

*ANNUAL FINANCIAL REPORT*

of the

**City of Giddings, Texas**

**For the Year Ended  
September 30, 2023**

(This page intentionally left blank.)

# City of Giddings, Texas

## TABLE OF CONTENTS

September 30, 2023

### FINANCIAL SECTION

Independent Auditor's Report	1
Management's Discussion and Analysis	7

### Basic Financial Statements

#### **Government-Wide Financial Statements**

Statement of Net Position	18
Statement of Activities	20

#### **Fund Financial Statements**

##### **Governmental Funds:**

Balance Sheet	22
Reconciliation of the Balance Sheet to the Statement of Net Position- Governmental funds	23
Statement of Revenues, Expenditures, and Changes in Fund Balance- Governmental Funds	24
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	25

##### **Proprietary Funds:**

Statement of Net Position	26
Statement of Revenues, Expenses, and Changes in Fund Net Position	30
Statement of Cash Flows	32

<b>Notes to Financial Statements</b>	37
--------------------------------------	----

### REQUIRED SUPPLEMENTARY INFORMATION

Schedule of Revenues, Expenditures, and Changes in Fund Balances- Budget and Actual - General Fund	76
Schedule of Changes in Net Pension Liability and Related Ratios	78
Schedule of Employer Contributions to Pension Plan	80
Schedule of Changes in Postemployment Benefits Other than Pension (OPEB) Liability and related ratios	82

### COMBINING AND INDIVIDUAL FUND STATEMENTS

Combining Balance Sheet – Nonmajor Governmental Funds	88
Combining Statement of Revenues, Expenditures, and Changes in Fund Balance - Nonmajor Governmental Funds	90

(This page intentionally left blank.)



## *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, business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Giddings, Texas (the "City") as of and for the year ended September 30, 2023, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Giddings, Texas, as of September 30, 2023, and the respective changes in financial position 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. We are required to be independent of 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*

The City's 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's ability to continue as a going concern for one year after the date that the financial statements are issued.

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

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

In performing an audit in accordance with GAAS, we:

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

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

### *Emphasis of Matter*

As discussed in Note V.G. to the financial statements, the City restated the beginning net position of governmental activities, business-type activities, component unit activities, the general fund, certain nonmajor governmental funds, the electric fund, the water fund, the sewer fund, and the refuse fund, due to various accounting errors occurring and the implementation of GASB 87 in the prior year. Our opinion is not modified with respect to these matters.

Also discussed in Note V.G. to the financial statements, the City restated the current year financial statements issued on August 29, 2024. The restatement was the result of a grant receivable identified after the financial statements were issued, and impacted governmental activities, business-type activities, nonmajor governmental funds, and the water fund. Our opinion is not modified with respect to these matters.

### *Other Matters*

#### *Required Supplementary Information*

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

#### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The combining and individual nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The supplementary 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. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the accompanying supplementary information is 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 December 3, 2024 on our consideration of the City's 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's 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 the City's internal control over financial reporting and compliance.

*Brooks Watson & Co.*

Brooks Watson & Co.  
Certified Public Accountants  
Houston, Texas  
December 3, 2024

***MANAGEMENT'S DISCUSSION  
AND ANALYSIS***

(This page intentionally left blank.)

# City of Giddings, Texas

## MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)

### September 30, 2023

As management of the City of Giddings, Texas (the "City"), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended September 30, 2023.

#### **Financial Highlights**

- The assets and deferred outflows of the City exceeded its liabilities and deferred inflows (net position) at September 30, 2023 by \$19,391,803.
- The City's total net position increased by \$2,540,243. The majority of the City's net position is invested in capital assets.
- The City's governmental funds reported combined ending fund balances of \$3,987,089 at September 30, 2023, a decrease of \$343,518 from the prior fiscal year; this includes an increase of \$958,091 in the general fund, an increase of \$1,732 in the debt service fund, and a decrease of \$1,303,341 in the nonmajor governmental funds.
- The City's net pension liability increased by \$2,691,678 compared to the prior fiscal year. The net pension liability outstanding at the close of the fiscal year was \$4,116,395.

#### **Overview of the Financial Statements**

The discussion and analysis provided here are intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements consist of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) the notes to financial statements. This report also includes supplementary information intended to furnish additional detail to support the basic financial statements themselves.

#### **Government-Wide Statements**

The *government-wide financial statements* are designed to provide readers with a broad overview of the City's finances, in a manner similar to a private-sector business.

The *statement of net position* presents information on all of the City's assets, liabilities, and deferred inflows/outflows with the difference reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating. Other non-financial factors, such as the City's property tax base and the condition of the City's infrastructure, need to be considered in order to assess the overall health of the City.

The *statement of activities* presents information showing how the City's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses

# City of Giddings, Texas

## MANAGEMENT'S DISCUSSION AND ANALYSIS, *Continued*

### September 30, 2023

are reported for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the City include general government, public safety, public works, culture and recreation, and community development. The business-type activities of the City include electric, water, sewer and refuse operations.

The government-wide financial statements include not only the City itself (known as the *primary government*), but also the legally separate Giddings Economic Development Corporation for which the City is financially accountable. Financial information for this component unit is reported separately from the financial information presented for the primary government itself.

The government-wide financial statements can be found on pages 18 through 21 of this report.

## **FUND FINANCIAL STATEMENTS**

A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

### **Governmental Funds**

*Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in assessing a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

# City of Giddings, Texas

## MANAGEMENT'S DISCUSSION AND ANALYSIS, *Continued*

September 30, 2023

The City maintains eleven individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund and debt service funds which are considered to be major funds. The City's special revenue funds and capital project fund are considered nonmajor for reporting purposes.

The City adopts an annual appropriated budget for its general, debt service, hotel tax, and utility funds. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with the budget.

The basic governmental fund financial statements can be found on pages 22 through 25 of this report.

### **Proprietary Funds**

The City maintains one type of proprietary fund. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The City uses an enterprise fund to account for its electric, water, sewer and sanitation operations. All activities associated with providing such services are accounted for in this fund, including administration, operation, maintenance, debt service, capital improvements, meter maintenance, billing and collection. The City's intent is that costs of providing the services to the general public on a continuing basis is financed through user charges in a manner similar to a private enterprise.

Proprietary financial statements provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the water and sewer fund since it is considered a major fund of the City.

The basic proprietary fund financial statements can be found on pages 26 through 35 of this report.

### **Component Unit**

The City maintains the accounting and financial statements for one component unit. The Giddings Economic Development Corporation is reported as a discretely presented component unit on the government-wide financial statements.

### **Notes to Financial Statements**

The notes provide additional information that is necessary to acquire a full understanding of the data provided in the government-wide and fund financial statements.

The notes to the financial statements can be found on pages 37 through 70 of this report.

**City of Giddings, Texas**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS, *Continued***  
**September 30, 2023**

**Other Information**

In addition to the basic financial statements and accompanying notes, this report also presents *required supplementary information* concerning the City's progress in funding its obligation to provide pension benefits to its employees and budgetary comparison for the general fund. Required supplementary information can be found on page 72 through 89 of this report.

**GOVERNMENT-WIDE FINANCIAL ANALYSIS**

As noted previously, net position may serve over time as a useful indicator of the City's financial position. For the City of Giddings, assets and deferred outflows exceeded liabilities and deferred inflows by \$19,391,803 as of September 30, 2023, in the primary government.

The largest portion of the City's net position, \$13,304,171, reflects its investments in capital assets (e.g., land, city hall, police station, streets, and drainage systems, as well as the public works facilities), less any debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the assets themselves cannot be used to liquidate these liabilities.

Long-term liabilities of the primary government increased by \$3,071,470 primarily due to new tax notes issued in the current fiscal year.

Net pension liability of the primary government increased by \$2,691,678 due primarily to investment losses on pension assets during the year.

Current and other assets for business-type activities increased by \$2,455,737 primarily due to positive operating cash flows during the current year.

**City of Giddings, Texas**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS, Continued**  
**September 30, 2023**

**Statement of Net Position:**

The following table reflects the condensed Statement of Net Position:

	2023			2022		
	Governmental Activities	Business-Type Activities	Total	Governmental Activities	Business-Type Activities	Total
Current and other assets	\$ 6,279,450	\$ 6,064,940	\$ 12,344,390	\$ 6,205,318	\$ 3,609,203	\$ 9,814,521
Capital assets, net	6,054,412	15,967,430	22,021,842	5,700,997	12,861,363	18,562,360
Internal balances	281,059	(281,059)	-	408,050	(408,050)	-
<b>Total Assets</b>	<b>12,614,921</b>	<b>21,751,311</b>	<b>34,366,232</b>	<b>12,314,365</b>	<b>16,062,516</b>	<b>28,376,881</b>
<b>Total Def. Outflows</b>	<b>1,538,914</b>	<b>572,914</b>	<b>2,111,828</b>	<b>599,050</b>	<b>326,247</b>	<b>925,297</b>
Other liabilities	419,147	845,226	1,264,373	491,178	874,937	1,366,115
Net pension liability	3,109,114	1,007,281	4,116,395	1,076,089	348,628	1,424,717
Long-term liabilities	2,294,931	9,349,788	11,644,719	2,069,708	6,503,541	8,573,249
<b>Total Liabilities</b>	<b>5,823,192</b>	<b>11,202,295</b>	<b>17,025,487</b>	<b>3,636,975</b>	<b>7,727,106</b>	<b>11,364,081</b>
<b>Total Def. Inflows</b>	<b>45,899</b>	<b>14,871</b>	<b>60,770</b>	<b>789,015</b>	<b>297,522</b>	<b>1,086,537</b>
Net Position:						
Net investment in capital assets	4,121,930	9,182,241	13,304,171	3,646,770	6,456,638	10,103,408
Restricted	1,301,602	-	1,301,602	1,144,127	918,205	2,062,332
Unrestricted	2,861,212	1,924,818	4,786,030	3,696,528	989,292	4,685,820
<b>Total Net Position</b>	<b>\$ 8,284,744</b>	<b>\$ 11,107,059</b>	<b>\$ 19,391,803</b>	<b>\$ 8,487,425</b>	<b>\$ 8,364,135</b>	<b>\$ 16,851,560</b>

**City of Giddings, Texas**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS, Continued**  
**September 30, 2023**

**Statement of Activities:**

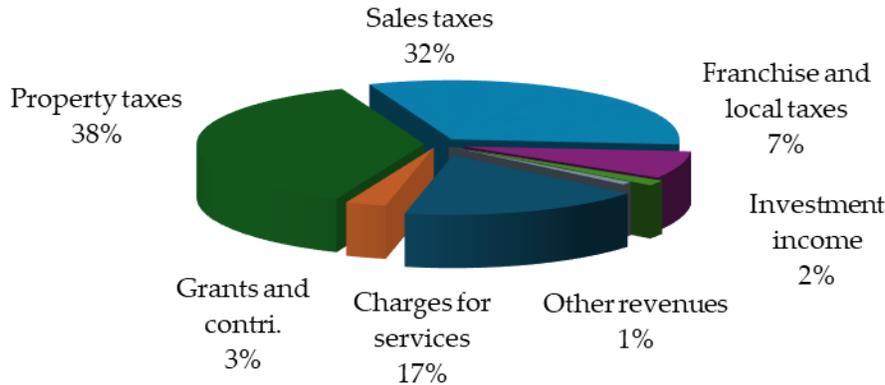
The following table provides a summary of the City's changes in net position:

	<u>For the Year Ended September 30, 2023</u>			<u>For the Year Ended September 30, 2022</u>		
	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total primary Government</u>	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total primary Government</u>
<b>Revenues</b>						
Program revenues:						
Charges for services	\$ 1,003,985	\$ 10,086,495	\$ 11,090,480	\$ 801,753	\$ 9,534,673	\$ 10,336,426
Grants and contri.	168,750	1,086,376	1,255,126	647,069	-	647,069
General revenues:						
Property taxes	2,199,088	-	2,199,088	1,942,694	-	1,942,694
Sales taxes	1,875,113	-	1,875,113	1,565,116	-	1,565,116
Franchise and local taxes	433,639	-	433,639	362,075	-	362,075
Investment income	86,495	50,072	136,567	46,298	23,362	69,660
Other revenues	47,297	260,874	308,171	276,859	284,876	561,735
<b>Total Revenues</b>	<u>5,814,367</u>	<u>11,483,817</u>	<u>17,298,184</u>	<u>5,641,864</u>	<u>9,842,911</u>	<u>15,484,775</u>
<b>Expenses</b>						
General government	2,183,560	-	2,183,560	1,694,657	-	1,694,657
Public safety	3,110,471	-	3,110,471	2,806,062	-	2,806,062
Public works	576,658	-	576,658	482,308	-	482,308
Culture and recreation	1,208,656	-	1,208,656	1,141,783	-	1,141,783
Interest and fiscal charges	92,781	229,925	322,706	65,061	188,833	253,894
Public utilities	-	7,355,890	7,355,890	-	7,274,971	7,274,971
<b>Total Expenses</b>	<u>7,172,126</u>	<u>7,585,815</u>	<u>14,757,941</u>	<u>6,189,871</u>	<u>7,463,804</u>	<u>13,653,675</u>
<b>Change in Net Position</b>						
<b>Before Transfers</b>	(1,357,759)	3,898,002	2,540,243	(548,007)	2,379,107	1,831,100
Transfers in (out)	1,155,078	(1,155,078)	-	1,555,648	(1,555,648)	-
<b>Total</b>	<u>1,155,078</u>	<u>(1,155,078)</u>	<u>-</u>	<u>1,555,648</u>	<u>(1,555,648)</u>	<u>-</u>
<b>Change in Net Position</b>	(202,681)	2,742,924	2,540,243	1,007,641	823,459	1,831,100
Beginning Net Position	8,487,425	8,364,135	16,851,560	7,479,784	7,540,676	15,020,460
<b>Ending Net Position</b>	<u>\$ 8,284,744</u>	<u>\$ 11,107,059</u>	<u>\$ 19,391,803</u>	<u>\$ 8,487,425</u>	<u>\$ 8,364,135</u>	<u>\$ 16,851,560</u>

**City of Giddings, Texas**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS, Continued**  
**September 30, 2023**

Graphic presentations of selected data from the summary tables are displayed below to assist in the analysis of the City's activities.

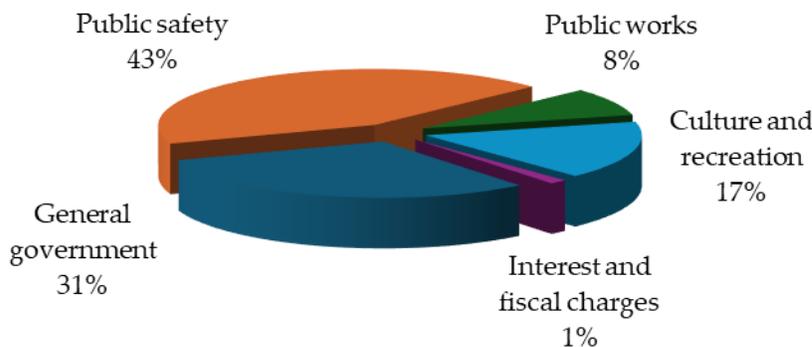
**Governmental Activities - Revenues**



For the year ended September 30, 2023, revenues from governmental activities totaled \$5,814,367. Property tax and sales tax are the City's largest general revenue sources. Overall revenues increased by \$172,503 or 3% compared to the prior year. The increase in charges for services of \$202,232 or 25% was a result of an increase in golf course revenue during the year. Property taxes increased \$256,394 or 13% primarily due to greater appraised property values. Sales taxes and franchise/local taxes increased by \$309,997 and \$71,564, respectively, primarily due to local economic growth fueled by local purchases. Investment income increased by \$40,197 or 87% primarily due to greater interest-bearing accounts and the realization of higher interest rates. Other revenues decreased by \$229,562 or 83% primarily as a result of nonrecurring miscellaneous proceeds received in the prior year. All other revenues remained relatively stable over the course of the fiscal year.

This graph shows the governmental function expenses of the City:

**Governmental Activities - Expenses**



For the year ended September 30, 2023, expenses for governmental activities totaled \$7,172,127. This represents an increase of \$982,256 or 16% from the prior year. The City's largest functional expense is public safety of \$3,110,471, which increased by \$304,409 or 10%. The increase was primarily a result of

# City of Giddings, Texas

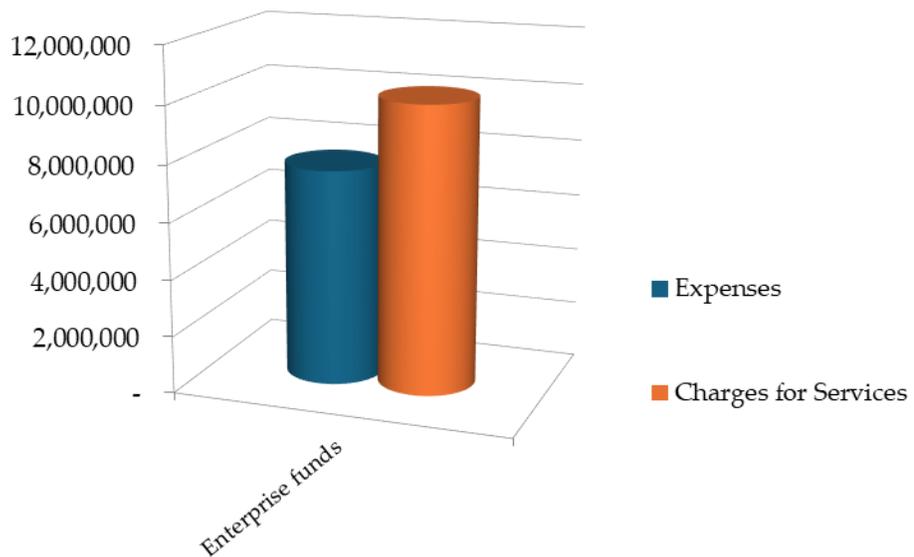
## MANAGEMENT'S DISCUSSION AND ANALYSIS, *Continued*

September 30, 2023

greater salaries/employee benefits and asset depreciation in the current year. General government expenses increased by \$488,903 or 22% primarily due to greater personnel expenses and nonrecurring computer maintenance and emergency management grant related expenses. Public works expenses increased by \$94,350 or 16% due to greater personnel costs, new purchases of street paving materials, and increased asset depreciation over the course of the year. Interest and fiscal charges increased by \$27,720 or 9% primarily due to interest payments for new lease liabilities financed during the current year. All other expenses remained relatively stable over the course of the fiscal year.

Business-type activities are shown comparing operating costs to revenues generated by related services.

### Business-Type Activities - Revenues and Expenses



For the year ended September 30, 2023, charges for services by business-type activities totaled \$10,086,495. This is an increase of \$551,822 or 6% from the previous year, which was primarily due to an 11% increase in the electricity service rate during the year. Customer consumption of utilities remained relatively consistent during the year.

Total expenses increased \$122,010 or 2% to a total of \$7,585,814, which is considered minimal.

### FINANCIAL ANALYSIS OF THE CITY'S FUNDS

As noted earlier, fund accounting is used to demonstrate and ensure compliance with finance-related legal requirements.

Governmental Funds - The focus of the City's governmental funds is to provide information of near-term inflows, outflows and balances of spendable resources. Such information is useful in assessing

**City of Giddings, Texas**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS, *Continued***  
**September 30, 2023**

the City's financing requirements. In particular, unassigned fund balance may serve as a useful measure of the City's net resources available for spending at the end of the year.

At September 30, 2023, the City's governmental funds reported combined fund balances of \$4,114,080, a decrease of \$216,527 in comparison with the prior year. The City has an unassigned fund balance in the general fund of \$2,123,809. The remainder of the fund balance is either *nonspendable, committed, or restricted* to indicate that it is 1) not in spendable form (\$14,239), 2) committed by the government for a specific purpose (\$674,430) or 3) restricted for particular purposes (\$1,301,602).

As of the end of the year the general fund reflected a total fund balance of \$2,278,125. Of this, \$14,239 is considered nonspendable and \$2,123,809 is unassigned. The general fund balance increased by \$958,091 as a direct result of actual revenues and other financing sources exceeding current year expenditures.

The debt service fund had an ending fund balance of \$615,910 at September 30, 2023 compared to the previous year's balance of \$614,178. The debt service fund balance increased slightly by \$1,732 due to current year revenues exceeding debt service payments and transfers out during the year. Total principal and interest payments (including debt issuance costs) for the year were \$328,547 and \$56,624, respectively. Debt service payments were made in accordance with their payment schedules.

Proprietary Funds - The City's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

#### **GENERAL FUND BUDGETARY HIGHLIGHTS**

There was a positive variance of \$189,128 for budgeted general fund revenues. The positive variance was primarily due to actual property taxes, sales taxes and other revenues exceeding the budget. There was a negative variance of \$376,478 for budgeted general fund expenditures. This was due to several departments coming in over budget for the year. Other financing sources had a positive budget variance of \$851,038 primarily due to transfers in and lease issuance proceeds exceeding budget estimates. The net of these variances resulted in the total positive budget variance of \$663,688 for the general fund.

#### **CAPITAL ASSETS**

As of the end of the year, the City's governmental activities funds had invested \$6,054,412 in a variety of capital assets and infrastructure, net of accumulated depreciation. The City's business-type activities funds had invested \$15,967,430 in a variety of capital assets and infrastructure, net of accumulated depreciation. This investment in capital assets includes land, buildings, vehicles, equipment, park improvements, and infrastructure.

**City of Giddings, Texas**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS, *Continued***  
**September 30, 2023**

Major capital asset events during the current year include the following:

- Installation of new A/C units for \$92,777.
- Purchased new governmental activity vehicles through lease financing for \$422,678.
- Infrastructure improvements for well #10 totaling \$1,602,751.
- EDA Hwy 290 water and parking improvements amounting to \$1,628,019.
- Purchase new business-type activity vehicles through lease financing for \$363,591.

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

**LONG-TERM DEBT**

The City's outstanding bonds, notes, and lease liabilities increased by \$2,642,272 (including premiums) during the fiscal year. The City issued \$3,200,000 of Series 2023 limited tax notes during the year. The City also entered into new lease financing agreements totaling \$786,269. The total bonds, notes, and lease liabilities (including premiums) at the close of the fiscal year was \$10,884,746.

The City monitors its debt obligations and callable bonds for refinancing opportunities with market conditions.

More detailed information about the City's long-term liabilities is presented in note IV. D to the financial statements.

**ECONOMIC FACTORS AND NEXT YEAR'S BUDGET**

The Mayor and City Council are committed to maintaining and improving the overall wellbeing of the City and improving services provided to their public citizens. The City budgeted for growth in the upcoming year.

**CONTACTING THE CITY'S FINANCIAL MANAGEMENT**

The financial report is designed to provide our citizens, customers, investors and creditors with a general overview of the City's finances. If you have questions about this report or need any additional information, contact the Department of Finance at 118 East Richmond Street, Giddings Texas, 78942.

## ***FINANCIAL STATEMENTS***

**City of Giddings, Texas**  
**STATEMENT OF NET POSITION (Page 1 of 2)**  
**September 30, 2023**

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	Giddings EDC
<b><u>Assets</u></b>				
Current assets:				
Cash and cash equivalents	\$ 3,551,620	\$ 3,382,079	\$ 6,933,699	\$ 1,701,633
Receivables, net	541,795	2,444,528	2,986,323	238,638
Inventory	6,340	228,006	234,346	-
Prepaid items	7,899	10,327	18,226	-
Restricted investments	140,077	-	140,077	-
Due from component unit	12,156	-	12,156	-
Internal balances	281,059	(281,059)	-	-
<b>Total Current Assets</b>	<b>4,540,946</b>	<b>5,783,881</b>	<b>10,324,827</b>	<b>1,940,271</b>
Investment in joint venture	2,019,563	-	2,019,563	-
Capital assets:				
Non-depreciable	2,006,169	5,249,860	7,256,029	2,801,112
Net depreciable capital assets	4,048,243	10,717,570	14,765,813	768,359
<b>Total Noncurrent Assets</b>	<b>8,073,975</b>	<b>15,967,430</b>	<b>24,041,405</b>	<b>3,569,471</b>
<b>Total Assets</b>	<b>12,614,921</b>	<b>21,751,311</b>	<b>34,366,232</b>	<b>5,509,742</b>
<b><u>Deferred Outflows of Resources</u></b>				
Deferred charge on refunding	62,440	94,570	157,010	-
Pension outflows	1,471,729	476,807	1,948,536	-
OPEB outflows	4,745	1,537	6,282	-
<b>Total Deferred Outflows of Resources</b>	<b>\$ 1,538,914</b>	<b>\$ 572,914</b>	<b>\$ 2,111,828</b>	<b>\$ -</b>

See Notes to Financial Statements.

**City of Giddings, Texas**  
**STATEMENT OF NET POSITION (Page 2 of 2)**  
**September 30, 2023**

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	Giddings EDC
<b><u>Liabilities</u></b>				
Current liabilities:				
Accounts payable and accrued liabilities	\$ 282,018	\$ 674,562	\$ 956,580	\$ 6,517
Customer deposits	-	152,030	152,030	-
Unearned revenue	131,250	-	131,250	-
Accrued interest payable	5,879	18,634	24,513	-
Due to primary government	-	-	-	12,156
Compensated absences, current	113,396	66,434	179,830	-
Debt due within one year	522,241	1,069,089	1,591,330	142,690
<b>Total Current Liabilities</b>	<b>1,054,784</b>	<b>1,980,749</b>	<b>3,035,533</b>	<b>161,363</b>
Noncurrent liabilities:				
Net pension liability	3,109,114	1,007,281	4,116,395	-
OPEB liability	174,013	56,374	230,387	-
Compensated absences, noncurrent	12,600	7,381	19,981	-
Debt due in more than one year	1,472,681	8,150,510	9,623,191	812,848
<b>Total Liabilities</b>	<b>5,823,192</b>	<b>11,202,295</b>	<b>17,025,487</b>	<b>974,211</b>
<b><u>Deferred Inflows of Resources</u></b>				
OPEB inflows	45,899	14,871	60,770	-
<b>Total Deferred Inflows of Resources</b>	<b>45,899</b>	<b>14,871</b>	<b>60,770</b>	<b>-</b>
<b><u>Net Position</u></b>				
Net investment in capital assets	4,121,930	9,182,241	13,304,171	2,616,366
Restricted				
Economic development	-	-	-	1,919,165
Debt service	615,910	-	615,910	-
Contingency	140,077	-	140,077	-
Special revenue funds	545,615	-	545,615	-
Unrestricted	2,861,212	1,924,818	4,786,030	-
<b>Total Net Position</b>	<b>\$ 8,284,744</b>	<b>\$ 11,107,059</b>	<b>\$ 19,391,803</b>	<b>\$ 4,535,531</b>

See Notes to Financial Statements.

# City of Giddings, Texas

## STATEMENT OF ACTIVITIES

For the Year Ended September 30, 2023

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
<b>Primary Government</b>				
<b>Governmental Activities</b>				
General government	\$ 2,183,560	\$ 371,039	\$ 9,375	\$ -
Public safety	3,110,471	265,847	-	-
Public works	576,658	85,245	-	-
Culture and recreation	1,208,656	281,854	159,375	-
Interest and fiscal charges	92,781	-	-	-
<b>Total Governmental Activities</b>	<b>7,172,126</b>	<b>1,003,985</b>	<b>168,750</b>	<b>-</b>
<b>Business-Type Activities</b>				
Electric	4,298,183	6,498,789	-	-
Water	1,476,415	1,487,849	-	1,086,376
Sewer	721,798	955,042	-	-
Refuse	1,089,419	1,144,815	-	-
<b>Total Business-Type Activities</b>	<b>7,585,815</b>	<b>10,086,495</b>	<b>-</b>	<b>1,086,376</b>
<b>Total Primary Government</b>	<b>\$ 14,757,941</b>	<b>\$ 11,090,480</b>	<b>\$ 168,750</b>	<b>\$ 1,086,376</b>
<b>Component Unit</b>				
Giddings EDC	\$ 799,996	\$ -	\$ -	\$ -

**General Revenues:**

Taxes:

Property taxes

Sales taxes

Franchise and local taxes

Investment income

Other revenues

**Transfers**

**Total General Revenues and Transfers**

**Change in Net Position**

Beginning Net Position

**Ending Net Position**

See Notes to Financial Statements.

**Net (Expense) Revenue and Changes in Net Position**

<b>Primary Government</b>			<b>Component Unit</b>
<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total</b>	<b>Giddings EDC</b>
\$ (1,803,146)	\$ -	\$ (1,803,146)	
(2,844,624)	-	(2,844,624)	
(491,413)	-	(491,413)	
(767,427)	-	(767,427)	
(92,781)	-	(92,781)	
<u>(5,999,391)</u>	<u>-</u>	<u>(5,999,391)</u>	
-	2,200,606	2,200,606	
-	1,097,810	1,097,810	
-	233,244	233,244	
-	55,396	55,396	
-	3,587,056	3,587,056	
<u>(5,999,391)</u>	<u>3,587,056</u>	<u>(2,412,335)</u>	
			\$ (799,996)
2,199,088	-	2,199,088	-
1,875,113	-	1,875,113	937,556
433,639	-	433,639	-
86,495	50,072	136,567	46,971
47,297	260,874	308,171	2,836
1,155,078	(1,155,078)	-	-
<u>5,796,710</u>	<u>(844,132)</u>	<u>4,952,578</u>	<u>987,363</u>
(202,681)	2,742,924	2,540,243	187,367
8,487,425	8,364,135	16,851,560	4,348,164
<u>\$ 8,284,744</u>	<u>\$ 11,107,059</u>	<u>\$ 19,391,803</u>	<u>\$ 4,535,531</u>

# City of Giddings, Texas

## BALANCE SHEET

### GOVERNMENTAL FUNDS

September 30, 2023

	General	Debt Service	Nonmajor Governmental Funds	Total Governmental Funds
<b>Assets</b>				
Cash and cash equivalents	\$ 2,029,236	\$ 220,502	\$ 1,301,882	\$ 3,551,620
Receivables, net	465,684	26,698	49,413	541,795
Inventory	6,340	-	-	6,340
Prepaid items	7,899	-	-	7,899
Due from other funds	6,720	408,050	-	414,770
Due from component unit	12,156	-	-	12,156
Restricted investments	140,077	-	-	140,077
<b>Total Assets</b>	<b>\$ 2,668,112</b>	<b>\$ 655,250</b>	<b>\$ 1,351,295</b>	<b>\$ 4,674,657</b>
<b>Liabilities</b>				
Accounts payable and accrued liabilities	\$ 276,096	\$ 5,922	\$ -	\$ 282,018
Unearned revenue	-	-	131,250	131,250
Due to other funds	-	6,720	126,991	133,711
<b>Total Liabilities</b>	<b>276,096</b>	<b>12,642</b>	<b>258,241</b>	<b>546,979</b>
<b>Deferred Inflows of Resources</b>				
Unavailable revenue - property taxes	67,790	26,698	-	94,488
Unavailable revenue - franchise taxes	46,101	-	-	46,101
<b>Total Deferred Inflows of Resources</b>	<b>113,891</b>	<b>26,698</b>	<b>-</b>	<b>140,589</b>
<b>Fund Balances</b>				
Nonspendable:				
Inventory	6,340	-	-	6,340
Prepaid items	7,899	-	-	7,899
Restricted for:				
Debt service	-	615,910	-	615,910
Contingency	140,077	-	-	140,077
Municipal court	-	-	57,759	57,759
Tourism	-	-	430,376	430,376
Law enforcement	-	-	57,480	57,480
Committed for:				
Capital projects	-	-	313,057	313,057
Special revenue	-	-	234,382	234,382
Unassigned reported in:				
General fund	2,123,809	-	-	2,123,809
<b>Total Fund Balances</b>	<b>2,278,125</b>	<b>615,910</b>	<b>1,093,054</b>	<b>3,987,089</b>
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</b>	<b>\$ 2,668,112</b>	<b>\$ 655,250</b>	<b>\$ 1,351,295</b>	<b>\$ 4,674,657</b>

See Notes to Financial Statements.

# City of Giddings, Texas

## RECONCILIATION OF THE BALANCE SHEET TO THE STATEMENT OF NET POSITION GOVERNMENTAL FUNDS

September 30, 2023

<b>Fund Balances - Total Governmental Funds</b>	\$ 3,987,089
 <b>Adjustments for the Statement of Net Position:</b>	
Capital assets used in governmental activities are not current financial resources and, therefore, not reported in the governmental funds.	
Capital assets - non-depreciable	2,006,169
Capital assets - net depreciable	4,048,243
 Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the governmental funds.	
Property tax receivable	94,488
Franchise tax receivable	46,101
 Deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenues) until that time	
OPEB inflows	(45,899)
 Deferred outflows of resources, represent a consumption of net position that applies to a future period(s) and is not recognized as an outflow of resources (expense/ expenditure) until then.	
Deferred charge on refunding	62,440
Pension outflows	1,471,729
OPEB outflows	4,745
Joint venture reporting of investment in airport	2,019,563
 Some liabilities, including bonds payable and deferred charges, are not reported as liabilities in the governmental funds.	
Accrued interest	(5,879)
Compensated absences	(125,996)
Net pension liability	(3,109,114)
OPEB liability	(174,013)
Non-current liabilities due in one year	(522,241)
Non-current liabilities due in more than one year	(1,472,681)
<b>Net Position of Governmental Activities</b>	<b>\$ 8,284,744</b>

See Notes to Financial Statements.

# City of Giddings, Texas

## STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE GOVERNMENTAL FUNDS

For the Year Ended September 30, 2023

	General	Debt Service	Nonmajor Governmental Funds	Total Governmental Funds
<b>Revenues</b>				
Property tax	\$ 1,817,437	\$ 387,511	\$ -	\$ 2,204,948
Sales tax	1,875,113	-	-	1,875,113
Franchise and local taxes	138,107	-	249,431	387,538
Intergovernmental revenue	-	-	9,375	9,375
License and permits	85,245	-	-	85,245
Fines and forfeitures	215,407	-	50,440	265,847
Investment income	48,613	-	37,882	86,495
Other revenue	648,382	4,778	214,229	867,389
<b>Total Revenues</b>	<b>4,828,304</b>	<b>392,289</b>	<b>561,357</b>	<b>5,781,950</b>
<b>Expenditures</b>				
Current:				
General government	1,738,107	-	401,817	2,139,924
Public safety	2,583,740	-	24,181	2,607,921
Public works	453,395	-	-	453,395
Culture and recreation	1,005,017	-	-	1,005,017
Capital outlay	596,084	-	381,891	977,975
Debt Service:				
Principal	160,558	328,547	-	489,105
Interest and fiscal charges	20,560	56,624	-	77,184
<b>Total Expenditures</b>	<b>6,557,461</b>	<b>385,171</b>	<b>807,889</b>	<b>7,750,521</b>
<b>Excess of Revenues</b>				
<b>Over (Under) Expenditures</b>	<b>(1,729,157)</b>	<b>7,118</b>	<b>(246,532)</b>	<b>(1,968,571)</b>
<b>Other Financing Sources (Uses)</b>				
Transfers in	2,217,273	-	105,000	2,322,273
Transfers (out)	-	(5,386)	(1,161,809)	(1,167,195)
Lease issuance	422,678	-	-	422,678
Sale of capital assets	47,297	-	-	47,297
<b>Total Other Financing Sources (Uses)</b>	<b>2,687,248</b>	<b>(5,386)</b>	<b>(1,056,809)</b>	<b>1,625,053</b>
<b>Net Change in Fund Balances</b>	<b>958,091</b>	<b>1,732</b>	<b>(1,303,341)</b>	<b>(343,518)</b>
Beginning fund balances	1,320,034	614,178	2,396,395	4,330,607
<b>Ending Fund Balances</b>	<b>\$ 2,278,125</b>	<b>\$ 615,910</b>	<b>\$ 1,093,054</b>	<b>\$ 3,987,089</b>

See Notes to Financial Statements.

# City of Giddings, Texas

## *RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES*

**For the Year Ended September 30, 2023**

Amounts reported for governmental activities in the statement of activities are different because:

Net changes in fund balances - total governmental funds	\$	(343,518)
---	----	-----------

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.

Capital outlay		930,526
Depreciation expense		(577,111)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.

Property taxes		(5,860)
Franchise taxes		46,101

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

Compensated absences		(1,260)
Accrued interest		(5,879)
Pension expense		(245,536)
OPEB expense		(1,732)

Change in investment in joint venture		(55,121)
---------------------------------------	--	----------

The issuance of long-term debt (e.g., bonds, leases, certificates of obligation) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when they are first issued; whereas, these amounts are deferred and amortized in the statement of activities.

This amount is the net effect of these differences in the treatment of long-term debt and related items.

Lease issuance		(422,678)
Amortization of premium		7,359
Amortization of deferred charge for refunding		(17,077)
Principal payments		489,105

<b>Change in Net Position of Governmental Activities</b>	<b>\$</b>	<b>(202,681)</b>
--	-----------	------------------

See Notes to Financial Statements.

**City of Giddings, Texas**  
**STATEMENT OF NET POSITION (Page 1 of 2)**  
**PROPRIETARY FUNDS**  
**September 30, 2023**

	<u>Electric</u>	<u>Water</u>	<u>Sewer</u>	<u>Refuse</u>
<b><u>Assets</u></b>				
<b><u>Current Assets</u></b>				
Cash and cash equivalents	\$ 578,204	\$ 2,693,716	\$ 45,747	\$ 64,412
Receivables, net	941,344	1,262,860	99,763	140,561
Inventory	146,049	61,468	20,489	-
Prepays	-	10,327	-	-
Due from other funds	-	135,803	-	-
<b>Total Current Assets</b>	<b>1,665,597</b>	<b>4,164,174</b>	<b>165,999</b>	<b>204,973</b>
<b><u>Noncurrent Assets</u></b>				
Capital assets:				
Non-depreciable	499,693	3,910,683	839,484	-
Net depreciable capital assets	752,323	7,782,058	2,183,189	-
<b>Total Noncurrent Assets</b>	<b>1,252,016</b>	<b>11,692,741</b>	<b>3,022,673</b>	<b>-</b>
<b>Total Assets</b>	<b>2,917,613</b>	<b>15,856,915</b>	<b>3,188,672</b>	<b>204,973</b>
<b><u>Deferred Outflows of Resources</u></b>				
Deferred charge on refunding	2,625	87,955	3,990	-
Pension outflows	232,655	163,872	80,280	-
OPEB outflows	750	528	259	-
<b>Total Deferred Outflows of Resources</b>	<b>236,030</b>	<b>252,355</b>	<b>84,529</b>	<b>-</b>
<b><u>Liabilities</u></b>				
<b><u>Current Liabilities</u></b>				
Accounts payable and accrued liabilities	74,260	502,870	7,094	90,338
Customer deposits	124,772	27,258	-	-
Accrued interest	6,127	8,408	4,099	-
Compensated absences, noncurrent	34,744	17,996	13,694	-
Long-term debt due in one year	109,252	699,234	260,603	-
Due to other funds	394,212	22,650	-	-
<b>Total Current Liabilities</b>	<b>\$ 743,367</b>	<b>\$ 1,278,416</b>	<b>\$ 285,490</b>	<b>\$ 90,338</b>

See Notes to Financial Statements.

**Total**

\$ 3,382,079  
2,444,528  
228,006  
10,327  
135,803  

---

6,200,743

5,249,860  
10,717,570  

---

15,967,430  

---

22,168,173

94,570  
476,807  
1,537  

---

572,914

674,562  
152,030  
18,634  
66,434  
1,069,089  
416,862  

---

\$ 2,397,611

# City of Giddings, Texas

## STATEMENT OF NET POSITION (Page 2 of 2)

### PROPRIETARY FUNDS

September 30, 2023

	Electric	Water	Sewer	Refuse
<b><u>Noncurrent Liabilities</u></b>				
Compensated absences, noncurrent	\$ 3,860	\$ 2,000	\$ 1,521	\$ -
Net pension liability	491,497	346,189	169,595	-
OPEB liability	27,508	19,375	9,491	-
Long-term debt due in more than one year	249,607	6,355,506	1,545,397	-
<b>Total Liabilities</b>	<b>\$ 1,515,839</b>	<b>\$ 8,001,486</b>	<b>\$ 2,011,494</b>	<b>\$ 90,338</b>
 <b><u>Deferred Inflows of Resources</u></b>				
OPEB inflows	7,256	5,111	2,504	-
<b>Total Deferred Inflows of Resources</b>	<b>7,256</b>	<b>5,111</b>	<b>2,504</b>	<b>-</b>
 <b><u>Net Position</u></b>				
Net investment in capital assets	895,782	7,065,796	1,220,663	-
Unrestricted	734,766	1,036,877	38,540	114,635
<b>Total Net Position</b>	<b>\$ 1,630,548</b>	<b>\$ 8,102,673</b>	<b>\$ 1,259,203</b>	<b>\$ 114,635</b>

See Notes to Financial Statements.

**Total**

                      
\$          7,381  
      1,007,281  
       56,374  
      8,150,510  
                      
\$  11,619,157  
                    

          14,871  
                      
          14,871  
                    

          9,182,241  
          1,924,818  
                      
\$  11,107,059

# City of Giddings, Texas

## STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION PROPRIETARY FUNDS

For the Year Ended September 30, 2023

	Electric	Water	Sewer	Refuse
<b><u>Operating Revenues</u></b>				
Charges for services	\$ 6,498,789	\$ 1,487,849	\$ 955,042	\$ 1,144,815
Other revenue	222,541	4,398	19,199	14,736
<b>Total Operating Revenues</b>	<b>6,721,330</b>	<b>1,492,247</b>	<b>974,241</b>	<b>1,159,551</b>
<b><u>Operating Expenses</u></b>				
Cost of sales	3,471,887	59,030	84,885	1,076,881
Personnel	558,552	474,818	188,996	-
Repairs and maintenance	91,961	178,440	86,301	-
Administration	64,039	150,960	168,451	6,205
Other	19,788	119,662	16,588	6,333
Depreciation	73,786	337,776	120,551	-
<b>Total Operating Expenses</b>	<b>4,280,013</b>	<b>1,320,686</b>	<b>665,772</b>	<b>1,089,419</b>
<b>Operating Income</b>	<b>2,441,317</b>	<b>171,561</b>	<b>308,469</b>	<b>70,132</b>
<b><u>Nonoperating Revenues (Expenses)</u></b>				
Investment income	8,338	39,154	1,054	1,526
Bond issuance costs	-	(43,397)	-	-
Interest expense	(18,170)	(112,332)	(56,026)	-
<b>Total Nonoperating Revenues (Expenses)</b>	<b>(9,832)</b>	<b>(116,575)</b>	<b>(54,972)</b>	<b>1,526</b>
<b>Income Before Transfers</b>	<b>2,431,485</b>	<b>54,986</b>	<b>253,497</b>	<b>71,658</b>
Capital grants & contributions	-	1,086,376	-	-
Transfers in	1,592	799,030	-	-
Transfers (out)	(1,419,848)	(345,100)	(160,752)	(30,000)
<b>Total Transfers</b>	<b>(1,418,256)</b>	<b>1,540,306</b>	<b>(160,752)</b>	<b>(30,000)</b>
<b>Change in Net Position</b>	<b>1,013,229</b>	<b>1,595,292</b>	<b>92,745</b>	<b>41,658</b>
Beginning Net Position	<b>617,319</b>	<b>6,507,381</b>	<b>1,166,458</b>	<b>72,977</b>
<b>Ending Net Position</b>	<b>\$ 1,630,548</b>	<b>\$ 8,102,673</b>	<b>\$ 1,259,203</b>	<b>\$ 114,635</b>

See Notes to Financial Statements.

	<b>Total</b>
<hr/>	
\$	10,086,495
	260,874
	<hr/>
	10,347,369
	<hr/>

	4,692,683
	1,222,366
	356,702
	389,655
	162,371
	532,113
	<hr/>
	7,355,890
	<hr/>
	2,991,479
	<hr/>

	50,072
	(43,397)
	(186,528)
	<hr/>
	(179,853)
	<hr/>

	2,811,626
	1,086,376
	800,622
	(1,955,700)
	<hr/>
	(68,702)
	<hr/>

	2,742,924
	8,364,135
	<hr/>
\$	11,107,059
	<hr/> <hr/>

**City of Giddings, Texas**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUNDS (Page 1 of 2)**  
**For the Year Ended September 30, 2023**

	<u>Electric</u>	<u>Water</u>	<u>Sewer</u>
<b><u>Cash Flows from Operating Activities</u></b>			
Receipts from customers	\$ 6,362,456	\$ 258,533	\$ 966,616
Payments to suppliers	(3,888,645)	104,618	(200,557)
Payments to employees	(583,504)	(610,503)	(355,322)
<b>Net Cash Provided (Used) by Operating Activities</b>	<u>1,890,307</u>	<u>(247,352)</u>	<u>410,737</u>
<b><u>Cash Flows from Noncapital</u></b>			
<b><u>Financing Activities</u></b>			
Operating transfers in	1,592	799,030	-
Operating transfers (out)	(1,419,848)	(345,100)	(160,752)
<b>Net Cash Provided (Used) by Noncapital Financing Activities</b>	<u>(1,418,256)</u>	<u>453,930</u>	<u>(160,752)</u>
<b><u>Cash Flows from Capital and Related</u></b>			
<b><u>Financing Activities</u></b>			
Capital purchases	(27,819)	(3,246,770)	-
Proceeds from capital debt	-	3,200,000	-
Principal paid on debt	(133,786)	(446,668)	(235,433)
Bond issuance costs paid	-	(43,397)	-
Interest paid on debt	(11,168)	(114,633)	(59,731)
<b>Net Cash Provided (Used) by Capital and Related Financing Activities</b>	<u>(172,773)</u>	<u>434,908</u>	<u>(295,164)</u>
<b><u>Cash Flows from Investing Activities</u></b>			
Interest on investments	8,338	39,154	1,054
<b>Net Cash Provided by Investing Activities</b>	<u>8,338</u>	<u>39,154</u>	<u>1,054</u>
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	307,616	680,640	(44,125)
Beginning cash and cash equivalents	<u>270,588</u>	<u>2,013,076</u>	<u>89,872</u>
<b>Ending Cash and Cash Equivalents</b>	<u>\$ 578,204</u>	<u>\$ 2,693,716</u>	<u>\$ 45,747</u>

See Notes to Financial Statements.

<u>Refuse</u>	<u>Total</u>
\$ 1,131,108	\$ 8,718,713
(1,086,489)	(5,071,073)
(6,205)	(1,555,534)
38,414	2,092,106
-	800,622
(30,000)	(1,955,700)
(30,000)	(1,155,078)
-	(3,274,589)
-	3,200,000
-	(815,887)
-	(43,397)
-	(185,532)
-	(33,029)
1,526	50,072
1,526	50,072
9,940	954,071
54,472	2,428,008
\$ 64,412	\$ 3,382,079
\$ 64,412	\$ 3,382,079

**City of Giddings, Texas**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUNDS (Page 2 of 2)**  
**For the Year Ended September 30, 2023**

	Electric	Water	Sewer
<b><u>Reconciliation of Operating Income</u></b>			
<b><u>to Net Cash Provided by Operating Activities</u></b>			
Operating Income	\$ 2,441,317	\$ 171,561	\$ 308,469
Adjustments to reconcile operating income to net cash provided:			
Depreciation	73,786	337,776	120,551
<b>Changes in Operating Assets and Liabilities:</b>			
<b>(Increase) Decrease in:</b>			
Accounts receivable	(312,238)	(1,095,577)	(3,910)
Inventory	(46,636)	(11,146)	(3,715)
Deferred outflows - pension	(159,023)	(112,009)	(54,872)
Deferred outflows - OPEB	4,561	3,213	1,574
Deferred inflows - pension	(123,549)	(87,022)	(42,632)
Deferred inflows - OPEB	6,061	4,270	2,091
<b>Increase (Decrease) in:</b>			
Accounts payable and accrued liabilities	(296,333)	463,775	(12,783)
Customer deposits	(8,676)	(2,025)	-
Compensated absences	-	(12,258)	(11,362)
OPEB liability	(10,349)	(7,289)	(3,571)
Net pension liability	321,386	226,370	110,897
<b>Net Cash Provided (Used) by Operating Activities</b>	<b>\$ 1,890,307</b>	<b>\$ (247,352)</b>	<b>\$ 410,737</b>
<b><u>Schedule of Non-Cash Capital and Financing Activities</u></b>			
Capital assets acquired through leases	\$ 82,405	\$ 78,288	\$ 202,898

See Notes to Financial Statements.

<u>Refuse</u>	<u>Total</u>
\$ 70,132	\$ 2,991,479
-	532,113
(28,443)	(1,440,168)
-	(61,497)
-	(325,904)
-	9,348
-	(253,203)
-	12,422
(3,275)	151,384
-	(10,701)
-	(23,620)
-	(21,209)
-	658,653
\$ 38,414	\$ 2,092,106
\$ -	363,591

(This page intentionally left blank.)

**City of Giddings, Texas**  
**NOTES TO FINANCIAL STATEMENTS**  
**September 30, 2023**

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Reporting Entity**

The City of Giddings, Texas (the "City") was incorporated under the laws of the State of Texas in 1913. The City, a home rule municipality, operates as a Council-Manager government. With few exceptions, all powers of the City are vested in an elected council, which enacts local legislation, adopts budgets, determines policies, and appoints the City attorney and the municipal court judge. The Council also appoints the City manager who executes the laws and administers the operations of the City.

The City is an independent political subdivision of the State of Texas governed by an elected council and a mayor and is considered a primary government. As required by generally accepted accounting principles, these basic financial statements have been prepared based on considerations regarding the potential for inclusion of other entities, organizations, or functions as part of the City's financial reporting entity. No entities have been included in the City's reporting entity. Additionally, as the City is considered a primary government for financial reporting purposes, its activities are not considered a part of any other governmental or other type of reporting entity.

Considerations regarding the potential for inclusion of other entities, organizations or functions in the City's financial reporting entity are based on criteria prescribed by generally accepted accounting principles. These same criteria are evaluated in considering whether the City is a part of any other governmental or other type of reporting entity. The overriding elements associated with prescribed criteria considered in determining that the City's financial reporting entity status is that of a primary government are that it has a separately elected governing body; it is legally separate; and is fiscally independent of other state and local governments. Additionally prescribed criteria under generally accepted accounting principles include considerations pertaining to organizations for which the primary government is financially accountable, and considerations pertaining to organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

**Discretely Presented Component Unit**

**Giddings Economic Development Corporation**

Giddings Economic Development Corporation ("GEDC"), is a separate organization that is considered a component unit of the primary government. It has a separate board of directors and does not meet any of the criteria for blending and therefore is discretely presented. GEDC financial statements are presented on the full accrual basis of accounting. Copies of the GEDC's financial statements may be obtained by contacting the City of Giddings, 118 E. Richmond, Giddings, Texas 78942. The GEDC is authorized to act on behalf of the City in

**City of Giddings, Texas**  
*NOTES TO FINANCIAL STATEMENTS, Continued*  
September 30, 2023

order to encourage the promotion and development of commercial, industrial and manufacturing enterprises within the area.

**B. Government-Wide and Fund Financial Statements**

While separate government-wide and fund financial statements are presented, they are interrelated. The governmental activities column incorporates data from governmental funds while business-type activities incorporate data from the government's enterprise funds. Separate financial statements are provided for governmental funds and the proprietary funds.

As discussed earlier, the government has one discretely presented component unit and is shown in separate columns in the government-wide financial statements.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments in lieu of taxes where the amounts are reasonably equivalent in value to the interfund services provided and other charges between the government's water and transit functions and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

**Governmental Funds**

Governmental funds are those funds through which most governmental functions are typically financed.

The government reports the following major governmental funds:

**General Fund**

The general fund is used to account for all financial transactions not properly includable in other funds. The principal sources of revenues include local property taxes, sales and franchise taxes, licenses and permits, fines and forfeitures, and charges for services. Expenditures include general government, public safety, public works, and culture and recreation.

**Debt Service Fund**

The debt service fund is used to account for the payment of interest and principal on all general obligation bonds and other long-term debt of governmental funds. The primary source of revenue for debt service is local property taxes.

**City of Giddings, Texas**  
*NOTES TO FINANCIAL STATEMENTS, Continued*  
September 30, 2023

**Proprietary Fund Types**

Proprietary funds are used to account for activities that are similar to those often found in the private sector. All assets, liabilities, equities, revenues, expenses, and transfers relating to the government's business activities are accounted for through proprietary funds. The measurement focus is on determination of net income, financial position, and cash flows. Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues include charges for services. Operating expenses include costs of materials, contracts, personnel, and depreciation. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses. Proprietary fund types follow GAAP prescribed by the Governmental Accounting Standards Board (GASB) and all financial Accounting Standards Board's standards issued prior to November 30, 1989. Subsequent to this date, the City accounts for its enterprise funds as presented by GASB. The proprietary fund types used by the City include enterprise funds.

The government reports the following major enterprise funds:

**Electric Fund**

The electric fund is used to account for the operations that provide electric services to the public.

**Water Fund**

The water fund is used to account for the operations that provide water to the citizens of the City and surrounding area.

**Sewer Fund**

The sewer fund is used to account for the operations that provide wastewater collection and wastewater treatment operations.

**Refuse Fund**

The refuse fund is used to account for the operations that provide refuse operations to the citizens of the City.

Additionally, the government reports the following fund types:

**Capital Projects Fund**

The City's capital projects fund accounts for the acquisition and construction of the government's major capital facilities, other than those financed by proprietary funds.

**City of Giddings, Texas**  
*NOTES TO FINANCIAL STATEMENTS, Continued*  
September 30, 2023

**Special Revenue Funds**

The City accounts for resources restricted to, or designated for, specific purposes in special revenue funds. These funds consist of the hotel occupancy, cemetery improvement, library, municipal court, police drug and swat, ROW maintenance, TDEM-COVID, and special revenues funds.

During the course of operations the government has activity between funds for various purposes. Any residual balances outstanding at year end are reported as due from/to other funds and advances to/from other funds. While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Balances between the funds included in governmental activities (i.e., the governmental and internal service funds) are eliminated so that only the net amount is included as internal balances in the governmental activities column. Similarly, balances between the funds included in business-type activities (i.e., the enterprise funds) are eliminated so that only the net amount is included as internal balances in the business-type activities column.

Further, certain activity occurs during the year involving transfers of resources between funds. In fund financial statements these amounts are reported at gross amounts as transfers in/out. While reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Transfers between the funds included in governmental activities are eliminated so that only the net amount is included as transfers in the governmental activities column. Similarly, balances between the funds included in business-type activities are eliminated so that only the net amount is included as transfers in the business-type activities column.

**C. Measurement Focus and Basis of Accounting**

The government-wide statements of net position and statements of activities and all proprietary funds are accounted for on a flow of economic resources measurement focus, accrual basis of accounting. With this measurement focus, all assets and all liabilities associated with the operations of these activities are included on the balance sheet. Proprietary fund equity consists of net position. Proprietary fund-type operating statements present increases (i.e., revenues) and decreases (i.e., expenses) in net total assets.

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental funds and component units are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements of these funds present increases (i.e., revenues and other financing resources) and decreases (i.e., expenditures and other financing uses) in net current assets.

**City of Giddings, Texas**  
*NOTES TO FINANCIAL STATEMENTS, Continued*  
September 30, 2023

The City utilizes the modified accrual basis of accounting in the governmental fund type and component units. Under the modified accrual basis of accounting, revenues are recognized in the accounting period when they are susceptible to accrual (i.e., when they are measurable and available). Measurable means the amount of the transaction can be determined and available means collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues available if they are collected within 60 days of the end of the current period. Revenues susceptible to accrual include charges for services and interest on temporary investments.

Property taxes, sales taxes, franchise taxes, and interest associated with the current period are all considered to be susceptible to accrual and so have been recognized as revenues of the current period. Other receipts and other taxes become measurable and available when cash is received by the government and are recognized as revenue at that time.

Under modified accrual accounting, expenditures are recognized in the accounting period in which the liability is incurred, if measurable, except for interest on general long-term debt, which is recognized when due.

The accrual basis of accounting is used for the proprietary fund types. 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 statements of net position, statements of activities, and financial statements of proprietary fund types are presented on the accrual basis of accounting. Under this method of accounting, revenues are recognized in the accounting period in which they are earned, and expenses in the accounting period in which they are incurred.

Generally, the effect of interfund activity has been eliminated from the government-wide financial statements.

**D. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance**

**1. Deposits and Investments**

The City's cash and cash equivalents are considered to be cash on hand, demand deposits and short term investments with original maturities of three months or less from the date of acquisition. For the purpose of the statement of cash flows, the proprietary fund types consider temporary investments with maturity of three months or less when purchased to be cash equivalents.

In accordance with GASB Statement No. 31, *Accounting and Reporting for Certain Investments and External Investment Pools*, the City reports all investments at fair value, except for "money

# City of Giddings, Texas

## NOTES TO FINANCIAL STATEMENTS, *Continued*

September 30, 2023

market investments” and “2a7-like pools.” Money market investments, which are short-term highly liquid debt instruments that may include U.S. Treasury and agency obligations, are reported at amortized costs. Investment positions in external investment pools that are operated in a manner consistent with the SEC’s Rule 2a7 of the Investment Company Act of 1940, such as TexSTAR, are reported using the pools’ share price.

The City has adopted a written investment policy regarding the investment of its funds as defined in the Public Funds Investment Act, Chapter 2256, of the Texas Governmental Code. In summary, the City is authorized to invest in the following:

- Direct obligations of the U.S. Government
- Fully collateralized certificates of deposit and money market accounts
- Statewide investment pools

### **2. Fair Value**

The City has applied Governmental Accounting Standards Board (“GASB”) Statement No. 72, Fair Value Measurement and Application. GASB Statement No. 72 provides guidance for determining a fair value measurement for reporting purposes and applying fair value to certain investments and disclosures related to all fair value measurements.

### **3. Receivables and Interfund Transactions**

Transactions between funds that are representative of lending/borrowing arrangements outstanding at the end of the year are referred to as either “interfund receivables/payables” (i.e., the current portion of interfund loans) or “advances to/from other funds” (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as “due to/from other funds” in the fund financial statements. If the transactions are between the primary government and its component unit, these receivables and payables are classified as “due to/from component unit/primary government.” Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as “internal balances.”

Advances between funds are offset by a fund balance reserve account in the applicable governmental fund to indicate they are not available for appropriation and are not expendable available financial resources.

All trade receivables are shown net of any allowance for uncollectible amounts.

### **4. Property Taxes**

Property taxes are levied by October 1 on the assessed value listed as of the prior January 1 for all real and business personal property in conformity with Subtitle E, Texas Property Tax

**City of Giddings, Texas**  
*NOTES TO FINANCIAL STATEMENTS, Continued*  
September 30, 2023

Code. Taxes are due on receipt of the tax bill and are delinquent if not paid before February 1 of the year following the year in which imposed. Penalties are calculated after February 1 up to the date collected by the government. Under state law, property taxes levied on real property constitute a lien on the real property which cannot be forgiven without specific approval of the State Legislature. The lien expires at the end of twenty years. Taxes levied on personal property can be deemed uncollectible by the City.

**5. Inventories and Prepaid Items**

The costs of governmental fund type inventories are recorded as expenditures when the related liability is incurred, (i.e., the purchase method). The inventories are valued at the lower of cost or market using the first-in/first-out method. Certain payments to vendors reflect costs applicable to future accounting periods (prepaid expenditures) are recognized as expenditures when utilized.

**6. Restricted Assets**

The City co-owned a certificate of deposit with Windsor Energy at Citizens National Bank. Windsor Energy is now bankrupt and the City is the sole active owner. The bank will not release the money out of the certificate of deposit because Windsor Energy is still listed as co-owner. The City attorney is aware of the matter. The City reports the entire amount of the certificate of deposit, \$140,077, as a restricted asset on its financial statements.

**7. Capital Assets**

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items) are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government, as assets with an initial individual cost of more than \$5,000 and an estimated useful life in excess of one year. 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. Major outlays for capital assets and improvements are capitalized as projects are constructed.

Interest costs incurred in connection with construction of enterprise fund capital assets are capitalized when the effects of capitalization materially impact the financial statements.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

**City of Giddings, Texas**  
**NOTES TO FINANCIAL STATEMENTS, Continued**  
**September 30, 2023**

Property, plant, and equipment of the primary government, as well as the component units, are depreciated using the straight-line method over the following estimated useful years.

<b>Asset Description</b>	<b>Estimated Useful Life</b>
Vehicles and equipment	2 to 15 years
Furniture and fixtures	5 to 10 years
Infrastructure	20 to 40 years
Utility systems	20 to 40 years
Buildings and improvements	10 to 30 years

**8. Deferred Outflows/Inflows of Resources**

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/ expenditure) until then. An example is a deferred charge on refunding reported in the government-wide statement of net position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. The government has only one type of item, which arises only under a modified accrual basis of accounting, that qualifies for reporting in this category. Accordingly, the item, *unavailable revenue*, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from one source: property taxes. This amount is deferred and recognized as an inflow of resources in the period that the amounts become available.

**9. Net Position Flow Assumption**

Sometimes the government will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted – net position and unrestricted – net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied.

**10. Fund Balance Flow Assumptions**

Sometimes the government will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance).

# City of Giddings, Texas

## NOTES TO FINANCIAL STATEMENTS, *Continued*

September 30, 2023

In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied. It is the government's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

### **11. Fund Balance Policies**

Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The government itself can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance).

The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the government's highest level of decision-making authority. The governing council is the highest level of decision-making authority for the government that can, by adoption of an ordinance prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the ordinance remains in place until a similar action is taken (the adoption of another ordinance) to remove or revise the limitation.

Amounts in the assigned fund balance classification are intended to be used by the government for specific purposes but do not meet the criteria to be classified as committed. The governing body (council) has by resolution authorized the finance director to assign fund balance. The council may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.

### **12. Compensated Absences**

The liability for compensated absences reported in the government-wide and proprietary fund statements consist of unpaid, accumulated vacation balances. The liability has been calculated using the vesting method, in which leave amounts for both employees who currently are eligible to receive termination payments and other employees who are expected to become eligible in the future to receive such payments upon termination are included. Vested or accumulated vacation leave and compensated leave of government-wide and proprietary funds are recognized as an expense and liability of those funds as the benefits accrue to employees.

**City of Giddings, Texas**  
*NOTES TO FINANCIAL STATEMENTS, Continued*  
September 30, 2023

It is the City's policy to liquidate compensated absences with future revenues rather than with currently available expendable resources. Accordingly, the City's governmental funds recognize accrued compensated absences when it is paid.

**13. Long-Term Obligations**

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities statement of net position. The long-term debt consists primarily of bonds payable and accrued compensated absences.

Long-term debt for governmental funds is not reported as liabilities in the fund financial statements until due. The debt proceeds are reported as other financing sources, net of the applicable premium or discount and payments of principal and interest reported as expenditures. In the governmental fund types, issuance costs, even if withheld from the actual net proceeds received, are reported as debt service expenditures. However, claims and judgments paid from governmental funds are reported as a liability in the fund financial statements only for the portion expected to be financed from expendable available financial resources.

Long-term debt and other obligations, financed by proprietary funds, are reported as liabilities in the appropriate funds. For proprietary fund types, bond premiums, and discounts are deferred and amortized over the life of the bonds using the effective interest method, if material. Bonds payable are reported net of the applicable bond premium or discount. Issuance costs are expensed as incurred.

Assets acquired under the terms of capital leases are recorded as liabilities and capitalized in the government-wide financial statements at the present value of net minimum lease payments at inception of the lease. In the year of acquisition, lease transactions are recorded as other financing sources and as capital outlay expenditures in the general fund. Lease payments representing both principal and interest are recorded as expenditures in the general fund upon payment with an appropriate reduction of principal recorded in the government-wide financial statements.

**14. Estimates**

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

# City of Giddings, Texas

## NOTES TO FINANCIAL STATEMENTS, *Continued*

September 30, 2023

### 15. Pensions

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

### 16. Other Postemployment Benefits ("OPEB")

The City has implemented GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions. This statement applies to the individual employers (TMRS cities) in the TMRS Supplemental Death Benefits (SDB) plan, with retiree coverage. The TMRS SDBF covers both active and retiree benefits with no segregation of assets, and therefore doesn't meet the definition of a trust under GASB No. 75 (i.e., no assets are accumulated for OPEB) as such the SDBF is considered to be an unfunded OPEB plan. For purposes of reporting under GASB 75, the retiree portion of the SDBF is not considered a cost sharing plan and is instead considered a single employer, defined benefit OPEB plan. 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 on which TMRS deposits are made, for the 12-month period preceding the month of death. The death benefit amount for retirees is \$7,500. GASB No. 75 requires the liability of employers and nonemployer contributing entities to employees for defined benefit OPEB (net OPEB liability) to be measured as the portion of the present value of projected benefit payments to be provided to current active and inactive employees that is attributed to those employees' past periods of service (total OPEB liability), less the amount of the OPEB plan's fiduciary net position.

### 17. Leases

Lessee: The City is a lessee for a noncancellable leases of vehicles/equipment. The City recognizes a lease liability and an intangible right-to-use lease asset (lease asset) in the government-wide financial statements. The City recognizes lease liabilities with an initial, individual value of \$5,000 or more.

At the commencement of a lease, the City initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments

**City of Giddings, Texas**  
*NOTES TO FINANCIAL STATEMENTS, Continued*  
September 30, 2023

made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over its useful life.

Key estimates and judgments related to leases include how the City determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments.

- The City uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the City generally uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancellable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option price that the City is reasonably certain to exercise.

The City monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability.

Lease assets are reported with other capital assets and lease liabilities are reported with long-term debt on the statement of net position.

## II. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

### A. Explanation of certain differences between the governmental fund balance sheet and the government-wide statement of net position.

The governmental fund balance sheet includes reconciliation between *fund balance-total governmental funds* and *net position-governmental activities* as reported in the government-wide statement of net position. One element of that reconciliation explains that long-term liabilities, including bonds, are not due and payable in the current period and, therefore, are not reported in the funds.

### B. Explanation of certain differences between the governmental fund statement of revenues, expenditures, and changes in fund balances and the government-wide statement of activities.

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between net changes in fund balances – total governmental funds and changes in net position of governmental states that, “the issuance of long-term debt (e.g., bonds) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.”

**City of Giddings, Texas**  
**NOTES TO FINANCIAL STATEMENTS, Continued**  
**September 30, 2023**

**III. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY**

Annual budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP) for the general, debt service, special revenue, and utility funds. The original budget is adopted by the City Council prior to the beginning of the year. The legal level of control as defined by the City Charter is the department level. No funds can be transferred or added to a budgeted item without Council approval. Appropriations lapse at the end of the year.

**A. Expenditures in Excess of Appropriations**

For the year ended, expenditures exceeded budget as follows:

General Fund:		
Administration	\$	197,214
Municipal court		775
Parks and recreation		14,505
Capital outlay		380,324
Principial		160,558
Interest		20,560

**IV. DETAILED NOTES ON ALL FUNDS**

**A. Deposits and Investments**

As of September 30, 2023, the primary government had the following investments:

Investment Type	Value	Average Maturity (Years)
Certificates of deposit	\$ 140,077	0.52

*Interest rate risk* In accordance with its investment policy, the City manages its exposure to declines in fair values by limiting the weighted average of maturity not to exceed five years; structuring the investment portfolio so that securities mature to meet cash requirements for ongoing operations; monitoring credit ratings of portfolio position to assure compliance with rating requirements imposed by the Public Funds Investment Act; and invest operating funds primarily in short-term securities or similar government investment pools.

*Credit risk* The City's investment policy limits investments to obligations of the United States, State of Texas, or their agencies and instrumentalities with an investment quality rating of not less than "A" or its equivalent, by a nationally recognized investment rating firm. Other obligations must be unconditionally guaranteed (either express or implied) by

# City of Giddings, Texas

## NOTES TO FINANCIAL STATEMENTS, *Continued*

September 30, 2023

the full faith and credit of the United States Government or the issuing U.S. agency and investment pools with an investment quality not less than AAA or AAA-m, or equivalent, by at least one nationally recognized rating service.

*Custodial credit risk – deposits* In the case of deposits, this is the risk that in the event of a bank failure, the City’s deposits may not be returned to it. State statutes require that all deposits in financial institutions be insured or fully collateralized by U.S. government obligations or its agencies and instrumentalities or direct obligations of Texas or its agencies and instrumentalities that have a market value of not less than the principal amount of the deposits. As of September 30, 2023, the market values of pledged securities and FDIC exceeded bank balances.

*Custodial credit risk – investments* For an investment, this is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The City’s investment policy requires that it will seek to safekeeping securities at financial institutions, avoiding physical possession. Further, all trades, where applicable, are executed by delivery versus payment to ensure that securities are deposited in the City’s safekeeping account prior to the release of funds.

### B. Receivables

The following comprise receivable balances of the primary government at year end:

#### Governmental Funds

	General	Debt Service	Nonmajor Governmental	Total
Property taxes	\$ 129,616	\$ 26,698	\$ -	\$ 156,314
Sales tax	323,711	-	-	323,711
Franchise and local taxes	-	-	49,413	49,413
Other	16,156	-	-	16,156
Allowance	(3,799)	-	-	(3,799)
<b>Total</b>	<b>\$ 465,684</b>	<b>\$ 26,698</b>	<b>\$ 49,413</b>	<b>\$ 541,795</b>

#### Enterprise Funds

	Electric	Water	Sewer	Refuse	Total
Accounts	\$ 943,061	\$ 180,621	\$ 109,865	\$ 143,599	\$ 1,377,146
Allowance	(1,717)	(4,137)	(10,102)	(3,038)	(18,994)
Grants	-	1,086,376	-	-	1,086,376
<b>Total</b>	<b>\$ 941,344</b>	<b>\$ 1,262,860</b>	<b>\$ 99,763</b>	<b>\$ 140,561</b>	<b>\$ 2,444,528</b>

**City of Giddings, Texas**  
**NOTES TO FINANCIAL STATEMENTS, Continued**  
**September 30, 2023**

The component unit accounts receivable as of September 30, 2023 amounting to \$161,856, \$63,150, and \$13,632 was related to sales tax, notes receivable, and other receivables, respectively.

**C. Capital Assets**

A summary of changes in governmental activities capital assets for the year end was as follows:

	<b>Beginning Balances</b>	<b>Increases</b>	<b>Decreases/ Reclassifications</b>	<b>Ending Balances</b>
Capital assets, not being depreciated:				
Land	\$ 1,615,098	\$ -	\$ -	\$ 1,615,098
Construction in progress	-	391,071	-	391,071
Total capital assets not being depreciated	<u>1,615,098</u>	<u>391,071</u>	<u>-</u>	<u>2,006,169</u>
Capital assets, being depreciated:				
Buildings and improvements	6,079,897	-	-	6,079,897
Infrastructure	4,420,233	-	-	4,420,233
Machinery and equipment	3,523,354	116,777	-	3,640,131
Right-to-use assets	484,920	422,678	-	907,598
Total capital assets being depreciated	<u>14,508,404</u>	<u>539,455</u>	<u>-</u>	<u>15,047,859</u>
Less accumulated depreciation				
Buildings and improvements	(3,382,264)	(191,891)	-	(3,574,155)
Infrastructure	(3,818,828)	(87,905)	-	(3,906,733)
Machinery and equipment	(3,138,039)	(117,513)	-	(3,255,552)
Right-to-use assets	(83,374)	(179,802)	-	(263,176)
Total accumulated depreciation	<u>(10,422,505)</u>	<u>(577,111)</u>	<u>-</u>	<u>(10,999,616)</u>
Net capital assets being depreciated	4,085,899	(37,656)	-	4,048,243
<b>Total Capital Assets</b>	<u>\$ 5,700,997</u>	<u>\$ 353,415</u>	<u>\$ -</u>	<u>\$ 6,054,412</u>

Depreciation was charged to governmental functions as follows:

General government	\$ 19,873
Public safety	185,676
Public works	58,493
Culture and recreation	133,267
Right to use assets	179,802
<b>Total Governmental Activities Depreciation Expense</b>	<u>\$ 577,111</u>

**City of Giddings, Texas**  
**NOTES TO FINANCIAL STATEMENTS, Continued**  
**September 30, 2023**

A summary of changes in business-type activities capital assets for the year end was as follows:

	<b>Beginning Balances</b>	<b>Increases</b>	<b>Decreases/ Reclassifications</b>	<b>Ending Balances</b>
Capital assets, not being depreciated:				
Land	\$ 2,019,090	\$ -	\$ -	\$ 2,019,090
Construction in progress	-	3,230,770	-	3,230,770
Total capital assets not being depreciated	<u>2,019,090</u>	<u>3,230,770</u>	<u>-</u>	<u>5,249,860</u>
Capital assets, being depreciated:				
Machinery and equipment	2,243,655	27,819	-	2,271,474
Plant distribution/collection system	25,672,020	16,000	-	25,688,020
Right-to-use assets	135,050	363,591	-	498,641
Total capital assets being depreciated	<u>28,050,725</u>	<u>407,410</u>	<u>-</u>	<u>28,458,135</u>
Less accumulated depreciation				
Machinery and equipment	(1,757,924)	(82,156)	-	(1,840,080)
Plant distribution/collection system	(15,437,023)	(370,241)	-	(15,807,264)
Right-to-use assets	(13,505)	(79,716)	-	(93,221)
Total accumulated depreciation	<u>(17,208,452)</u>	<u>(532,113)</u>	<u>-</u>	<u>(17,740,565)</u>
Net capital assets being depreciated	<u>10,842,273</u>	<u>(124,703)</u>	<u>-</u>	<u>10,717,570</u>
<b>Total Capital Assets</b>	<u><u>\$ 12,861,363</u></u>	<u><u>\$ 3,106,067</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 15,967,430</u></u>

Depreciation was charged to business-type activities as follows:

Electric	\$ 34,236
Water	324,728
Sewer	93,433
Right-to-use assets	79,716
<b>Total Business-Type Activities Depreciation Expense</b>	<u><u>\$ 532,113</u></u>

**City of Giddings, Texas**  
**NOTES TO FINANCIAL STATEMENTS, Continued**  
**September 30, 2023**

A summary of changes in component unit capital assets for the year end was as follows:

	<u>Beginning Balances</u>	<u>Increases</u>	<u>Decreases/ Reclassifications</u>	<u>Ending Balances</u>
Capital assets, not being depreciated:				
Land	\$ 2,193,216	\$ -	\$ -	\$ 2,193,216
Construction in progress	607,896	-	-	607,896
Total capital assets not being depreciated	<u>2,801,112</u>	<u>-</u>	<u>-</u>	<u>2,801,112</u>
Capital assets, being depreciated:				
Buildings and improvements	1,113,598	124,590	-	1,238,188
Machinery and equipment	12,801	-	-	12,801
Total capital assets being depreciated	<u>1,126,399</u>	<u>124,590</u>	<u>-</u>	<u>1,250,989</u>
Less accumulated depreciation				
Buildings and improvements	(433,768)	(39,794)	-	(473,562)
Machinery and equipment	(8,079)	(989)	-	(9,068)
Total accumulated depreciation	<u>(441,847)</u>	<u>(40,783)</u>	<u>-</u>	<u>(482,630)</u>
Net capital assets being depreciated	<u>684,552</u>	<u>83,807</u>	<u>-</u>	<u>768,359</u>
<b>Total Capital Assets</b>	<u><u>\$ 3,485,664</u></u>	<u><u>\$ 83,807</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 3,569,471</u></u>

**City of Giddings, Texas**  
**NOTES TO FINANCIAL STATEMENTS, Continued**  
**September 30, 2023**

**D. Long-term Debt**

The following is a summary of changes in the City's total governmental long-term liabilities for the year ended. In general, the City uses the debt service fund to liquidate governmental long-term liabilities.

	<b>Beginning Balance</b>	<b>Additions</b>	<b>Reductions</b>	<b>Ending Balance</b>	<b>Amounts Due within One Year</b>
<b>Governmental Activities:</b>					
Bonds, notes and other payables:					
General Obligation Refunding Bonds	\$ 1,597,479	\$ -	\$ (328,547)	\$ 1,268,932	\$ 341,306
Lease liabilities	405,002	422,678	(160,558)	667,122	180,935
Deferred amounts:					
Premium	66,227	-	(7,359)	58,868	-
<b>Total Governmental Activities</b>	<b>\$ 2,068,708</b>	<b>\$ 422,678</b>	<b>\$ (496,464)</b>	<b>\$ 1,994,922</b>	<b>\$ 522,241</b>
<b>Long-term liabilities due in more than one year</b>				<b>\$ 1,472,681</b>	
<b>Business-Type Activities:</b>					
Bonds, notes and other payables:					
General Obligation Refunding Bonds	\$ 3,387,020	\$ -	\$ (516,453)	\$ 2,870,567	\$ 538,694
Certificates of Obligation	2,705,000	-	(230,000)	2,475,000	240,000
Tax Notes	-	3,200,000	-	3,200,000	195,000
Lease liabilities	108,968	363,591	(69,434)	403,125	95,395
Deferred amounts:					
Premium	302,553	-	(31,646)	270,907	-
<b>Total Business-Type Activities</b>	<b>\$ 6,503,541</b>	<b>\$ 3,563,591</b>	<b>\$ (847,533)</b>	<b>\$ 9,219,599</b>	<b>\$ 1,069,089</b>
<b>Long-term liabilities due in more than one year</b>				<b>\$ 8,150,510</b>	
<b>Component Unit Activities:</b>					
Bonds, notes and other payables:					
Revenue Bonds	\$ 1,092,382	\$ -	\$ (136,844)	\$ 955,538	\$ 142,690
<b>Total Component Unit Activities</b>	<b>\$ 1,092,382</b>	<b>\$ -</b>	<b>\$ (136,844)</b>	<b>\$ 955,538</b>	<b>\$ 142,690</b>
<b>Long-term liabilities due in more than one year</b>				<b>\$ 812,848</b>	

Long-term liabilities applicable to the City's governmental activities are not due and payable in the current period and accordingly, are not reported as fund liabilities in the governmental funds. Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due.

**City of Giddings, Texas**  
**NOTES TO FINANCIAL STATEMENTS, Continued**  
**September 30, 2023**

Long-term debt at year end was comprised of the following debt issues:

Description	Interest Rate	Original Balance	Current Balance
<b>Governmental Activities:</b>			
General Obligation Bonds:			
2015 General obligation refunding bonds	2.23%	\$ 1,281,066	\$ 393,624
2017 General obligation refunding bonds	2-4%	1,677,615	875,308
Total General Obligation Bonds		<u>4,151,541</u>	<u>1,268,932</u>
Lease Liabilities:			
Radio equipment/vehicles	3.00%	881,872	667,122
<b>Total Governmental Activities</b>		<u>\$ 5,033,413</u>	<u>\$ 1,936,054</u>
<b>Business-type Activities:</b>			
General Obligation Bonds:			
2015 General obligation refunding bonds	2.23%	\$ 2,613,935	\$ 816,375
2017 General obligation refunding bonds	2-4%	3,172,385	2,054,192
Total General Obligation Bonds		<u>5,786,320</u>	<u>2,870,567</u>
Certificates of Obligation:			
2017 Certificates of obligation	2-4%	3,640,000	2,475,000
Tax Notes:			
2023 Limited Tax Notes	4.10%	3,200,000	3,200,000
Lease Liabilities - vehicles	3.00%	498,641	403,125
<b>Total Business-Type Activities</b>		<u>\$ 13,124,961</u>	<u>\$ 8,948,692</u>
<b>Total Combined Long-Term Debt:</b>			
General obligation refunding bonds		\$ 9,937,861	\$ 4,139,499
Certificates of Obligation		3,640,000	2,475,000
Tax Notes		3,200,000	3,200,000
Lease liabilities		1,380,513	1,070,247
<b>Total</b>		<u>\$ 18,158,374</u>	<u>\$ 10,884,746</u>
<b>Discretely Presented Component Unit:</b>			
Revenue Bonds:			
2014 Sales tax revenue bonds	4.25%	\$ 2,000,000	\$ 955,538

**City of Giddings, Texas**  
**NOTES TO FINANCIAL STATEMENTS, Continued**  
**September 30, 2023**

The annual requirements to amortize governmental activities debt issues outstanding at year ending were as follows:

**General Obligation Bonds:**

<b>Year ending September 30,</b>	<b>G.O. Refunding Bonds</b>	
	<b>Principal</b>	<b>Interest</b>
2024	\$ 341,306	\$ 47,372
2025	348,353	38,420
2026	363,458	29,345
2027	215,815	21,187
<b>Total</b>	<b>\$ 1,268,932</b>	<b>\$ 136,324</b>

General obligation bonds are direct obligations of the City for which its full faith and credit are pledged. Repayment of general obligation bonds are from taxes levied on all taxable property located within the City. The City is not obligated in any manner for special assessment debt.

**Lease Liabilities:**

<b>Year ending September 30,</b>	<b>Lease Liabilities</b>	
	<b>Principal</b>	<b>Interest</b>
2024	\$ 180,935	\$ 24,708
2025	157,755	23,362
2026	159,138	21,980
2027	106,365	20,560
2028	62,929	1,420
<b>Total</b>	<b>\$ 667,122</b>	<b>\$ 92,030</b>

The net book value of the vehicles/equipment (right-to-use assets) as of yearend was \$662,391.

**City of Giddings, Texas**  
**NOTES TO FINANCIAL STATEMENTS, Continued**  
**September 30, 2023**

The annual requirements to amortize business-type activities debt issues outstanding at year ending were as follows:

**General Obligation Bonds:**

Year ending September 30,	G.O. Refunding Bonds	
	Principal	Interest
2024	\$ 538,694	\$ 65,682
2025	536,646	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
<b>Total</b>	<b>\$ 2,870,567</b>	<b>\$ 238,771</b>

**Certificates of Obligation and Revenue Bonds:**

Year ending September 30,	Certificates of Obligation	
	Principal	Interest
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
<b>Total</b>	<b>\$ 2,475,000</b>	<b>\$ 468,450</b>

**City of Giddings, Texas**  
**NOTES TO FINANCIAL STATEMENTS, Continued**  
**September 30, 2023**

**Tax Notes:**

<b>Year ending September 30,</b>	<b>Tax Notes</b>	
	<b>Principal</b>	<b>Interest</b>
2024	\$ 195,000	\$ 122,468
2025	215,000	118,798
2026	225,000	109,778
2027	545,000	93,993
2028	565,000	71,238
2029	715,000	44,998
2030	740,000	15,170
	<b>\$ 3,200,000</b>	<b>\$ 576,443</b>

**Lease Liabilities:**

<b>Year ending September 30,</b>	<b>Lease Liabilities</b>	
	<b>Principal</b>	<b>Interest</b>
2024	\$ 95,395	\$ 19,002
2025	96,217	18,180
2026	97,058	17,339
2027	68,575	16,473
2028	45,880	16,473
<b>Total</b>	<b>\$ 403,125</b>	<b>\$ 87,467</b>

The net book value of the utility vehicles/equipment (right-to-use assets) as of yearend was \$410,076.

The annual requirements to amortize component unit debt issues outstanding at year ending were as follows:

<b>Year ending September 30,</b>	<b>Revenue Bonds</b>	
	<b>Principal</b>	<b>Interest</b>
2024	\$ 142,690	\$ 59,943
2025	149,020	50,797
2026	155,510	41,260
2027	162,283	31,135
2028	169,310	20,449
2029	176,726	8,973
	<b>\$ 955,538</b>	<b>\$ 212,557</b>

**City of Giddings, Texas**  
**NOTES TO FINANCIAL STATEMENTS, Continued**  
**September 30, 2023**

**E. Deferred Charge on Refunding**

Deferred charges resulting from the issuance of the 2015 and 2017 general obligation refunding bonds have been recorded as a deferred outflow of resources and are being amortized to interest expense over the terms of the respective refunded debts. Current year balances for governmental and business-type activities totaled \$62,440 and \$94,570, respectively. Current year amortization expense for governmental and business-type activities totaled \$17,077 and \$14,009, respectively.

**F. Other Long-term Liabilities**

The following is a summary of changes in the City's other long-term liabilities for the year ended. In general, the City uses the general and enterprise funds to liquidate compensated absences.

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Amounts Due Within One Year</u>
<b>Governmental Activities:</b>					
Compensated Absences	\$ 124,736	\$ 17,342	\$ (16,082)	\$ 125,996	\$ 113,396
<b>Total Governmental Activities</b>	<u>\$ 124,736</u>	<u>\$ 17,342</u>	<u>\$ (16,082)</u>	<u>\$ 125,996</u>	<u>\$ 113,396</u>
				<u>\$ 12,600</u>	
<b>Business-Type Activities:</b>					
Compensated Absences	\$ 97,435	\$ 3,238	\$ (26,858)	\$ 73,815	\$ 66,434
<b>Total Business-Type Activities</b>	<u>\$ 97,435</u>	<u>\$ 3,238</u>	<u>\$ (26,858)</u>	<u>\$ 73,815</u>	<u>\$ 66,434</u>
				<u>\$ 7,381</u>	

**City of Giddings, Texas**  
**NOTES TO FINANCIAL STATEMENTS, Continued**  
**September 30, 2023**

**G. Interfund Transactions**

Transfers between the primary governmental funds during the 2023 year were as follows:

Transfer (Out):	Transfer In:				Total
	General	Electric	Water	Nonmajor Govt.	
Debt service	\$ -	\$ -	\$ 5,386	\$ -	\$ 5,386
Electric	1,171,500	-	188,348	60,000	1,419,848
Water	315,100	-	-	30,000	345,100
Sewer	64,850	1,592	79,310	15,000	160,752
Refuse	30,000	-	-	-	30,000
Nonmajor govt.	635,823	-	525,986	-	1,161,809
	\$ 2,217,273	\$ 1,592	\$ 799,030	\$ 105,000	\$ 3,122,895

Amounts transferred between funds relate to amounts collected, various capital expenditures, annual funding, and debt payments.

The composition of interfund balances as of year-end were as follows:

Due to:	Due from:			Total
	General	Debt Service	Water	
Debt Service	\$ 6,720	\$ -	\$ -	\$ 6,720
Electric	-	385,400	8,812	394,212
Nonmajor government	-	-	126,991	126,991
Water	-	22,650	-	22,650
	\$ 6,720	\$ 408,050	\$ 135,803	\$ 550,573

Amounts recorded as “due to/from” are considered to be temporary loans and will be repaid during the following year.

**H. Fund Equity**

The City records fund balance restrictions on the fund level to indicate that a portion of the fund balance is legally restricted for a specific future use or to indicate that a portion of the fund balance is not available for expenditures.

**City of Giddings, Texas**  
**NOTES TO FINANCIAL STATEMENTS, Continued**  
**September 30, 2023**

The following is a list of fund balances restricted/committed by the City:

	<b>Restricted</b>	<b>Committed</b>
Debt service	\$ 615,910	\$ -
Contingency	140,077	-
Enabling legislation	57,759	-
Tourism	430,376	-
Law enforcement	57,480	-
Capital projects	-	313,057
Special revenue	-	361,373
	\$ 1,301,602	\$ 674,430

**V. OTHER INFORMATION**

**A. Risk Management**

The City is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets, errors and omissions; and natural disasters for which the City participates along with 2,800 other entities in the Texas Municipal League’s Intergovernmental Risk Pools. The Pool purchases commercial insurance at group rates for participants in the Pool. The City has no additional risk or responsibility to the Pool outside of the payment of insurance premiums. The City has not significantly reduced insurance coverage or had settlements which exceeded coverage amounts for the past three years.

**B. Contingent Liabilities**

Amounts received or receivable from granting agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amounts of expenditures which may be disallowed by the grantor cannot be determined at this time although the City expects such amounts, if any, to be immaterial.

Liabilities are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported. Claim liabilities are calculated considering the effects of inflation, recent claim settlement trends, including frequency and amount of payouts, and other economic and social factors.

**C. Arbitrage**

The Tax Reform Act of 1986 instituted certain arbitrage consisting of complex regulations with respect to issuance of tax-exempt bonds after August 31, 1986. Arbitrage regulations

# City of Giddings, Texas

## NOTES TO FINANCIAL STATEMENTS, *Continued*

September 30, 2023

deal with the investment of tax-exempt bond proceeds at an interest yield greater than the interest yield paid to bondholders. Generally, all interest paid to bondholders can be retroactively rendered taxable if applicable rebates are not reported and paid to the Internal Revenue Service at least every five years for applicable bond issues. Accordingly, there is the risk that if such calculations are not performed correctly, a substantial liability to the City could result. The City does anticipate that it will have an arbitrage liability and performs annual calculations to estimate this potential liability. The City will also engage an arbitrage consultant to perform the calculations in accordance with Internal Revenue Service's rules and regulations, if indicated.

### D. Pension Plans

#### 1. Plan Description

The City of Giddings, Texas participates as one of 919 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 financial 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.

#### 2. Benefits Provided

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

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

**City of Giddings, Texas**  
**NOTES TO FINANCIAL STATEMENTS, Continued**  
**September 30, 2023**

The plan provisions are adopted by the governing body of the City, within the options available in the state statutes governing TMRS.

Plan provisions for the City were as follows:

	<u>Plan Year 2021</u>	<u>Plan Year 2022</u>
Employee deposit rate	7.0%	7.0%
Matching ratio (city to employee)	2 to 1	2 to 1
Years required for vesting	5	5
Service retirement eligibility (expressed as age / years of service)	60/5, 0/20	60/5, 0/20
Updated service credit	100% Repeating Transfers	100% Repeating Transfers
Annuity increase (to retirees)	70% of CPI Repeating	70% of CPI Repeating

**Employees covered by benefit terms**

At the December 31, 2022 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	51
Inactive employees entitled to but not yet receiving benefits	67
Active employees	69
Total	187

**3. Contributions**

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

Employees for the City of Giddings were required to contribute 7% of their annual gross earnings during the fiscal year. The contribution rates for the City of Giddings were 17.72% and 17.06% in calendar years 2023 and 2022, respectively. The City's contributions to TMRS for the year ended September 30, 2023, were \$583,607, and were equal to the required contributions.

**City of Giddings, Texas**  
*NOTES TO FINANCIAL STATEMENTS, Continued*  
September 30, 2023

**4. Net Pension Liability**

The City's Net Pension Liability (NPL) was measured as of December 31, 2022, and the Total Pension Liability (TPL) used to calculate the Net Pension Liability was determined by an actuarial valuation as of that date.

**Actuarial assumptions:**

The Total Pension Liability in the December 31, 2022 actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.5% per year
Overall payroll growth	2.75% per year
Investment Rate of Return	6.75%, net of pension plan investment expense, including inflation

Salary increases are based on a service-related table. Mortality rates for active members are based on the PUB(10) mortality tables with the Public Safety table used for males and the General Employee table used for females. Mortality rates for healthy retirees and beneficiaries are based on the Gender-distinct 2019 Municipal Retirees of Texas mortality tables. The rates for actives, healthy retirees and beneficiaries are projected on a fully generational basis by Scale UMP to account for future mortality improvements. For disabled annuitants, the same mortality tables for healthy retirees is used with a 4-year set-forward for males and a 3-year set-forward for females. In addition, a 3.5% and 3.0% minimum 16 mortality rate is applied, for males and females respectively, to reflect the impairment for younger members who become disabled. The rates are projected on a fully generational basis by Scale UMP to account for future mortality improvements subject to the floor.

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

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. In determining their best estimate of a

# City of Giddings, Texas

## NOTES TO FINANCIAL STATEMENTS, *Continued*

September 30, 2023

recommended investment return assumption under the various alternative asset allocation portfolios, GRS focused on the area between (1) arithmetic mean (aggressive) without an adjustment for time (conservative) and (2) the geometric mean (conservative) with an adjustment for time (aggressive).

The target allocation and best estimates of real rates of return for each major asset class in fiscal year 2022 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return (Arithmetic)
Global Public Equity	35.0%	7.7%
Core Fixed Income	6.0%	4.9%
Non-Core Fixed Income	20.0%	8.7%
Other Public/Private Markets	12.0%	8.1%
Real Estate	12.0%	5.8%
Hedge Funds	5.0%	6.9%
Private Equity	10.0%	11.8%
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, Texas**  
**NOTES TO FINANCIAL STATEMENTS, Continued**  
**September 30, 2023**

**Changes in the Net Pension Liability:**

	<b>Total Pension Liability (a)</b>	<b>Plan Fiduciary Net Position (b)</b>	<b>Net Pension Liability (a) – (b)</b>
<b>Balance at 12/31/21</b>	\$ 18,873,987	\$ 17,449,270	\$ 1,424,717
Changes for the year:			
Service Cost	521,957	-	521,957
Interest (on the Total Pension Liab.)	1,264,577	-	1,264,577
Change in assumptions	-	-	-
Difference between expected and actual experience	409,931	-	409,931
Contributions – employer	-	550,346	(550,346)
Contributions – employee	-	225,816	(225,816)
Net investment income (loss)	-	(1,273,506)	1,273,506
Benefit payments, including refunds of emp. contributions	(800,982)	(800,982)	-
Administrative expense	-	(11,022)	11,022
Other changes	-	13,153	(13,153)
Net changes	1,395,483	(1,296,195)	2,691,678
<b>Balance at 12/31/22</b>	<b>\$ 20,269,470</b>	<b>\$ 16,153,075</b>	<b>\$ 4,116,395</b>

**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 5.75%	Current Single Rate Assumption 6.75%	1% Increase 7.75%
\$ 6,769,391	\$ 4,116,395	\$ 1,932,980

**Pension Plan Fiduciary Net Position:**

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

**5. Pension Expense and Deferred Outflows of Resources Related to Pensions**

Pension expense for the year ended September 30, 2023 was \$908,691.

**City of Giddings, Texas**  
**NOTES TO FINANCIAL STATEMENTS, Continued**  
**September 30, 2023**

At September 30, 2023, the City reported deferred outflows and inflows of resources related to pensions from the following sources:

	<b>Deferred Outflows of Resources</b>	
Difference between projected and investment earnings	\$	404,545
Changes in actuarial assumptions		-
Differences between expected and actual economic experience		1,115,863
Contributions subsequent to the measurement date		428,128
<b>Total</b>	<b>\$</b>	<b>1,948,536</b>

The City reported \$428,128 as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date that will be recognized as a reduction of the net pension liability for the year ending September 30, 2024. Other amounts reported as deferred outflows of resources related to pensions will be recognized in pension expense as follows:

<b>Year ended December 31:</b>		
2023	\$	347,160
2024		387,009
2025		295,975
2026		490,264
Thereafter		-
	<b>\$</b>	<b>1,520,408</b>

**Other Postemployment Benefits**

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

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

**City of Giddings, Texas**  
**NOTES TO FINANCIAL STATEMENTS, Continued**  
**September 30, 2023**

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

**Employees covered by benefit terms**

At the December 31, 2022 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	40
Inactive employees entitled to but not yet receiving benefits	11
Active employees	69
<b>Total</b>	<b>120</b>

The City's retiree contribution rates to the TMRS SDBF for the years ended 2023, 2022 and 2021 are as follows:

Plan/ Calendar Year	Annual Required Contribution (Rate)	Actual Contribution Made (Rate)	Percentage of ARC Contributed
2021	0.21%	0.21%	100.0%
2022	0.23%	0.23%	100.0%
2023	0.26%	0.26%	100.0%

The City's contributions to the TMRS SDBF for the years ended 2023, 2022, and 2021 were \$8,378, \$7,118, and \$5,365, respectively, which equaled the required contributions each year.

**Total OPEB Liability**

The City's Postemployment Benefits Other Than Pensions Liability (OPEB) was measured as of December 31, 2022, and the Total OPEB Liability was determined by an actuarial valuation as of that date.

**City of Giddings, Texas**  
**NOTES TO FINANCIAL STATEMENTS, Continued**  
**September 30, 2023**

**Actuarial assumptions:**

The Total OPEB Liability in the December 31, 2022 actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.5% per year
Overall payroll growth	3.5% to 11.5%, including inflation per year
Discount rate	4.05%
Retirees' share of benefit-related costs	\$0
Administrative expenses	All administrative expenses are paid through the Pension Trust and accounted for under reporting requirements under GASB Statement No. 68

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 Tables 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 by scale BB to account for future mortality improvements. For disabled annuitants, the gender-distinct RP2000 Combined Healthy Mortality Tables with Blue Collar Adjustment are used with males rates multiplied by 109% and female rates multiplied by 103% with a 3-year set-forward for both males and females. In addition, a 3% minimum mortality rate is applied to reflect the impairment for younger members who become disabled. The rates are projected on a fully generational basis by scale BB to account for future mortality improvements subject to the 3% floor.

**Discount Rate:**

The discount rate used to measure the Total OPEB Liability was 4.05%. The discount rate was based on the Fidelity Index's "20-Year Municipal GO AA Index" rate as of December 31, 2022.

**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 discount rate of 4.05%, 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 (3.05%) or 1-percentage-point higher (5.05%) than the current rate:

1% Decrease (3.05%)	Current Single Rate Assumption 4.05%	1% Increase 5.05%
\$ 271,236	\$ 230,387	\$ 198,226

**City of Giddings, Texas**  
*NOTES TO FINANCIAL STATEMENTS, Continued*  
September 30, 2023

**Changes in the Total OPEB Liability:**

	<b>Total OPEB Liability</b>
<b>Balance at 12/31/21</b>	\$ 317,059
Changes for the year:	
Service Cost	14,839
Interest	5,902
Difference between expected and actual experience	6,403
Changes of assumptions	(106,396)
Benefit payments	(7,420)
Net changes	(86,672)
<b>Balance at 12/31/22</b>	\$ 230,387

**OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB**

For the year ended September 30, 2023, the City recognized OPEB expense of \$10,671.

At September 30, 2023, the City reported deferred outflows of resources and deferred inflows of resources related to the OPEB liability from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred (Inflows) of Resources</b>
Difference between expected and actual experience	\$ -	\$ (945)
Changes in assumptions	-	(59,825)
Contributions subsequent to measurement date	6,282	-
<b>Total</b>	\$ 6,282	\$ (60,770)

The City reported \$6,282 as deferred outflows and inflows of resources related to OPEB resulting from contributions subsequent to the measurement date that will be recognized as a reduction of the OPEB liability for the year ending September 30, 2024.

**City of Giddings, Texas**  
**NOTES TO FINANCIAL STATEMENTS, Continued**  
**September 30, 2023**

Other amounts reported as deferred outflows and inflows of resources related to OPEB will be recognized in OPEB expense as follows:

<b>Year ended December 31:</b>	
2021	\$ (10,402)
2022	(20,177)
2023	(22,997)
2024	(7,194)
Thereafter	-
<b>Total</b>	<b>\$ (60,770)</b>

**E. Related Organizations and Joint Ventures**

The City of Giddings and Lee County co-own and co-operate an airport. Each entity has a 50 percent ownership interest in the airport. The City's share is reported as "investment in joint venture" on the statement of net position.

The following is the condensed balance sheet and income statement for the airport as of September 30, 2023:

<b>Balance Sheet</b>	
<b><u>Assets</u></b>	
Current assets	\$ 265,756
Fixed assets, net	3,917,698
<b>Total Assets</b>	<b>\$ 4,183,454</b>
 <b><u>Liabilities and Retained Earnings</u></b>	
Notes payable	\$ 144,329
<b>Total Liabilities</b>	<b>144,329</b>
Retained earnings	4,039,125
<b>Total Liabilities and Retained Earnings</b>	<b>\$ 4,183,454</b>
<b>City of Giddings Investment in Airport (50%)</b>	<b>\$ 2,019,563</b>

**City of Giddings, Texas**  
*NOTES TO FINANCIAL STATEMENTS, Continued*  
September 30, 2023

**Income Statement**

<b><u>Operating Revenue</u></b>	
Charges for services	\$ 131,016
Intergovernmental revenue	9,844
Other revenue	600
<b>Total Operating Revenue</b>	<b>141,460</b>
<b><u>Operating Expenses</u></b>	
Cost of sales	92,439
Interest expense	1,753
Depreciation	163,591
<b>Total Operating Expenses</b>	<b>257,783</b>
<b><u>Other Income (Expense)</u></b>	
Interest income	6,082
<b>Total Other Income (Expense)</b>	<b>6,082</b>
<b><u>Net Loss</u></b>	<b>\$ (110,241)</b>
<b>Net Loss attributable to the City of Giddings (50%)</b>	<b>\$ (55,121)</b>

**F. Related Party Activity**

Mayor Joel Lopez owns Lopez Auto Clinic, and the City incurred \$17,491 for services performed during the year.

**G. Restatements**

The City restated the beginning net position of governmental activities, business-type activities, component unit activities, the general fund, certain nonmajor governmental funds, the electric fund, the water fund, the sewer fund, and the refuse fund, due to various accounting errors occurring and the implementation of GASB 87 in the prior year.

**City of Giddings, Texas**  
**NOTES TO FINANCIAL STATEMENTS, Continued**  
**September 30, 2023**

The restatement of beginning fund balances/net position was as follows:

	<b>Governmental Activities</b>	<b>General Fund</b>	<b>Nonmajor Governmental</b>
Prior year ending fund balance/net position, as reported	\$ 6,836,283	\$ 1,209,766	\$ 2,294,518
Corrections to payable accruals	232,172	127,780	104,392
Correct prepaid expenses	(33,242)	(37,748)	4,506
Restate unearned revenue	(7,021)	-	(7,021)
Correct deferred franchise fee	20,236	20,236	-
Restated capital assets/accum. deprec.	(28,170)	-	-
Implementation of GASB 87 (right-to-use assets)	484,920	-	-
Implementation of GASB 87 (lease liability)	(405,002)	-	-
Correct pension/opeb deferred balances	420,890	-	-
Correct deferred charge on refunding	(17,078)	-	-
Correct airport investment balance	983,437	-	-
Restated beginning fund balance/net position balance	<u>\$ 8,487,425</u>	<u>\$ 1,320,034</u>	<u>\$ 2,396,395</u>

	<b>Business-Type Activities</b>	<b>Electric Fund</b>	<b>Water Fund</b>	<b>Sewer Fund</b>	<b>Refuse Fund</b>
Prior year ending fund balance/net position, as reported	\$ 8,684,648	\$ 899,903	\$ 6,560,918	\$ 1,147,914	\$ 75,913
Corrections to payable accruals	(373,589)	(344,728)	(20,268)	(5,657)	(2,936)
Restate cash balances	29,539	-	-	29,539	-
Restated capital assets/accum. deprec.	(95,552)	(254)	(68,330)	(26,968)	-
Implementation of GASB 87 (right-to-use assets)	105,704	105,704	-	-	-
Implementation of GASB 87 (lease liability)	(108,967)	(108,967)	-	-	-
Correct amortization of deferred loss on refunding	(14,009)	(875)	(11,804)	(1,330)	-
Correction to pension/opeb balances	136,361	66,536	46,865	22,960	-
Restated beginning fund balance/net position	<u>\$ 8,364,135</u>	<u>\$ 617,319</u>	<u>\$ 6,507,381</u>	<u>\$ 1,166,458</u>	<u>\$ 72,977</u>

	<b>Component- Unit Activities</b>
Prior year ending net position, as reported	\$ 4,238,185
Corrections to payable accruals	145,844
Restated capital assets/accum. deprec.	(35,865)
Restated beginning net position	<u>\$ 4,348,164</u>

**City of Giddings, Texas**  
**NOTES TO FINANCIAL STATEMENTS, Continued**  
**September 30, 2023**

The City restated its September 30, 2023 financial statements issued on August 29, 2024. The restatement was the result of a grant receivable identified after the financial statements were issued. The impact from this restatement to the financial statements is summarized below.

	<b>As previously reported</b>	<b>Restatement</b>	<b>Restated</b>
Business-Type Activities (Statement of Activities):			
Capital Grants and Contributions	\$ -	\$ 1,086,376	\$ 1,086,376
Transfers	(1,282,070)	126,992	(1,155,078)
Change in net position	1,529,557	1,213,367	2,742,924
Governmental Activities (Statement of Activities):			
Transfers	1,282,070	(126,992)	1,155,078
Change in net position	(75,690)	(126,991)	(202,681)
Business-Type Activities (Statement of Net Position):			
Receivables, net	1,358,152	1,086,376	2,444,528
Internal Balances	(408,050)	126,991	(281,059)
Net Position	9,893,692	1,213,367	11,107,059
Governmental Activities (Statement of Net Position):			
Internal Balances	408,050	(126,991)	281,059
Net Position	8,411,735	(126,991)	8,284,744
Governmental Funds (Balance Sheet - Nonmajor):			
Due to other funds	-	126,991	126,991
Fund balance	1,220,045	(126,991)	1,093,054
Proprietary Funds (Balance Sheet - Water):			
Receivables, net	176,484	1,086,376	1,262,860
Due from other funds	8,812	126,991	135,803
Net position	6,889,306	1,213,367	8,102,673
Governmental Funds (Statement of Revenues, Expenditures, and Changes in Fund Balance - Nonmajor):			
Transfers out	(1,034,817)	(126,992)	(1,161,809)
Change in Fund Balance	(1,176,350)	(126,991)	(1,303,341)
Proprietary Funds (Statement of Revenues, Expenses, and Changes in Fund Net Position - Water):			
Capital grants & contributions	-	1,086,376	1,086,376
Transfers in	672,038	126,992	799,030
Change in Net Position	381,925	1,213,367	1,595,292

**H. Subsequent Events**

There were no material subsequent events through December 3, 2024, the date the financial statements were available to be issued.

***REQUIRED SUPPLEMENTARY INFORMATION***

# City of Giddings, Texas

## SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

GENERAL FUND (Page 1 of 2)

For the Year Ended September 30, 2023

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b><u>Revenues</u></b>				
Property tax	\$ 1,797,697	\$ 1,789,697	\$ 1,817,437	\$ 27,740
Sales tax	1,350,000	1,850,000	1,875,113	25,113
Franchise and local taxes	173,200	173,200	138,107	(35,093)
License and permits	85,200	85,200	85,245	45
Fines and forfeitures	225,400	225,400	215,407	(9,993)
Investment income	23,000	23,000	48,613	25,613
Other revenue	442,679	492,679	648,382	155,703
<b>Total Revenues</b>	4,097,176	4,639,176	4,828,304	189,128
<b><u>Expenditures</u></b>				
Current:				
General government:				
Administration	737,007	737,007	934,221	(197,214) *
Cemetery	108,329	127,079	100,999	26,080
City council	470,194	530,394	530,363	31
Code enforcement	181,667	181,667	172,524	9,143
Public safety:				
Police	2,007,530	2,114,030	2,071,294	42,736
Fire	138,999	138,999	138,298	701
Animal control	142,677	142,677	140,067	2,610
Municipal court	233,306	233,306	234,081	(775) *
Public works:				
Streets and transportation	441,837	465,837	453,395	12,442
Culture and recreation:				
Library	349,321	349,321	345,299	4,022
Parks and recreation	388,372	388,372	402,877	(14,505) *
Economic development	211,779	211,779	-	211,779
Golf course	344,755	344,755	256,841	87,914
Capital outlay	122,760	215,760	596,084	(380,324) *
Debt service:				
Principal	-	-	160,558	(160,558) *
Interest	-	-	20,560	(20,560) *
<b>Total Expenditures</b>	5,878,533	6,180,983	6,557,461	(376,478)
<b>Revenues Over (Under) Expenditures</b>	(1,781,357)	(1,541,807)	(1,729,157)	(187,350)

**City of Giddings, Texas**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCE - BUDGET AND ACTUAL**  
**GENERAL FUND (Page 2 of 2)**  
**For the Year Ended September 30, 2023**

	<u>Original Budget</u>	<u>Original &amp; Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
<b><u>Other Financing Sources (Uses)</u></b>				
Transfers in	\$ 1,824,210	\$ 1,824,210	\$ 2,217,273	\$ 393,063
Lease issuance	-	-	422,678	422,678
Sale of capital assets	12,000	12,000	47,297	35,297
<b>Total Other Financing Sources (Uses)</b>	<u>1,836,210</u>	<u>1,836,210</u>	<u>2,687,248</u>	<u>851,038</u>
<b>Net Change in Fund Balance</b>	<u>\$ 54,853</u>	<u>\$ 294,403</u>	958,091	<u>\$ 663,688</u>
Beginning fund balance			<u>1,320,034</u>	
<b>Ending Fund Balance</b>			<u>\$ 2,278,125</u>	

Notes to Required Supplementary Information

1. Annual budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP).
- \* 2. Expenditures exceeded appropriations at the legal level of control.

# City of Giddings, Texas

## SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS

Years Ended:

	<sup>1</sup> 12/31/2022	12/31/2021	12/31/2020
Total pension liability			
Service cost	\$ 521,957	\$ 508,057	\$ 511,566
Interest (on the Total Pension Liability)	1,264,577	1,170,732	1,133,403
Differences between expected and actual experience	409,931	506,360	(327,113)
Changes of assumptions	-	-	-
Benefit payments, including refunds of participant contributions	(800,982)	(802,609)	(723,553)
<b>Net change in total pension liability</b>	<b>1,395,483</b>	<b>1,382,540</b>	<b>594,303</b>
<b>Total pension liability - beginning</b>	<b>18,873,987</b>	<b>17,491,447</b>	<b>16,897,144</b>
<b>Total pension liability - ending (a)</b>	<b>\$ 20,269,470</b>	<b>\$ 18,873,987</b>	<b>\$ 17,491,447</b>
<b>Plan fiduciary net position</b>			
Contributions - employer	\$ 550,346	\$ 569,510	\$ 577,259
Contributions - members	225,816	219,395	222,144
Net investment income (loss)	(1,273,506)	2,014,838	1,085,376
Benefit payments, including refunds of participant contributions	(800,982)	(802,609)	(723,553)
Administrative expenses	(11,022)	(9,324)	(7,025)
Other	13,153	65	(274)
<b>Net change in plan fiduciary net position</b>	<b>(1,296,195)</b>	<b>1,991,875</b>	<b>1,153,927</b>
<b>Plan fiduciary net position - beginning</b>	<b>17,449,270</b>	<b>15,457,395</b>	<b>14,303,468</b>
<b>Plan fiduciary net position - ending (b)</b>	<b>\$ 16,153,075</b>	<b>\$ 17,449,270</b>	<b>\$ 15,457,395</b>
<b>Fund's net pension liability - ending (a) - (b)</b>	<b>\$ 4,116,395</b>	<b>\$ 1,424,717</b>	<b>\$ 2,034,052</b>
<b>Plan fiduciary net position as a percentage of the total pension liability</b>	<b>79.69%</b>	<b>92.45%</b>	<b>88.37%</b>
<b>Covered payroll</b>	<b>\$ 3,225,941</b>	<b>\$ 3,134,220</b>	<b>\$ 3,173,489</b>
<b>Fund's net pension liability as a percentage of covered payroll</b>	<b>127.60%</b>	<b>45.46%</b>	<b>64.10%</b>

**Notes to schedule:**

1) This schedule is presented to illustrate the requirement to show information for ten years. However, until a full available information is shown.

<u>12/31/2019</u>	<u>12/31/2018</u>	<u>12/31/2017</u>	<u>12/31/2016</u>	<u>12/31/2015</u>	<u>12/31/2014</u>
\$ 479,940	\$ 475,192	\$ 469,160	\$ 461,450	\$ 426,193	\$ 341,838
1,079,769	1,034,016	971,939	920,222	890,437	837,220
(87,072)	(218,573)	29,574	(97,412)	(6,459)	(24,095)
2,385	-	-	-	58,831	-
(668,962)	(561,412)	(546,661)	(497,219)	(451,262)	(422,533)
806,060	729,223	924,012	787,041	917,740	732,430
16,091,084	15,361,861	14,437,849	13,650,808	12,733,068	12,000,638
<u>\$ 16,897,144</u>	<u>\$ 16,091,084</u>	<u>\$ 15,361,861</u>	<u>\$ 14,437,849</u>	<u>\$ 13,650,808</u>	<u>\$ 12,733,068</u>
\$ 558,547	\$ 574,326	\$ 529,991	\$ 511,169	\$ 499,368	\$ 447,456
207,638	207,637	195,716	192,156	189,780	178,466
1,903,044	(373,423)	1,496,773	671,591	14,305	513,908
(668,962)	(561,412)	(546,661)	(497,219)	(451,262)	(422,533)
(10,757)	(7,221)	(7,763)	(7,585)	(8,713)	(5,365)
(324)	(377)	(394)	(408)	(430)	(441)
1,989,186	(160,470)	1,667,662	869,704	243,048	711,491
12,314,282	12,474,752	10,807,090	9,937,386	9,694,338	8,982,847
<u>\$ 14,303,468</u>	<u>\$ 12,314,282</u>	<u>\$ 12,474,752</u>	<u>\$ 10,807,090</u>	<u>\$ 9,937,386</u>	<u>\$ 9,694,338</u>
<u>\$ 2,593,676</u>	<u>\$ 3,776,802</u>	<u>\$ 2,887,109</u>	<u>\$ 3,630,759</u>	<u>\$ 3,713,422</u>	<u>\$ 3,038,730</u>
84.65%	76.53%	81.21%	74.85%	72.80%	76.14%
\$ 2,966,252	\$ 2,966,241	\$ 2,795,945	\$ 2,745,092	\$ 2,711,149	\$ 2,549,518
87.44%	127.33%	103.26%	132.26%	136.97%	119.19%

ll ten-year trend is compiled, only

# City of Giddings, Texas

## SCHEDULE OF EMPLOYER CONTRIBUTIONS TO PENSION PLAN

Years Ended:

	<sup>1</sup> 9/30/2023	9/30/2022	9/30/2021	9/30/2020
Actuarially determined employer Contributions in relation to the actuarially determined contribution	\$ 583,607	\$ 550,579	\$ 564,280	\$ 557,588
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -
Annual covered payroll	\$ 3,327,439	\$ 3,169,004	\$ 3,104,653	\$ 3,041,007
Employer contributions as a percentage of covered payroll	17.54%	17.37%	18.18%	18.34%

1) This schedule is presented to illustrate the requirement to show information for ten years. However, until a full ten-year trend is compiled, only available information is shown.

### NOTES TO SCHEDULE OF EMPLOYER CONTRIBUTIONS TO PENSION PLAN

#### Valuation Date:

Notes Actuarially determined contribution rates are calculated as of December 31 and become effective in January 13 months later.

#### Methods and Assumptions Used to Determine Contribution Rates:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percentage of Payroll, Closed
Remaining Amortization Period	23 years
Asset Valuation Method	10 Year smoothed market; 12% soft corridor
Inflation	2.5%
Salary Increases	3.5% to 11.5% including inflation
Investment Rate of Return	6.75%
Retirement Age	Experience-based table of rates that are specific to the City's plan of benefits. Last updated for the 2019 valuation pursuant to an experience study of the period 2014 - 2018

#### Mortality

Post-retirement: 2019 Municipal Retirees of Texas Mortality Tables. The rates are projected on a fully generational basis with scale UMP.

Pre-retirement: PUB(10) mortality tables, with the Public Safety table used for males and the General Employee table used for females. The rates are projected on a fully generational basis with scale UMP.

#### Other Information:

Notes There were no benefit changes during the year.

<u>9/30/2019</u>	<u>9/30/2018</u>	<u>9/30/2017</u>	<u>9/30/2016</u>	<u>9/30/2015</u>
\$ 563,025	\$ 565,130	\$ 522,065	\$ 528,237	\$ 497,310
<u>\$ 563,025</u>	<u>\$ 565,130</u>	<u>\$ 522,065</u>	<u>\$ 528,237</u>	<u>\$ 497,310</u>
\$ -	\$ -	\$ -	\$ -	\$ -
\$ 2,970,448	\$ 2,932,720	\$ 2,844,838	\$ 2,845,909	\$ 2,710,607
18.95%	19.27%	18.35%	18.56%	18.35%

# City of Giddings, Texas

## SCHEDULE OF CHANGES IN POSTEMPLOYMENT BENEFITS OTHER THAN PENSION (OPEB) LIABILITY AND RELATED RATIOS TEXAS MUNICIPAL RETIREMENT SYSTEM

Year Ended:

	<sup>1</sup> 12/31/2022	12/31/2021	12/31/2020
<b>Total OPEB liability</b>			
Service cost	\$ 14,839	\$ 14,731	\$ 12,694
Interest	5,902	6,079	7,042
Changes of assumptions	6,403	(6,286)	37,691
Differences in experience	(106,396)	9,253	(6,195)
Benefit payments, including refunds of participant contributions	(7,420)	(6,582)	(2,221)
<b>Net changes</b>	<u>(86,672)</u>	<u>17,195</u>	<u>49,011</u>
<b>Total OPEB liability - beginning</b>	<u>317,059</u>	<u>299,864</u>	<u>250,853</u>
<b>Total OPEB liability - ending</b>	<u><sup>2</sup> \$ 230,387</u>	<u>\$ 317,059</u>	<u>\$ 299,864</u>
 <b>Covered payroll</b>	 \$ 3,225,941	 \$ 3,134,220	 \$ 3,173,489
<b>Total OPEB Liability as a percentage of covered payroll</b>	7.14%	10.12%	9.45%

**Notes to schedule:**

<sup>1</sup>

This schedule is presented to illustrate the requirement to show information for ten years. However, until a full ten-year trend is compiled, only available information is shown.

<sup>2</sup>

No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB statement No. 75 to pay related benefits.

<u>12/31/2019</u>	<u>12/31/2018</u>	<u>12/31/2017</u>
\$ 8,602	\$ 10,382	\$ 8,388
7,592	6,803	6,658
39,920	(13,663)	15,047
(4,527)	(1,617)	-
(2,076)	(1,780)	(1,678)
<u>49,511</u>	<u>125</u>	<u>28,415</u>
<u>201,342</u>	<u>201,217</u>	<u>172,802</u>
<u>\$ 250,853</u>	<u>\$ 201,342</u>	<u>\$ 201,217</u>
\$ 2,966,252	\$ 2,966,241	\$ 2,795,945
8.46%	6.79%	7.20%

(This page intentionally left blank.)

***COMBINING STATEMENTS AND  
INDIVIDUAL FUND SCHEDULES***

(This page intentionally left blank.)

# ***NONMAJOR GOVERNMENTAL FUNDS***

## ***SPECIAL REVENUE FUNDS***

Special revenue funds account for the proceeds of specific revenue sources that are legally restricted or committed to expenditures for specific purposes.

## ***CAPITAL PROJECTS FUND***

Capital projects fund is used to account for the acquisition and construction of major capital facilities other than those finance by proprietary funds and trust funds.

**City of Giddings, Texas**  
**COMBINING BALANCE SHEET**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**September 30, 2023**

	Special Revenue Funds			
	Hotel Occupancy Tax	Cemetery Improvement	Library	Municipal Court
<b>Assets</b>				
Cash and cash equivalents	\$ 380,963	\$ 78,113	\$ 17,026	\$ 57,759
Receivables, net	49,413	-	-	-
<b>Total Assets</b>	<b>\$ 430,376</b>	<b>\$ 78,113</b>	<b>\$ 17,026</b>	<b>\$ 57,759</b>
<b>Liabilities</b>				
Unearned revenue	\$ -	\$ -	\$ -	\$ -
Due to other funds	-	-	-	-
<b>Total Liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Fund Balances</b>				
Restricted for:				
Municipal court	-	-	-	57,759
Tourism	430,376	-	-	-
Law enforcement	-	-	-	-
Committed for:				
Capital projects	-	-	-	-
Special revenues	-	78,113	17,026	-
<b>Total Fund Balances</b>	<b>430,376</b>	<b>78,113</b>	<b>17,026</b>	<b>57,759</b>
<b>Total Liabilities and Fund</b>				
<b>Balances</b>	<b>\$ 430,376</b>	<b>\$ 78,113</b>	<b>\$ 17,026</b>	<b>\$ 57,759</b>

**Special Revenue Funds**

<b>Police Drug and Swat</b>	<b>ROW Maintenance</b>	<b>TDEM - COVID Fund</b>	<b>Special Revenues</b>	<b>Capital Projects</b>	<b>Total</b>
\$ 57,480	\$ 119,117	\$ 126,991	\$ 20,126	\$ 444,307	\$ 1,301,882
-	-	-	-	-	49,413
<u>\$ 57,480</u>	<u>\$ 119,117</u>	<u>\$ 126,991</u>	<u>\$ 20,126</u>	<u>\$ 444,307</u>	<u>\$ 1,351,295</u>
\$ -	\$ -	\$ -	\$ -	\$ 131,250	\$ 131,250
-	-	126,991	-	-	126,991
<u>-</u>	<u>-</u>	<u>126,991</u>	<u>-</u>	<u>131,250</u>	<u>258,241</u>
-	-	-	-	-	57,759
-	-	-	-	-	430,376
57,480	-	-	-	-	57,480
-	-	-	-	313,057	313,057
-	119,117	-	20,126	-	234,382
<u>57,480</u>	<u>119,117</u>	<u>-</u>	<u>20,126</u>	<u>313,057</u>	<u>1,093,054</u>
<u>\$ 57,480</u>	<u>\$ 119,117</u>	<u>\$ 126,991</u>	<u>\$ 20,126</u>	<u>\$ 444,307</u>	<u>\$ 1,351,295</u>

# City of Giddings, Texas

## COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES NONMAJOR GOVERNMENTAL FUNDS For the Year Ended September 30, 2023

	Special Revenue Funds			
	Hotel Occupancy Tax	Cemetery Improvement	Library	Municipal Court
<b>Revenues</b>				
Franchise and local taxes	\$ 249,431	\$ -	\$ -	\$ -
Fines and forfeitures	-	-	-	18,592
Intergovernmental revenue	-	-	-	-
Investment income	6,107	1,640	-	1,501
Other revenue	-	-	-	-
<b>Total Revenues</b>	255,538	1,640	-	20,093
<b>Expenditures</b>				
General government	195,000	-	-	47,361
Public safety	-	-	-	-
Capital outlay	-	-	-	-
<b>Total Expenditures</b>	195,000	-	-	47,361
<b>Revenues Over (Under) Expenditures</b>	60,538	1,640	-	(27,268)
<b>Other Financing Sources (Uses)</b>				
Transfers in	-	-	-	-
Transfers (out)	-	-	-	-
<b>Total Other Financing Sources (Uses)</b>	-	-	-	-
<b>Net Change in Fund Balances</b>	60,538	1,640	-	(27,268)
Beginning fund balances	369,838	76,473	17,026	85,027
<b>Ending Fund Balances</b>	\$ 430,376	\$ 78,113	\$ 17,026	\$ 57,759

**Special Revenue Funds**

<b>Police Drug and Swat</b>	<b>ROW Maintenance</b>	<b>TDEM - COVID Fund</b>	<b>Special Revenues</b>	<b>Capital Projects</b>	<b>Total</b>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 249,431
31,848	-	-	-	-	50,440
-	-	-	-	9,375	9,375
-	2,500	16,672	317	9,145	37,882
-	-	-	6,965	207,264	214,229
<u>31,848</u>	<u>2,500</u>	<u>16,672</u>	<u>7,282</u>	<u>225,784</u>	<u>561,357</u>
-	-	158,014	1,147	295	401,817
24,181	-	-	-	-	24,181
-	-	-	-	381,891	381,891
<u>24,181</u>	<u>-</u>	<u>158,014</u>	<u>1,147</u>	<u>382,186</u>	<u>807,889</u>
<u>7,667</u>	<u>2,500</u>	<u>(141,342)</u>	<u>6,135</u>	<u>(156,402)</u>	<u>(246,532)</u>
-	-	-	-	105,000	105,000
-	-	(1,161,809)	-	-	(1,161,809)
<u>-</u>	<u>-</u>	<u>(1,161,809)</u>	<u>-</u>	<u>105,000</u>	<u>(1,056,809)</u>
7,667	2,500	(1,303,151)	6,135	(51,402)	(1,303,341)
49,813	116,617	1,303,151	13,991	364,459	2,396,395
<u>\$ 57,480</u>	<u>\$ 119,117</u>	<u>\$ -</u>	<u>\$ 20,126</u>	<u>\$ 313,057</u>	<u>\$ 1,093,054</u>

(This page intentionally left blank.)