ 1,986,335	\$ 783,118	\$ 714,216	\$ 2,679,561	\$ 2,700,551	(0.8)
Non-Current Assets	1,873,700	2,132,017	3,090,984	3,274,332	4,964,684	5,406,349	(8.2)
<i>Total Assets</i>	<u>3,770,143</u>	<u>4,118,352</u>	<u>3,874,102</u>	<u>3,988,548</u>	<u>7,644,245</u>	<u>8,106,900</u>	(5.7)
<i>Deferred Outflows:</i>							
Deferred Pension/OPEB Related Outflows	90,311	155,027	32,078	47,605	122,389	202,632	(39.6)
<i>Liabilities:</i>							
Current Liabilities	681,304	1,125,707	438,285	409,524	1,119,589	1,535,231	(27.1)
Long-Term Liabilities	597,329	764,215	575,891	776,977	1,173,220	1,541,192	(23.9)
<i>Total Liabilities</i>	<u>1,278,633</u>	<u>1,889,922</u>	<u>1,014,176</u>	<u>1,186,501</u>	<u>2,292,809</u>	<u>3,076,423</u>	(25.5)
<i>Deferred Inflows:</i>							
Deferred Pension/OPEB Related Inflows	43,729	43,782	15,496	9,022	59,225	52,804	12.2
<i>Net Position:</i>							
Invested in Capital Assets	1,324,524	1,255,669	2,406,984	2,426,332	3,731,508	3,682,001	1.3
Restricted	734,739	655,515	-	-	734,739	655,515	12.1
Unrestricted	478,829	428,491	469,524	414,298	948,353	842,789	12.5
<i>Total Net Position</i>	<u>\$ 2,538,092</u>	<u>\$ 2,339,675</u>	<u>\$ 2,876,508</u>	<u>\$ 2,840,630</u>	<u>\$ 5,414,600</u>	<u>\$ 5,180,305</u>	4.5

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

Governmental Activities

- Governmental activity fund revenues decreased substantially due to receipt of grant funds in the previous year.
- Management continues to receive grant awards from various state and federal sources. Some of the expense increases are related to grant revenues.

Table A-2
Changes in City's Net Position

	Governmental Activities		Business-Type Activities		Total		Percentage Change
	2024	2023	2024	2023	2024	2023	
<i>Program Revenues:</i>							
Charges for Services	\$ 243,052	\$ 207,546	\$ 1,950,395	\$ 1,999,352	\$ 2,193,447	\$ 2,206,898	(0.6)
Operating & Capital Grants	619,395	1,019,111	-	-	619,395	1,019,111	(39.2)
<i>General Revenues:</i>							
Taxes	2,302,955	2,038,975	-	-	2,302,955	2,038,975	12.9
Interest Earnings	9,273	3,110	(333)	417	8,940	3,527	153.5
Miscellaneous	7,368	20,039	2,280	2,242	9,648	22,281	(56.7)
Total Revenues	3,182,043	3,288,781	1,952,342	2,002,011	5,134,385	5,290,792	(3.0)
<i>Program Expenses:</i>							
General Administration	782,903	1,036,524	-	-	782,903	1,036,524	(24.5)
Public Safety	1,581,654	1,290,078	-	-	1,581,654	1,290,078	22.6
Street Maintenance	257,140	298,202	-	-	257,140	298,202	(13.8)
Culture and Recreation	168,859	122,581	-	-	168,859	122,581	37.8
Water	-	-	567,796	596,072	567,796	596,072	(4.7)
Gas	-	-	383,077	524,356	383,077	524,356	(26.9)
Sewer	-	-	504,274	519,329	504,274	519,329	(2.9)
Garbage	-	-	625,748	597,295	625,748	597,295	4.8
Interest on Debt	11,825	13,529	16,815	20,155	28,640	33,684	(15.0)
Total Expenses	2,802,380	2,760,914	2,097,710	2,257,207	4,900,090	5,018,121	(2.4)
Transfers In (Out)	(181,246)	(181,078)	181,246	181,078	-	-	0.0
Change in Net Position	198,417	346,789	35,878	(74,118)	234,295	272,671	(14.1)
Beginning Net Position	2,339,675	1,992,886	2,840,630	2,914,748	5,180,305	4,907,634	5.6
Ending Net Position	\$ 2,538,092	\$ 2,339,675	\$ 2,876,508	\$ 2,840,630	\$ 5,414,600	\$ 5,180,305	4.5

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 and federal grants as well as charges for services. The cost of all *governmental* activities this year was \$2.8 million; 82% of these activities were covered by all tax collections of \$2.3 million.

Table A-3
Net Cost of Selected City Functions

	Total Cost of Services			Percentage Change	Net Cost of Services		
	2024	2023			2024	2023	Percentage Change
<i>Governmental Activities:</i>							
General Administration	\$ 782,903	\$ 1,036,524	(24.5)	\$ 603,370	\$ 807,743	(25.3)	
Public Safety	1,581,654	1,290,078	22.6	920,902	321,530	186.4	
Street Maintenance	257,140	298,202	(13.8)	240,803	276,036	(12.8)	
Culture and Recreation	168,859	122,581	37.8	163,034	115,419	41.3	
Total Governmental Activities	\$ 2,790,555	\$ 2,747,385	1.6	\$ 1,928,108	\$ 1,520,728	26.8	
<i>Business-type Activities:</i>							
Water	\$ 584,611	\$ 616,227	(5.1)	\$ 22,107	\$ 49,277	(55.1)	
Gas	383,077	524,356	(26.9)	130,585	218,060	(40.1)	
Sewer	504,274	519,329	(2.9)	57,157	63,581	(10.1)	
Garbage	625,748	597,295	4.8	(62,534)	(73,063)	(14.4)	
Total Business-Type Activities	\$ 2,097,710	\$ 2,257,207	(7.1)	\$ 147,315	\$ 257,855	(42.9)	

Business-Type Activities

Revenues of the City’s Utility business-type activities decreased 2% to \$2.0 million, and operating expenses decreased 7.1% to \$2.1 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 \$3.1 million. The increase was due to additional grant revenues.

Budgetary Highlights

Revenues were over budget by \$782 thousand, due primarily to \$569 thousand better than expected grant revenues. Expenditures were \$661 thousand over budget, primarily due to general administration, public safety, capital outlay. The city increased the overall fund balance by \$71 thousand more than expected from the final budget but the general fund balance increased \$3 thousand.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

As of September 30, 2024, the City had \$14.9 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
	2024	2023	2024	2023	2024	2023	
Land	\$ 17	\$ 17	\$ 356	\$ 356	\$ 373	\$ 373	0.0
Buildings and Improvements	961	961	137	137	1,098	1,098	(0.0)
Equipment	2,696	2,641	1,428	1,408	4,124	4,049	1.8
Infrastructure	1,139	767	-	-	1,139	767	48.5
Utility System	-	-	8,171	8,171	8,171	8,171	0.0
Construction in Progress	-	224	-	-	-	224	(100.0)
Totals at Historical Cost	4,813	4,610	10,092	10,072	14,905	14,682	1.5
Total Accumulated Depreciation	(2,978)	(2,766)	(7,001)	(6,798)	(9,979)	(9,564)	4.3
Net Capital Assets	<u>\$ 1,835</u>	<u>\$ 1,844</u>	<u>\$ 3,091</u>	<u>\$ 3,274</u>	<u>\$ 4,926</u>	<u>\$ 5,118</u>	(3.8)

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 \$1.2 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				
	2024	2023	2024	2023	2024	2023	
Bonds Payable	\$ 510	\$ 590	\$ 684	\$ 848	\$ 1,194	\$ 1,438	(17.0)
Total Long-Term Debt	\$ 510	\$ 590	\$ 684	\$ 848	\$ 1,194	\$ 1,438	(17.0)

ECONOMIC FACTORS AND NEXT YEAR’S BUDGETS AND RATES

The City’s elected and appointed officials considered many factors when setting the fiscal year 2025 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 2024 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, 2024

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and Cash Equivalents	\$ 1,548,921	\$ 512,634	\$ 2,061,555
Receivables (net of allowances for uncollectibles):			
Ad Valorem Taxes	158,217	-	158,217
Other	232,616	227,173	459,789
Internal Balances	(43,311)	43,311	-
Restricted Assets:			
Cash and Cash Equivalents	39,176	-	39,176
Capital Assets:			
Land	17,210	356,156	373,366
Buildings and Improvements	961,402	137,179	1,098,581
Vehicles and Equipment	2,695,531	1,427,607	4,123,138
Infrastructure	1,138,600	-	1,138,600
Utility System	-	8,170,842	8,170,842
Accumulated Depreciation	(2,978,219)	(7,000,800)	(9,979,019)
TOTAL ASSETS	3,770,143	3,874,102	7,644,245
 DEFERRED OUTFLOWS OF RESOURCES			
Deferred OPEB Related Outflows	3,349	1,189	4,538
Deferred Pension Related Outflows	86,962	30,889	117,851
TOTAL DEFERRED OUTFLOWS OF RESOURCES	\$ 90,311	\$ 32,078	\$ 122,389

See accompanying notes to basic financial statements.

CITY OF GEORGE WEST
STATEMENT OF NET POSITION (CONTINUED)
SEPTEMBER 30, 2024

	Governmental Activities	Business-Type Activities	Total
LIABILITIES			
Accounts Payable	\$ 103,522	\$ 143,463	\$ 246,985
Accrued Wages	14,875	7,324	22,199
Compensated Absences	65,359	13,902	79,261
Accrued Interest	-	2,436	2,436
Unearned Grant Revenue	415,548	-	415,548
Customer Deposits	-	103,160	103,160
<i>Noncurrent Liabilities:</i>			
Bonds and Notes Payable Within One Year	82,000	168,000	250,000
Bonds and Notes Payable	428,000	516,000	944,000
Net Pension Liability	103,115	36,627	139,742
Total OPEB Liability	66,214	23,264	89,478
TOTAL LIABILITIES	1,278,633	1,014,176	2,292,809
 DEFERRED INFLOWS OF RESOURCES			
Deferred Pension Related Inflows	30,892	10,973	41,865
Deferred OPEB Related Inflows	12,837	4,523	17,360
TOTAL DEFERRED INFLOWS OF RESOURCES	43,729	15,496	59,225
 NET POSITION			
Net Investment in Capital Assets	1,324,524	2,406,984	3,731,508
Restricted for:			
Public Education Fund	8,511	-	8,511
Debt Service	249,767	-	249,767
Municipal Court/Police	144,557	-	144,557
Tourism	331,904	-	331,904
Unrestricted	478,829	469,524	948,353
TOTAL NET POSITION	\$ 2,538,092	\$ 2,876,508	\$ 5,414,600

See accompanying notes to basic financial statements.

CITY OF GEORGE WEST
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2024

<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	\$ 782,903	\$ 50,435	\$ 101,220	\$ 27,878
Public Safety	1,581,654	170,455	169,491	320,806
Street Maintenance	257,140	16,337	-	-
Culture and Recreation	168,859	5,825	-	-
Interest on Long-term Debt	11,825	-	-	-
<i>Total Governmental Activities</i>	<u>2,802,380</u>	<u>243,052</u>	<u>270,711</u>	<u>348,684</u>
<i>Business-Type Activities:</i>				
Water	584,611	562,504	-	-
Gas	383,077	252,492	-	-
Sewer	504,274	447,117	-	-
Garbage	625,748	688,282	-	-
<i>Total Business-Type Activities</i>	<u>2,097,710</u>	<u>1,950,395</u>	<u>-</u>	<u>-</u>
Total Primary Government	<u>\$ 4,900,090</u>	<u>\$ 2,193,447</u>	<u>\$ 270,711</u>	<u>\$ 348,684</u>
General Revenues:				
Taxes				
Ad Valorem Taxes				
Franchise Taxes				
Sales Taxes				
Hotel Occupancy Tax				
Interest and Investment Earnings				
Miscellaneous				
Total General Revenues				
Transfers				
Change in Net Position				
Net Position at Beginning of Year				
Net Position at End of Year				

See accompanying notes to basic financial statements.

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

<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
\$ (603,370)	\$ -	\$ (603,370)
(920,902)	-	(920,902)
(240,803)	-	(240,803)
(163,034)	-	(163,034)
(11,825)	-	(11,825)
<u>(1,939,933)</u>	<u>-</u>	<u>(1,939,933)</u>
-	(22,107)	(22,107)
-	(130,585)	(130,585)
-	(57,157)	(57,157)
-	62,534	62,534
-	<u>(147,315)</u>	<u>(147,315)</u>
<u>(1,939,933)</u>	<u>(147,315)</u>	<u>(2,087,248)</u>
1,037,058	-	1,037,058
131,049	-	131,049
967,174	-	967,174
167,674	-	167,674
9,273	(333)	8,940
7,368	2,280	9,648
<u>2,319,596</u>	<u>1,947</u>	<u>2,321,543</u>
<u>(181,246)</u>	<u>181,246</u>	<u>-</u>
198,417	35,878	234,295
<u>2,339,675</u>	<u>2,840,630</u>	<u>5,180,305</u>
<u>\$ 2,538,092</u>	<u>\$ 2,876,508</u>	<u>\$ 5,414,600</u>

CITY OF GEORGE WEST
BALANCE SHEET - GOVERNMENTAL FUNDS
SEPTEMBER 30, 2024

	Major Funds			Other Nonmajor Funds	Total Governmental Funds
	General Fund	Hotel Occupancy	Debt Service Fund		
ASSETS					
Cash and Cash Equivalents	\$ 900,937		\$ 205,819	\$ 149,833	\$ 1,256,589
Receivables (net of allowances for uncollectibles):		\$ -			
Property Taxes	115,313		42,904	-	158,217
Other Receivables	198,320	34,295	-	-	232,615
Due from Other Funds	-	-	1,044	19,785	20,829
Restricted Assets					
Cash and Cash Equivalents	-	297,609	-	39,176	336,785
TOTAL ASSETS	\$ 1,214,570	\$ 331,904	\$ 249,767	\$ 208,794	\$ 2,005,035
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES					
<i>Liabilities:</i>					
Accounts Payable	\$ 103,522	\$ -	\$ -	\$ 5,276	\$ 108,798
Accrued Wages	14,875	-	-	-	14,875
Unearned Grant Revenue	415,548	-	-	-	415,548
Due To Other Funds	64,140	-	-	-	64,140
<i>Total Liabilities</i>	<u>598,085</u>	<u>-</u>	<u>-</u>	<u>5,276</u>	<u>603,361</u>
<i>Deferred Inflows of Resources:</i>					
Unavailable Property Tax Revenue	115,313	-	42,904	-	158,217
<i>Total Deferred Inflows of Resources</i>	<u>115,313</u>	<u>-</u>	<u>42,904</u>	<u>-</u>	<u>158,217</u>
<i>Fund Balances:</i>					
Restricted for:					
Public Education Fund	8,511	-	-	-	8,511
Municipal Court/Police	-	-	-	144,557	144,557
Debt Service	-	-	206,863	-	206,863
Tourism	-	331,904	-	-	331,904
Assigned:					
Future Projects	-	-	-	58,961	58,961
Unassigned	492,661	-	-	-	492,661
<i>Total Fund Balances</i>	<u>501,172</u>	<u>331,904</u>	<u>206,863</u>	<u>203,518</u>	<u>1,243,457</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	\$ 1,214,570	\$ 331,904	\$ 249,767	\$ 208,794	\$ 2,005,035

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, 2024

TOTAL FUND BALANCE - TOTAL GOVERNMENTAL FUNDS		\$ 1,243,457
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.		1,834,524
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.		158,217
Accrued compensated absences are not due and payable in the current period and, therefore, not reported in the funds.		(65,359)
Long-term liabilities are not due and payable in the current period and, therefore, not reported in the funds.		(510,000)
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	(103,115)	
Total OPEB Liability	(66,214)	
Pension/OPEB Related Deferred Outflows	90,311	
Pension/OPEB Related Deferred Inflows	(43,729)	(122,747)
TOTAL NET POSITION - GOVERNMENTAL ACTIVITIES		<u>\$ 2,538,092</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, 2024

	Major Funds			Total Nonmajor Funds	Total Governmental Funds
	General Fund	Hotel Occupancy	Debt Service Fund		
REVENUES					
Ad Valorem Taxes	\$ 722,000	\$ -	\$ 274,881	\$ -	\$ 996,881
Franchise Fees	131,049	-	-	-	131,049
Sales Taxes	967,174	-	-	-	967,174
Hotel Occupancy Tax	-	167,674	-	-	167,674
Fines and Penalties	154,553	-	-	38,677	193,230
Charges For Service	18,807	-	-	-	18,807
Grants	595,585	-	-	-	595,585
Licenses and Permits	16,337	-	-	-	16,337
Interest Income	9,273	-	-	-	9,273
Miscellaneous	45,859	-	-	-	45,859
TOTAL REVENUES	<u>2,660,637</u>	<u>167,674</u>	<u>274,881</u>	<u>38,677</u>	<u>3,141,869</u>
EXPENDITURES					
<i>Current:</i>					
General Administration	683,535	80,079	-	-	763,614
Public Safety	1,250,349	-	-	41,876	1,292,225
Street Maintenance	214,410	-	-	-	214,410
Culture and Recreation	148,656	-	-	-	148,656
Municipal Court	159,044	-	-	12,805	171,849
Capital Outlay	201,150	-	-	-	201,150
<i>Debt Service:</i>					
Principal	-	-	80,000	-	80,000
Interest and Fiscal Charges	-	-	11,825	-	11,825
TOTAL EXPENDITURES	<u>2,657,144</u>	<u>80,079</u>	<u>91,825</u>	<u>54,681</u>	<u>2,883,729</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	3,493	87,595	183,056	(16,004)	258,140
OTHER FINANCING SOURCES (USES)					
Transfers Out	-	-	(181,246)	-	(181,246)
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>(181,246)</u>	<u>-</u>	<u>(181,246)</u>
Net Change in Fund Balance	3,493	87,595	1,810	(16,004)	76,894
FUND BALANCES AT BEGINNING OF YEAR	<u>497,679</u>	<u>244,309</u>	<u>205,053</u>	<u>219,522</u>	<u>1,166,563</u>
FUND BALANCES AT END OF YEAR	<u>\$ 501,172</u>	<u>\$ 331,904</u>	<u>\$ 206,863</u>	<u>\$ 203,518</u>	<u>\$ 1,243,457</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, 2024

NET CHANGE IN FUND BALANCES - GOVERNMENTAL FUNDS	\$	76,894
<p>Amounts reported for governmental activities in the Statement of Activities are different because:</p>		
<p>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 depreciation exceeded capital outlay.</p>		(11,145)
<p>Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.</p> <p style="padding-left: 40px;">Property Tax Receivable</p>		40,178
<p>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.</p>		25,424
<p>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.</p>		(5,202)
<p>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.</p> <p style="padding-left: 40px;">Principal Payments 80,000</p>		80,000
<p>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.</p> <p style="padding-left: 40px;">Change in Compensated Absences (7,732)</p>		(7,732)
CHANGE IN NET POSITION - GOVERNMENTAL ACTIVITIES	\$	198,417

See accompanying notes to basic financial statements.

CITY OF GEORGE WEST
STATEMENT OF NET POSITION – PROPRIETARY FUND
SEPTEMBER 30, 2024

	Business-Type Activities
	Utility Fund
ASSETS	
<i>Current Assets:</i>	
Cash and Cash Equivalents	\$ 512,634
Accounts Receivables - Customers (Net of Allowance for Uncollectibles)	227,173
Due From Other Funds	43,311
<i>Total Current Assets</i>	783,118
 <i>Capital Assets:</i>	
Land	356,156
Building and Improvements	137,179
Machinery and Equipment	1,427,607
Utility System	8,170,842
Accumulated Depreciation	(7,000,800)
<i>Total Capital Assets, Net</i>	3,090,984
<i>Total Noncurrent Assets</i>	3,090,984
 TOTAL ASSETS	 3,874,102
 DEFERRED OUTFLOWS OF RESOURCES	
Deferred OPEB Related Outflows	1,189
Deferred Pension Related Outflows	30,889
TOTAL DEFERRED OUTFLOWS OF RESOURCES	\$ 32,078

See accompanying notes to basic financial statements.

CITY OF GEORGE WEST
STATEMENT OF NET POSITION – PROPRIETARY FUND (CONTINUED)
SEPTEMBER 30, 2024

	Business-Type Activities
	Utility Fund
LIABILITIES	
<i>Current Liabilities:</i>	
Accounts Payable	\$ 143,463
Accrued Wages	7,324
Compensated Absences	13,902
Accrued Interest Payable	2,436
Customer Deposits	103,160
Current Portion of Bonds Payable	168,000
<i>Total Current Liabilities</i>	438,285
 <i>Noncurrent Liabilities:</i>	
Bonds Payable	516,000
Net Pension Liability	36,627
Total OPEB Liability	23,264
<i>Total Noncurrent Liabilities</i>	575,891
TOTAL LIABILITIES	1,014,176
 DEFERRED INFLOWS OF RESOURCES	
Deferred Pension Related Inflows	10,973
Deferred OPEB Related Inflows	4,523
TOTAL DEFERRED INFLOWS OF RESOURCES	15,496
 NET POSITION	
Net Investment in Capital Assets	2,406,984
Unrestricted	469,524
TOTAL NET POSITION	\$ 2,876,508

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, 2024

	Business-Type Activities
	Utility Fund
OPERATING REVENUES	
Charges for Water Service	\$ 562,504
Charges for Gas Services	252,492
Charges for Sewer Service	447,117
Charges for Garbage Service	688,282
Miscellaneous Income	2,280
TOTAL OPERATING REVENUES	1,952,675
OPERATING EXPENSES	
Personnel	608,803
Supplies	99,873
Services and Charges	456,806
Gas Purchases	99,271
Solid Waste Costs	613,419
Depreciation	202,723
TOTAL OPERATING EXPENSES	2,080,895
OPERATING INCOME (LOSS)	(128,220)
NONOPERATING REVENUES (EXPENSES)	
Interest Income	(333)
Interest Charges	(16,815)
TOTAL NONOPERATING REVENUES (EXPENSES)	(17,148)
NET INCOME (LOSS) BEFORE TRANSFERS	(145,368)
Transfers In (Out)	181,246
NET INCOME (LOSS)	35,878
NET POSITION AT BEGINNING OF YEAR	2,840,630
NET POSITION AT END OF YEAR	\$ 2,876,508

See accompanying notes to basic financial statements.

CITY OF GEORGE WEST
STATEMENT OF CASH FLOWS - PROPRIETARY FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2024

	Business-Type Activities
	Sewer Fund
CASH FLOWS FROM OPERATING ACTIVITIES:	
Cash Received From Customers	\$ 1,973,419
Cash Paid to Employees for Services	(621,670)
Cash Paid to Suppliers for Goods and Services	(1,244,037)
NET CASH FLOWS PROVIDED (USED) BY OPERATING ACTIVITIES	107,712
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Transfers From (To) Primary Government	181,246
NET CASH PROVIDED (USED) BY NONCAPITAL FINANCING ACTIVITIES	181,246
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Purchase of Capital Assets	(19,375)
Principal Payments on Long-term Debt	(164,000)
Interest Paid for Financing Activities	(17,247)
NET CASH PROVIDED (USED) BY CAPITAL AND AND RELATED FINANCING ACTIVITIES	(200,622)
CASH FLOWS FROM INVESTING ACTIVITIES:	
Investment Interest Received	(333)
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	(333)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	88,003
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	424,631
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 512,634
Interest Paid During the Year	\$ 17,247

See accompanying notes to basic financial statements.

CITY OF GEORGE WEST
STATEMENT OF CASH FLOWS - PROPRIETARY FUND (CONTINUED)
FOR THE YEAR ENDED SEPTEMBER 30, 2024

	Business-Type Activities
	Sewer Fund
Reconciliation of Operating Income to Net Cash	
Provided (Used) by Operating Activities:	
Operating Income (Loss)	\$ (128,220)
Adjustments to Reconcile Operating Income to Net	
Cash Provided (Used) by Operating Activities:	
Depreciation	202,723
(Increase) Decrease in Operating Assets:	
Accounts Receivable, Net	19,102
Deferred Outflows - OPEB	(151)
Deferred Pension Outflows	15,678
Increase (Decrease) in Current Liabilities:	
Accounts Payable	25,332
Accrued Wages	2,083
Compensated Absences	(3,865)
Customer Deposits	1,642
Deferred Inflows - OPEB	(3,201)
Total OPEB Liability	1,975
Deferred Pension Inflows	9,675
Net Pension Liability	(35,061)
Total Adjustments to Reconcile Operating Activities	235,932
 Net Cash Provided (Used) by	
Operating Activities	\$ 107,712

See accompanying notes to basic financial statements.

CITY OF GEORGE WEST
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2024

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, 2024

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.

Hotel Occupancy Fund is used to account for revenue sources from hotel occupancy and allowable expenditures.

The City has the following non-major funds: 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, 2024

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, 2024

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, 2023 and past due after January 31, 2024. 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 uncollectible; 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 uncollectible.

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, 2024

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:

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

11. COMPENSATED ABSENCES

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

CITY OF GEORGE WEST
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2024

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, 2024

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, 2024

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, 2024, 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, 2024

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, 2024

NOTE C – RESTRICTED CASH

Restricted cash for the City as of September 30, 2024 is as follows:

	Balance 9/30/2024
<i>Governmental Activities:</i>	
2016 Certificates of Obligation	\$ 12,230
Sports Complex Project	26,946
Total Restricted Cash	\$ 39,176

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, 2023, upon which the fiscal 2024 levy was based, was \$148 million (i.e., market value less exemptions). The estimated market value was \$169 million, making the taxable value 88% 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, 2024, was \$0.782640 per \$100 of assessed value, which means that the City has a tax margin of \$1.71736 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, 2024

NOTE F -- RECEIVABLES

Receivables for the City as of September 30, 2024 are as follows:

	General Fund	Debt Service Fund	Nonmajor Funds	Utility Fund
Receivables				
Property Tax	\$ 123,994	\$ 46,133	\$ -	\$ -
Sales and Mixed Beverage Tax	179,192	-	-	-
Franchise Tax	14,209	-	-	-
Hotel Occupancy Tax	34,295	-	-	-
Utilities	-	-	-	222,255
Cayetano Live Oak	4,918	-	-	4,918
	<u>356,608</u>	<u>46,133</u>	<u>-</u>	<u>227,173</u>
Less: Allowance for Doubtful Accounts				
Property Tax	(8,679)	(3,229)	-	-
	<u>(8,679)</u>	<u>(3,229)</u>	<u>-</u>	<u>-</u>
Total Receivables, Net	<u>\$ 347,929</u>	<u>\$ 42,904</u>	<u>\$ -</u>	<u>\$ 227,173</u>

NOTE G -- CAPITAL ASSETS

Capital asset activity for the year ended September 30, 2024, was as follows:

<u>Governmental Activities</u>	Balance 10/1/2023	Additions	Disposals/ Transfers	Balance 9/30/2024
Land	\$ 17,210	\$ -	\$ -	\$ 17,210
Buildings and Improvements	961,402	-	-	961,402
Vehicles and Equipment	2,641,424	54,107	-	2,695,531
Infrastructure	767,405	147,043	224,152	1,138,600
Construction In Progress	224,152	-	(224,152)	-
	<u>4,611,593</u>	<u>201,150</u>	<u>-</u>	<u>4,812,743</u>
Less Accumulated Depreciation				
Buildings and Improvements	(496,534)	(22,733)	-	(519,267)
Vehicles and Equipment	(1,997,486)	(145,694)	-	(2,143,180)
Infrastructure	(271,904)	(43,868)	-	(315,772)
	<u>(2,765,924)</u>	<u>(212,295)</u>	<u>-</u>	<u>(2,978,219)</u>
Governmental Capital Assets, Net	<u>\$ 1,845,669</u>	<u>\$ (11,145)</u>	<u>\$ -</u>	<u>\$ 1,834,524</u>

Land and Construction in Progress are not depreciated.

CITY OF GEORGE WEST
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2024

NOTE G -- CAPITAL ASSETS (CONTINUED)

Depreciation expense was charged to the governmental functions as follows:

General Administration	\$	19,854
Public Safety		125,481
Street Maintenance		48,759
Culture & Recreation		18,201
Total Depreciation Expense - Governmental Activities		\$ 212,295

Capital asset activity in the business-type fund for the year ended September 30, 2024, was as follows:

Business-Type Activities	Balance 10/1/2023	Additions	Disposals/ Transfers	Balance 9/30/2024
Land	\$ 356,156	\$ -	\$ -	\$ 356,156
Buildings and Improvements	137,179	-	-	137,179
Vehicles and Equipment	1,408,232	19,375	-	1,427,607
Utility System	8,170,842	-	-	8,170,842
	10,072,409	19,375	-	10,091,784
 Less Accumulated Depreciation				
Buildings and Improvements	(78,546)	(2,156)	-	(80,702)
Vehicles and Equipment	(1,243,206)	(35,534)	-	(1,278,740)
Utility System	(5,476,325)	(165,033)	-	(5,641,358)
	(6,798,077)	(202,723)	-	(7,000,800)
 Business-Type Capital Assets, Net	\$ 3,274,332	\$ (183,348)	\$ -	\$ 3,090,984

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, 2024

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 10/1/2023	Additions	Reductions	Balance 9/30/2024	Due Within One Year
<u>Governmental Activities:</u>					
<i>Certificates of Obligation:</i>					
Series 2020 Refunding Bond	\$ 590,000	\$ -	\$ (80,000)	\$ 510,000	\$ 82,000
Total Governmental Activities	<u>\$ 590,000</u>	<u>\$ -</u>	<u>\$ (80,000)</u>	<u>\$ 510,000</u>	<u>\$ 82,000</u>
<u>Business-Type Activities</u>					
<i>Certificates of Obligation:</i>					
Series 2016	\$ 258,000	\$ -	\$ (84,000)	\$ 174,000	\$ 86,000
Series 2020 Refunding Bond	590,000	-	(80,000)	510,000	82,000
Total Business-Type Activities	<u>\$ 848,000</u>	<u>\$ -</u>	<u>\$ (164,000)</u>	<u>\$ 684,000</u>	<u>\$ 168,000</u>

The annual requirements to amortize all long-term debt and obligations outstanding as of September 30, 2024, including interest payments, are as follows:

Year Ending September 30,	Governmental Activities			Business-Type Activities		
	Principal	Interest	Total	Principal	Interest	Total
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	61,000	4,762	65,762	61,000	4,762	65,762
2030-2032	191,000	6,224	197,224	191,000	6,224	197,224
	<u>\$ 510,000</u>	<u>\$ 43,054</u>	<u>\$ 553,054</u>	<u>\$ 684,000</u>	<u>\$ 48,529</u>	<u>\$ 732,529</u>

CITY OF GEORGE WEST
 NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
 SEPTEMBER 30, 2024

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.tmrs.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, 2023 valuation and measurement date, the following employees were covered by the benefit terms:

	2023	2022
Inactive employees or beneficiaries currently receiving benefits	16	14
Inactive employees entitled to but not yet receiving benefits	38	40
Active employees	31	29
	85	83

CITY OF GEORGE WEST
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2024

NOTE I -- EMPLOYEES' RETIREMENT SYSTEMS (CONTINUED)

Contributions

The contribution rates for employees in TMRS are either 5.75%, 6.75%, or 7.75% 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 5.58% and 5.70% in calendar years 2023 and 2024, respectively. The City's contributions to TMRS for the year ended September 30, 2024 were \$84,795, which was equal to the required contributions.

Net Pension Liability

The City's Net Pension Liability (NPL) was measured as of December 31, 2023, 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, 2023 actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.50% per year
Salary Increases	3.60% to 11.85% 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 MP-2021 to account for future mortality improvements subject to the floor.

CITY OF GEORGE WEST
 NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
 SEPTEMBER 30, 2024

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 ending December 31, 2022. They were adopted in 2023 and first used in the December 31, 2023 actuarial valuation. The post-retirement mortality assumption for Annuity Purchase Rates (APRs) is based on the Mortality Experience Investigation Study covering 2009 through 2011 and dated December 31, 2013. Plan assets are managed on a total return basis with 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%	6.70%
Core Fixed Income	6.00%	4.70%
Non-Core Fixed Income	20.00%	8.00%
Other Public and Private Markets	12.00%	8.00%
Real Estate	12.00%	7.60%
Hedge Funds	5.00%	6.40%
Private Equity	10.00%	11.60%
	<u>100.00%</u>	

CITY OF GEORGE WEST
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2024

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, 2023:

	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
Balance at December 31, 2022	\$ 2,310,160	\$ 2,041,817	\$ 268,343
Changes for the year:			
Service Cost	139,927	-	139,927
Interest	155,223	-	155,223
Change of Benefit Terms	-	-	-
Difference Between Expected and Actual Experience	(21,529)	-	(21,529)
Changes of Assumptions	(18,581)	-	(18,581)
Contributions - Employer	-	76,872	(76,872)
Contributions - Employee	-	73,491	(73,491)
Net Investment Income	-	234,792	(234,792)
Benefit Payments, Including Refunds of Employee Contributions	(161,052)	(161,052)	-
Administrative Expense	-	(1,503)	1,503
Other Changes	-	(11)	11
Net Changes	<u>93,988</u>	<u>222,589</u>	<u>(128,601)</u>
Balance at December 31, 2023	<u>\$ 2,404,148</u>	<u>\$ 2,264,406</u>	<u>\$ 139,742</u>

CITY OF GEORGE WEST
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2024

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)	\$ 461,527	\$ 139,742	\$ (123,386)

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, 2024, the City recognized a pension expense of \$49,661. Also, as of September 30, 2024, 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	\$ -	\$ (30,244)
Changes in Actuarial Assumptions	-	(11,621)
Differences Between Projected and Actual Investment Earnings	52,484	-
Contributions Subsequent to the Measurement Date	65,367	-
	\$ 117,851	\$ (41,865)

Deferred outflows of resources in the amount of \$65,637 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, 2024. 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,	
2024	\$ (13,842)
2025	4,203
2026	39,651
2027	(19,393)
Thereafter	-
	\$ 10,619

CITY OF GEORGE WEST
 NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
 SEPTEMBER 30, 2024

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, 2023, the valuation and measurement date, consisted of:

Inactive employees or beneficiaries currently receiving benefits	15
Inactive employees entitled to but not yet receiving benefits	5
Active employees	31
Total	51

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,		
2024	0.37%	0.12%
2023	0.35%	0.08%

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, 2024

NOTE J -- OTHER POSTEMPLOYMENT BENEFIT (CONTINUED)

Inflation	2.50% per year
Salary Increases	3.60% to 11.85% Including Inflation
Discount Rate	3.77%
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. Male rates are multiplied by 103% and female rates are multiplied by 105%. The rates are projected on a fully generational basis with scale MP-2021 (with immediate convergence).
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 the most recent scale MP-2021 (with immediate convergence) 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, 2023, the measurement and actuarial valuation date, was calculated as follows:

Changes in Total OPEB Liability:

	Total OPEB Liability
Balance at December 31, 2022	\$ 78,849
Changes for the year:	
Service Cost	5,438
Interest	3,280
Change of Benefit Terms	-
Difference Between Expected and Actual Experience	(2,161)
Changes of Assumptions or Other Inputs	5,248
Benefit Payments	(1,176)
Net Changes	10,629
Balance at December 31, 2023	\$ 89,478

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, 2024

NOTE J -- OTHER POSTEMPLOYMENT BENEFIT (CONTINUED)

The following presents the Total OPEB Liability (TOL) of the City, calculated using a discount rate of 3.77%, as well as what the City's TOL would be if it were calculated using a discount rate that is 1-percentage point lower (2.77%) and 1-percentage point higher (4.77%) than the current rate:

	Discount Rate 2.77%	Discount Rate 3.77%	Discount Rate 4.77%
Total OPEB Liability (Asset)	\$ 107,592	\$ 89,478	\$ 75,414

For the year ended September 30, 2024, the City recognized OPEB expense of \$5,695. And reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

Deferred Outflows & Inflows:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and Actual Experiences	\$ -	\$ (846)
Changes in Assumptions & Other Input Contributions Subsequent to the Measurement Date	-	(16,514)
	4,538	-
	\$ 4,538	\$ (17,360)

Deferred outflows of resources in the amount of \$4,538 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, 2024. Other amounts reported as deferred outflows and inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Future Years Pension Expense:

For the Plan Year ended December 31,

2024	\$	(1,865)
2025		(5,400)
2026		(6,272)
2027		(3,823)
Thereafter		-
	\$	(17,360)

CITY OF GEORGE WEST
 NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
 SEPTEMBER 30, 2024

NOTE K -- INTERFUND TRANSACTIONS

As of September 30, 2024, 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, 2024:

<u>From</u>	<u>To</u>	<u>Amount</u>	<u>Purpose</u>
Debt Service	Proprietary	\$ 181,246	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, 2024 were \$91,622 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, 2024

	Budget Amounts		Actual Amounts	Variance
	Original	Final		Favorable (Unfavorable)
REVENUES				
Ad Valorem Taxes	\$ 575,000	\$ 575,000	\$ 722,000	\$ 147,000
Franchise Fees	146,000	146,000	131,049	(14,951)
Sales Taxes	935,000	935,000	967,174	32,174
Fines and Penalties	112,050	112,050	154,553	42,503
Charges For Service	33,800	33,800	18,807	(14,993)
Grants	26,500	26,500	595,585	569,085
Licenses and Permits	25,500	25,500	16,337	(9,163)
Interest Income	12,200	12,200	9,273	(2,927)
Miscellaneous	12,500	12,500	45,859	33,359
TOTAL REVENUES	<u>1,878,550</u>	<u>1,878,550</u>	<u>2,660,637</u>	<u>782,087</u>
EXPENDITURES				
<i>Current:</i>				
General Administration	440,546	440,546	683,535	(242,989)
Public Safety	1,037,480	1,037,480	1,250,349	(212,869)
Street Maintenance	216,001	216,001	214,410	1,591
Culture and Recreation	143,366	143,366	148,656	(5,290)
Municipal Court	158,883	158,883	159,044	(161)
Capital Outlay	-	-	201,150	(201,150)
TOTAL EXPENDITURES	<u>1,996,276</u>	<u>1,996,276</u>	<u>2,657,144</u>	<u>(660,868)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(117,726)</u>	<u>(117,726)</u>	<u>3,493</u>	<u>121,219</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	<u>(67,726)</u>	<u>(67,726)</u>	<u>3,493</u>	<u>71,219</u>
Beginning Fund Balance	<u>497,679</u>	<u>497,679</u>	<u>497,679</u>	<u>-</u>
Ending Fund Balance, Deficit	<u>\$ 429,953</u>	<u>\$ 429,953</u>	<u>\$ 501,172</u>	<u>\$ 71,219</u>

CITY OF GEORGE WEST
 REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE-
 BUDGET AND ACTUAL -- HOTEL OCCUPANCY FUND
 FOR THE YEAR ENDED SEPTEMBER 30, 2024

REVENUES	Budget Amounts		Actual Amounts	Variance	2023 Amounts
	Original	Final		Favorable (Unfavorable)	
Hotel Occupancy Tax	\$ 80,000	\$ 80,000	\$ 167,674	\$ 87,674	\$ 150,433
TOTAL REVENUES	<u>80,000</u>	<u>80,000</u>	<u>167,674</u>	<u>87,674</u>	<u>150,433</u>
EXPENDITURES					
Current:					
Administration	80,000	80,000	80,079	(79)	148,349
TOTAL EXPENDITURES	<u>80,000</u>	<u>80,000</u>	<u>80,079</u>	<u>(79)</u>	<u>148,349</u>
Net Change in Fund Balance	-	-	87,595	87,753	2,084
Fund Balances at Beginning of Year	244,309	244,309	244,309	-	242,225
Fund Balances at End of Year	<u>\$ 244,309</u>	<u>\$ 244,309</u>	<u>\$ 331,904</u>	<u>\$ 87,753</u>	<u>\$ 244,309</u>

CITY OF GEORGE WEST
NOTES TO SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE-
BUDGET AND ACTUAL - GENERAL FUND
SEPTEMBER 30, 2024

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, Hotel Occupancy 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 \$242,990
Public Safety by \$212,869
Culture and Recreation by \$5,290
Municipal Court by \$161
Capital Outlay by \$201,150

The City does not use encumbrances.



CITY OF GEORGE WEST
 REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF CHANGES – NET PENSION LIABILITY AND RELATED RATIOS
 LAST TEN 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	2023
\$ 109,077	\$ 119,511	\$ 136,077	\$ 137,631	\$ 143,317	\$ 139,927
110,757	112,607	120,109	132,258	146,466	155,223
-	-	-	-	-	-
(95,686)	(55,300)	(7,011)	3,411	(44,177)	(21,529)
-	5,842	-	-	-	(18,581)
(120,234)	(83,688)	(75,931)	(63,997)	(67,306)	(161,052)
3,914	98,972	173,244	209,303	178,300	93,988
1,646,427	1,650,341	1,749,313	1,922,557	2,131,860	2,310,160
<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>	<u>\$ 2,404,148</u>

Plan Fiduciary Net Position					
2018	2019	2020	2021	2022	2023
\$ 70,106	\$ 78,151	\$ 85,355	\$ 83,103	\$ 82,082	\$ 76,872
58,206	63,435	73,317	77,097	77,135	73,491
(40,402)	203,424	119,264	231,154	(153,278)	234,792
(120,234)	(83,688)	(75,931)	(63,997)	(67,306)	(161,052)
(781)	(1,149)	(774)	(1,072)	(1,328)	(1,503)
(42)	(34)	(30)	7	1,585	(11)
(33,147)	260,139	201,201	326,292	(61,110)	222,589
1,348,442	1,315,295	1,575,434	1,776,635	2,102,927	2,041,817
<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>	<u>\$ 2,264,406</u>

\$ 335,046	\$ 173,879	\$ 145,922	\$ 28,933	\$ 268,343	\$ 139,742
79.70%	90.06%	92.41%	98.64%	88.38%	94.19%
\$ 1,164,112	\$ 1,268,697	\$ 1,466,345	\$ 1,617,038	\$ 1,542,699	\$ 1,469,821
28.78%	13.71%	9.95%	1.79%	17.39%	9.51%

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
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%
2024	\$ 84,794	\$ 84,794	-	\$ 1,597,870	5.31%

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	21 Years
Asset Valuation Method	10 Year Smoothed Market; 12% Soft Corridor
Inflation	2.50%
Salary Increases	3.60% to 11.85% including Inflation
Investment Rate of Return	6.75%
Retirement Age	Experience-based table of rates that vary by age. Last updated for the 2023 valuation pursuant to an experience study of the period ending 2022.
Mortality	<p>Post-retirement: 2019 Municipal Retirees of Texas Mortality Tables. Male rates are multiplied by 103% and female rates are multiplied by 105%. The rates are projected on a fully generational basis by the most recent scale MP-2021 (with immediate convergence).</p> <p>Pre-retirement: PUB(10) mortality tables, with the 110% Public Safety table used for males and 100% of the General Employee table used for females. The rates are projected on a fully generational basis by the most recent scale MP-2021 (with immediate convergence).</p>

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

	Total OPEB Liability				
	2017	2018	2019	2020	2021
Service Cost	\$ 3,535	\$ 4,074	\$ 4,314	\$ 6,452	\$ 7,940
Interest	1,997	2,127	2,211	2,122	2,013
Changes of Benefit Terms	-	-	-	-	-
Difference between Expected and Actual Experience	-	(5,764)	(4,338)	731	(1,041)
Changes in Assumptions or Other Inputs	5,807	(4,980)	14,580	14,054	3,481
Benefit Payments	(114)	(233)	(254)	(293)	(882)
Net Change in Total OPEB Liability	11,225	(4,776)	16,513	23,066	11,511
Total OPEB Liability - Beginning	51,115	62,340	57,564	74,077	97,143
Total OPEB Liability - Ending	<u>\$ 62,340</u>	<u>\$ 57,564</u>	<u>\$ 74,077</u>	<u>\$ 97,143</u>	<u>\$ 108,654</u>
Covered Payroll	\$ 1,140,290	\$ 1,164,112	\$ 1,268,697	\$ 1,466,345	\$ 1,617,038
Total OPEB Liability as a Percentage of Covered Payroll	5.47%	4.94%	5.84%	6.62%	6.72%
	<u>2022</u>	<u>2023</u>			
Service Cost	\$ 8,793	\$ 5,438			
Interest	2,070	3,280			
Changes of Benefit Terms	-	-			
Difference between Expected and Actual Experience	2,727	(2,161)			
Changes in Assumptions or Other Inputs	(42,315)	5,248			
Benefit Payments	(1,080)	(1,176)			
Net Change in Total OPEB Liability	(29,805)	10,629			
Total OPEB Liability - Beginning	108,654	78,849			
Total OPEB Liability - Ending	<u>\$ 78,849</u>	<u>\$ 89,478</u>			
Covered Payroll	\$ 1,542,699	\$ 1,469,821			
Total OPEB Liability as a Percentage of Covered Payroll	5.11%	6.09%			

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

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

Methods and Assumptions Used to Determine Contributions Rates:

Actuarial Assumptions:

Inflation	2.50% per year
Salary Increases	3.60% to 11.85% Including Inflation
Discount Rate	3.77%
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. Male rates are multiplied by 103% and female rates are multiplied by 105%. The rates are projected on a fully generational basis with scale MP-2021 (with immediate convergence).
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 the most recent scale MP-2021 (with immediate convergence) 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, 2024 AND 2023

	2024	2023
ASSETS		
Cash and Cash Equivalents	\$ 900,937	\$ 883,327
Receivables (net of allowances for uncollectibles):		
Property Taxes	115,313	79,001
Other Receivables	198,320	638,136
TOTAL ASSETS	\$ 1,214,570	\$ 1,600,464
 LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES		
<i>Liabilities:</i>		
Accounts Payable	\$ 103,522	\$ 534,918
Accrued Wages	14,875	9,178
Unearned Grant Revenue	415,548	415,548
Due to Other Funds	64,140	64,140
<i>Total Liabilities</i>	598,085	1,023,784
 <i>Deferred Inflows of Resources:</i>		
Unavailable Property Tax Revenue	115,313	79,001
<i>Total Deferred Inflows of Resources</i>	115,313	79,001
 <i>Fund Balances:</i>		
Committed for:		
Public Education Fund	8,511	6,554
Unassigned	492,661	491,125
<i>Total Fund Balance</i>	501,172	497,679
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	\$ 1,214,570	\$ 1,600,464

CITY OF GEORGE WEST
 COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCE - GENERAL FUND
 FOR THE FISCAL YEARS ENDED SEPTEMBER 30, 2024 AND 2023

	2024	2023
REVENUES		
Ad Valorem Taxes	\$ 722,000	\$ 529,432
Franchise Fees	131,049	139,117
Sales Taxes	967,174	934,922
Fines and Penalties	154,553	134,434
Charges For Service	18,807	27,719
Grants	595,585	1,031,329
Licenses and Permits	16,337	22,166
Interest Income	9,273	3,105
Miscellaneous	45,859	19,473
TOTAL REVENUES	2,660,637	2,841,697
EXPENDITURES		
Current:		
General Administration	683,535	905,047
Public Safety	1,250,349	990,839
Street Maintenance	214,410	263,401
Culture and Recreation	148,656	106,436
Municipal Court	159,044	138,108
Capital Outlay	201,150	486,557
TOTAL EXPENDITURES	2,657,144	2,890,388
Excess (Deficiency) of Revenues Over (Under) Expenditures	3,493	(48,691)
Net Change in Fund Balance	3,493	(48,691)
BEGINNING FUND BALANCE	497,679	546,370
ENDING FUND BALANCE, DEFICIT	\$ 501,172	\$ 497,679

CITY OF GEORGE WEST
 COMPARATIVE BALANCE SHEETS
 HOTEL OCCUPANCY FUND
 SEPTEMBER 30, 2024 AND 2023

	2024	2023
ASSETS		
Receivables	\$ -	\$ -
Other Receivables	34,295	34,295
Due from Other Funds	-	-
Restricted Assets		
Cash and Cash Equivalents	297,609	238,450
TOTAL ASSETS	\$ 331,904	\$ 272,745
 LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES		
<i>Liabilities:</i>		
Accounts Payable	\$ -	\$ 28,436
<i>Total Liabilities</i>	-	28,436
 <i>Fund Balances:</i>		
Restricted for:		
Tourism	331,904	244,309
<i>Total Fund Balances</i>	331,904	244,309
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	\$ 331,904	\$ 272,745

CITY OF GEORGE WEST
 COMBINING BALANCE SHEETS
 NONMAJOR GOVERNMENTAL FUNDS
 SEPTEMBER 30, 2024

	Court Security	Court Technology	Court Child Safety	Drug Forfeiture
ASSETS				
Cash and Cash Equivalents	\$ 100,290	\$ 29,027	\$ 20,516	\$ -
Accounts Receivable, Due From Other Funds	-	-	-	-
Restricted Assets:				
Cash and Cash Equivalents	-	-	-	-
TOTAL ASSETS	\$ 100,290	\$ 29,027	\$ 20,516	\$ -
LIABILITIES & FUND BALANCES				
<i>Liabilities:</i>				
Accounts Payable	\$ -	\$ -	\$ -	\$ 5,276
<i>Total Liabilities</i>	-	-	-	5,276
<i>Fund Balances:</i>				
Restricted For:				
Police	-	-	-	(5,276)
Municipal Court	100,290	29,027	20,516	-
Assigned For:				
Future Projects	-	-	-	-
<i>Total Fund Balances</i>	100,290	29,027	20,516	(5,276)
TOTAL LIABILITIES & FUND BALANCES	\$ 100,290	\$ 29,027	\$ 20,516	\$ -

Capital Projects Funds		Totals	
Certificate of Obligation 2016	Sports Complex	2024	2023
\$ -	\$ -	\$ 149,833	\$ 151,839
19,785	-	19,785	19,785
<u>12,230</u>	<u>26,946</u>	<u>39,176</u>	<u>47,898</u>
<u>\$ 32,015</u>	<u>\$ 26,946</u>	<u>\$ 208,794</u>	<u>\$ 219,522</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,276</u>	<u>\$ -</u>
<u>-</u>	<u>-</u>	<u>5,276</u>	<u>-</u>
-	-	(5,276)	8,722
-	-	149,833	151,839
<u>32,015</u>	<u>26,946</u>	<u>58,961</u>	<u>58,961</u>
<u>32,015</u>	<u>26,946</u>	<u>203,518</u>	<u>219,522</u>
<u>\$ 32,015</u>	<u>\$ 26,946</u>	<u>\$ 208,794</u>	<u>\$ 219,522</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, 2024

	<u>Court Security</u>	<u>Court Technology</u>	<u>Court Child Safety</u>	<u>Drug Forfeiture</u>
REVENUES				
Fines and Penalties	\$ 5,899	\$ 4,900	\$ -	\$ 27,878
Interest Income	-	-	-	-
TOTAL REVENUES	<u>5,899</u>	<u>4,900</u>	<u>-</u>	<u>27,878</u>
EXPENDITURES				
Current:				
Public Safety	-	-	-	41,876
Municipal Court	5,123	7,682	-	-
Capital Outlay	-	-	-	-
TOTAL EXPENDITURES	<u>5,123</u>	<u>7,682</u>	<u>-</u>	<u>41,876</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>776</u>	<u>(2,782)</u>	<u>-</u>	<u>(13,998)</u>
Net Change in Fund Balance	776	(2,782)	-	(13,998)
Fund Balances at Beginning of Year	<u>99,514</u>	<u>31,809</u>	<u>20,516</u>	<u>8,722</u>
Fund Balances at End of Year	<u>\$ 100,290</u>	<u>\$ 29,027</u>	<u>\$ 20,516</u>	<u>\$ (5,276)</u>

Capital Projects Funds		Totals	
Certificate of Obligation 2016	Sports Complex	2024	2023
\$ -	\$ -	\$ 38,677	\$ 11,574
-	-	-	4
-	-	38,677	11,578
-	-	41,876	46,975
-	-	12,805	10,752
-	-	-	88,450
-	-	54,681	146,177
-	-	(16,004)	(134,599)
-	-	(16,004)	(134,599)
32,015	26,946	219,522	354,121
<u>\$ 32,015</u>	<u>\$ 26,946</u>	<u>\$ 203,518</u>	<u>\$ 219,522</u>

CITY OF GEORGE WEST
 COMPARATIVE STATEMENTS OF NET POSITION
 PROPRIETARY FUND – UTILITY SYSTEM
 SEPTEMBER 30, 2024 AND 2023

	2024	2023
ASSETS		
<i>Current Assets:</i>		
Cash and Cash Equivalents	\$ 512,634	\$ 424,631
Accounts Receivables - Customers (Net of Allowance for Uncollectibles)	227,173	246,275
Due From Other Funds	43,311	43,310
<i>Total Current Assets</i>	783,118	714,216
 <i>Capital Assets:</i>		
Land	356,156	356,156
Building and Improvements	137,179	137,179
Machinery and Equipment	1,427,607	1,408,232
Utility System	8,170,842	8,170,842
Accumulated Depreciation	(7,000,800)	(6,798,077)
<i>Total Capital Assets, Net</i>	3,090,984	3,274,332
<i>Total Noncurrent Assets</i>	3,090,984	3,274,332
 TOTAL ASSETS	3,874,102	3,988,548
 DEFERRED OUTFLOWS OF RESOURCES		
Deferred OPEB Related Outflows	1,189	1,038
Deferred Pension Related Outflows	30,889	46,567
TOTAL DEFERRED OUTFLOWS OF RESOURCES	\$ 32,078	\$ 47,605

CITY OF GEORGE WEST
 COMPARATIVE STATEMENTS OF NET POSITION
 PROPRIETARY FUND – UTILITY SYSTEM (CONTINUED)
 SEPTEMBER 30, 2024 AND 2023

	2024	2023
LIABILITIES		
<i>Current Liabilities:</i>		
Accounts Payable	\$ 143,463	\$ 118,131
Accrued Wages	7,324	5,241
Compensated Absences	13,902	17,767
Accrued Interest Payable	2,436	2,867
Customer Deposits	103,160	101,518
Current Portion of Bonds Payable	168,000	164,000
<i>Total Current Liabilities</i>	438,285	409,524
 <i>Noncurrent Liabilities:</i>		
Bonds Payable	516,000	684,000
Net Pension Liability	36,627	71,688
Total OPEB Liability	23,264	21,289
<i>Total Noncurrent Liabilities</i>	575,891	776,977
 TOTAL LIABILITIES	1,014,176	1,186,501
 DEFERRED INFLOWS OF RESOURCES		
Deferred Pension Related Inflows	10,973	1,298
Deferred OPEB Related Inflows	4,523	7,724
TOTAL DEFERRED INFLOWS OF RESOURCES	15,496	9,022
 NET POSITION		
Net Investment in Capital Assets	2,406,984	2,426,332
Unrestricted	469,524	414,298
TOTAL NET POSITION	\$ 2,876,508	\$ 2,840,630

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, 2024 AND 2023

	2024	2023
OPERATING REVENUES		
Charges for Water Service	\$ 562,504	\$ 566,950
Charges for Gas Services	252,492	306,296
Charges for Sewer Service	447,117	455,748
Charges for Garbage Service	688,282	670,358
Miscellaneous Income	2,280	2,242
TOTAL OPERATING REVENUES	1,952,675	2,001,594
 OPERATING EXPENSES		
Personnel	608,803	579,678
Supplies	99,873	67,284
Services and Charges	456,806	601,295
Gas Purchases	99,271	121,903
Solid Waste Costs	613,419	587,514
Depreciation	202,723	279,378
TOTAL OPERATING EXPENSES	2,080,895	2,237,052
 OPERATING INCOME (LOSS)	(128,220)	(235,458)
 NONOPERATING REVENUES (EXPENSES)		
Interest Income	(333)	417
Interest Charges	(16,815)	(20,155)
TOTAL NONOPERATING REVENUES (EXPENSES)	(17,148)	(19,738)
 NET INCOME (LOSS) BEFORE TRANSFERS	(145,368)	(255,196)
 Transfers In (Out)	181,246	181,078
 NET INCOME (LOSS)	35,878	(74,118)
 NET POSITION AT BEGINNING OF YEAR	2,840,630	2,914,748
 NET POSITION AT END OF YEAR	\$ 2,876,508	\$ 2,840,630

CITY OF GEORGE WEST
 COMPARATIVE STATEMENTS OF CASH FLOWS
 PROPRIETARY FUND – UTILITY SYSTEM
 FOR THE FISCAL YEARS ENDED SEPTEMBER 30, 2024 AND 2023

	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash Received From Customers	\$ 1,973,419	\$ 2,031,743
Cash Paid to Employees for Services	(621,670)	(572,405)
Cash Paid to Suppliers for Goods and Services	(1,244,037)	(1,382,139)
NET CASH FLOWS PROVIDED (USED) BY OPERATING ACTIVITIES	107,712	77,199
 CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Transfers From (To) Primary Government	181,246	181,078
NET CASH PROVIDED (USED) BY NONCAPITAL FINANCING ACTIVITIES	181,246	181,078
 CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Purchase of Capital Assets	(19,375)	(337,311)
Principal Payments on Long-term Debt	(164,000)	(160,500)
Interest Paid for Financing Activities	(17,247)	(20,580)
NET CASH PROVIDED (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES	(200,622)	(518,391)
 CASH FLOWS FROM INVESTING ACTIVITIES:		
Investment Interest Received	(333)	417
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	(333)	417
 NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	88,003	(259,697)
 CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR		
Cash and Cash Equivalents	424,631	684,328
	424,631	684,328
 CASH AND CASH EQUIVALENTS, END OF YEAR		
Cash and Cash Equivalents	512,634	424,631
	\$ 512,634	\$ 424,631
 Interest Paid During the Year	\$ 17,247	\$ 20,580

CITY OF GEORGE WEST
 COMPARATIVE STATEMENTS OF CASH FLOWS
 PROPRIETARY FUND – UTILITY SYSTEM (CONTINUED)
 FOR THE FISCAL YEARS ENDED SEPTEMBER 30, 2024 AND 2023

	2024	2023
Reconciliation of Operating Income to Net Cash		
Provided (Used) by Operating Activities:		
Operating Income (Loss)	\$ (128,220)	\$ (235,458)
Adjustments to Reconcile Operating Income to Net		
Cash Provided (Used) by Operating Activities:		
Depreciation	202,723	279,378
(Increase) Decrease in Operating Assets:		
Accounts Receivable, Net	19,102	27,515
Deferred OPEB Outflows	(151)	2,782
Deferred Pension Outflows	15,678	(27,149)
Increase (Decrease) in Current Liabilities:		
Accounts Payable	25,332	(4,143)
Accrued Wages	2,083	(362)
Compensated Absences	(3,865)	(1,931)
Customer Deposits	1,642	2,634
Deferred OPEB Inflows	(3,201)	6,882
Total OPEB Liability	1,975	645
Deferred Pension Inflows	9,675	(36,388)
Net Pension Liability	(35,061)	62,794
	235,932	312,657
 Net Cash Provided (Used) by Operating Activities	 \$ 107,712	 \$ 77,199







