

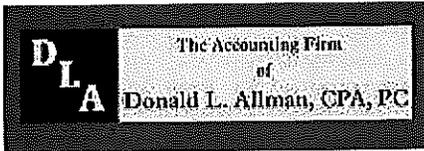
**CITY OF GIDDINGS, TEXAS**  
**Annual Financial Report**

**For the Year Ended**  
**September 30, 2022**

Donald, L. Allman, CPA, PC  
*Certified Public Accountant*  
*Georgetown, Texas*

**CITY OF GIDDINGS, TEXAS**  
**ANNUAL FINANCIAL REPORT**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2022**  
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Donald L. Allman, CPA, PC  
4749 Williams Drive, Ste. 322  
Georgetown, Texas 78633  
Email: dallman@donallmancpa.com

CERTIFIED PUBLIC ACCOUNTANT

### **Independent Auditor's Report**

To the Honorable Mayor and Members of the City Council  
City of Giddings, Texas

#### **Report on the Audit of the Financial Statements**

##### ***Opinions***

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Giddings, Texas as of and for the year ended September 30, 2022, and the related notes to the financial statements, which collectively comprise the City of Giddings, Texas' 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, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Giddings, Texas, as of September 30, 2022, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

##### ***Basis for Opinions***

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City of Giddings, 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 opinions.

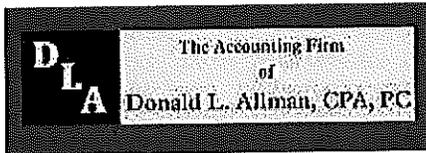
##### ***Responsibilities of Management for the Financial Statements***

Management is responsible for the preparation and fair presentation of the 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 Giddings, Texas' ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

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

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing



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### INDEPENDENT AUDITOR'S REPORT (Continued)

standards and *Government Auditing Standards* will always detect a material misstatement when it exists.

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

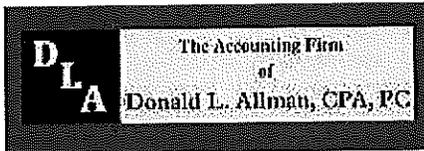
In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City of Giddings, Texas' 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 Giddings, Texas' ability to continue as a going concern for a reasonable period of time.

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

#### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 6-10 and 45-46 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with 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.



CERTIFIED PUBLIC ACCOUNTANT

## INDEPENDENT AUDITOR'S REPORT (Continued)

### ***Supplementary Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Giddings, Texas' basic financial statements. The accompanying combining and individual nonmajor fund financial statements and schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated May 16, 2023 on our consideration of the City of Giddings, Texas' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City of Giddings, Texas' internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City of Giddings, Texas' internal control over financial reporting and compliance.

A handwritten signature in black ink, appearing to read 'DLA'.

Donald L. Allman, CPA, PC

May 16, 2023  
Georgetown, Texas

<b>CITY OF GIDDINGS, TEXAS</b> <b>MANAGEMENT'S DISCUSSION AND ANALYSIS</b>
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## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

This section of the City of Giddings's annual financial report presents our discussion and analysis of the City's financial performance during the fiscal year ended September 30, 2022. Please read it in conjunction with the City of Giddings's financial statements, which follow this section.

### **FINANCIAL HIGHLIGHTS**

- For the year ended September 30, 2022, the City of Giddings increased its net position by \$1,831,100 for government-wide financial reporting. The General Fund had a net position increase of \$142,899 before transfers, and the Proprietary Fund had a net position increase of \$1,688,201 before transfers.
- For the year ended September 30, 2022, the City of Giddings increased its net position by \$997,295 for Governmental Funds accounting. Governmental funds accounting is the General Fund on more of a cash basis of reporting with fixed assets expensed rather than capitalized and depreciated.
- The City of Giddings reported total revenues of \$15,892,869 for the 2022 fiscal year, a \$2,153,902 increase over the prior year. Total expenses for the City of Giddings for fiscal year 2022 were \$14,061,769, an increase of \$2,115,459 over 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 types of statements that present different views of the City of Giddings.

- The first two statements are government-wide financial statements that provide both long-term and short-term information about the City of Giddings's overall financial status.
- The remaining statements are fund financial statements that focus on individual parts of the government, reporting the City of Giddings'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.

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.

## Government-wide Statements

The government-wide statements report information about the City of Giddings 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 of Giddings's net position and how they have changed. Net position – the difference between the City of Giddings's assets and liabilities – are one way to measure the City of Giddings's financial health or position. Over time, increases or decreases in the City of Giddings's net position are an indicator of whether its financial health is improving or deteriorating, respectively.

The government-wide financial statements of the City of Giddings include the *governmental activities* and *business-type activities*. *Governmental activities* are activities supported primarily by taxes and user charges. Most of the City of Giddings's basic services are included here, such as public safety, highways and streets, parks and recreation, planning, economic development, and general administration. *Business-type activities* are activities undertaken by the City that are operated much like a private business.

## FINANCIAL ANALYSIS OF THE CITY OF GIDDINGS AS A WHOLE

Our analysis here focuses on the net position (Table I) and changes in net position (Table II) of the City's governmental and business-type activities.

**Table A-1  
City's Net Position  
September 30, 2022**

	Governmental Activities		Business-type Activities		Total	
	2022	2021	2022	2021	2022	2021
Current and Other Assets	\$4,147,039	\$4,339,083	\$3,579,665	\$3,647,518	\$7,726,704	\$7,986,601
Capital Assets, net	6,335,495	5,521,844	12,851,211	13,084,534	19,186,706	18,606,378
Internal Balances	408,050	408,050	(408,050)	(408,050)	-	-
<b>Total Assets:</b>	<b>10,890,584</b>	<b>10,268,977</b>	<b>16,022,826</b>	<b>16,324,002</b>	<b>26,913,410</b>	<b>26,592,979</b>
Total Deferred Outflows	725,218	450,761	326,247	237,329	1,051,465	688,090
Other Liabilities	664,826	499,284	1,058,776	717,407	1,723,602	1,216,691
Net Pension Liability	1,076,089	1,536,319	348,628	497,733	1,424,717	2,034,052
Long-term Liabilities	1,699,371	2,344,777	5,823,138	7,319,543	7,522,509	9,664,320
<b>Total Liabilities</b>	<b>3,440,286</b>	<b>4,380,380</b>	<b>7,230,542</b>	<b>8,534,683</b>	<b>10,670,828</b>	<b>12,915,063</b>
Total Deferred Inflows	1,339,233	510,716	433,883	165,460	1,773,116	676,176
Net Position:						
Net Investment in Capital Assets	3,646,770	3,624,384	6,456,638	6,942,598	10,103,408	10,566,982
Restricted	1,144,127	1,107,118	918,205	-	2,062,332	1,107,118
Unrestricted	2,045,386	1,097,140	1,309,805	918,590	3,355,191	2,015,730
<b>Total Net Position</b>	<b>6,836,283</b>	<b>5,828,642</b>	<b>8,684,648</b>	<b>7,861,188</b>	<b>15,520,931</b>	<b>13,689,830</b>

**Table A-2**  
**Changes in City's Net Position**  
**September 30, 2022**

	Governmental Activities		Business-type Activities		Total	
	2022	2021	2022	2021	2022	2021
<b>Program Revenues</b>						
Charges for Services	\$ 695,080	\$ 554,316	\$ 9,393,267	\$ 8,506,268	\$ 10,088,347	\$ 9,060,58
Operating grants/donations	14,090	828,170	-	30,000	14,090	858,17
Capital grants	632,979	-	-	-	632,979	
General Revenues						
Ad Valorem Taxes	1,942,694	1,944,102	-	-	1,942,694	1,944,10
Sales Tax	1,565,116	1,355,763	-	-	1,565,116	1,355,76
Franchise Taxes	656,288	308,217	-	-	656,288	308,21
Hotel / Motel Occupancy Tax	255,287	-	-	-	255,287	
Oil royalties	23,262	-	-	-	23,262	
Interest Income	23,036	26,027	23,362	22,879	46,398	48,90
Gain/(loss) on Sale of Assets	21,349	-	-	-	21,349	
Other	362,183	6,088	284,876	157,137	647,059	163,22
<b>Total Revenues</b>	<u>6,191,364</u>	<u>5,022,683</u>	<u>9,701,505</u>	<u>8,716,284</u>	<u>15,892,869</u>	<u>13,738,90</u>
<b>Program Expenses</b>						
General Government	1,553,251	1,493,318	-	-	1,553,251	1,493,31
Public Safety & Court	2,806,062	2,284,373	-	-	2,806,062	2,284,37
Highways & Streets	482,308	425,897	-	-	482,308	425,89
Culture & Recreational	1,141,783	1,015,598	-	-	1,141,783	1,015,59
Interest on LT Debt	65,061	81,047	188,833	185,847	253,894	266,89
Enterprise Activities	-	-	7,824,471	6,460,230	7,824,471	6,460,23
<b>Total Expenses</b>	<u>6,048,465</u>	<u>5,300,233</u>	<u>8,013,304</u>	<u>6,646,077</u>	<u>14,061,769</u>	<u>11,946,31</u>
Increase (Decrease) in Net Position Before Transfers	142,899	(277,550)	1,688,201	2,070,207	1,831,100	1,792,61
Transfers In (Out)	864,742	1,686,450	(864,742)	(1,686,450)	-	
Change in Net Position	<u>1,007,641</u>	<u>1,408,900</u>	<u>823,459</u>	<u>383,757</u>	<u>1,831,100</u>	<u>1,792,61</u>
Net Position - Beginning	5,828,642	4,419,742	7,861,188	7,477,431	13,689,830	11,897,17
Net Position - Ending	<u>\$ 6,836,283</u>	<u>\$ 5,828,642</u>	<u>\$ 8,684,647</u>	<u>\$ 7,861,188</u>	<u>\$ 15,520,930</u>	<u>\$ 13,689,83</u>

## Governmental Activities

The City of Giddings's primary revenue sources are sales, and property taxes. These revenue sources made up approximately 57% of governmental fund revenues for fiscal year 2021/2022.

The City of Giddings's various departmental expenditures totaled \$5,983,404 for the year ended September 30, 2022. The majority of the costs for the City's governmental activities were related to public safety and to other general governmental costs.

## Business-Type Activities

Electricity Fees were \$5,846,095, Water/Wastewater service charges were \$2,470,206, and Sanitation fees were \$1,076,966 for fiscal year 2022. Expenses for Electricity were \$4,771,854, Water & Wastewater service and sludge disposal were \$1,962,549 and Sanitation expenses were \$1,055,462. Revenues increased \$985,221 or 11%. Expenses increased \$1,367,227 or 20%.

## CAPITAL ASSETS AND DEBT ADMINISTRATION

### Capital Assets

At year end, the City of Giddings had invested \$5,244,249 in a broad range of capital assets for its governmental activities, including land, equipment and buildings (see Table III below). This amount is net of accumulated depreciation and represents a decrease of approximately \$(277,595) over the prior year. The change during the year primarily reflects improvements made and depreciation expense on assets placed in service. Business-type activities had invested \$12,851,211 in land and water/wastewater system infrastructure, net of accumulated depreciation. The decrease of \$(233,323) reflects expenditures made for water system improvements less depreciation.

**Table A-3**  
**City's Capital Assets**  
**(In thousands of dollars)**

	Governmental Activities		Business-type Activities		Total	
	2022	2021	2022	2021	2022	2021
Capital Assets						
Land	\$ 1,615,098	\$ 1,615,098	\$ 2,019,090	\$ 2,019,090	\$ 3,634,188	\$ 3,634,188
Construction in Progress	-	-	-	-	-	-
Buildings and Improvements	6,079,897	6,079,897	-	-	6,079,897	6,079,897
Infrastructure	4,369,708	4,319,339	23,736,520	23,736,520	28,106,228	28,055,859
Machinery, Equipment and Vehicles	3,523,978	3,440,536	4,286,899	4,068,104	7,810,877	7,508,640
<b>Total Capital Assets</b>	<b>15,588,681</b>	<b>15,454,870</b>	<b>30,042,509</b>	<b>29,823,714</b>	<b>45,631,190</b>	<b>45,278,584</b>
Less Accumulated Depreciation:						
Buildings and Improvements	(3,382,266)	(3,190,375)	-	-	(3,382,266)	(3,190,375)
Infrastructure	(3,820,825)	(3,730,766)	(15,434,425)	(15,066,800)	(19,255,250)	(18,797,566)
Machinery, Equipment and Vehicles	(3,141,341)	(3,011,885)	(1,756,873)	(1,672,380)	(4,898,214)	(4,684,265)
<b>Total Accumulated Depreciation</b>	<b>(10,344,432)</b>	<b>(9,933,026)</b>	<b>(17,191,298)</b>	<b>(16,739,180)</b>	<b>(27,535,730)</b>	<b>(26,672,206)</b>
<b>Net Capital Assets</b>	<b>\$ 5,244,249</b>	<b>\$ 5,521,844</b>	<b>\$ 12,851,211</b>	<b>\$ 13,084,534</b>	<b>\$ 18,095,460</b>	<b>\$ 18,606,378</b>

## Long Term Debt

Long-term debt at year end for governmental activities consisted of Bonds Payable and deferred premiums totaling \$1,663,706. Business-type activities long-term debt consisted of bonds payable and deferred premiums totaling \$6,394,573 which are related to the construction of the City's water/wastewater treatments. A summary of long-term debt is as follows:

**Table A-4**  
**City's Long-Term Debt**  
**(In thousands of dollars)**

	Governmental Activities		Business-type Activities		Total		Change 2022-2021
	2022	2021	2022	2021	2022	2021	
Long Term - Debt							
Bonds	\$ 1,597,479	\$ 1,919,967	\$ 6,092,020	\$ 6,814,532	\$ 7,689,499	\$ 8,734,499	(1,045,000)
Deferred Premiums	66,227	73,586	302,553	334,200	368,780	407,786	(39,006)
Leases Payable	-	-	-	-	-	-	-
<b>Total Long-Term Debt</b>	<b>\$ 1,663,706</b>	<b>\$ 1,993,553</b>	<b>\$ 6,394,573</b>	<b>\$ 7,148,732</b>	<b>\$ 8,058,279</b>	<b>\$ 9,142,285</b>	<b>\$ (1,084,006)</b>

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

The City of Giddings has adopted an overall expenditure budget for FY2021/2022 totaling \$14,642,562 with overall revenues of \$14,727,179. Property tax rates for FY 2021/2022 per \$100 property valuation are \$0.5188 with no change from the prior year.

## CONTACTING THE CITY OF GIDDINGS'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 of Giddings's finances and to demonstrate the City of Giddings's accountability for the money it receives. If you have questions about this report or need additional financial information contact the City of Giddings' Finance Department at 118 East Richmond Street, Giddings, TX 78942.



**GOVERNMENT-WIDE STATEMENTS**

**CITY OF GIDDINGS, TEXAS  
STATEMENT OF NET POSITION  
SEPTEMBER 30, 2022**

	Governmental Activities	Business-Type Activities	Total	Component Unit Giddings EDC
<b>Assets</b>				
Cash and equivalents	\$ 2,513,000	\$ 1,480,264	\$ 3,993,264	\$ 1,610,462
Receivables (net of allowance for uncollectibles):				
Taxes	100,348	-	100,348	-
Accounts	305,285	1,004,360	1,309,645	240,000
Due from Proprietary Fund	408,050	-	408,050	-
Due from Component unit	32,809	-	32,809	-
Inventory	6,340	166,509	172,849	-
Prepaid Expenses	45,130	10,327	55,457	-
Restricted assets:				
Cash and equivalents	1,144,127	918,205	2,062,332	-
Investment in Joint Venture	1,091,246	-	1,091,246	-
Capital assets:				
Non-depreciable	1,615,098	2,019,090	3,634,188	2,452,076
Depreciable, net	3,629,151	10,832,121	14,461,272	1,069,453
<b>Total assets</b>	<b>10,890,584</b>	<b>16,430,876</b>	<b>27,321,460</b>	<b>5,371,991</b>
<b>Deferred outflows of resources</b>				
Deferred Charge on bond refunding	96,596	122,588	219,184	-
Deferred amounts related to pensions	628,622	203,659	832,281	-
<b>Total deferred outflows of resources</b>	<b>725,218</b>	<b>326,247</b>	<b>1,051,465</b>	<b>-</b>
<b>Liabilities</b>				
Accounts payable	218,344	140,995	359,339	-
Salaries payable	42,413	-	42,413	-
Other accrued liabilities	29,421	8,597	38,018	8,615
Due to General Fund	-	408,050	408,050	32,809
Deposits	46,101	162,731	208,832	-
Long-term liabilities:				
Due within one year:				
Capital lease payable	-	-	-	-
Notes payable	-	-	-	-
Bonds payable	328,547	746,453	1,075,000	136,845
Due in more than one year:				
Compensated absences	124,736	97,435	222,171	-
Capital lease payable	-	-	-	-
Bonds payable	1,268,932	5,648,120	6,917,052	955,537
Deferred Amount Premium	66,227	-	66,227	-
Net pension liability - TMRS	1,076,089	348,628	1,424,717	-
Net OPEB Liability	239,476	77,583	317,059	-
-	-	-	-	-
<b>Total liabilities</b>	<b>3,440,286</b>	<b>7,638,592</b>	<b>11,078,878</b>	<b>1,133,806</b>
<b>Deferred inflows of resources</b>				
Deferred amounts related to pensions	1,339,233	433,883	1,773,116	-
<b>Total deferred inflows of resources</b>	<b>1,339,233</b>	<b>433,883</b>	<b>1,773,116</b>	<b>-</b>
<b>Net Position</b>				
Net investment in capital assets	3,646,770	6,456,638	10,103,408	2,429,147
Restricted for:				
Contingency	139,079	-	139,079	-
Municipal Court	85,027	-	85,027	-
Law Enforcement	49,813	-	49,813	-
Debt Service	385,171	918,205	1,303,376	-
Tourism-Hotel Motel	260,940	-	260,940	-
Special Revenue funds	224,097	-	224,097	-
Economic development	-	-	-	1,809,038
Unrestricted	2,045,386	1,309,805	3,355,191	-
<b>Total net position</b>	<b>\$ 6,836,283</b>	<b>\$ 8,684,648</b>	<b>\$ 15,520,931</b>	<b>\$ 4,238,185</b>

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

**CITY OF GIDDINGS, TEXAS  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED SEPTEMBER 30, 2022**

Net (Expenses) Revenues  
and Changes in Net Position

Program Activities	Program Revenues				Primary Government				Component Units	
	Expenses	Fees, Fines and Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	T total	Giddings EDC		
<b>Primary government:</b>										
Governmental activities:										
General government	\$ 1,553,251	\$ 132,839	\$ -	\$ 632,979	\$ (787,433)	\$ -	\$ (787,433)	\$ -		
Public safety & Court	2,806,062	423,898	3,090	-	(2,379,074)	-	(2,379,074)	-		
Highways and streets	482,308	-	-	-	(482,308)	-	(482,308)	-		
Culture and recreation	1,141,783	138,343	11,000	-	(992,440)	-	(992,440)	-		
Interest on long-term debt	253,894	-	-	-	(65,061)	(188,833)	(253,894)	-		
Total governmental activities	6,237,298	695,080	14,090	632,979	(4,706,316)	(188,833)	(4,895,149)	-		
Business-type activities:										
Water	1,317,451	1,510,010	-	-	-	192,559	192,559	-		
Electric	4,771,854	5,846,095	-	-	-	1,074,241	1,074,241	-		
Sewer	645,098	960,196	-	-	-	315,098	315,098	-		
Refuse	1,055,462	1,076,966	-	-	-	21,504	21,504	-		
Pension/OPEB expenses	34,606	-	-	-	-	(34,606)	-	-		
Total business-type activities	7,824,471	9,393,267	-	-	-	1,568,796	1,568,796	-		
Total primary government	14,061,769	10,088,347	14,090	632,979	(4,706,316)	1,379,963	(3,326,353)	-		
Component units:										
Giddings Economic Development Corporation	444,984	-	-	-	-	-	-	(444,984)		
	\$ 444,984	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (444,984)		
<b>General revenues:</b>										
Taxes										
Property taxes					1,942,694	-	1,942,694	-		
Sales taxes					1,565,116	-	1,565,116	680,704		
Franchise fees					656,288	-	656,288	-		
Hotel/motel occupancy & mixed beverage tax					255,287	-	255,287	-		
Oil Royalties					23,262	-	23,262	-		
Investment earnings					23,036	23,362	46,398	23,479		
Gain (loss) on disposal of capital assets					21,349	-	21,349	-		
Miscellaneous					362,183	284,876	647,059	42		
Transfers					864,742	(864,742)	-	-		
Total general revenues and transfers					5,713,957	(56,504)	5,157,453	704,225		
Change in net position					1,007,641	823,459	1,831,100	259,241		
Net position at beginning of the year, as previously reported					5,828,642	7,861,188	13,689,830	3,978,944		
Net position at end of year					\$ 6,836,283	\$ 8,684,647	\$ 15,520,930	\$ 4,238,185		

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**FUND FINANCIAL STATEMENTS**

**CITY OF GIDDINGS, TEXAS  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
SEPTEMBER 30, 2022**

	General	Debt Service	TDEM COVID	Total Nonmajor Funds	Total Governmental Funds
<b>Assets</b>					
Cash and equivalents	\$ 944,810	218,769	\$ 1,303,151	\$ 1,051,318	\$ 3,518,048
Receivables:					
Taxes	61,159	39,189			100,348
Accounts	255,844			49,441	305,285
Inventory	6,340				6,340
Prepaid Expense	45,130				45,130
Due from other funds	6,720	408,050		-	414,770
Due from Component Unit	32,809			-	32,809
Restricted assets:					-
Cash and equivalents	139,079			-	139,079
<b>Total assets</b>	<b>\$ 1,491,891</b>	<b>666,008</b>	<b>\$ 1,303,151</b>	<b>\$ 1,100,759</b>	<b>\$ 4,561,809</b>
<b>Liabilities</b>					
Accounts payable	\$ 108,952			\$ 109,392	\$ 218,344
Salaries/Payroll taxes payable	42,413			-	42,413
Accrued liabilities	23,500	5,921		-	29,421
Deposits	46,101			-	46,101
Due to other funds	-	6,720			6,720
<b>Total liabilities</b>	<b>220,966</b>	<b>12,641</b>	<b>-</b>	<b>109,392</b>	<b>342,999</b>
<b>Deferred Inflows of Resources</b>					
Unavailable revenue-property taxes	61,159	39,189		-	100,348
<b>Fund Balances</b>					
Nonspendable:					
Inventory	6,340				6,340
Prepaid expenses	45,130			-	45,130
Restricted for:					
Debt service	-	614,178		-	614,178
Contingency	139,079			-	139,079
Municipal Court	-			85,027	85,027
Hotel motel	-			260,940	260,940
Law Enforcement	-			49,813	49,813
Committed for:					
Capital Projects	-			371,490	371,490
Special Revenue			1,303,151	224,097	1,527,248
Unassigned reported in:					
General fund	1,019,217			-	1,019,217
<b>Total fund balances</b>	<b>1,209,766</b>	<b>614,178</b>	<b>1,303,151</b>	<b>991,367</b>	<b>4,118,462</b>
<b>Total Liabilities, deferred inflows and Fund Balances</b>	<b>\$ 1,491,891</b>	<b>666,008</b>	<b>\$ 1,303,151</b>	<b>\$ 1,100,759</b>	<b>\$ 4,561,809</b>

The notes to the Financial Statements are an integral of this statement.

**CITY OF GIDDINGS, TEXAS**  
**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE**  
**STATEMENT OF NET POSITION**  
**SEPTEMBER 30, 2022**

Fund balances - total governmental funds		4,118,462
<p>Amounts reported for governmental activities in the Statement of Net Position are different because:</p>		
<p>Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds:</p>		
Governmental capital assets	15,588,681	
Less accumulated depreciation	10,344,432	5,244,249
<p>Certain tax receivables are not available to pay for current period expenditures and are not reported in the governmental funds balance sheet.</p>		
		100,348
<p>Investment in Airport Joint Venture not included in Governmental Funds</p>		
		1,091,246
<p>Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental funds balance sheet.</p>		
		-
Compensated absences	(124,736)	
Capital lease & Note payable	(66,227)	
Net OPEB Liability	(239,476)	
Bonds Payable	(1,597,479)	
Net pension liability - TMRS	(1,076,089)	
	-	(3,104,007)
<p>Certain deferred inflows and outflows of resources are not reported in the governmental funds.</p>		
Deferred outflows related to pensions	725,218	
Deferred inflows related to pensions	(1,339,233)	(614,015)
Net position of governmental activities		\$ 6,836,283

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

**CITY OF GIDDINGS, TEXAS**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2022**

	General	Debt Service	TDEM Covid	Total Nonmajor Funds	Total Governmental Funds
<b>Revenues:</b>					
Taxes					
Property	\$ 1,931,191			\$ -	\$ 1,931,191
Sales	1,565,116			-	1,565,116
Franchise fees	656,288			-	656,288
Hotel/motel occupancy	-			219,873	219,873
Park revenues	138,343			-	138,343
Licenses and permits	132,839			-	132,839
Oil royalties	23,262			-	23,262
Fines	364,679			59,219	423,898
Investment income	4,343	2,420	7,674	8,597	23,034
Grants and contributions	-		632,979	3,090	636,069
Miscellaneous	447,502		1,248	-	448,750
Total revenues	<u>5,263,563</u>	<u>2,420</u>	<u>641,901</u>	<u>290,779</u>	<u>6,198,663</u>
<b>Expenditures</b>					
<b>Current:</b>					
General government	1,289,802			185,600	1,475,402
Public safety	2,581,213			31,231	2,612,444
Highways and streets	402,488			-	402,488
Culture and recreation	1,047,057			-	1,047,057
Capital outlay	133,811			-	133,811
<b>Debt service:</b>					
Principal	7,359	322,488		-	329,847
Interest and fiscal charges	-	65,061		-	65,061
Total expenditures	<u>5,461,730</u>	<u>387,549</u>		<u>216,831</u>	<u>6,066,110</u>
Excess (deficiency) of revenues over (under) expenditures	(198,167)	(385,129)	641,901	73,948	132,553
<b>Other financing sources (uses)</b>					
Transfers in	864,742	396,934		133,940	1,395,616
Transfers out	(324,067)		(206,807)	-	(530,874)
Total other financing sources (uses)	<u>540,675</u>	<u>396,934</u>	<u>(206,807)</u>	<u>133,940</u>	<u>864,742</u>
Net change in fund balances	342,508	11,805	435,094	207,888	997,295
Fund balances at beginning of year	867,258	602,373	868,057	783,479	3,121,167
Fund balances at end of year	<u>1,209,766</u>	<u>614,178</u>	<u>1,303,151</u>	<u>991,367</u>	<u>4,118,462</u>

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

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

Net change in fund balances - total governmental funds \$ 997,295

because:

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of these assets is allocated over their estimated useful lives and reported as depreciation expense:

Expenditures for capital assets	133,811	
Depreciation of capital assets	(411,406)	(277,595)

Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds and are instead deferred. This amount represents the net change in unavailable tax revenue. (11,503)

Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds. (93,647)

Change in investment joint venture

Net Pension expense, net OPEB expense, net increase or decrease in deferred outflows of resources, and increase or decrease in deferred inflows of resources are not recognized in governmental funds accounting. 63,244

Bond, loan and lease principal payments aren't expenses for government wide financial statements 329,847

Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not included as expenditures in governmental funds.

	-
Change in net position of governmental activities	\$ 1,007,641

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

**CITY OF GIDDINGS, TEXAS  
STATEMENT OF NET POSITION  
PROPRIETARY FUNDS  
SEPTEMBER 30, 2022**

	Electric Fund	Water Fund	Sewer Fund	Refuse Fund	Total
<b>Assets</b>					
Current assets					
Cash and equivalents	270,588	\$ 2,013,076	\$ 60,333	\$ 54,472	\$ 2,398,469
Accounts receivable (net)	629,106	167,283	95,853	112,118	1,004,360
Inventory	99,413	50,322	16,774	-	166,509
Prepaid Expense		10,327	-	-	10,327
Due to other funds		8,812	-	-	8,812
Total current assets	999,107	2,249,820	172,960	166,590	3,588,477
Capital assets:					
Land	499,693	679,913	839,484	-	2,019,090
Machinery, Equipment, Vehicles	671,368	1,152,306	478,413	-	2,302,087
Distribution and collection systems	3,894,024	14,032,026	7,795,280	-	25,721,330
Less: accumulated depreciation	(3,954,957)	(7,090,456)	(6,145,883)	-	(17,191,296)
Capital assets, net	1,110,128	8,773,789	2,967,294	-	12,851,211
Total assets	2,109,235	11,023,609	3,140,254	166,590	16,439,688
<b>Deferred outflows of resources</b>					
Less on bond refunding	4,375	111,563	6,650	-	122,588
Deferred amounts related to pensions	99,374	69,995	34,290	-	203,659
Total deferred outflows of resources	103,749	181,558	40,940	-	326,247
<b>Liabilities</b>					
Current liabilities:					
Accounts payable	22,079	16,794	11,445	90,677	140,995
Other accrued liabilities	3,790	2,032	2,775	-	8,597
Customer deposits payable	133,448	29,283	-	-	162,731
Due to other funds	394,212	22,650	-	-	416,862
Long-term debt, current	64,516	467,645	214,292	-	746,453
Total current liabilities	618,045	538,404	228,512	90,677	1,475,638
Long-term liabilities:					
Compensated Absences	38,604	32,254	26,577	-	97,435
Long-term debt, net	236,754	3,777,989	1,633,377	-	5,648,120
Net OPEB Liability	37,857	26,664	13,062	-	77,583
Net pension liability	170,111	119,819	58,698	-	348,628
Total long-term liabilities	483,326	3,956,726	1,731,714	-	6,171,766
Total liabilities	1,101,371	4,495,130	1,960,226	90,677	7,647,404
<b>Deferred inflows of resources</b>					
Deferred amounts related to pensions	211,710	149,119	73,054	-	433,883
Total deferred inflows of resources	211,710	149,119	73,054	-	433,883
<b>Net Position</b>					
Net investment in capital assets	808,858	4,528,155	1,119,625	-	6,456,638
Restricted for Debt Service		918,205			918,205
Unrestricted	91,045	1,114,558	28,289	75,913	1,309,805
Total net position	899,903	\$ 6,560,918	\$ 1,147,914	\$ 75,913	\$ 8,684,648

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

**CITY OF GIDDINGS, TEXAS**  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION**  
**PROPRIETARY FUNDS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2022**

	Electric Fund	Water Fund	Sewer Fund	Refuse Fund	Total
Operating revenues:					
Charges for sales and services:					
Water sales		\$ 1,424,163		\$ -	\$ 1,424,163
Electric sales	5,594,223	-		-	5,594,223
Sewer charges		-	932,646	-	932,646
Sanitation		-		1,075,212	1,075,212
Tap fees		36,575	27,550	-	64,125
Penalties	109,850	-		-	109,850
Miscellaneous revenue	142,022	49,272		1,754	193,048
Total operating revenues	<u>5,846,095</u>	<u>1,510,010</u>	<u>960,196</u>	<u>1,076,966</u>	<u>9,393,267</u>
Operating expenses:					
Wholesale utilities	3,461,283			-	3,461,283
Water department		118,488		-	118,488
Electric department	592,198	-		-	592,198
Sewer department		-	135,846	-	135,846
Sanitation department		-		1,027,558	1,027,558
Administrative and billing	573,312	554,160	311,805	27,904	1,439,277
Repairs, Utilities, Miscellaneous	111,374	322,502	101,317	-	535,193
Depreciation and amortization	33,687	322,301	96,130	-	452,118
Total operating expenses	<u>4,771,854</u>	<u>1,317,451</u>	<u>645,098</u>	<u>1,055,462</u>	<u>3,018,011</u>
Operating income (loss)	<u>1,074,241</u>	<u>192,559</u>	<u>315,098</u>	<u>21,504</u>	<u>529,161</u>
Nonoperating revenues (expense):					
Investment income	1,766	20,248	857	491	23,362
Other income/(expense)	26,566	317,134	(93,429)	-	223,705
Interest expense	(13,054)	(113,093)	(62,686)	-	(188,833)
Total nonoperating revenues (expense)	<u>15,278</u>	<u>224,289</u>	<u>(155,258)</u>	<u>-</u>	<u>(163,159)</u>
Income (loss) before transfers	1,089,519	416,848	159,840	21,995	1,688,202
Transfers in		272,208		-	272,208
Transfers out	(829,000)	(257,600)	(20,350)	(30,000)	(1,136,950)
Total other financing sources (uses)	<u>(829,000)</u>	<u>14,608</u>	<u>(20,350)</u>	<u>(30,000)</u>	<u>(864,742)</u>
Change in net position	260,519	431,456	139,490	(8,005)	823,460
Net position, beginning of year,	639,384	6,129,462	1,008,424	83,918	7,861,188
		-		-	-
Net position, beginning of year, as restated	<u>639,384</u>	<u>6,129,462</u>	<u>1,008,424</u>	<u>83,918</u>	<u>7,861,188</u>
Net position, end of year	<u>899,903</u>	<u>\$ 6,560,918</u>	<u>\$ 1,147,914</u>	<u>\$ 75,913</u>	<u>\$ 8,684,648</u>

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

**CITY OF GIDDINGS, TEXAS**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUNDS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2022**

	Electric Fund	Water Fund	Sewer Fund	Refuse Fund	Total
Cash flows from operating activities:					
Cash received from customers	5,920,002	1,513,250	966,894	1,092,732	9,492,878
Cash payments to suppliers for goods and services	(4,588,807)	(752,174)	(419,282)	(1,032,476)	(6,792,739)
Cash payments to employees for services	(362,458)	(266,968)	(136,139)	-	(765,565)
Net cash provided by (used in) operating activities	968,737	494,108	411,473	60,256	965,837
Cash flows from non-capital financing activities					
Transfers in		272,208		-	272,208
Transfers out	(829,000)	(257,600)	(20,350)	(30,000)	(307,950)
Net cash provided by (used in)	(829,000)	14,608	(20,350)	(30,000)	(35,742)
Cash flows from capital					
Acquisition of capital assets	(29,346)	(141,406)	(48,043)	-	(218,795)
Other expense	(13,054)	(113,093)	(93,429)	-	(206,522)
Other income	26,566	317,134	-	-	317,134
Interest paid	(11,071)	(113,500)	(64,262)	-	(188,833)
Principal payments	(62,696)	(453,175)	(206,641)	-	(722,512)
Non-cash adjustments	(34,058)	36,540	(51,775)	(16,454)	(65,747)
Net cash provided by (used in) capital and related financing activities	(123,659)	(467,500)	(464,150)	(16,454)	(948,104)
Cash flows from investing activities:					
Interest on cash and investments	1,766	20,248	857	491	23,362
Net increase (decrease) in cash and equivalents	17,844	61,464	(72,170)	14,293	3,587
Cash and equivalents, beginning of year	252,744	1,951,612	132,503	40,179	2,377,038
Cash and equivalents, end of year	270,588	\$ 2,013,076	\$ 60,333	\$ 54,472	\$ 2,398,469

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

**CITY OF GIDDINGS, TEXAS  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
FOR THE YEAR ENDED SEPTEMBER 30, 2022**

	Electric Fund	Water Fund	Sewer Fund	Refuse Fund	Total
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:					
Operating income (loss)	1,074,241	\$ 192,559	\$ 315,098	\$ 21,504	\$ 1,603,402
Adjustments to reconcile to net cash provided by operating activities:					
Depreciation and amortization	33,687	322,301	96,130	-	452,118
Bad debt expense	103,777	20,540	19,476	16,454	160,247
Increase (decrease) in cash resulting from changes in assets and liabilities:					
Accounts receivable	73,907	3,240	6,698	15,766	99,611
Inventory		-	-	-	-
Prepaid Expense		(10,327)		-	(10,327)
Other assets		-		-	-
Restricted Cash		-		-	-
Accounts payable	(353,373)	(40,981)	(29,334)	6,532	(417,156)
Accrued liabilities	3,036	(8,218)	(2,422)	-	(7,604)
Due to other funds		-		-	-
Due to component units		-		-	-
Customer deposits	16,576	3,100	-	-	19,676
Liability for compensated absences		-		-	-
Net Opeb Liability	2,053	1,446	708		4,207
Deferred outflows	(43,387)	(30,560)	(14,971)		(88,918)
Net pension liability	(72,755)	(51,245)	(25,105)	-	(149,105)
Deferred inflows related to pensions	130,975	92,253	45,195	-	268,423
Net cash provided by (used in) operating activities	<u>968,737</u>	<u>\$ 494,108</u>	<u>\$ 411,473</u>	<u>\$ 60,256</u>	<u>\$ 1,934,574</u>

**NOTES TO THE FINANCIAL STATEMENTS**

**CITY OF GIDDINGS, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED SEPTEMBER 30, 2022**

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. REPORTING ENTITY**

The City of Giddings, Texas (the "City") is a home rule municipality incorporated in 1913 organized and existing under the provisions of the Constitution of the State of Texas. The City operates under a Mayor and City council ("Council") form of government and provides the following services: public safety, highways and streets, parks and recreation, planning, economic development, electricity, wastewater and general administrative services.

The accompanying financial statements include one component unit: the Giddings Economic Development Corporation ("GEDC"). Fulfillment of their corporate purposes is all to be done and accomplished on behalf of the City and for its benefit.

The GEDC has a separate board of directors and does not meet any of the criteria for blending.

The component unit is accounted for as a discretely presented component unit of the City.

**B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS**

The Statement of Net Position and the Statement of Activities are government-wide financial statements. They report information on all of the City's and EDC's activities with most of the inter-fund activities removed. Governmental activities include programs supported primarily by taxes and permits, licenses and donations. Business-type activities include operations that rely to a significant extent on fees and charges for support.

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

All inter-fund transactions between governmental funds are eliminated on the government-wide statements. Inter-fund activities between governmental funds and proprietary funds are not eliminated and appear on the government-wide Statement of Net Position, the Governmental Fund Balance Sheet, and Proprietary Fund Statement of Net Position as due to/due from other.

The fund statements provide reports on the financial condition and results of operations for three fund categories; governmental funds, proprietary funds, and fiduciary funds, although the City currently has no fiduciary funds. Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues result from providing goods and services in connection with a proprietary fund's ongoing operations. All other revenues are non-operating. Operating expenses can be tied specifically to the production of the goods and services, such as materials and labor and direct overhead. Other expenses are non-operating.

**CITY OF GIDDINGS, TEXAS  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED SEPTEMBER 30, 2022**

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**C. MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION**

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are proprietary fund and the fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. With this measurement focus, only current assets, current liabilities and fund balances are included on the balance sheet. Operating statements of these funds present net increases and decreases in current assets (i.e., revenues and other financing sources and expenditures and other financing uses).

The modified accrual basis of accounting recognizes revenues in the accounting period in which they become both measurable and available, and it recognizes expenditures in the accounting period in which the fund liability is incurred, if measurable. However, debt service expenditures as well as expenditures related to compensated absences, are recorded only when payment is due.

Sales taxes, franchise taxes, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenues are considered to be measurable and available only when cash is received by the City.

Grant funds are considered to be earned to the extent of expenditures made under the provisions of the grant. Accordingly, when such funds are received, they are recorded as deferred revenues until related and authorized expenditures have been made. If balances have not been expended by the end of the project period, grantors sometimes require the City to refund all or part of the unused amount.

Proprietary Fund Types are accounted for on a flow of economic resources measurement focus and utilize the accrual basis of accounting. This basis of accounting recognizes revenues in the accounting period in which they are earned and become measurable and expenses in the accounting period in which they are incurred and become measurable. The City applies all GASB pronouncements as well as the Financial Accounting standards Board pronouncements issued on or before November 30, 1989, unless these pronouncements conflict or contradict GASB pronouncements. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the Statement of Net Position. The fund equity is segregated into net investment in capital assets, restricted net position, and unrestricted net position.

**CITY OF GIDDINGS, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED SEPTEMBER 30, 2022**

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**D. FUND ACCOUNTING**

The City reports the following major governmental funds:

- **General Fund** – The General Fund is the City’s primary operating fund. It is used to account for all financial resources of the general government except those required to be accounted for in another fund.
- **Debt Service Fund** – The Debt Service Fund includes debt service taxes and other revenues collected to retire bond principal and to pay interest due.
- **Capital Projects Fund** – The Capital Projects Fund is used to account for the City’s capital projects, including the construction of the City’s water/wastewater collection and treatment system.

The City reports the following major proprietary/enterprise fund:

- **Water Fund** – The City accounts for water services provided to customers in the Water Fund.
- **Electric Fund** – The City accounts for electricity services provided to customers in the Electric Fund.
- **Sewer Fund** – The City accounts for wastewater collection and wastewater treatment services provided to customers in the Sewer Fund.
- **Refuse Fund** – The City accounts for sanitation services provided to customers in the Refuse Fund.

**E. OTHER ACCOUNTING POLICIES**

**Accrued Compensated Absences** – The City has recorded the value of earned but unused compensated absences (vacation and comp time) from its governmental fund activities by employees as an accrued liability in the Statement of Net Position. The annual budgets of the operating funds provide funding for these benefits as they become payable and costs are expenses as the liability is liquidated. There was a balance of \$ 8,790 in accrued compensated absences at September 30, 2022 related to the City’s governmental fund activities. There was no compensated absences liability for proprietary fund activities at September 30, 2022.

**Deposits and Investments** – State statutes authorize the City to invest in U.S. Treasury and agency securities, commercial paper, money market mutual funds, bankers’ acceptances, repurchase agreements, and government investment pools. The City’s local investment policy allows the City to invest in obligations of the United States government, certificates of deposit, certain mutual funds, and certain statewide investment pools. Investments for the City are reported at fair value. Investments at September 30, 2022 all consisted of certificates of deposit at local banks. All investments are considered to be Level 2 investments.

**Receivables and Payables** – All outstanding balances between funds are reported as “due to/from other funds.” All accounts receivable are shown net of an allowance for uncollectibles.

**Inventories** – The City generally does not report inventories of supplies such as consumable maintenance and operating items due to the value of these items on hand at any given date being deemed immaterial to the financial statements.

**Property Taxes** - Property taxes are levied by October 1<sup>st</sup> on the assessed value listed as of the prior January 1<sup>st</sup> for all real and business personal property in conformity with the Texas Property Tax Code. Taxes are due on receipt of the tax bill and are delinquent if not paid before February 1<sup>st</sup> of the year following the year in which imposed. On January 1<sup>st</sup> of each year, a tax lien attaches to property to secure the payment of all taxes, penalties, and interest ultimately imposed.

**CITY OF GIDDINGS, TEXAS  
 NOTES TO FINANCIAL STATEMENTS  
 YEAR ENDED SEPTEMBER 30, 2022**

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**E. OTHER ACCOUNTING POLICIES (Continued)**

**Property Taxes (Continued)** – Property tax revenues are considered available when they become due or past due and receivable within the current period.

**Capital Assets** – Capital assets which include leasehold improvements, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items) are reported in the government-wide financial statements. Capital assets are defined by the City as assets with an initial, individual cost of more than \$2,500 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The City chose not to report the initial capitalization of general infrastructure assets retroactive to October 1, 2003, as permitted by GASB Statement No. 34, *Basic Financial Statements for State and Local Governments* for smaller governments. The City reports acquired or constructed general infrastructure assets in the Statement of Net Position subsequent to October 1, 2003 in the period they acquire or construct those assets.

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

<u>Assets</u>	<u>Years</u>
Buildings	30-40
Improvements other than Buildings	2-20
Equipment	7-10
Infrastructure	5-40
Vehicles	5

**Long-term Obligations** – In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the Statement of Net Position. In the fund financial statements, governmental fund types recognize proceeds and repayments during the current period. The face amount of debt issued is reported as other financing sources. Principal and interest payments are reported as expenditures.

**Fund Equity** – In the fund financial statements, governmental funds report restrictions of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Commitments of fund balance are recorded to denote required usage of fund balance amounts as determined by the City Council. Assignments of fund balance are made by the City Council or the City Manager and reflect planned usages of fund balance amounts.

**Recently Issued and Adopted Accounting Pronouncements** – GASB Statement No. 63, *Financial Reporting of Deferred Outflows or Resources; Deferred Inflows or Resources, and Net Position*, provides guidance for reporting the financial statement elements of deferred outflows of resources, deferred inflows or resources, and net position in a statement of financial position and related disclosures. The statement of net assets is renamed the statement of net position and includes the following elements: easements, deferred outflows of resources, liabilities, deferred inflows of resources, and net position. GASB Statement No. 63 became effective for fiscal years beginning after December 15, 2011 and was implemented in fiscal year 2013.

**CITY OF GIDDINGS, TEXAS  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED SEPTEMBER 30, 2022**

**I SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**E. OTHER ACCOUNTING POLICIES (Continued)**

GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*, establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows or resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities. GASB Statement No. 65 is effective for fiscal years beginning after December 15, 2012 and was implemented in fiscal year 2013.

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

**II. DEPOSITS AND INVESTMENTS**

As of September 30, 2022 the primary government had the following investments:

Certificate of Deposit    \$139,079

**Custodial Credit Risk** – For deposits, custodial credit risk is the risk that, in the event of a bank failure, the City’s deposits may not be returned to it. The City’s policy requires that deposits with banks be insured by the Federal Deposit Insurance Corporation (“FDIC”) or fully collateralized as required by the Public Funds Investment Act. At September 30, 2022, the City’s deposits with financial institutions were entirely covered by FDIC insurance or pledged collateral held by the agent bank in the City’s name.

**Interest Rate Risk** – To limit the City’s exposure to interest rate risk, the City’s investment policy limits the maximum allowable stated maturities as follows:

Certificates of Deposit	90 days
No-load Money Market Mutual Funds	90 days
United States Treasury Securities	3 years

Also, the maximum weighted average maturity for the portfolio as a whole cannot exceed 365 days.

**Credit Risk** – The City’s general investments policy is to apply the prudent-person rule: Investments are made as a prudent person would be expected to act, with discretion and intelligence, to see reasonable income, preserve capital, and, in general, avoid speculative investments. Further, the City’s investment policy limits authorized investments to the following: (a) direct obligations of the United States government, (b) mutual funds offered by the City’s depository bank rated no lower than MA or at an equivalent rating by at least one nationally recognized rating service, and (c) statewide investment pools rated no lower than MA or MA-m or at an equivalent rating by at least one nationally recognized rating service.

**CITY OF GIDDINGS, TEXAS  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED SEPTEMBER 30, 2022**

**II. DEPOSITS AND INVESTMENTS (Continued)**

As of September 30, 2022, cash deposits were with a depository bank in interest bearing accounts. The carrying amounts of the City's General Funds cash in bank accounts was \$3,657,127 with \$1,144, 127 restricted. Utility Funds cash in bank accounts was \$2,398,469 with \$918,205 restricted. The Economic Development Corporation's cash in bank accounts was \$1,610,462 with none restricted.

Some of the cash account balances in certain accounts exceeded the FDIC coverage limit of \$250,000, which puts those assets at risk in the event of bank failure.

However, as of September 30, 2022, the City's depository bank for these funds had pledged securities sufficient to cover the amount above FDIC limits.

The following shows a breakdown of the allocation of restricted cash to the various funds:

	Governmental Funds	Proprietary Funds	Giddings Economic Development Corporation
Cash and Investments			
Restricted for:			
Hotel/motel	\$ 260,940	\$ -	\$ -
Special Revenue	224,097	-	-
Interest and sinking	385,171	918,205	-
Law Enforcement	49,813	-	-
Contingency	139,079	-	-
Municipal Court	85,027	-	-
Economic Development	-	-	1,809,038
	<u>\$ 1,144,127</u>	<u>\$ 918,205</u>	<u>\$ 1,809,038</u>

**III. DISAGGREGATION OF RECEIVABLES**

Receivables as of September 30, 2022, including the applicable allowances for uncollectible accounts, are as follows:

	Governmental Funds	Proprietary Funds
Receivables:		
Taxes		
Property	\$ 100,348	\$ -
Sales	203,708	-
Hotel/motel occupancy	-	-
Accounts	105,451	1,182,039
Grants	-	-
Less:		
Allowance for uncollectibles	(3,874)	(177,679)
Net total receivables	<u>\$ 405,633</u>	<u>\$ 1,004,360</u>

**CITY OF GIDDINGS, TEXAS  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED SEPTEMBER 30, 2022**

**IV. PROPERTY TAXES**

Sec. 4. CITIES AND TOWNS WITH POPULATION OF 5,000 OR LESS: CHARTERED BY GENERAL LAW; TAXES; FINES, FORFEITURES, AND PENALTIES. Cities and towns having a population of five thousand or less may be chartered alone by general law. They may levy, assess and collect such taxes as may be authorized by law, but no tax for any purpose shall ever be lawful for any one year which shall exceed one and one-half per cent of the taxable property of such city; and all taxes shall be collectible only in current money, and all licenses and occupation taxes levied, and all fines, forfeitures and penalties accruing to said cities and towns shall be collectible only in current money.

The City is permitted, by Article XI, Section 5 of the State of Texas Constitution and the City Charter, to levy property taxes up to \$1.50 per \$100 of assessed valuation for general governmental services. Within the \$1.50 maximum levy, there is no legal limit upon the amount of property taxes which can be levied for debt service. The City's Ad Valorem Tax Rate for 2022 \$0.5724. The adjusted original tax roll was \$1,917,188 on total taxable assessed value of \$369,542,802.

Property taxes as of September 30, 2022, are as follows:

	<b>General Fund</b>
Current Taxes Receivable	\$26,090
Delinquent & Rollback Taxes Receivable	\$74,258
	\$100,348

**CITY OF GIDDINGS, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED SEPTEMBER 30, 2022**

**V. FIXED ASSETS**

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

	Beginning Balance	Additions/ Completions	Retirements/ Adjustments	Ending Balance
<b>Governmental activities</b>				
<b>Capital assets not being depreciated</b>				
Land	\$ 1,615,098	\$ -	\$ -	\$ 1,615,098
Construction in progress	-	-	-	-
Total capital assets not being depreciated	<u>1,615,098</u>	<u>-</u>	<u>-</u>	<u>1,615,098</u>
<b>Capital assets being depreciated</b>				
Buildings and Improvements	6,079,897	-	-	6,079,897
Infrastructure	4,319,339	50,369	-	4,369,708
Machinery, Equipment, Vehicles	3,440,536	83,442	-	3,523,978
Total at historical cost	<u>13,839,772</u>	<u>133,811</u>	<u>-</u>	<u>13,973,583</u>
<b>Less: accumulated depreciation for:</b>				
Buildings and Improvements	(3,190,375)	(191,891)	-	(3,382,266)
Infrastructure	(3,730,766)	(90,059)	-	(3,820,825)
Machinery, Equipment, Vehicles	(3,011,885)	(129,456)	-	(3,141,341)
Total accumulated depreciation	<u>(9,933,026)</u>	<u>(411,406)</u>	<u>-</u>	<u>(10,344,432)</u>
Total capital assets being depreciated, net	<u>3,906,746</u>	<u>(277,595)</u>	<u>-</u>	<u>3,629,151</u>
Governmental activities capital assets, net	<u>\$ 5,521,844</u>	<u>\$ (277,595)</u>	<u>\$ -</u>	<u>\$ 5,244,249</u>
<b>Business-type activities</b>				
<b>Capital assets not being depreciated</b>				
Land	\$ 2,019,090	\$ -	\$ -	\$ 2,019,090
Construction in progress	-	-	-	-
Total capital assets not being depreciated	<u>2,019,090</u>	<u>-</u>	<u>-</u>	<u>2,019,090</u>
<b>Capital assets being depreciated</b>				
Machinery, Equipment, Vehicles	4,068,104	218,795	-	4,286,899
Distribution and collection systems	23,736,520	-	-	23,736,520
Total at historical cost	<u>27,804,624</u>	<u>218,795</u>	<u>-</u>	<u>28,023,419</u>
<b>Less accumulated depreciation for:</b>				
Machinery, Equipment, Vehicles	(1,672,380)	(84,493)	-	(1,756,873)
Distribution and collection systems	(15,066,800)	(367,625)	-	(15,434,425)
Total accumulated depreciation	<u>(16,739,180)</u>	<u>(452,118)</u>	<u>-</u>	<u>(17,191,298)</u>
Total capital assets being depreciated, net	<u>11,065,444</u>	<u>(233,323)</u>	<u>-</u>	<u>10,832,121</u>
Business-type activities capital assets, net	<u>\$13,084,534</u>	<u>\$ (233,323)</u>	<u>\$ -</u>	<u>\$ 12,851,211</u>
General government		\$ 43,243		
Public safety		193,618		
Highways and streets		79,820		
Culture and recreation		94,725		
Total depreciation expense - Governmental activities		<u>\$ 411,406</u>		

**CITY OF GIDDINGS, TEXAS  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED SEPTEMBER 30, 2022**

**VI. LONG-TERM DEBT** - Long-term debt for governmental and business-type activities for the year ended September 30, 2022 is as follows:

	Balance	Additions	Retirements	Balance	Due Within	
	9/30/2021			9/30/2022	One Year	Long Term
<u>Governmental activities</u>						
Lease payable -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Subtotal of leases payable	-	-	-	-	-	-
General obligation refunding bonds	1,919,967	-	(322,488)	1,597,479	328,547	1,268,932
Deferred Amounts:	-	-	-	-	-	-
Premium	73,586	-	(7,359)	66,227	-	66,227
	<u>\$ 1,993,553</u>	<u>\$ -</u>	<u>\$ (329,847)</u>	<u>\$ 1,663,706</u>	<u>\$ 328,547</u>	<u>\$ 1,335,159</u>

	Balance	Additions	Retirements	Balance	Due Within	
	9/30/2021			9/30/2022	One Year	Long Term
<u>Business-type activities</u>						
Bonds, Notes and other payables						
General Obligation Refunding Bonds	3,884,532	-	(497,512)	3,387,020	516,453	2,870,567
Certificates of Obligation	2,930,000	-	(225,000)	2,705,000	230,000	2,475,000
Deferred amounts:						
Premium	334,200	-	(31,647)	302,553	-	302,553
	<u>\$ 7,148,732</u>	<u>\$ -</u>	<u>\$ (754,159)</u>	<u>\$ 6,394,573</u>	<u>\$ 746,453</u>	<u>\$ 5,648,120</u>

**CITY OF GIDDINGS, TEXAS  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED SEPTEMBER 30, 2022**

Future debt service requirements for governmental activities are as follows:

<u>Governmental Activities-General Fund</u>		
<u>Year ending</u>	<u>Bonds Payable</u>	
<u>September 30</u>	<u>Principal</u>	<u>Interest</u>
2023	328,547	56,624
2024	341,306	47,372
2025	348,353	38,420
2026	363,458	29,345
2027	215,815	21,187
	<u>1,597,479</u>	<u>192,948</u>

Future debt service requirements for proprietary activities are as follows:

<u>Governmental Activities-Proprietary Fund</u>		
<u>Year ending</u>	<u>G.O. Refunding Bonds</u>	
<u>September 30</u>	<u>Principal</u>	<u>Interest</u>
2023	516,453	79,302
2024	538,692	65,682
2025	536,648	51,219
2026	551,542	36,432
2027	258,685	25,338
2028	490,000	29,600
2029	155,000	16,700
2030	165,000	10,300
2031	175,000	3,500
	<u>3,387,020</u>	<u>318,073</u>

<u>Governmental Activities-Proprietary Fund</u>		
<u>Year ending</u>	<u>Revenue Bonds</u>	
<u>September 30</u>	<u>Principal</u>	<u>Interest</u>
2023	230,000	92,450
2024	240,000	85,400
2025	245,000	78,125
2026	255,000	70,625
2027	260,000	62,900
2028	270,000	53,600
2029	280,000	42,600
2030	295,000	37,000
2031	305,000	25,200
2032	325,000	13,000
	<u>2,705,000</u>	<u>560,900</u>

**CITY OF GIDDINGS, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED SEPTEMBER 30, 2022**

**VII. RISK MANAGEMENT**

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omission, injuries to employees; and natural disasters. The City has joined together with governments in the State of Texas to form the Texas Municipal League Intergovernmental Risk Pool (the 'Pool'), a public entity risk pool currently operating as a common risk management insurance program for liability, property and workers' compensation coverages. The City pays a quarterly contribution to the pool for its insurance coverage. The agreement for formation of the Pool provides that the Pool will be self-sustaining through member contributions and will reinsure through commercial companies for claims in excess of specific limits. The Pool has published its own financial report, which can be obtained by writing the Texas Municipal League Intergovernmental Risk Pool, 1821 Rutherford Lane, Austin, Texas 78754-5128.

**VIII. LITIGATION**

As of September 30, 2022, the City was not a party to any litigation that would have a material effect on these financial statements.

**IX. SUBSEQUENT EVENTS**

The City has evaluated subsequent events as of May 16, 2023, the date the financial statements were available to be issued.

**X. PENSION PLAN**

**Plan Description**

The City of Giddings participates as one of 860 plans in the nontraditional, joint contributory, hybrid defined benefit pension plan administered by the Texas Municipal Retirement System (TMRS). TMRS is an agency created by the State of Texas and administered in accordance with the TMRS Act, Subtitle G, Title 8, Texas Government Code (the TMRS Act) as an agent multiple-employer retirement system for municipal employees in the State of Texas. The TMRS Act places the general administration and management of the System with a six-member Board of Trustees. Although the Governor, with the advice and consent of the Senate, appoints the Board, TMRS is not fiscally dependent on the State of Texas. TMRS's defined benefit pension plan is a tax-qualified plan under Section 401(a) of the Internal Revenue Code. TMRS issues a publicly available comprehensive annual report (CAFR) that can be obtained at [www.tmrs.com](http://www.tmrs.com).

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

B. Benefits Provided

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

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

Employees covered by benefit terms.

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

Inactive employees or beneficiaries currently receiving benefits	52
Inactive employees entitled to but not yet receiving benefits	59
Active employees	<u>70</u>
Total	181

**CITY OF GIDDINGS, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED SEPTEMBER 30, 2022**

**X. PENSION PLAN (CONTINUED)**

C. Contributions

The contribution rate for the employees in TMRS is 5%, 6% and 7% of employee gross earnings, and the City matching percentages are either 100%, 150% or 200%, both as adopted by the governing body of the City. Under the state law governing TMRS, the contribution rate for each city is annually determined 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 of Giddings were required to contribute 5% of their annual gross earnings during the fiscal year. The contribution rates for the City of Giddings employees were 7% and 7% in calendar years 2022 and 2021 respectively. The city's contributions to TMRS for the year ended September 30, 2022 were \$569,510, and were equal to the required contributions.

D. Net Pension Liability

The city's Net Pension Liability (NPL) was measured as of December 31, 2021, and the Total Pension Liability (TPL) used to calculate the Net Pension Liability was determined by an actuarial valuation as of that date.

Actuarial assumptions:

The Total Pension Liability in the December 31, 2021 actuarial valuation was determined using the following actuarial assumptions:

Inflation 2.5% per year

Overall payroll growth 3.5-10.5% per year

Investment Rate of Return 6.75% net of pension plan investment expense, including inflation

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

Actuarial assumptions used in the December 31, 2021, valuation were based on the results of actuarial experience studies. The experience study in TMRS was for the period January 1, 2016 through December 31, 2021, first used in the December 31, 2017 valuation. Healthy post-retirement mortality rates and annuity purchase rates were updated based on a Mortality Experience Investigation Study covering 2015 through 2019, and dated December 31, 2021. These assumptions were first used in the December 31, 2021 valuation, along with a change to the Entry Age Normal (EAN) actuarial cost method. Assumptions are reviewed annually. No additional changes were made for the 2020 valuation.

The long-term expected rate of return on pension plan investments is 6.75%. The pension plan's policy in regard to the allocation of invested assets is established and may be amended by the TMRS Board of Trustees. 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 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. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

**CITY OF GIDDINGS, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED SEPTEMBER 30, 2022**

**X. PENSION PLAN (CONTINUED)**

Asset class	Target allocation	Long-Term Expected Real Rate of Return (Arithmetic)
Domestic Equity	17.5%	4.80%
International Equity	17.5%	6.05%
Core Fixed Income	30.0%	1.50%
Non-Core Fixed Income	10.0%	3.50%
Real Return	5.0%	1.75%
Real Estate	10.0%	5.25%
Absolute Return	5.0%	4.25%
Private Equity	5.0%	8.50%
Total	100.0%	

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.

**City of Giddings**

<i>Changes in the Net Pension Liability</i>	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
	(a)	(b)	(a)-(b)
Balance at December 31, 2020	\$ 17,491,447	\$ 15,457,395	\$ 2,034,052
Changes for the year			
Service Cost	508,057	-	508,057
Interest	1,170,732	-	1,170,732
Change of benefit terms	-	-	-
Difference between expected & actual experience	506,360	-	506,360
Changes of assumptions	-	-	-
Contributions - employer	-	569,510	(569,510)
Contributions - employee	-	219,395	(219,395)
Net investment income	-	2,014,838	(2,014,838)
Benefit payments, including refunds of employee contributions	(802,609)	(802,609)	-
Administrative expense	-	(9,324)	9,324
Other charges	-	65	(65)
Net charges	\$ 1,382,540	\$ 1,991,875	\$ (609,335)
Balance at December 31, 2021	<u>\$ 18,873,987</u>	<u>\$ 17,449,270</u>	<u>\$ 1,424,717</u>

**CITY OF GIDDINGS, TEXAS  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED SEPTEMBER 30, 2022**

**X. PENSION PLAN (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:

	1% Decrease in Discount rate (5.75%)	Discount Rate (6.75%)	1% Increase in Discount Rate (7.75%)
City's net pension liability	\$3,935,394	\$1,424,717	\$(636,448)

**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](http://www.tmr.com)

**CITY OF GIDDINGS  
SCHEDULE OF PENSION EXPENSE  
SEPTEMBER 30, 2022**

1. Total Service Cost	\$ 508,057
2. Interest on the Total Pension Liability	1,170,732
3. Current Period Benefit Changes	-
4. Employee Contributions (Reduction of Expense)	(219,395)
5. Projected Earnings on Plan Investments (Reduction of Expense)	(1,043,374)
6. Administrative Expense	9,324
7. Other Changes in Fiduciary Net Position	(64)
8. Recognition of Current Year Outflow (Inflow) of Resources - Liabilities	182,144
9. Recognition of Current Year Outflow (Inflow) of Resources - Assets	(194,293)
10. Amortization of Prior Year Outflows (Inflows) of Resources - Liabilities	(158,692)
11. Amortization of Prior Year Outflows (Inflows) of Resources - Assets	(148,709)
12. Total Pension Expense	<u>\$ 105,730</u>

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. Actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future.

Actuarial calculations are based on the benefits provided under the terms of the substantive plan in effect at the time of each valuation and reflect a long-term perspective. Consistent with that perspective, actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets.

**CITY OF GIDDINGS, TEXAS  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED SEPTEMBER 30, 2022**

**X. PENSION PLAN (CONTINUED)**

	Deferred <u>Outflows of Resources</u>	Deferred <u>Inflows or Resources</u>
Differences between expected and actual economic experience	\$ 324,216	\$ (777,171)
Difference between projected and actual investment earnings	-	-
Contributions subsequent to the measurement date	-	-
	<u>\$ 324,216</u>	<u>\$ (777,171)</u>
Year ended September 30		
2022	(109,795)	
2023	(290,565)	
2024	(218,273)	
2025	(194,292)	
2026		
Thereafter		
Total	<u>\$ (812,925)</u>	

**XI. – SUPPLEMENTAL DEATH BENEFITS PLAN**

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

The death benefit for active employees provides a lump-sum payment approximately equal to the employee’s annual salary (calculated based on the employee’s actual earnings, for the 12-month period preceding the month of death); retired employees are insured for \$7,500; this coverage is on “other postemployment benefit,” or OPEB.

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 the employees’ entire careers.

The City’s contributions to the TMRS SDBF for the years ended 2022, 2021, and 2019 were \$1275, \$1275, and \$1,275 respectively, which equaled the required contributions each year.

**CITY OF GIDDINGS, TEXAS  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED SEPTEMBER 30, 2022**

**XI. SUPPLEMENTAL DEATH BENEFITS PLAN (CONTINUED)**

TMRS records indicate the following percentages contributed by the City (as employer contributions) for the following fiscal years ending:

Plan/ Calendar Year	Annual Required Contribution (Rate)	Actual Contribution Made (Rate)	Percentage of ARC Contributed
2017	N/A	N/A	100%
2018	N/A	N/A	100%
2019	0.00%	0.00%	100%
2020	0.00%	(city to provide)	(city to provide)
2021	0.00%	(city to provide)	(city to provide)

**Net Other Post Employment Benefits Liability.**

**Actuarial Assumptions**

Actuarial assumptions were developed from the actuarial investigation of the experience of TMRS over the four year period from December 31, 2015 to December 31, 2019. These assumptions were adopted in 2019 and first used in the December 31, 2019 valuation.

All administrative expenses are paid through the Pension Trust and accounted for under reporting requirements under GASB Statement No. 68.

The Mortality Experience Investigation Study covering 2015 through 2019 is used as the basis for the post-retirement mortality assumption for healthy annuitants and Annuity Purchase Rate (APRs). Mortality Rates for service employees uses the RP2000 Combined Mortality Table with Blue Collar Adjustment with male rates multiplied by 109% and female rates multiplied by 103%. The rates are projected on a fully generational basis with scale BB to account for future mortality improvements subject to the 3% floor.

CITY OF GIDDINGS, TEXAS  
 NOTES TO BASIC FINANCIAL STATEMENTS  
 SEPTEMBER, 30, 2022

**XI – SUPPLEMENTAL DEATH BENEFITS PLAN**

Inflation	2.50% per year
Overall payroll growth	3.50 to 10.5% per year including inflation
Discount rate	2.75%

**Changes in the Net Other Post Employment Benefits Liability**

	Increase (Decrease)
	<u>Total OPEB Liability</u>
<b>Balance at 12/31/20</b>	<b>\$299,863</b>
Changes for the year	
Service Cost	14,731
Interest on Total OPEB liability	6,079
Changes of benefit terms	0
Differences between expected and actual experience	(6,286)
Changes in assumption or other inputs	9,253
Benefit payments	(6,582)
Net changes	17,195
Total OPEB Liability – end of year	\$317,058
Total OPEB Liability as a Percentage of Covered Payroll	10.17%

**Sensitivity of the Total OPEB Liability to Changes in the Discount Rate**

The following presents the total OPEB liability of the City, calculated using the current discount rate of 3.31% as well as what the City's total OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (2.31%) or -1 percentage point higher (4.31%) than the current rate. Because the SDBF is considered an unfunded trust, the relevant discount rate to calculate the total OPEB liability is based on the Fidelity Index's 20 year Municipal GO AA Index.

**CITY OF GIDDINGS, TEXAS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER, 30, 2022**

**XI – SUPPLEMENTAL DEATH BENEFITS PLAN**

	1% Decrease in Discount Rate (1.00%)	Discount Rate (2.00%)	1% Increase in Discount Rate (3.00%)
Total OPEB liability	\$385,411	\$317,058	\$264,819

**CITY OF GIDDINGS**  
**SCHEDULE OF OPEB EXPENSE**  
**SEPTEMBER 30, 2022**

1.	Total Service Cost	\$ 14,731
2.	Interest on the Total OPEB Liability	6,079
3.	Changes in benefit terms	-
4.	Employer administrative costs	-
5.	Recognition of deferred outflows/inflows of resources	-
6.	Differences between expected and actual experience	(4,216)
7.	Changes in assumptions or other inputs	<u>19,101</u>
8.	Total OPEB Expense	<u>\$ 35,695</u>

**CITY OF GIDDINGS, TEXAS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER, 30, 2022**

**XI – SUPPLEMENTAL DEATH BENEFITS PLAN**

**Other Information**

Due to the SDBF being considered an unfunded OPEB plan, benefit payments are treated as being equal to the employer’s yearly contributions for retirees. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75 to pay related benefits. In order to determine the retiree portion of the City’s Supplemental Death Benefit Plan contributions (that which is considered OPEB), the City should perform the following calculation:

Total covered payroll \* retiree Portion of SDB Contribution (Rate)

	Deferred <u>Outflows of Resources</u>	Deferred <u>Inflows or Resources</u>
Difference in expected and actual experience	\$ 7,096	\$ (10,005)
Change in assumptions (actuarial (gains) or losses)	39,159	(4,820)
Contributions subsequent to the measurement date	<u>-</u>	<u>-</u>
	<u>\$ 39,159</u>	<u>\$ (14,825)</u>

Year ended September 30	
2022	13,130
2023	12,798
2024	3,023
2025	203
2026	-
Thereafter	
Total	<u>\$ 29,154</u>

**REQUIRED SUPPLEMENTARY INFORMATION**

**CITY OF GIDDINGS, TEXAS**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL – GENERAL FUND**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2022**

	Budgeted Amounts		Actual	Variance with Final Budget Over (Under)
	Original	Final		
Revenues:				
Taxes:				
Property	1,900,844	1,900,844	1,931,191	30,347
Sales	1,300,000	1,300,000	1,565,116	265,116
Franchise fees	694,500	694,500	656,288	(38,212)
Hotel Motel & Mixed Beverage tax			219,873	219,873
Park revenues			138,343	138,343
Licenses and permits	80,100	80,100	132,839	52,739
Oil Royalties	7,000	7,000	23,262	16,262
Fines	344,400	344,400	423,898	79,498
Investment income	8,000	8,000	23,034	15,034
Grants & contributions	-	-	636,069	636,069
Miscellaneous	311,696	311,696	448,750	137,054
Total revenues	<u>4,646,540</u>	<u>4,646,540</u>	<u>6,198,663</u>	<u>1,552,123</u>
Expenditures:				
Current:				
General government				
Administration	679,257	679,257	643,481	(35,776)
Cemetary	113,281	115,457	104,760	(10,697)
City Council	249,880	291,220	289,730	(1,490)
Code enforcement	200,245	200,245	158,058	(42,187)
Total general government	<u>1,242,663</u>	<u>1,286,179</u>	<u>1,196,029</u>	<u>(90,150)</u>
Public Safety				
Police	1,859,244	2,021,612	1,967,334	(54,278)
Fire	121,968	129,903	117,084	(12,819)
Animal Control	127,930	131,526	131,342	(184)
Municipal Court	283,544	357,074	381,475	24,401
Total public safety	<u>2,392,686</u>	<u>2,640,115</u>	<u>2,597,235</u>	<u>(42,880)</u>
Public Works:				
Streets and Transportation	476,578	476,578	402,488	(74,090)
Culture and recreation:	402,781	410,208	412,892	2,684
Library	330,294	330,294	316,521	(13,773)
Parks and recreation	733,075	740,502	729,413	(11,089)
Economic Development	132,892	132,892	128,085	(4,807)
Golf Course	337,148	337,148	313,749	(23,399)
Hotel Motel/Tourism			170,392	170,392
Total culture and recreation	<u>337,148</u>	<u>337,148</u>	<u>612,226</u>	<u>275,078</u>
Capital outlay	-	-	133,811	133,811
Debt Service				
Principal	525,000	525,000	329,847	(195,153)
Interest	-	-	65,061	65,061
Total debt service	<u>525,000</u>	<u>525,000</u>	<u>394,908</u>	<u>(130,092)</u>
Total expenditures	<u>5,840,042</u>	<u>6,138,414</u>	<u>6,066,110</u>	<u>(72,304)</u>
Excess (deficiency) of revenues over (under) expenditur	<u>(1,193,502)</u>	<u>(1,491,874)</u>	<u>132,553</u>	<u>1,624,427</u>
Other financing sources (uses):				
Contingency	(50,000)	(50,000)	-	50,000
Transfers in	1,256,050	1,256,050	864,742	(391,308)
Transfers out	-	-	-	-
Total other financing sources (uses)	<u>1,206,050</u>	<u>1,206,050</u>	<u>864,742</u>	<u>(341,308)</u>
Net change in fund balances	<u>12,548</u>	<u>(285,824)</u>	<u>997,295</u>	<u>1,283,119</u>
Fund balances at beginning of year	<u>3,121,167</u>	<u>3,121,167</u>	<u>3,121,167</u>	<u>-</u>
Fund balances at end of year	<u>\$ 3,133,715</u>	<u>\$ 2,835,343</u>	<u>\$ 4,118,462</u>	<u>\$ 1,283,119</u>

See Notes to Required Supplementary Information.

**CITY OF GIDDINGS, TEXAS**  
**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**  
**YEAR ENDED SEPTEMBER 30, 2022**

**NOTE 1 – BUDGETS AND BUDGETARY ACCOUNTING**

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

- Prior to the beginning of each fiscal year, the City Manager submits to the Mayor & City Council a proposed budget for the fiscal year beginning on the following October 1<sup>st</sup>. The operating budget includes proposed expenditures and the means of financing those expenditures.
- Public hearings are conducted at which all interested persons' comments concerning the budget are heard.
- The budget is legally enacted by the City Council. Budgetary control is maintained at the fund level.
- Budget revisions are made during the year.

An annual budget in accordance with generally accepted accounting principles is adopted for the general fund. Actual expenditures and operating transfers out may not legally exceed budget appropriations at the individual fund level. Appropriations lapse at the close of the fiscal year to the extent that they have not been expended or encumbered.



**City of Giddings**

**Schedule of Changes in Net Pension Liability and Related Ratios**

Last ten years (will ultimately be displayed)

	2014	2015	2016	2017	2018	2019	2020	2021
<b>Total pension liability</b>								
1. Service Cost	341,838	426,193	461,450	469,160	475,192	479,940	511,566	508,057
2. Interest	837,220	890,437	920,222	971,939	1,034,016	1,079,769	1,133,403	1,170,732
3. Changes of benefit terms	-	-	-	-	-	-	-	-
4. Difference expected and actual	(24,095)	(6,459)	(97,412)	29,574	(218,573)	(87,072)	(327,113)	506,360
5. Changes of assumptions	-	58,831	-	-	-	2,385	-	-
6. Benefit payments	(422,533)	(451,262)	(497,219)	(546,661)	(561,412)	(668,962)	(723,553)	(802,609)
7. Net change in pension liability	732,430	917,740	787,041	924,012	729,223	806,060	594,303	1,382,540
8. Beginning pension liability	12,000,638	12,733,068	13,650,808	14,437,849	15,361,861	16,091,084	16,897,144	17,491,447
9. Ending pension liability	12,733,068	13,650,808	14,437,849	15,361,861	16,091,084	16,897,144	17,491,447	18,873,987
<b>Plan fiduciary net position</b>								
1. Contributions - employer	447,456	499,368	511,169	529,991	574,326	558,547	577,259	569,510
2. Contributions - employee	178,466	189,780	192,156	195,716	207,637	207,638	222,144	219,395
3. Net investment income	513,908	14,305	671,591	1,496,773	(373,423)	1,903,044	1,085,376	2,014,838
4. Benefit payments	(422,533)	(451,262)	(497,219)	(546,661)	(561,412)	(668,962)	(723,553)	(802,609)
5. Administrative Expense	(5,365)	(8,713)	(7,585)	(7,763)	(7,221)	(10,757)	(7,025)	(9,324)
6. Other	(441)	(430)	(408)	(394)	(377)	(324)	(274)	65
7. Net change in plan	711,491	243,048	869,704	1,667,662	(160,470)	1,989,186	1,153,927	1,991,875
8. Beginning net position	8,982,847	9,694,338	9,937,386	10,807,090	12,474,752	12,314,282	14,303,468	15,457,395
9. Ending Net Position	9,694,338	9,937,386	10,807,090	12,474,752	12,314,282	14,303,468	15,457,395	17,449,270
<b>Net pension liability</b>	3,038,730	3,713,422	3,630,759	2,887,109	3,776,802	2,593,676	2,034,052	1,424,717
<b>Plan fiduciary net position % of the total pension liability.</b>	76.14%	72.80%	74.85%	81.21%	76.53%	84.65%	88.37%	92.45%
<b>Covered-employee payroll</b>	\$2,549,518	\$2,711,149	\$2,745,092	2,795,945	2,966,241	2,966,252	3,173,489	3,134,220
<b>Net pension liability as a % of covered employee payroll</b>	119.19%	136.97%	132.26%	103.26%	127.33%	87.44%	64.10%	45.46%

**City of Giddings**  
**Schedule of Contributions**  
**Last 10 Fiscal Years (will ultimately be displayed)**  
**September 30, 2022**

	2015	2016	2017	2018	2019	2020	2021
Actually Determined Contribution	\$ 497,310	\$ 528,237	\$ 522,065	565,130	563,025	557,588	564,2
Contributions in relation to the actuarially determined contribution	497,310	528,237	522,065	565,130	563,025	557,588	564,2
Contribution deficiency (excess)	-	-	-	-	-	-	-
Covered employee payroll	\$2,710,607	\$2,845,909	\$2,844,838	2,932,720	2,970,448	3,041,007	3,104,6
Contributions as a percentage of covered employee payroll	18.35%	18.56%	18.35%	19.27%	18.95%	18.34%	18.1
<b>Notes to Schedule of Contributions</b>							
Valuation Date determined	12/31/2021						
Notes							

**Methods and Assumptions Used to Determine contribution Rates:**

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level percentage of Payroll, Closed
Remaining Amortization Period	25 years
Asset Valuation Method	10 Year smoothed market; 12% soft corridor
Inflation	2.50%
Salary Increases	3.50% to 10.50%, including inflation
Investment Rate of Return	6.75%
Retirement Age	Experienced-based table of rates that are specific to the City's plan of benefits. Last updated for the 2019 valuation pursuant to an experience study of the period 2014-2018 RP2000 Combined Mortality Table with Blue Collar Adjustment with male rates multiplied by 109% and female rates multiplied by 103% and projected on a fully generational basis with scale BB

**Other Information**

Notes There were not benefit changes during the year.

GASB 68 requires 10 fiscal years of data to be provided in this schedule. As GASB 68 has been initially adopted for the 2015 fiscal year, historical data is not presented.

## OTHER INFORMATION

**CITY OF GIDDINGS, TEXAS  
COMBINING BALANCE SHEET  
NON-MAJOR GOVERNMENTAL FUNDS  
SEPTEMBER 30, 2022**

	<u>Special Revenue</u>			
	<u>Hotel/Motel Tax</u>	<u>Library</u>	<u>Cemetary Improvement</u>	<u>Municipal Court</u>
<b>Assets</b>				
Cash and cash equivalents	\$ 320,891	\$ 17,026	\$ 76,463	85,027
Receivables net	49,441	-	-	
<b>Total assets</b>	<u>\$ 370,332</u>	<u>\$ 17,026</u>	<u>\$ 76,463</u>	<u>85,027</u>
<b>Liabilities and fund balances</b>				
Liabilities:				
Accounts payable	\$ 109,392	\$ -	\$ -	-
Unearned revenue	-	-	-	-
<b>Total liabilities</b>	<u>109,392</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances:				
Restricted for:				
Municipal Court	-	-	-	85,027
Tourism	260,940	-	-	-
Law Enforcement				-
Committed for:				-
Capital Projects				
Special Revenues		17,026	76,463	-
<b>Total fund balances</b>	<u>260,940</u>	<u>17,026</u>	<u>76,463</u>	<u>85,027</u>
<b>Total liabilities and fund balances</b>	<u>\$ 370,332</u>	<u>\$ 17,026</u>	<u>\$ 76,463</u>	<u>85,027</u>

**CITY OF GIDDINGS, TEXAS  
COMBINING BALANCE SHEET  
NON-MAJOR GOVERNMENTAL FUNDS  
SEPTEMBER 30, 2022**

	<u>Special Revenue</u>				
	<u>Police Drug and Swat</u>	<u>Row Maintenance</u>	<u>Special Revenues</u>	<u>Capital Projects</u>	<u>Total</u>
<b>Assets</b>					
Cash and cash equivalents	\$ 49,813	\$ 116,617	\$ 13,991	371,490	1,051,318
Receivables net	-	-	-		49,441
<b>Total assets</b>	<b>\$ 49,813</b>	<b>\$ 116,617</b>	<b>\$ 13,991</b>	<b>371,490</b>	<b>1,100,759</b>
<b>Liabilities and fund balances</b>					
Liabilities:					
Accounts payable	\$ -	\$ -	\$ -	-	109,392
Unearned revenue	-	-	-	-	-
<b>Total liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>109,392</b>
Fund balances:					
Restricted for:					
Municipal Court	-	-	-	-	85,027
Tourism	-	-	-	-	260,940
Law Enforcement	49,813	-	-	-	49,813
Committed for:					
Capital Projects				371,490	371,490
Special Revenues		116,617	13,991	-	224,097
<b>Total fund balances</b>	<b>49,813</b>	<b>116,617</b>	<b>13,991</b>	<b>371,490</b>	<b>991,367</b>
<b>Total liabilities and fund balances</b>	<b>\$ 49,813</b>	<b>\$ 116,617</b>	<b>\$ 13,991</b>	<b>371,490</b>	<b>1,100,759</b>

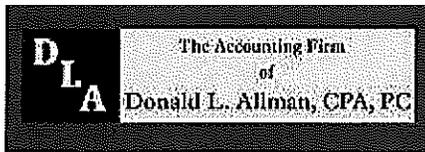
**CITY OF GIDDINGS, TEXAS**  
**COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN**  
**FUND BALANCES – NON-MAJOR GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2022**

	<u>Special Revenue</u>			
	<u>Hotel/Motel Tax</u>	<u>Library</u>	<u>Cemetary Improvement</u>	<u>Municipal Court</u>
Revenues:				
Hotel/motel occupancy taxes	\$ 219,873	\$ -	\$ -	
Investment income	2,535	149	814	861
Court fines and fees				20,216
police fines	-	-	-	
Total revenues	<u>222,408</u>	<u>149</u>	<u>815</u>	<u>21,077</u>
Expenditures:				
Current:				
Public Safety	-		-	
General Government	170,391	-	-	15,209
Total expenditures	<u>170,391</u>	<u>-</u>	<u>-</u>	<u>15,209</u>
Excess (deficiency) of revenues over (under) expenditures	<u>52,017</u>	<u>149</u>	<u>814</u>	<u>5,868</u>
Transfers In/(Out)				
Net change in fund balances	52,017	149	814	5,868
Beginning Fund Balances	208,923	16,877	75,659	79,159
Ending Fund Balances	<u>\$ 260,940</u>	<u>\$ 17,026</u>	<u>\$ 76,473</u>	<u>85,027</u>

**CITY OF GIDDINGS, TEXAS**  
**COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN**  
**FUND BALANCES – NON-MAJOR GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2022**

	<u>Special Revenue</u>				Total
	<u>Police Drug and Swat</u>	<u>Row Maintenance</u>	<u>Special Revenues</u>	<u>Capital Projects</u>	
<b>Revenues:</b>					
Hotel/motel occupancy taxes	\$ -	\$ -	\$ -		219,873
Investment income	-	1,243	119	2,876	8,597
Court fines and fees				-	20,216
Donations			3,090		3,090
police fines	39,003	-	-		39,003
Total revenues	<u>39,003</u>	<u>1,243</u>	<u>3,209</u>	<u>2,876</u>	<u>290,779</u>
<b>Expenditures:</b>					
<b>Current:</b>					
Public Safety	31,221		-		31,221
General Government	-	-	-	-	185,600
Total expenditures	<u>31,221</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>216,821</u>
Excess (deficiency) of revenues over (under) expenditures	<u>7,782</u>	<u>1,243</u>	<u>3,209</u>	<u>2,876</u>	<u>73,958</u>
Transfers In/(Out)				133,940	133,940
Net change in fund balances	7,782	1,243	3,209	136,816	207,898
Beginning Fund Balances	42,031	115,374	10,782	234,674	783,479
Ending Fund Balances	<u>\$ 49,813</u>	<u>\$ 116,617</u>	<u>\$ 13,991</u>	<u>371,490</u>	<u>991,377</u>

**REPORTS REQUIRED BY GOVERNMENT AUDITING STANDARDS**



Donald L. Allman, CPA, PC  
4749 Williams Drive Suite 322  
Georgetown, Texas 78633  
Email: dallman@donallmancpa.com

CERTIFIED PUBLIC ACCOUNTANT

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Honorable Mayor and City Council Members  
City of Giddings, Texas

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Giddings, Texas, as of and for the year ended September 30, 2022, and the related notes to the financial statements, which collectively comprise the City of Giddings, Texas' basic financial statements, and have issued our report thereon dated May 16, 2023.

**Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the City of Giddings, Texas' internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City of Giddings, Texas' internal control. Accordingly, we do not express an opinion on the effectiveness of the City of Giddings, Texas' internal control.

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the City of Giddings, Texas' financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

**Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Donald L. Allman, CPA, PC   
Georgetown, TX  
May 16, 2023