

S&P Rating Insured "AA"
S&P Underlying Rating: "A"
(See "RATINGS" herein)

NEW ISSUE: Book-Entry-Only

In the opinion of Bond Counsel to the City, interest on the Certificates will be excludable from gross income for federal income tax purposes under statutes, regulations, published rulings and court decisions on the date thereof, subject to the matters described under "TAX MATTERS" herein, including the alternative minimum tax on certain corporations.

THE CERTIFICATES WILL BE DESIGNATED
AS "QUALIFIED TAX-EXEMPT OBLIGATIONS" FOR FINANCIAL INSTITUTIONS.



\$4,730,000*
CITY OF GOLIAD, TEXAS
(Goliad County)
Combination Tax and Revenue
Certificates of Obligation, Series 2025

Dated Date: June 1, 2025

Due: February 15, as shown on inside cover

PAYMENT TERMS... Interest on the \$4,730,000* City of Goliad, Texas (the "City"), Combination Tax and Revenue Certificates of Obligation, Series 2025 (the "Certificates"), will accrue from their delivery date to the underwriter listed below (the "Underwriter") and will be payable February 15 and August 15 of each year, commencing on February 15, 2026. The Certificates will be issued only in fully registered form in principal denominations of \$5,000 or any integral multiple thereof. Principal of the Certificates will be payable to the registered owners (the "Owners") at maturity or prior redemption upon presentation at the principal corporate office of the paying agent/registrar (the "Paying Agent/Registrar"), initially UMB Bank, N.A., Austin, Texas. The Certificates will be initially registered in the name of Cede & Co., as nominee for The Depository Trust Company, New York, New York ("DTC"). DTC will be responsible for distributing the principal and interest payments to the participating members of DTC and the participating members will be responsible for distributing the payment to the owners of beneficial interests in the Certificates. See "BOOK-ENTRY-ONLY SYSTEM" herein.

PURPOSE... Proceeds from the sale of the Certificates will be used to pay contractual obligations to be incurred for (i) acquiring, constructing and equipping public safety facilities, including a new fire station and (ii) paying legal, fiscal and engineering fees in connection with these projects. See "THE CERTIFICATES – Sources and Uses of Funds" herein.

REDEMPTION... The Certificates maturing on and after February 15, 20__ are subject to optional redemption in whole or in part on February 15, 20__, or on any date thereafter at a redemption price equal to the principal amount thereof plus accrued interest as more fully described herein. Certain of the Certificates may be subject to mandatory sinking fund redemption in the event the Underwriter elects to aggregate two or more maturities as term certificates in accordance with the applicable provisions of the Ordinance, which provisions will be included in the final Official Statement. See "THE CERTIFICATES – Optional Redemption" and "Mandatory Redemption" herein.

SECURITY AND SOURCE OF PAYMENT... The Certificates will constitute direct obligations of the City, payable from ad valorem taxes levied against all taxable property in the City within the limits prescribed by law, and a limited pledge of the surplus revenues of the City's waterworks and sewer system as provided in the ordinance authorizing the Certificates. See "THE CERTIFICATES – Security for Payment" herein.



The scheduled payment of principal and interest on the Certificates when due will be guaranteed under a municipal bond insurance policy to be issued concurrently with the delivery of the Certificates by Build America Mutual Assurance Company ("BAM"). BAM's financial strength is rated "AA/Stable" by S&P Global Ratings, a business unit of Standard & Poor's Financial Services LLC ("S&P").

See MATURITY SCHEDULE on the Inside Cover Page

LEGALITY... The Certificates are offered when, as and if issued, subject to the approval of legality by the Attorney General of the State of Texas and McCall, Parkhurst & Horton L.L.P., Dallas, Texas, Bond Counsel. Certain legal matters will be passed upon for the Underwriter by its counsel, Jackson Walker LLP, Houston, Texas.

DELIVERY... The Certificates are expected to be available for delivery to the Underwriter through DTC on or about June 26, 2025.

RAYMOND JAMES

*** Preliminary, subject to change.**

MATURITY SCHEDULE

**\$4,730,000* City of Goliad, Texas
Combination Tax and Revenue
Certificates of Obligation, Series 2025**

Maturity (2/15)^(a)	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Initial Yield/Price^(b)</u>	<u>CUSIP^(c)</u>
2026				
2027				
2028				
2029				
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2032				
2033				
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2052				
2053				
2054				
2055				

* Preliminary, subject to change

- (a) The Certificates maturing on and after February 15, 20__, are subject to optional redemption, in whole or in part, on February 15, 20__, or any date thereafter, at a price equal to the par value thereof, plus accrued interest from the most recent interest payment date to the date of redemption. Certain of the Certificates may be subject to mandatory sinking fund redemption in the event the Underwriter elects to aggregate two or more maturities as term certificates in accordance with the applicable provisions of the Ordinance, which provisions will be included in the final Official Statement. (See “THE CERTIFICATES – Optional Redemption” and “– Mandatory Redemption”).
- (b) The initial yields and prices are established by, and are the sole responsibility of the Underwriter and may subsequently be changed.
- (c) CUSIP numbers have been assigned to this issue by the CUSIP Global Services managed by FactSet Research Systems Inc. on behalf of the American Bankers Association and are included solely for the convenience of the purchasers of the Certificates. Neither the City, the Financial Advisor, nor the Underwriter shall be responsible for the selection or correctness of the CUSIP numbers set forth herein.

CITY OFFICIALS, STAFF AND CONSULTANTS

CITY COUNCIL

Mayor	Brenda Moses
Mayor Pro-Tem	Lydia Flores
Councilmember	Diana Rubio
Councilmember	James Garcia
Councilmember	Robin Alaniz
Councilmember	Robert De La Garza

ADMINISTRATIVE OFFICERS

Julia Post	City Administrator
Veronica Garza	City Secretary
Thomas Gwosdz	City Attorney

CONSULTANTS, ADVISORS AND INDEPENDENT AUDITORS

McCall, Parkhurst & Horton L.L.P., Dallas, Texas	Bond Counsel
Paul B. Holm & Company, PLLC, Victoria, Texas	Independent Auditor
Government Capital Securities Corporation, Southlake, Texas	Financial Advisor

For additional information regarding the City, please contact:

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Mayor
City of Goliad
152 W. End Street
Goliad, Texas 77963
(361) 645-3454
mayormosesofgoliad@goliadtx.net

Wade Thompson
D'Anne Carson
Government Capital Securities Corporation
559 Silicon Drive, Suite 102
Southlake, TX 76092
(817) 722-0220
wthompson@govcapsecurities.com
dcarson@govcapsecurities.com

USE OF INFORMATION IN OFFICIAL STATEMENT

For purposes of compliance with Rule 15c2-12 of the United States Securities and Exchange Commission, as amended (the "Rule"), and in effect on the date of the Preliminary Official Statement, this document constitutes an "Official Statement" of the City with respect to the Certificates that has been deemed "final" by the City as of this date except for the omissions of no more than the information permitted by the Rule.

This Official Statement is not to be used in connection with an offer to sell or the solicitation of an offer to buy in any jurisdiction in which such offer or solicitation is not authorized or in which the person making such offer or solicitation is not qualified to do so or to any person to whom it is unlawful to make such offer or solicitation.

Any information and expressions of opinion herein contained are subject to change without notice, and neither the delivery of the Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the City or other matters described herein since the date hereof. See "CONTINUING DISCLOSURE OF INFORMATION" for a description of the City's undertaking to provide certain information on a continuing basis.

THE CERTIFICATES ARE EXEMPTED FROM REGISTRATION WITH THE SECURITIES AND EXCHANGE COMMISSION AND CONSEQUENTLY HAVE NOT BEEN REGISTERED THEREWITH. THE REGISTRATION, QUALIFICATION, OR EXEMPTION OF THE CERTIFICATES IN ACCORDANCE WITH APPLICABLE SECURITIES LAW PROVISIONS OF THE JURISDICTION IN WHICH THESE SECURITIES HAVE BEEN REGISTERED OR EXEMPTED SHOULD NOT BE REGARDED AS A RECOMMENDATION THEREOF.

IN CONNECTION WITH THIS OFFERING, THE UNDERWRITER MAY OVER-ALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE THE MARKET PRICE OF THE OBLIGATIONS AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

The agreements of the City and others related to the Certificates are contained solely in the contracts described herein. Neither this Official Statement nor any other statement made in connection with the offer or sale of the Obligations is to be construed as constituting an agreement with the purchasers of the Certificates. INVESTORS SHOULD READ THE ENTIRE OFFICIAL STATEMENT, INCLUDING ALL SCHEDULES AND APPENDICES ATTACHED HERETO, TO OBTAIN INFORMATION ESSENTIAL TO MAKING AN INFORMED INVESTMENT DECISION.

The Underwriter has provided the following sentence for inclusion in this Official Statement. The Underwriter has reviewed the information set forth in this Official Statement in accordance with, and as part of, their responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriter does not guarantee the accuracy or completeness of such information.

None of the City, the Financial Advisor or the Underwriter make any representation as to the accuracy, completeness or adequacy of the information contained in this Official Statement regarding The Depository Trust Company or its Book-Entry-Only System.

Build America Mutual Assurance Company ("BAM") makes no representation regarding the Certificates or the advisability of investing in the Certificates. In addition, BAM has not independently verified, makes no representation regarding, and does not accept any responsibility for the accuracy or completeness of this Official Statement or any information or disclosure contained herein, or omitted herefrom, other than with respect to the accuracy of the information regarding BAM, supplied by BAM and presented under the heading "Bond Insurance" and "Appendix E - Specimen Municipal Bond Insurance Policy."

THIS OFFICIAL STATEMENT CONTAINS "FORWARD-LOOKING" STATEMENTS WITHIN THE MEANING OF SECTION 21E OF THE SECURITIES EXCHANGE ACT OF 1934, AS AMENDED. SUCH STATEMENTS MAY INVOLVE KNOWN AND UNKNOWN RISKS, UNCERTAINTIES AND OTHER FACTORS, WHICH MAY CAUSE THE ACTUAL RESULTS, PERFORMANCE AND ACHIEVEMENTS TO BE DIFFERENT FROM FUTURE RESULTS, PERFORMANCE, AND ACHIEVEMENTS EXPRESSED OR IMPLIED BY SUCH FORWARD-LOOKING STATEMENTS. INVESTORS ARE CAUTIONED THAT THE ACTUAL RESULTS COULD DIFFER MATERIALLY FROM THOSE SET FORTH IN THE FORWARD-LOOKING STATEMENTS. SEE "OTHER INFORMATION - FORWARD-LOOKING STATEMENTS" HEREIN.

The agreements of the City and others related to the Certificates are contained solely in the contracts described herein. Neither this Official Statement nor any other statement made in connection with the offer or sale of the Certificates is to be construed as constituting an agreement with the purchasers of the Certificates. INVESTORS SHOULD READ THE ENTIRE OFFICIAL STATEMENT, INCLUDING THE APPENDICES ATTACHED HERETO, TO OBTAIN INFORMATION ESSENTIAL TO MAKING AN INFORMED INVESTMENT DECISION.

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BOND INSURANCE

BOND INSURANCE POLICY

Concurrently with the issuance of the Certificates, Build America Mutual Assurance Company (“BAM”) will issue its Municipal Bond Insurance Policy for the Certificates (the “Policy”). The Policy guarantees the scheduled payment of principal of and interest on the Certificates when due as set forth in the form of the Policy included as Appendix E to this Official Statement.

The Policy is not covered by any insurance security or guaranty fund established under New York, California, Connecticut or Florida insurance law.

BUILD AMERICA MUTUAL ASSURANCE COMPANY

BAM is a New York domiciled mutual insurance corporation and is licensed to conduct financial guaranty insurance business in all fifty states of the United States and the District of Columbia. BAM provides credit enhancement products to issuers in the U.S. public finance markets. BAM will only insure municipal bonds, as defined in Section 6901 of the New York Insurance Law, which are most often issued by states, political subdivisions, integral parts of states or political subdivisions or entities otherwise eligible for the exclusion of income under section 115 of the U.S. Internal Revenue Code of 1986, as amended. No member of BAM is liable for the obligations of BAM.

The address of the principal executive offices of BAM is: 200 Liberty Street, 27th Floor, New York, New York 10281, its telephone number is: 212-235-2500, and its website is located at: <https://bambonds.com/>.

BAM is licensed and subject to regulation as a financial guaranty insurance corporation under the laws of the State of New York and in particular Articles 41 and 69 of the New York Insurance Law.

BAM’s financial strength is rated “AA/Stable” by S&P Global Ratings, a business unit of Standard & Poor’s Financial Services LLC (“S&P”). An explanation of the significance of the rating and current reports may be obtained from S&P at <https://www.spglobal.com/en/>. The rating of BAM should be evaluated independently. The rating reflects the S&P’s current assessment of the creditworthiness of BAM and its ability to pay claims on its policies of insurance. The above rating is not a recommendation to buy, sell or hold the Certificates, and such rating is subject to revision or withdrawal at any time by S&P, including withdrawal initiated at the request of BAM in its sole discretion. Any downward revision or withdrawal of the above rating may have an adverse effect on the market price of the Certificates. BAM only guarantees scheduled principal and scheduled interest payments payable by the issuer of the Certificates on the date(s) when such amounts were initially scheduled to become due and payable (subject to and in accordance with the terms of the Policy), and BAM does not guarantee the market price or liquidity of the Certificates, nor does it guarantee that the rating on the Certificates will not be revised or withdrawn.

Capitalization of BAM

BAM’s total admitted assets, total liabilities, and total capital and surplus, as of March 31, 2025 and as prepared in accordance with statutory accounting practices prescribed or permitted by the New York State Department of Financial Services were \$482.1 million, \$246.4 million and \$235.7 million, respectively.

BAM is party to a first loss reinsurance treaty that provides first loss protection up to a maximum of 15% of the par amount outstanding for each policy issued by BAM, subject to certain limitations and restrictions.

BAM’s most recent Statutory Annual Statement, which has been filed with the New York State Insurance Department and posted on BAM’s website at <https://bambonds.com/>, is incorporated herein by reference and may be obtained, without charge, upon request to BAM at its address provided above (Attention: Finance Department). Future financial statements will similarly be made available when published.

BAM makes no representation regarding the Certificates or the advisability of investing in the Certificates. In addition, BAM has not independently verified, makes no representation regarding, and does not accept any responsibility for the accuracy or completeness of this Official Statement or any information or disclosure contained herein, or omitted herefrom, other than with respect to the accuracy of the information regarding BAM, supplied by BAM and presented under the heading “BOND INSURANCE”.

Additional Information Available from BAM

Credit Insights Videos. For certain BAM-insured issues, BAM produces and posts a brief Credit Insights video that provides a discussion of the obligor and some of the key factors BAM’s analysts and credit committee considered when approving the credit for insurance. The Credit Insights videos are easily accessible on BAM’s website at <https://bambonds.com/insights/#video>. (The preceding website address is provided for convenience of reference only. Information available at such address is not incorporated herein by reference.)

Credit Profiles. Prior to the pricing of bonds that BAM has been selected to insure, BAM may prepare a pre-sale Credit Profile for those bonds. These pre-sale Credit Profiles provide information about the sector designation (e.g. general obligation, sales tax); a preliminary summary of financial information and key ratios; and demographic and economic data relevant to the obligor, if available. Subsequent to closing, for any offering that includes bonds insured by BAM, any pre-sale Credit Profile will be updated and superseded by a final Credit Profile to include information about the gross par insured by CUSIP, maturity and coupon. BAM pre-sale and final Credit Profiles are easily accessible on BAM's website at <https://bambonds.com/credit-profiles>. BAM will produce a Credit Profile for all bonds insured by BAM, whether or not a pre-sale Credit Profile has been prepared for such bonds. (The preceding website address is provided for convenience of reference only. Information available at such address is not incorporated herein by reference.)

Disclaimers. The Credit Profiles and the Credit Insights videos and the information contained therein are not recommendations to purchase, hold or sell securities or to make any investment decisions. Credit-related and other analyses and statements in the Credit Profiles and the Credit Insights videos are statements of opinion as of the date expressed, and BAM assumes no responsibility to update the content of such material. The Credit Profiles and Credit Insight videos are prepared by BAM; they have not been reviewed or approved by the issuer of or the underwriter for the Certificates, and the issuer and underwriter assume no responsibility for their content.

BAM receives compensation (an insurance premium) for the insurance that it is providing with respect to the Certificates. Neither BAM nor any affiliate of BAM has purchased, or committed to purchase, any of the Certificates, whether at the initial offering or otherwise.

BOND INSURANCE RISKS

In the event of default of the scheduled payment of principal of or interest on the Certificates when all or a portion thereof becomes due, any owner of the Certificates shall have a claim under the Policy for such payments. The payment of principal and interest in connection with mandatory or optional prepayment of the Certificates by the City which is recovered by the City from the owner as a voidable preference under applicable bankruptcy law is covered by the Policy; however, such payments will be made by BAM at such time and in such amounts as would have been due absent such prepayment by the City (unless BAM chooses to pay such amounts at an earlier date).

Payment of principal of and interest on the Certificates will not be subject to acceleration, but other legal remedies upon the occurrence of non-payment do exist (see "OWNER'S REMEDIES"). BAM may reserve the right to direct the pursuit of available remedies, and, in addition, may reserve the right to consent to any remedies available to and requested by the Certificate holders.

In the event BAM is unable to make payment of principal and interest as such payments become due under the Policy, the Certificates are payable solely from (i) continuing, direct annual ad valorem taxes levied against all taxable property within the City within the limits prescribed by law and (ii) a limited pledge of the surplus revenues of the City's waterworks and sewer system as further described in "THE CERTIFICATES – Security for the Certificates." In the event BAM becomes obligated to make payments with respect to the Certificates, no assurance is given that such event will not adversely affect the market price or the marketability (liquidity) of the Certificates.

The long-term ratings on the Certificates will be dependent in part on the financial strength of BAM and its claims-paying ability. BAM's financial strength and claims-paying ability are predicated upon a number of factors which could change over time. No assurance can be given that the long-term ratings of BAM and the ratings on the Certificates, whether or not subject to the Policy, will not be subject to downgrade and such event could adversely affect the market price or the marketability (liquidity) for the Certificates.

The obligations of BAM under the Policy are general obligations of BAM and in an event of default by BAM, the remedies available may be limited by applicable bankruptcy law. None of the City, the Financial Advisor or the Underwriter have made independent investigation into the claims-paying ability of any potential bond insurer and no assurance or representation regarding the financial strength or projected financial strength of any potential bond insurer is given.

Claims-Paying Ability and Financial Strength of Municipal Bond Insurers

Moody's Investor Services, Inc., S&P, and Fitch Ratings (the "Rating Agencies") have downgraded and/or placed on negative watch the claims-paying ability and financial strength of most providers of municipal bond insurance. Additional downgrades or negative changes in the rating outlook for all bond insurers is possible. In addition, recent events in the credit markets have had substantial negative effects on the bond insurance business. These developments could be viewed as having a material adverse effect on the claims-paying ability of such bond insurers, including any bond insurer of the Certificates. Thus, when making an investment decision, potential investors should carefully consider the ability of any such bond insurer to pay

principal of and interest on the Certificates and the claims-paying ability of any such bond insurer, particularly over the life of the Certificates.

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SUMMARY STATEMENT

This Summary Statement is subject in all respects to the more complete information contained in this Official Statement. The offering of the Certificates to potential investors is made only by means of this entire Official Statement, including the schedules and appendices hereto. No person is authorized to detach this Summary Statement from this Official Statement or to otherwise use it without this entire Official Statement including the Appendices hereto.

The Issuer	The City of Goliad, Texas (the “City”) is located in Goliad County, Texas. For information regarding the City, see Appendices A and B.
The Certificates	The Certificates are issued as \$4,730,000* Combination Tax and Revenue Certificates of Obligation, Series 2025, dated as of June 1, 2025, maturing on the dates and in the amounts set forth on the inside front cover of this Official Statement. Interest on the Certificates will accrue from their date of delivery and will be paid semiannually on February 15 and August 15, commencing February 15, 2026 until maturity or prior redemption.
Purpose of Certificates	Proceeds from the sale of the Certificates will be used to pay contractual obligations to be incurred for (i) acquiring, constructing and equipping public safety facilities, including a new fire station and (ii) paying legal, fiscal and engineering fees in connection with these projects. See “THE CERTIFICATES – Sources and Uses of Funds” herein.
Authorization and Security	The Certificates are direct obligations of the City, issued pursuant to Chapter 271, Subchapter C, Texas Local Government Code, and an ordinance to be adopted by the City Council of the City (the “City Council”) on June 10, 2025. The Certificates are payable from ad valorem taxes to be levied, within the limits prescribed by law, on all taxable property within the City and a limited pledge of the surplus revenues of the City’s waterworks and sewer system as provided in the ordinance authorizing the Certificates.
Optional Redemption	The Certificates maturing on and after February 15, 20__, are subject to optional redemption in whole or in part on February 15, 20__, or on any date thereafter at a price of par plus accrued interest as more fully described herein. See “THE CERTIFICATES – Optional Redemption” herein.
Mandatory Redemption	Certain of the Certificates may be subject to mandatory sinking fund redemption in the event the Underwriter elects to aggregate two or more consecutive maturities as term certificates in accordance with the applicable provisions of the Ordinance, which provisions will be included in the final Official Statement. See “THE CERTIFICATES – Mandatory Redemption” herein.
Tax-Exemption	In the opinion of Bond Counsel, interest on the Certificates will be excludable from gross income for federal income tax purposes under statutes, regulations, published rulings and court decisions existing on the date thereof, subject to the matters described under “TAX MATTERS” herein, including the alternative minimum tax on certain corporations. (see “TAX MATTERS – The Certificates” herein).
Qualified Tax-Exempt Obligations	The City will designate the Certificates as “qualified tax-exempt obligations”. (See “TAX MATTERS – Qualified Tax-Exempt Obligations” herein.)

*Preliminary, subject to change.

Ratings

The Certificates have been assigned an insured rating of “AA” by S&P Global Ratings, a division of Standard and Poor’s Financial Services LLC (“S&P”) based upon the Municipal Bond Insurance Policy to be issued by Build America Mutual Assurance Company. The Certificates have also been assigned an underlying rating of “A” by S&P without regard to credit enhancement. An explanation of the significance of such ratings may be obtained from S&P. See “RATINGS” herein.

Book-Entry-Only System

The Certificates are initially issuable only to Cede & Co., the nominee of The Depository Trust Company, New York, New York, pursuant to the book-entry only system described herein. Beneficial ownership of the Certificates may be acquired in principal denominations of \$5,000 or integral multiples thereof. No physical delivery of the Certificates will be made to the purchasers thereof. Principal of, premium if any, and interest on the Certificates will be payable by the Paying Agent/Registrar to Cede & Co., which will make distribution of the amounts so paid to the DTC Participants (as defined herein) for subsequent remittance to the owners of the beneficial interests in the Certificates. See “BOOK-ENTRY-ONLY SYSTEM” herein.

Payment Record

The City has never defaulted on the payment of its bonded indebtedness.

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SELECTED FINANCIAL INFORMATION
(Unaudited)

2025 Certified Taxable Assessed Valuation.....	\$108,849,520 ^(a)
(100% of Market Value as of January 1, 2025)	

City Debt:

Outstanding Tax Supported Debt (as of February 15, 2025).....	\$750,000
Plus: The Certificates.....	<u>\$4,730,000*</u>
Total Tax Supported Debt.....	\$5,480,000*

	% of 2025 Assessed <u>Valuation</u>	2020 Per Capita <u>(1,620)</u>
Debt Ratios:		
Direct Tax Supported Debt.....	5.03%	\$3,383
2024-25 Tax Rate (per \$100 of Assessed Valuation)		
Maintenance and Operation		\$1.0444
Debt Service		<u>0.1836</u>
Total		<u><u>\$1.2280</u></u>

Estimated Annual Debt Service Requirements.....	
Average.....	\$ 316,773.62*
Maximum (2031).....	\$ 358,853.50*

Tax Collections

Current	In process
Year.....	
Total Collections.....	In process

*Preliminary, subject to change.

(a) Provided by the Goliad County Appraisal District (the "Appraisal District") and net of exemptions. Such value is further subject to changes as additions, corrections and deletions are made to the tax roll.

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**PRELIMINARY OFFICIAL STATEMENT
RELATING TO**

**\$4,730,000*
CITY OF GOLIAD, TEXAS
(Goliad County)
Combination Tax and Revenue
Certificates of Obligation, Series 2025**

INTRODUCTORY STATEMENT

This Official Statement, which includes the cover page and the appendices hereto, provides certain information regarding the issuance by the City of Goliad, Texas (the “City”) of its \$4,730,000* Combination Tax and Revenue Certificates of Obligation, Series 2025 (the “Certificates”).

The Certificates will be authorized to be issued, sold and delivered by an ordinance adopted by the City’s governing body (the “City Council”), and such ordinance is referred to herein as the “Ordinance.” Capitalized terms used in this Official Statement have the same meaning assigned to such terms in the Ordinance, except as otherwise indicated herein.

The City is a political subdivision of the State of Texas (the “State”) and a municipal corporation organized and existing under the laws of the State. For information regarding the City, see Appendices A and B of this Official Statement.

All financial and other information presented in this Official Statement has been provided by the City, except for information expressly attributed to other sources. The presentation of information, including tables of receipts from taxes and other sources, is intended to show recent historic information, and is not intended to indicate future or continuing trends in the financial position or other affairs of the City. No representation is made that past experience, as is shown by that financial and other information, will necessarily continue to be repeated in the future.

THE CERTIFICATES

Purpose

Proceeds from the sale of the Certificates will be used to pay contractual obligations to be incurred for (i) acquiring, constructing and equipping public safety facilities, including a new fire station and (ii) paying legal, fiscal and engineering fees in connection with these projects. See “THE CERTIFICATES – Sources and Uses of Funds” herein.

Authorization

The Certificates are direct obligations of the City, issued pursuant to Chapter 271, Subchapter C, Texas Local Government Code, as amended, and the Ordinance.

Security for the Certificates

The Certificates are payable from ad valorem taxes to be levied and collected, within the limits prescribed by law, on all taxable property within the City, and by a limited pledge of the surplus revenues of the City’s waterworks and sewer system as provided in the Ordinance.

Tax Rate Limitation

All taxable property within the City is subject to the assessment, levy and collection by the City of a continuing, direct annual ad valorem tax sufficient to provide for the payment of principal of and interest on all ad valorem tax debt within the limits prescribed by law. Article XI, Section 4, of the Texas Constitution is applicable to the City, and limits its maximum ad valorem tax rate to \$1.50 per \$100 Taxable Assessed Valuation for all City purposes. Administratively, the Attorney General of the State will permit allocation of up to \$1.00 of the \$1.50 maximum tax rate for all general obligation debt, calculated at the time of issuance and based on 90% tax collection factor.

Optional Redemption

The City reserves the right, at its option, to redeem the Certificates having stated maturities on and after February 15, 20[], in whole or in part, in integral multiples of \$5,000, on February 15, 20[] or any date thereafter, such redemption date or dates to be fixed by the City, at a redemption price equal to the principal amount thereof plus

* Preliminary, subject to change.

accrued interest to the date fixed for redemption. If less than all of the Certificates are to be redeemed, the City shall determine the maturity or maturities and the amounts thereof to be redeemed and shall direct the Paying Agent/Registrar (as defined herein) to select by lot the Certificates, or portions thereof, within each maturity to be redeemed.

Mandatory Redemption

Certain of the Certificates may be subject to mandatory sinking fund redemption in the event the Underwriter elects to aggregate two or more consecutive maturities as term certificates in accordance with the applicable provisions of the Ordinance, which provisions will be included in the final Official Statement.

Notice of Redemption

At least 30 days prior to a redemption date for the Certificates, the City shall cause a written notice of such redemption to be deposited in the United States mail, first-class postage prepaid, addressed to each such registered owner at his address shown on the Registration Books (hereinafter defined) of the Paying Agent/Registrar provided however, that the failure to send, mail, or receive such notice described above, or any defect therein or in the sending or mailing thereof, shall not affect the validity or effectiveness of the proceedings for the redemption of any Certificate. NOTICE HAVING BEEN SO GIVEN AND ALL OTHER CONDITIONS TO REDEMPTION HAVING BEEN SATISFIED, THE CERTIFICATES CALLED FOR REDEMPTION SHALL BECOME DUE AND PAYABLE ON THE SPECIFIED REDEMPTION DATE, AND NOTWITHSTANDING THAT ANY CERTIFICATE OR PORTION THEREOF HAS NOT BEEN SURRENDERED FOR PAYMENT, INTEREST ON SUCH CERTIFICATE OR PORTION THEREOF SHALL CEASE TO ACCRUE.

The Paying Agent/Registrar and the City, so long as a Book-Entry-Only System is used for the Certificates, will send any notice of redemption, notice of proposed amendment to the Ordinance or other notices with respect to the Certificates only to DTC. Any failure by DTC to advise any DTC Participant, or of any DTC Participant to notify any Beneficial Owner, will not affect the validity of the redemption of the Certificates called for redemption or any other action premised on any such notice. Redemption of portions of the Certificates by the City will reduce the outstanding principal amount of such Certificates held by DTC. In such event, DTC may implement, through its Book-Entry-Only System, a redemption of such Certificates held for the account of DTC Participants in accordance with its rules or other agreements with DTC Participants. Such DTC Participants may then implement a redemption of such Certificates from the Beneficial Owners. Any such selection of Certificates to be redeemed will not be governed by the Ordinance and will not be conducted by the City or the Paying Agent/Registrar. Neither the City nor the Paying Agent/Registrar will have any responsibility to any DTC Participants or the persons for whom DTC Participants act as nominees, with respect to the payments on the Certificates or the providing of notice to DTC Participants or Beneficial Owners of the selection of portions of the Certificates for redemption. (See "THE CERTIFICATES -- Book-Entry-Only System" herein).

Sources and Uses of Funds

The proceeds from the sale of the Certificates will be applied approximately as follows:

Sources

Principal Amount of Certificates
Original Issue Premium/Discount

Total Sources of Funds

Uses

Deposit to Project Fund
Costs of Issuance
Underwriter's Discount

Total Uses of Funds

GENERAL INFORMATION REGARDING THE CERTIFICATES

General Description

The Certificates will be dated as of June 1, 2025 (the “Dated Date”), and will be issued in fully registered form in principal denominations of \$5,000 or any integral multiple thereof. The Certificates will bear interest from the date of delivery to the underwriter listed on the cover page hereof (the “Underwriter”), and interest will be paid semiannually on each February 15 and August 15, commencing February 15, 2026. Interest will accrue on the Certificates on the basis of a 360-day year consisting of twelve 30-day months. The Certificates will be issued as book-entry-only securities pursuant to arrangements made with The Depository Trust Company, New York, New York. See “BOOK-ENTRY-ONLY SYSTEM.”

Principal of the Certificates will be payable to the registered owners (the “Owners”) at maturity or prior redemption upon presentation and surrender of such Certificates at the principal corporate office of the paying agent/registrar (the “Paying Agent/Registrar”), initially UMB Bank, N.A., Austin, Texas. Interest on the Certificates will be payable by check dated as of the interest payment date and mailed by the Paying Agent/Registrar to Owners as shown on the records of the Paying Agent/Registrar on the Record Date (see “REGISTRATION, TRANSFER AND EXCHANGE – Record Date for Interest Payment” herein), or by such other customary banking arrangement, acceptable to the Paying Agent/Registrar, requested by, and at the risk and expense of, the Owners. If the date for the payment of the principal of or interest on a Certificate shall be a Saturday, Sunday, legal holiday, or a day on which banking institutions in the city where the Paying Agent/Registrar is located are authorized by law or executive order to close, then the date for such payment shall be the next succeeding day which is not such a Saturday, Sunday, legal holiday, or a day on which banking institutions are authorized to close; and payment on such date shall have the same force and effect as if made on the original date payment was due.

The Certificates will mature on the dates, in the amounts and bear interest at the rates as set forth on the inside cover page of this Official Statement.

Legality

The Certificates are offered when, as and if issued, subject to the approvals of legality by the Attorney General of the State of Texas and McCall, Parkhurst & Horton L.L.P., Dallas, Texas, Bond Counsel. (See “LEGAL MATTERS and Appendix C - Form of Opinion of Bond Counsel”).

Defeasance

The Ordinance provides for the defeasance of the Certificates when the payment of the principal of and premium, if any, on the Certificates, plus interest thereon to the due date thereof (whether such due date be by reason of maturity, redemption, or otherwise), is provided by irrevocably depositing with a paying agent, in trust (1) money sufficient to make such payment or (2) Defeasance Securities, certified by the City’s financial advisor, the Paying Agent/Registrar, an independent public accountant or other qualified third party to mature as to principal and interest in such amounts and at such times to insure the availability, without reinvestment, of sufficient money to make such payment, and all necessary and proper fees, compensation and expenses of the paying agent for the Certificates being defeased, and thereafter the City will have no further responsibility with respect to amounts available to such paying agent (or other financial institution permitted by applicable law) for the payment of such defeased Certificates, including any insufficiency therein caused by the failure of such paying agent (or other financial institution permitted by applicable law) to receive payment when due on the Defeasance Securities. The Ordinance provides that “Defeasance Securities” means any securities and obligations now or hereafter authorized by State law that are eligible to refund, retire, or otherwise discharge securities as the Certificates. Current State law permits defeasance with the following types of securities: (a) direct, noncallable obligations of the United States of America, including obligations that are unconditionally guaranteed by the United States of America, (b) noncallable obligations of an agency or instrumentality of the United States of America, including obligations that are unconditionally guaranteed or insured by the agency or instrumentality and that are rated as to investment quality by a nationally recognized investment rating firm not less than AAA or its equivalent, and (c) noncallable obligations of a state or an agency or a county, municipality, or other political subdivision of a state that have been refunded and that are rated as to investment quality by a nationally recognized investment rating firm not less than AAA or its equivalent. The City has additionally reserved the right, subject to satisfying the requirements of (1) and (2) above, to substitute other Defeasance Securities for the Defeasance Securities originally deposited, to reinvest the uninvested moneys on deposit for such defeasance and to withdraw for the benefit of the City moneys in excess of the amount required for such defeasance.

Upon such deposit as described above, such Certificates shall no longer be regarded to be outstanding or unpaid. The City has reserved the option, however, to be exercised at the time of the defeasance of the Certificates, to call for redemption at an earlier date, which have been defeased to their maturity date, if the City: (i) in the proceedings providing for the firm banking and financial arrangements, expressly reserves the right to call the Certificates for redemption; (ii) gives notice of the reservation of that right to the owners of the Certificates immediately following the making of the firm banking and financial arrangements; and (iii) directs that notice of the reservation be included in any redemption notices that it authorizes.

There is no assurance that the current law will not be changed in a manner which would permit investments other than those described above to be made with amounts deposited to defease the Certificates. Because the Ordinance does not contractually limit such investments, registered owners may be deemed to have consented to defeasance with such other investments, notwithstanding the fact that such investments may not be of the same investment quality as those currently permitted under State law. There is no assurance that the ratings for U.S. Treasury securities used as Defeasance Securities or those for any other Defeasance Security will be maintained at any particular rating category.

Amendments to the Ordinance

In the Ordinance, the City has reserved the right to amend the Ordinance without the consent of any holder for the purpose of amending or supplementing the Ordinance to (i) cure any ambiguity, defect or omission therein that does not materially adversely affect the interests of the holders, (ii) grant additional rights or security for the benefit of the holders, (iii) add events of default as shall not be inconsistent with the provisions of the Ordinance that do not materially adversely affect the interests of the holders, (iv) qualify the Ordinance under the Trust Indenture Act of 1939, as amended, or corresponding provisions of federal laws from time to time in effect or (v) make such other provisions in regard to matters or questions arising under the Ordinance that are not inconsistent with the provisions thereof and which, in the opinion of Bond Counsel for the City, do not materially adversely affect the interests of the holders.

THE ORDINANCE FURTHER PROVIDES THAT THE HOLDERS OF THE CERTIFICATES AGGREGATING A MAJORITY OF THE AGGREGATE PRINCIPAL AMOUNT OF THE OUTSTANDING CERTIFICATES SHALL HAVE THE RIGHT FROM TIME TO TIME TO APPROVE ANY AMENDMENT NOT DESCRIBED ABOVE TO THE ORDINANCE IF IT IS DEEMED NECESSARY OR DESIRABLE BY THE CITY; PROVIDED, HOWEVER, THAT WITHOUT THE CONSENT OF 100% OF THE HOLDERS IN ORIGINAL PRINCIPAL AMOUNT OF THE THEN OUTSTANDING CERTIFICATES, NO AMENDMENT MAY BE MADE FOR THE PURPOSE OF: (I) MAKING ANY CHANGE IN THE MATURITY OF ANY OF THE OUTSTANDING CERTIFICATES; (II) REDUCING THE RATE OF INTEREST BORNE BY ANY OF THE OUTSTANDING CERTIFICATES; (III) REDUCING THE AMOUNT OF THE PRINCIPAL OF, OR REDEMPTION PREMIUM, IF ANY, PAYABLE ON ANY OUTSTANDING CERTIFICATES; (IV) MODIFYING THE TERMS OF PAYMENT OF PRINCIPAL OR OF INTEREST OR REDEMPTION PREMIUM ON OUTSTANDING CERTIFICATES, OR IMPOSING ANY CONDITION WITH RESPECT TO SUCH PAYMENT; OR (V) CHANGING THE MINIMUM PERCENTAGE OF THE PRINCIPAL AMOUNT OF THE CERTIFICATES NECESSARY FOR CONSENT TO SUCH AMENDMENT. REFERENCE IS MADE TO THE ORDINANCE FOR FURTHER PROVISIONS RELATING TO THE AMENDMENT THEREOF.

OWNERSHIP

The City, the Paying Agent/Registrar and any other person may treat the person in whose name any Certificate is registered as the absolute owner of such Certificate for the purpose of making and receiving payment of principal and interest, and for all other purposes, whether or not such Certificate is overdue, and neither the City nor the Paying Agent/Registrar will be bound by any notice or knowledge to the contrary.

All payments made to the person deemed to be the owner of any Certificate in accordance with the Ordinance will be valid and effectual and will discharge the liability of the City and the Paying Agent/Registrar upon such Certificate to the extent of the sums paid.

OWNER'S REMEDIES

The Ordinance establishes specific events of default with respect to the Certificates. If the City defaults in the payment of the principal of or interest on the Certificates when due or the City defaults in the observance or performance of any of the covenants, conditions, or obligations of the City, the failure to perform which materially, adversely affects

the rights of the owners of the Certificates, including but not limited to, their prospect or ability to be repaid in accordance with the Ordinance, and the continuation thereof for a period of 60 days after notice of such default is given by any owner to the City, the Ordinance provides that any registered owner is entitled to seek a writ of mandamus from a court of proper jurisdiction requiring the City to make such payment or observe and perform such covenants, obligations, or conditions. The issuance of a writ of mandamus may be sought if there is no other available remedy at law to compel performance of the Certificates or the Ordinance and the City's obligations are not uncertain or disputed. The remedy of mandamus is controlled by equitable principles, so rests with the discretion of the court, but may not be arbitrarily refused. There is no acceleration of maturity of the Certificates in the event of default and, consequently, the remedy of mandamus may have to be relied upon from year to year. The Ordinance does not provide for the appointment of a trustee to represent the interest of the holders of the Certificates upon any failure of the City to perform in accordance with the terms of the Ordinance, or upon any other condition and accordingly all legal actions to enforce such remedies would have to be undertaken at the initiative of, and be financed by, the registered owners.

On April 1, 2016, the Texas Supreme Court ruled in *Wasson Interests, Ltd. v. City of Jacksonville*, 489 S.W.3d 427 (Tex. 2016) that sovereign immunity does not imbue a city with derivative immunity when it performs proprietary, as opposed to governmental, functions in respect to contracts executed by a city. Texas jurisprudence has generally held that proprietary functions are those conducted by a city in its private capacity, for the benefit only of those within its corporate limits, and not as an arm of the government or under the authority or for the benefit of the state. If sovereign immunity is determined by a court to exist, then the Texas Supreme Court ruled in *Tooke v. City of Mexia* (197 S.W.3d 325 (Tex. 2006), that a waiver of sovereign immunity in a contractual dispute must be provided for by statute in a clear and unambiguous language. Because it is unclear whether the Texas legislature has effectively waived the City's sovereign immunity from a suit for money damages, holders of the Certificates may not be able to bring such a suit against the City for breach of the covenants in the Certificates or in the Ordinance. Even if a judgment against the City could be obtained, it could not be enforced by direct levy and execution against the City's property. Further, the registered owners cannot themselves foreclose on property within the City or sell property within the City to enforce the tax lien on taxable property to pay the principal of and interest on the Certificates.

Furthermore, the City is eligible to seek relief from its creditors under Chapter 9 of the U.S. Bankruptcy Code ("Chapter 9"). Although Chapter 9 provides for the recognition of a security interest represented by a specifically pledged source of revenues, the pledge of ad valorem taxes in support of a general obligation of a bankrupt entity is not specifically recognized as a security interest under Chapter 9. Chapter 9 also includes an automatic stay provision that would prohibit, without Bankruptcy Court approval, the prosecution of any other legal action by creditors, holders of the Certificates of an entity which has sought protection under Chapter 9. Therefore, should the City avail itself of Chapter 9 protection from creditors, the ability to enforce would be subject to the approval of the Bankruptcy Court (which could require that the action be heard in Bankruptcy Court instead of other federal or state court); and the Bankruptcy Code provides for broad discretionary powers of a Bankruptcy Court in administering any proceeding brought before it. The opinion of Bond Counsel will note that all opinions relative to the enforceability of the Certificates are qualified with respect to the customary rights of debtors relative to their creditors and by general principles of equity which permit the exercise of judicial discretion. See "Book-Entry-Only System" herein for a description of the duties of DTC with regard to ownership of the Certificates. Initially, the only registered owner of the Certificates will be DTC.

BOOK-ENTRY-ONLY SYSTEM

This section describes how ownership of the Certificates is to be transferred and how the principal of, premium, if any, and interest on the Certificates are to be paid to and credited by The Depository Trust Company ("DTC"), New York, New York, while the Certificates are registered in its nominee name. The information in this section concerning DTC and the Book-Entry-Only System has been provided by DTC for use in disclosure documents such as this Official Statement. The City, the Municipal Advisor, and the Underwriter believe the source of such information to be reliable, but take no responsibility for the accuracy or completeness thereof.

The City cannot and does not give any assurance that (1) DTC will distribute payments of debt service on the Certificates, or redemption or other notices, to DTC Participants, (2) DTC Participants or others will distribute debt service payments paid to DTC or its nominee (as the registered owner of the Certificates), or redemption or other notices, to the Beneficial Owners, or that they will do so on a timely basis, or (3) DTC will serve and act in the manner described in this Official Statement. The current rules applicable to DTC are on file with the United States Securities and Exchange Commission, and the current procedures of DTC to be followed in dealing with DTC Participants are on file with DTC.

DTC will act as securities depository for the Certificates. The Certificates will be issued as fully registered Certificates in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully registered security certificate will be issued for the Certificates, in the aggregate principal amount of such issue, and will be deposited with DTC.

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation, and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a Standard & Poor's rating of "AA+". The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

Purchases of Certificates under the DTC system must be made by or through Direct Participants, which will receive a credit for the Certificates on DTC's records. The ownership interest of each actual purchaser of each Certificate ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Certificates are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Certificates, except in the event that use of the book-entry system for the Certificates is discontinued.

To facilitate subsequent transfers, all Certificates deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Certificates with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Certificates; DTC's records reflect only the identity of the Direct Participants to whose accounts such Certificates are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Certificates may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Certificates, such as redemptions, tenders, defaults, and proposed amendments to the Certificate documents. For example, Beneficial Owners of Certificates may wish to ascertain that the nominee holding the Certificates for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the Paying Agent/Registrar and request that copies of notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the Certificates within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Certificates unless authorized by a Direct Participant in accordance with DTC's Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the City as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s

consenting or voting rights to those Direct Participants to whose accounts Certificates are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal, interest, and redemption payments on the Certificates will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the City or the Paying Agent/Registrar, on the payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name", and will be the responsibility of such Participant and not of DTC, the Paying Agent/Registrar, or the City, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal, interest, and redemption payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the City or the Paying Agent/Registrar, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the Certificates at any time by giving reasonable notice to the City or the Paying Agent/Registrar. Under such circumstances, in the event that a successor depository is not obtained, Certificates are required to be printed and delivered.

The City may decide to discontinue use of the system of book-entry transfers through DTC (or a successor Securities depository). In that event, physical certificates will be printed and delivered.

Use of Certain Terms in Other Sections of this Official Statement

In reading this Official Statement it should be understood that while the Certificates are in the Book-Entry-Only System, references in other sections of this Official Statement to registered owners should be read to include the person for which the Participant acquires an interest in the Certificates, but (i) all rights of ownership must be exercised through DTC and the Book-Entry-Only System and (ii) except as described above, notices that are to be given to registered owners under the Ordinance will be given only to DTC.

The information in this section concerning DTC and DTC's book-entry-only system has been obtained from sources that the City believes to be reliable, but the City takes no responsibility for the accuracy thereof.

REGISTRATION, TRANSFER AND EXCHANGE

Paying Agent/Registrar

UMB Bank, N.A., Austin, Texas has been named to serve as initial Paying Agent/Registrar for the Certificates. In the Ordinance, the City retains the right to replace the Paying Agent/Registrar. If the City replaces the Paying Agent/Registrar, such Paying Agent/Registrar shall, promptly upon the appointment of a successor, deliver the Paying Agent/Registrar's records to the successor Paying Agent/Registrar, and the successor Paying Agent/Registrar shall act in the same capacity as the previous Paying Agent/Registrar. Any successor Paying Agent/Registrar selected by the City shall be a commercial bank; a trust company organized under applicable law; or other entity duly qualified and legally authorized to serve and perform the duties of the Paying Agent/Registrar for the Certificates. Upon any change in the Paying Agent/Registrar for the Certificates, the City agrees to promptly cause a written notice thereof to be sent to each registered owner of the Certificates by United States mail, first class, postage prepaid, which notice shall also give the address of the new Paying Agent/Registrar.

In the event the Book-Entry-Only System should be discontinued, interest on the Certificates will be paid to the registered owners appearing on the registration books of the Paying Agent/Registrar at the close of business on the Record Date (hereinafter defined), and such interest will be paid (i) by check sent United States mail, first class postage prepaid to the address of the registered owner recorded in the registration books of the Paying Agent/Registrar or (ii) by such other method, acceptable to the Paying Agent/Registrar requested by, and at the risk and expense of, the registered owner. Principal and redemption payments of the Certificates will be paid to the registered owner at the stated maturity or earlier redemption upon presentation to the designated payment/transfer office of the Paying Agent/Registrar. If the date for the payment of the principal or interest on the Certificates is a Saturday, Sunday, a legal holiday, or a day when banking institutions in the city where the designated payment/transfer office of the Paying Agent/Registrar is located are authorized to close, then the date for such payment will be the next succeeding day which is not such a day, and payment on such date will have the same force and effect as if made on the date payment

was due. So long as Cede & Co. is the registered owner of the Certificates, principal, interest, and redemption payments on the Certificates will be made as described in “BOOK-ENTRY-ONLY SYSTEM” above.

Future Registration

In the event the book-entry-only system should be discontinued, printed Certificates will be delivered to the Owners and thereafter the Certificates may be transferred and exchanged on the registration books of the Paying Agent/Registrar only upon presentation and surrender to the Paying Agent/Registrar, and such registration and transfer shall be without expense or service charge to the Owner, except for any tax or other governmental charges required to be paid with respect to such registration, exchange and transfer. Certificates may be assigned by the execution of an assignment form on the Certificates or by other instrument of transfer and assignment acceptable to the Paying Agent/Registrar. A new Certificate will be delivered by the Paying Agent/Registrar in lieu of the Certificate being transferred or exchanged at the designated office of the Paying Agent/Registrar, or sent by United States mail, first class, postage prepaid, to the new registered Owner at the Owner’s request, risk and expense. New Certificates issued in an exchange or transfer of Certificates will be delivered to the registered Owner or assignee of the Owner after the receipt of the Certificates to be canceled in the exchange or transfer and the written instrument of transfer or request for exchange duly executed by the Owner or his duly authorized agent, in form satisfactory to the Paying Agent/Registrar. New Certificates registered and delivered in an exchange or transfer shall be of like kind and in authorized denominations and for a like aggregate principal amount as the Certificate or Certificates surrendered for exchange or transfer. See “BOOK-ENTRY-ONLY SYSTEM” for a description of the system to be utilized initially in the settlement and transfer of the Certificates.

Record Date for Interest Payment

The record date (“Record Date”) for the interest payable on any interest payment date is the last day of the month next preceding such interest payment date, as specified in the Ordinance. In the event of a nonpayment of interest on a scheduled payment date, and for 30 days thereafter, a new record date for such interest payment (the “Special Record Date”) will be established by the Paying Agent/Registrar, if and when funds for the payment of such interest have been received from the City. Notice of the Special Record Date and of the scheduled payment date of the past due interest (the “Special Payment Date”) which shall be 15 days after the Special Record Date) shall be sent at least 5 days prior to the Special Record Date by United States mail, first class, postage prepaid, to the address of each Owner of a Certificate appearing on the books of the Paying Agent/Registrar at the close of business on the last business day next preceding the date of mailing of such notice.

Limitation on Transfer of Certificates

Neither the City nor the Paying Agent/Registrar shall be required to transfer or exchange any Certificate (i) during the period commencing with the close of business on any Record Date and ending with the opening of business on the next following principal or interest payment date or (ii) with respect to any Certificate, or any portion thereof, called for redemption prior to maturity within 45 days prior to its redemption date, provided, however, such limitation of transfer shall not be applicable to an exchange by the registered owner of the uncalled balance of a Certificate.

Replacement of Certificates

If any Certificate is mutilated, destroyed, stolen or lost, a new Certificate in the same principal amount as the Certificate so mutilated, destroyed, stolen or lost will be issued. In the case of a mutilated Certificate, such new Certificate will be delivered only upon surrender and cancellation of such mutilated Certificate. In the case of any Certificate issued in lieu of and in substitution for a Certificate which has been destroyed, stolen or lost, such new Certificate will be delivered only (a) upon filing with the City and the Paying Agent/Registrar evidence satisfactory to them that such Certificate has been destroyed, stolen or lost and proof of the ownership thereof and (b) upon furnishing the City and the Paying Agent/Registrar with indemnity satisfactory to them. The person requesting the authentication and delivery of a new Certificate must pay such expenses as the Paying Agent/Registrar may incur in connection therewith.

AD VALOREM PROPERTY TAXATION

Valuation of Taxable Property

The Property Tax Code provides for countywide appraisal and equalization of taxable property values and establishes in each county of the State an appraisal district and an appraisal review board (the “Appraisal Review Board”) responsible for appraising property for all taxing units within the county. The appraisal of property within the City is

the responsibility of the Goliad County Appraisal District (the “Appraisal District”). Except as generally described below, the Appraisal District is required to appraise all property within the Appraisal District on the basis of 100% of its market value and is prohibited from applying any assessment ratios. In determining market value of property, the Appraisal District is required to consider the cost method of appraisal, the income method of appraisal and the market data comparison method of appraisal, and use the method the chief appraiser of the Appraisal District considers most appropriate. The Property Tax Code requires appraisal districts to reappraise all property in its jurisdiction at least once every three (3) years. A taxing unit may require annual review at its own expense, and is entitled to challenge the determination of appraised value of property within the taxing unit by petition filed with the Appraisal Review Board.

Effective January 1, 2024, an appraisal district may only increase the appraised value of real property during the 2024 tax year on certain non-homestead properties (the “Subjected Property”) whose appraised values are not more than \$5,000,000 (the “maximum property value”) to an amount not to exceed the lesser of: (1) the market value of the Subjected Property for the most recent tax year that the market value was determined by the appraisal office or (2) the sum of: (a) 20 percent of the appraised value of the Subjected Property for the preceding tax year; (b) the appraised value of the Subjected Property for the preceding tax year; and (c) the market value of all new improvements to the Subjected Property. After the 2024 tax year, through December 1, 2026 (unless extended by the Texas Legislature), the maximum property value may be increased or decreased by the product of the preceding state fiscal year’s increase or decrease in the consumer price index, as applicable, to the maximum property value.

State law provides that eligible owners of both agricultural land and open-space land, including open-space land devoted to farm or ranch purposes or open-space land devoted to timber production, may elect to have such property appraised for property taxation on the basis of its productive capacity. The same land may not be qualified as both agricultural and open-space land.

The appraisal values set by the Appraisal District are subject to review and change by the Appraisal Review Board. The appraisal rolls, as approved by the Appraisal Review Board, are used by taxing units, such as the City, in establishing their tax rolls and tax rates. See “AD VALOREM PROPERTY TAXATION – City and Taxpayer Remedies” herein.

State Mandated Homestead Exemptions

State law grants, with respect to each taxing unit in the State, various exemptions for disabled veterans and their families, surviving spouses of members of the armed services killed in action and surviving spouses of first responders killed or fatally wounded in the line of duty.

Local Option Homestead Exemptions

The governing body of a taxing unit, including a city, county, school district, or special district, at its option may grant: (1) an exemption of up to 20% of the appraised value of all homesteads (but not less than \$5,000) and (2) an additional exemption of at least \$3,000 of the appraised value of the homesteads of persons sixty-five (65) years of age or older and the disabled. Each taxing unit decides if it will offer the local option homestead exemptions and at what percentage or dollar amount, as applicable. The exemption described in (2), above, may also be created, increased, decreased, or repealed at an election called by the governing body of a taxing unit upon presentment of a petition for such creation, increase, decrease, or repeal of at least 20% of the number of qualified voters who voted in the preceding election of the taxing unit.

Cities, counties and school districts are prohibited from repealing or reducing an optional homestead exception that was granted in tax year 2022 through December 31, 2027.

Local Option Freeze for the Elderly and Disabled

The governing body of a county, municipality or junior college district may, at its option, provide for a freeze on the total amount of ad valorem taxes levied on the homesteads of persons 65 years of age or older or of disabled persons above the amount of tax imposed in the year such residence qualified for such exemption. Also, upon voter initiative, an election may be held to determine by majority vote whether to establish such a freeze on ad valorem taxes. Once the freeze is established, the total amount of taxes imposed on such homesteads cannot be increased except for certain improvements, and such freeze cannot be repealed or rescinded.

Personal Property

Tangible personal property (furniture, machinery, supplies, inventories, etc.) used in the “production of income” is taxed based on the property’s market value. Taxable personal property includes income-producing equipment and inventory. Intangibles such as goodwill, accounts receivable, and proprietary processes are not taxable. Tangible personal property not held or used for production of income, such as household goods, automobiles or light trucks, and boats, is exempt from ad valorem taxation unless the governing body of a taxing unit elects to tax such property.

Freeport and Goods-In-Transit Exemptions

Certain goods that are acquired in or imported into the State to be forwarded outside the State, and are detained in the State for 175 days or less for the purpose of assembly, storage, manufacturing, processing or fabrication (“Freeport Property”) are exempt from ad valorem taxation unless a taxing unit took official action to tax Freeport Property before April 1, 1990 and has not subsequently taken official action to exempt Freeport Property. Decisions to continue taxing Freeport Property may be reversed in the future; decisions to exempt Freeport Property are not subject to reversal. Certain goods, that are acquired in or imported into the State to be forwarded to another location within or without the State, stored in a location that is not owned by the owner of the goods and are transported to another location within or without the State within 175 days (“Goods-in-Transit”), are generally exempt from ad valorem taxation; however, the Property Tax Code permits a taxing unit, on a local option basis, to tax Goods-in-Transit if the taxing unit takes official action, after conducting a public hearing, before January 1 of the first tax year in which the taxing unit proposes to tax Goods-in-Transit. Goods-in-Transit and Freeport Property do not include oil, natural gas or petroleum products, and Goods-in-Transit does not include aircraft or special inventories such as manufactured housing inventory, or a dealer’s motor vehicle, boat, or heavy equipment inventory. A taxpayer may receive only one of the Goods-in-Transit or Freeport Property exemptions for items of personal property.

Other Exempt Property

Other major categories of exempt property include property owned by the State or its political subdivisions if used for public purposes, property exempt by federal law, property used for pollution control, farm products owned by producers, property of nonprofit corporations used for scientific research or educational activities benefitting a college or university, designated historic sites, solar and wind-powered energy devices, and certain classes of intangible personal property.

Tax Increment Reinvestment Zones

A city or county, by petition of the landowners or by action of its governing body, may create one or more tax increment reinvestment zones (“TIRZ”) within its boundaries. At the time of the creation of the TIRZ, a “base value” for the real property in the TIRZ is established and the difference between any increase in the assessed valuation of taxable real property in the TIRZ in excess of the base value is known as the “tax increment”. During the existence of the TIRZ, all or a portion of the taxes levied against the tax increment by a city or county, and all other overlapping taxing units that elected to participate, are restricted to paying only planned project and financing costs within the TIRZ and are not available for the payment of other obligations of such taxing units. See “AD VALOREM PROPERTY TAXATION – City Application of Property Tax Code” for descriptions of any TIRZ created in the City.

Tax Abatement Agreements

Taxing units may also enter into tax abatement agreements to encourage economic development. Under the agreements, a property owner agrees to construct certain improvements on its property. The taxing unit, in turn, agrees not to levy a tax on all or part of the increased value attributable to the improvements until the expiration of the agreement. The abatement agreement could last for a period of up to 10 years. See “AD VALOREM PROPERTY TAXATION – City Application of Property Tax Code” for descriptions of any of the City’s tax abatement agreements.

Chapter 380 Agreements

Cities are also authorized, pursuant to Chapter 380, Texas Local Government Code, as amended (“Chapter 380”) to establish programs to promote state or local economic development and to stimulate business and commercial activity in the City. In accordance with a program established pursuant to Chapter 380, the City may make loans or grants of public funds for economic development purposes.

Temporary Exemption For Qualified Property Damaged By A Disaster

The Property Tax Code entitles the owner of certain qualified (i) tangible personal property used for the production of income, (ii) improvements to real property, and (iii) manufactured homes located in an area declared by the governor to be a disaster area following a disaster and is at least 15 percent damaged by the disaster, as determined by the chief appraiser, to an exemption from taxation of a portion of the appraised value of the property. The amount of the exemption ranges from 15 percent to 100 percent based upon the damage assessment rating assigned by the chief appraiser. Except in situations where the territory is declared a disaster on or after the date the taxing unit adopts a tax rate for the year in which the disaster declaration is issued, the governing body of the taxing unit is not required to take any action in order for the taxpayer to be eligible for the exemption. If a taxpayer qualifies for the exemption after the beginning of the tax year, the amount of the exemption is prorated based on the number of days left in the tax year following the day on which the governor declares the area to be a disaster area. The Texas Legislature amended Section 11.35, Tax Code, to clarify that “damage” for purposes of such statute is limited to “physical damage.” For more information on the exemption, reference is made to Section 11.35 of the Tax Code.

Public Hearing and Maintenance and Operation Tax Rate Limitations

The following terms as used in this section have the meanings provided below:

“adjusted” means lost values are not included in the calculation of the prior year’s taxes and new values are not included in the current year’s taxable values.

“de minimis rate” means the maintenance and operations tax rate that will produce the prior year’s total maintenance and operations tax levy (adjusted) from the current year’s values (adjusted), plus the rate that produces an additional \$500,000 in tax revenue when applied to the current year’s taxable value, plus the debt service tax rate.

“no-new-revenue tax rate” means the combined maintenance and operations tax rate and debt service tax rate that will produce the prior year’s total tax levy (adjusted) from the current year’s total taxable values (adjusted).

“special taxing unit” means a city for which the maintenance and operations tax rate proposed for the current tax year is 2.5 cents or less per \$100 of taxable value.

“unused increment rate” means the cumulative difference between a city’s voter-approval tax rate and its actual tax rate for each of the tax years 2020 through 2022, which may be applied to a city’s tax rate in tax years 2021 through 2023 without impacting the voter-approval tax rate.

“voter-approval tax rate” means the maintenance and operations tax rate that will produce the prior year’s total maintenance and operations tax levy (adjusted) from the current year’s values (adjusted) multiplied by 1.035, plus the debt service tax rate, plus the “unused increment rate”.

The City’s tax rate consists of two components: (1) a rate for funding of maintenance and operations expenditures in the current year (the “maintenance and operations tax rate”), and (2) a rate for funding debt service in the current year (the “debt service tax rate”). Under State law, the assessor for the City must submit an appraisal roll showing the total appraised, assessed, and taxable values of all property in the City to the City Council by August 1 or as soon as practicable thereafter.

A city must annually calculate its “voter-approval tax rate” and “no-new-revenue tax rate” (as such terms are defined above) in accordance with forms prescribed by the State Comptroller and provide notice of such rates to each owner of taxable property within the city and the county tax assessor-collector for each county in which all or part of the city is located. A city must adopt a tax rate before the later of September 30 or the 60th day after receipt of the certified appraisal roll, except that a tax rate that exceeds the voter-approval tax rate must be adopted not later than the 71st day before the next occurring November uniform election date. If a city fails to timely adopt a tax rate, the tax rate is statutorily set as the lower of the no-new-revenue tax rate for the current tax year or the tax rate adopted by the city for the preceding tax year.

As described below, the Property Tax Code provides that if a city adopts a tax rate that exceeds its voter-approval tax rate or, in certain cases, its “de minimis rate”, an election must be held to determine whether or not to reduce the adopted tax rate to the voter-approval tax rate.

A city may not adopt a tax rate that exceeds the lower of the voter-approval tax rate or the no-new-revenue tax rate until each appraisal district in which such city participates has delivered notice to each taxpayer of the estimated total amount of property taxes owed and the city has held a public hearing on the proposed tax increase.

For cities with a population of 30,000 or more as of the most recent federal decennial census, if the adopted tax rate for any tax year exceeds the voter-approval tax rate, that city must conduct an election on the next occurring November uniform election date to determine whether or not to reduce the adopted tax rate to the voter-approval tax rate.

For cities with a population less than 30,000 as of the most recent federal decennial census, if the adopted tax rate for any tax year exceeds the greater of (i) the voter-approval tax rate or (ii) the de minimis rate, the city must conduct an election on the next occurring November uniform election date to determine whether or not to reduce the adopted tax rate to the voter-approval tax rate. However, for any tax year during which a city has a population of less than 30,000 as of the most recent federal decennial census and does not qualify as a special taxing unit, if a city's adopted tax rate is equal to or less than the de minimis rate but greater than both (a) the no-new-revenue tax rate, multiplied by 1.08, plus the debt service tax rate or (b) the city's voter-approval tax rate, then a valid petition signed by at least three percent of the registered voters in the city would require that an election be held to determine whether or not to reduce the adopted tax rate to the voter-approval tax rate.

Any city located at least partly within an area declared a disaster area by the Governor of the State or the President of the United States during the current year may calculate its "voter-approval tax rate" using a 1.08 multiplier, instead of 1.035, until the earlier of (i) the second tax year in which such city's total taxable appraised value exceeds the taxable appraised value on January 1 of the year the disaster occurred, or (ii) the third tax year after the tax year in which the disaster occurred.

State law provides cities and counties in the State the option of assessing a maximum one-half percent (1/2%) sales and use tax on retail sales of taxable items for the purpose of reducing its ad valorem taxes, if approved by a majority of the voters in a local option election. If the additional sales and use tax for ad valorem tax reduction is approved and levied, the no-new-revenue tax rate and voter-approval tax rate must be reduced by the amount of the estimated sales tax revenues to be generated in the current tax year.

The calculations of the no-new-revenue tax rate and voter-approval tax rate do not limit or impact the City's ability to set a debt service tax rate in each year sufficient to pay debt service on all of the City's tax-supported debt obligations, including the Certificates.

Reference is made to the Property Tax Code for definitive requirements for the levy and collection of ad valorem taxes and the calculation of the various defined tax rates.

Debt Tax Rate Limitations

All taxable property within the City is subject to the assessment, levy and collection by the City of a continuing, direct annual ad valorem tax sufficient to provide for the payment of principal of and interest on all ad valorem tax-supported debt within the limits prescribed by law. Article XI, Section 4, of the Texas Constitution is applicable to the City, and limits its maximum ad valorem tax rate to \$1.50 per \$100 of Taxable Assessed Valuation. Administratively, the Attorney General of the State of Texas will permit allocation of \$1.00 of the \$1.50 maximum tax rate for all debt service on ad valorem tax-supported debt, as calculated at the time of issuance.

Issuer and Taxpayer Remedies

Under certain circumstances, the City and its taxpayers may appeal the determinations of the Appraisal District by timely initiating a protest with the Appraisal Review Board. Additionally, taxing units such as the City may bring suit against the Appraisal District to compel compliance with the Property Tax Code.

Owners of certain property with a taxable value of at least \$50 million and situated in a county with a population of 1.2 million or more as of the most recent federal decennial census may additionally protest the determinations of appraisal district directly to a three-member special panel of the appraisal review board, selected by a State district judge, consisting of highly qualified professionals in the field of property tax appraisal. The minimum eligibility amount was set at \$61,349,201 for the 2025 tax year and is adjusted annually by the State Comptroller to reflect the inflation rate.

The Property Tax Code sets forth notice and hearing procedures for certain tax rate increases by the City and provides for taxpayer referenda that could result in the repeal of certain tax increases (See "– Public Hearing and Maintenance and Operation Tax Rate Limitations".) The Property Tax Code also establishes a procedure for notice to property owners of

reappraisals reflecting increased property value, appraisals which are higher than renditions, and appraisals of property not previously on an appraisal roll.

Levy and Collection of Taxes

The City is responsible for the collection of its taxes, unless it elects to transfer such functions to another governmental entity. Taxes are due October 1, or when billed, whichever comes later, and become delinquent after January 31 of the following year. Taxpayers 65 years old or older, disabled veterans or an unmarried surviving spouse of a disabled veteran, are permitted by State law to pay taxes on homesteads in four installments with the first installment due before February 1 of each year and the final installment due before August 1. A delinquent tax incurs a penalty of six percent (6%) of the amount of the tax for the first calendar month it is delinquent, plus one percent (1%) for each additional month or portion of a month the tax remains unpaid prior to July 1 of the year in which it becomes delinquent. If the tax is not paid by July 1 of the year in which it becomes delinquent, the tax incurs a total penalty of twelve percent (12%) regardless of the number of months the tax has been delinquent and incurs an additional penalty of up to twenty percent (20%) if imposed by the City. The delinquent tax also accrues interest at a rate of one percent (1%) for each month or portion of a month it remains unpaid. The Property Tax Code also makes provision for the split payment of taxes, discounts for early payment and the postponement of the delinquency date of taxes for certain taxpayers. Furthermore, the City may provide, on a local option basis, for the split payment, partial payment, and discounts for early payment of taxes under certain circumstances.

City's Rights in the Event of Tax Delinquencies

Taxes levied by the City are a personal obligation of the owner of the property as of January 1 of the year for which the tax is imposed. On January 1 of each year, a tax lien attaches to property to secure the payment of all State and local taxes, penalties, and interest ultimately imposed for the year on the property. The lien exists in favor of the State and each local taxing unit, including the City, having power to tax the property. Personal property, under certain circumstances, is subject to seizure and sale for the payment of delinquent taxes.

At any time after taxes on property become delinquent, the City may file suit to foreclose the lien securing payment of the tax, to enforce personal liability for the tax, or both. In filing a suit to foreclose a tax lien on real property, the City must join other taxing units that have claims for delinquent taxes against all or part of the same property.

Collection of delinquent taxes may be adversely affected by the amount of taxes owed to other taxing units, by the effects of market conditions on the foreclosure sale price, by taxpayer redemption rights (a taxpayer may redeem property within two (2) years after the purchaser's deed issued at the foreclosure sale is filed in the county records) or by bankruptcy proceedings which restrict the collection of taxpayer debts.

Federal bankruptcy law provides that an automatic stay of actions by creditors and other entities, including governmental units, goes into effect with the filing of any petition in bankruptcy. The automatic stay prevents governmental units from foreclosing on property and prevents liens for post-petition taxes from attaching to property and obtaining secured creditor status unless, in either case, an order lifting the stay is obtained from the bankruptcy court. In many cases, post-petition taxes are paid as an administrative expense of the estate in bankruptcy or by order of the bankruptcy court.

City Application of Property Tax Code

The City does not grant a local option exemption of the appraised value of all residence homesteads.

The City does not grant a local option exemption of the appraised value of the residence homestead of persons 65 years of age or older.

The City does not grant a local option freeze on taxes for persons 65 years of age or older or disabled persons.

The City does not permit split payments, and discounts are not allowed.

The City does not grant the Freeport Exemption.

The City has not taken action to tax Goods-in-Transit.

The City does not participate in a TIRZ.

The City participates in one tax abatement agreement with a convenience store named the Texan. The City does not have any active Chapter 380 Agreements.

RETIREMENT PLAN

The City provides pension benefits for all of its eligible employees through a non-traditional, joint contributory, hybrid defined benefit plan in the statewide Texas Municipal Retirement System, an agent multi-employer public employee retirement system. For a discussion of the Retirement Plan, see “Appendix D - Audited Financial Statements for the Fiscal Year Ended September 30, 2023.”

INVESTMENT POLICIES

Accounting Principles Generally Accepted in the United States

The City policy is to adhere to accounting principles generally accepted in the United States (see “Appendix D - Audited Financial Statements for the Fiscal Year Ended September 30, 2023”).

Legal Investments

Under State law, the City is authorized to invest in (1) obligations of the United States or its agencies and instrumentalities, including letters of credit; (2) direct obligations of the State or its agencies and instrumentalities; (3) collateralized mortgage obligations directly issued by a federal agency or instrumentality of the United States, the underlying security for which is guaranteed by an agency or instrumentality of the United States; (4) other obligations, the principal and interest of which is unconditionally guaranteed or insured by, or backed by the full faith and credit of, the State or the United States or their respective agencies and instrumentalities, including obligations that are fully guaranteed or insured by the Federal Deposit Insurance Corporation or by the explicit full faith and credit of the United States; (5) obligations of states, agencies, counties, cities, and other political subdivisions of any state rated as to investment quality by a nationally recognized investment rating firm not less than “A” or its equivalent; (6) bonds issued, assumed or guaranteed by the State of Israel; (7) certificates of deposit and share certificates meeting the requirements of the Texas Public Funds Investment Act (Chapter 2256, Texas Government Code) (i) that are issued by or through an institution that has its main office or a branch office in the State, and are guaranteed or insured by the Federal Deposit Insurance Corporation or the National Credit Union Share Insurance Fund, or are secured as to principal by obligations described in clauses (1) through (6) or in any other manner and amount provided by law for City deposits or, (ii) where (a) the funds are invested by the City through (I) a broker that has its main office or a branch office in the State and is selected from a list adopted by the City as required by law or (II) a depository institution that has its main office or a branch office in the State that is selected by the City; (b) the broker or the depository institution selected by the City arranges for the deposit of the funds in certificates of deposit in one or more federally insured depository institutions, wherever located, for the account of the City; (c) the full amount of the principal and accrued interest of each of the certificates of deposit is insured by the United States or an instrumentality of the United States, and (d) the City appoints the depository institution selected under (a) above, an entity as described by Section 2257.041(d) of the Texas Government Code, or a clearing broker-dealer registered with the Securities and Exchange Commission and operating pursuant to Securities and Exchange Commission Rule 15c3-3 (17 C.F.R. Section 240.15c3-3) as custodian for the City with respect to the certificates of deposit issued for the account of the City; (8) fully collateralized repurchase agreements that have a defined termination date, are secured by a combination of cash and obligations described in clause (1) require the securities being purchased by the City or cash held by the City to be pledged to the City, held in the City’s name, and deposited at the time the investment is made with the City or with a third party selected and approved by the City, and are placed through a primary government securities dealer, as defined by the Federal Reserve, or a financial institution doing business in the State; (9) certain bankers’ acceptances with the remaining term of 270 days or less, if the short-term obligations of the accepting bank or its parent are rated at least “A-1” or “P-1” or the equivalent by at least one nationally recognized credit rating agency; (10) commercial paper with a stated maturity of 270 days or less that is rated at least “A-1” or “P-1” or the equivalent by either (a) two nationally recognized credit rating agencies or (b) one nationally recognized credit rating agency if the paper is fully secured by an irrevocable letter of credit issued by a U.S. or state bank; (11) no-load money market mutual funds registered with and regulated by the United States Securities and Exchange Commission that have a dollar weighted average stated maturity of 90 days or less and include in their investment objectives the maintenance of a stable net asset value of \$1 for each share; and (12) no-load mutual funds registered with the United States Securities and Exchange Commission that have an average weighted maturity of less than two years, invest exclusively in obligations described in the this paragraph, and are continuously rated as to investment quality by at least one nationally recognized investment rating firm of not less than “AAA” or its equivalent. In addition, bond proceeds may be invested in guaranteed investment contracts that have a defined termination date and are secured by obligations, including letters of credit, of the United States or its agencies and instrumentalities in an amount at least equal to the amount of bond proceeds invested under such contract, other than the prohibited obligations described below.

A political subdivision such as the City may enter into securities lending programs if (i) the securities loaned under the program are 100% collateralized, a loan made under the program allows for termination at any time and a loan made under the program is either secured by (a) obligations that are described in clauses (1) through (6) above, (b) irrevocable letters of credit issued by a state or national bank that is continuously rated by a nationally recognized investment rating firm at not less than A or its equivalent or (c) cash invested in obligations described in clauses (1) through (6) above, clauses (10) through (12) above, or an authorized investment pool; (ii) securities held as collateral under a loan are pledged to the City, held in the City's name and deposited at the time the investment is made with the City or a third party designated by the City; (iii) a loan made under the program is placed through either a primary government securities dealer or a financial institution doing business in the State of Texas; and (iv) the agreement to lend securities has a term of one year or less.

The City may invest in such obligations directly or through government investment pools that invest solely in such obligations provided that the pools are rated no lower than "AAA" or "AAAm" or an equivalent by at least one nationally recognized rating service. The City may also contract with an investment management firm registered under the Investment Advisers Act of 1940 (15 U.S.C. Section 80b-1 et seq.) or with the State Securities Board to provide for the investment and management of its public funds or other funds under its control for a term up to two years, but the City retains ultimate responsibility as fiduciary of its assets. In order to renew or extend such a contract, the City must do so by order, ordinance, or resolution.

The City is specifically prohibited from investing in: (1) obligations whose payment represents the coupon payments on the outstanding principal balance of the underlying mortgage-backed security collateral and pays no principal; (2) obligations whose payment represents the principal stream of cash flow from the underlying mortgage-backed security and bears no interest; (3) collateralized mortgage obligations that have a stated final maturity of greater than 10 years; and (4) collateralized mortgage obligations the interest rate of which is determined by an index that adjusts opposite to the changes in a market index.

Investment Policies

Under Texas law, the City is required to invest its funds under written investment policies that primarily emphasize safety of principal and liquidity; that address investment diversification, yield, maturity, and the quality and capability of investment management; and that include a list of authorized investments for City funds, the maximum allowable stated maturity of any individual investment, the maximum average dollar-weighted maturity allowed for pooled fund groups, methods to monitor the market price of investments acquired with public funds, a requirement for settlement of all transactions, except investment pool funds and mutual funds, on a delivery versus payment basis, and procedures to monitor rating changes in investments acquired with public funds and the liquidation of such investments consistent with the Public Funds Investment Act. All City funds must be invested consistent with a formally adopted "Investment Strategy Statement" that specifically addresses each fund's investment. Each Investment Strategy Statement will describe its objectives concerning: (1) suitability of investment type, (2) preservation and safety of principal, (3) liquidity, (4) marketability of each investment, (5) diversification of the portfolio, and (6) yield.

Under Texas law, City investments must be made "with judgment and care, under prevailing circumstances, that a person of prudence, discretion, and intelligence would exercise in the management of the person's own affairs, not for speculation, but for investment, considering the probable safety of capital and the probable income to be derived." At least quarterly the City's investment officers shall submit an investment report detailing: (1) the investment position of the City, (2) that all investment officers jointly prepared and signed the report, (3) the beginning market value, any additions and changes to market value and the ending value of each pooled fund group, (4) the book value and market value of each separately listed asset at the beginning and end of the reporting period, (5) the maturity date of each separately invested asset, (6) the account or fund or pooled fund group for which each individual investment was acquired, and (7) the compliance of the investment portfolio as it relates to: (a) adopted investment strategy statements and (b) state law. No person may invest City funds without express written authority from City Council.

Additional Provisions

Under State law, the City is additionally required to: (1) annually review its adopted policies and strategies; (2) adopt a written instrument by rule, order, ordinance or resolution stating that it has reviewed its investment policy and investment strategies and recording any changes made to either its investment policy or investment strategy; (3) require any investment officers with personal business relationships or relatives with firms seeking to sell securities to the City to disclose the relationship and file a statement with the Texas Ethics Commission and City Council; (4) require the qualified representative of firms offering to engage in an investment transaction with the City to: (a) receive

and review the City's investment policy, (b) acknowledge that reasonable controls and procedures have been implemented to preclude investment transactions conducted between the City and the business organization that are not authorized by the City's investment policy (except to the extent that this authorization is dependent on an analysis of the makeup of the City's entire portfolio or requires an interpretation of subjective investment standards), and (c) deliver a written statement in a form acceptable to the City and the business organization attesting to these requirements; (5) perform an annual audit of the management controls on investments and adherence to the City's investment policy; (6) provide specific investment training for the treasurer, chief financial officer and investment officers; (7) restrict reverse repurchase agreements to not more than 90 days and restrict the investment of reverse repurchase agreement funds to no greater than the term of the reverse repurchase agreement; (8) restrict the investment in no-load mutual funds in the aggregate to no more than 15% of the City's monthly average fund balance, excluding bond proceeds and reserves and other funds held for debt service; (9) require local government investment pools to conform to the new disclosure, rating, net asset value, yield calculation, and advisory board requirements; and (10) at least annually review, revise and adopt a list of qualified brokers that are authorized to engage in investment transactions with the City.

Current Investments

As of May 30, 2025, the City's investment portfolio was invested in the following categories. As of such date, the market value of such investments was approximately 100% of their book value.

<u>Type of Investment</u>	<u>Amount</u>
Cash	\$457,263.63
TexPool	\$3,510,168.80
<u>TexasClass</u>	<u>\$152,480.65</u>
Total	\$4,119,913.08

RATINGS

The Certificates have been assigned an insured rating of "AA" by S&P Global Ratings, a division of Standard and Poor's Financial Services LLC, ("S&P") based upon the Municipal Bond Insurance Policy to be issued by Build America Mutual Assurance Company. The Certificates have also been assigned an underlying rating of "A" by S&P without regard to credit enhancement. An explanation of the significance of such ratings may be obtained from S&P. The ratings reflect only the view of S&P and the City makes no representation as to the appropriateness of the ratings. There is no assurance that such ratings will continue for any given period of time or that they will not be revised downward or withdrawn entirely by S&P, if in the judgment of S&P, circumstances so warrant. Any such downward revision or withdrawal of such rating may have an adverse effect on the market price of the Certificates. Neither the Underwriter nor the City has undertaken any responsibility to bring to the attention of the Registered Owners of the Certificates any proposed revision or withdrawal of the ratings of the Certificates or to oppose any such proposed revision or withdrawal. Any such change in or withdrawal of such ratings could have an adverse effect on the market price of the Certificates. BAM's financial strength is rated "AA/Stable" by S&P.

PENDING LITIGATION

There is no material litigation currently pending or to its knowledge, threatened, against the City.

LEGAL MATTERS

The City will furnish a complete transcript of proceedings incident to the authorization and issuance of the Certificates, including the approving legal opinions of the Attorney General of the State of Texas to the effect that the Certificates are valid and binding obligations of the City, and based upon examination of such transcripts of proceedings, the approving legal opinions of Bond Counsel to the effect that (i) the Certificates issued in compliance with the provisions of the Ordinance are valid and legally binding obligations of the City and (ii) the interest on the Certificates is exempt from federal income taxation under existing statutes, published rulings, regulations, and court decisions (see "TAX MATTERS"). Though it may represent the Underwriter from time to time in matters unrelated to the issuance of the Certificates, Bond Counsel has been engaged by and only represents the City in connection with the issuance of the Certificates. Bond Counsel has not been engaged to investigate the financial resources of the City or its ability to provide for payment of the Certificates, and the opinion of Bond Counsel will make no statement as to such matters, or any other information that may have been relied on by anyone in making the decision to purchase the Certificates. The applicable legal opinion will be printed on or attached to the definitive Certificates.

Bond Counsel has reviewed the statements and information appearing in the Official Statement under the captions “THE CERTIFICATES” (exclusive of the subcaptions “Tax Rate Limitation” and “Sources and Uses of Funds”), “TAX MATTERS” and “CONTINUING DISCLOSURE OF INFORMATION” (exclusive of the subcaption “Compliance with Prior Undertakings”) and the captions “REGISTRATION AND QUALIFICATION OF ISSUE FOR SALE,” “LEGAL MATTERS” (exclusive of the last two sentences of the first paragraph thereof) and “LEGAL INVESTMENTS AND ELIGIBILITY TO SECURE PUBLIC FUNDS IN TEXAS” fairly summarizes the procedures and documents referred to therein and is correct as to matters of law. Bond Counsel has not independently verified any of the factual information contained in this Official Statement nor have they conducted an investigation of the affairs of the City for the purpose of passing upon the accuracy, completeness, or fairness of this Official Statement. No person is entitled to rely upon such firm’s limited participation as an assumption of responsibility for, or an expression of opinion of any kind with regard to, the accuracy, completeness, or fairness of any of the information contained herein.

TAX MATTERS

Opinion

On the date of initial delivery of the Certificates, McCall, Parkhurst & Horton L.L.P., Bond Counsel to the City, will render its opinion that, in accordance with statutes, regulations, published rulings and court decisions existing on the date thereof (“Existing Law”), (1) interest on the Certificates for federal income tax purposes will be excludable from the “gross income” of the holders thereof and (2) the Certificates will not be treated as “specified private activity bonds” the interest on which would be included as an alternative minimum tax preference item under section 57(a)(5) of the Internal Revenue Code of 1986 (the “Code”). Except as stated above, Bond Counsel to the City will express no opinion as to any other federal, state or local tax consequences of the purchase, ownership or disposition of the Certificates. See Appendix C – Form of Opinion of Bond Counsel.

In rendering its opinion, Bond Counsel to the City will rely upon (a) the City’s federal tax certificate, and (b) covenants of the City with respect to arbitrage, the application of the proceeds to be received from the issuance and sale of the Certificates and certain other matters. Failure of the City to comply with these representations or covenants could cause the interest on the Certificates to become includable in gross income retroactively to the date of issuance of the Certificates.

The Code and the regulations promulgated thereunder contain a number of requirements that must be satisfied subsequent to the issuance of the Certificates in order for interest on the Certificates to be, and to remain, excludable from gross income for federal income tax purposes. Failure to comply with such requirements may cause interest on the Certificates to be included in gross income retroactively to the date of issuance of the Certificates. The opinion of Bond Counsel to the City is conditioned on compliance by the City with the covenants and the requirements described in the preceding paragraph, and Bond Counsel to the City has not been retained to monitor compliance with these requirements subsequent to the issuance of the Certificates.

Bond Counsel’s opinion represents its legal judgment based upon its review of Existing Law and the reliance on the aforementioned information, representations and covenants. Bond Counsel’s opinion is not a guarantee of a result. The Existing Law is subject to change by the Congress and to subsequent judicial and administrative interpretation by the courts and the Department of the Treasury. There can be no assurance that such Existing Law or the interpretation thereof will not be changed in a manner which would adversely affect the tax treatment of the purchase, ownership or disposition of the Certificates.

A ruling was not sought from the Internal Revenue Service by the City with respect to the Certificates or the facilities financed or refinanced with the proceeds of the Certificates. Bond Counsel’s opinion represents its legal judgment based upon its review of Existing Law and the representations of the City that it deems relevant to render such opinion and is not a guarantee of a result. No assurances can be given as to whether the Internal Revenue Service will commence an audit of the Certificates, or as to whether the Internal Revenue Service would agree with the opinion of Bond Counsel. If an audit is commenced, under current procedures the Internal Revenue Service is likely to treat the City as the taxpayer and the Bondholders may have no right to participate in such procedure. No additional interest will be paid upon any determination of taxability.

Federal Income Tax Accounting Treatment of Original Issue Discount

The initial public offering price to be paid for one or more maturities of the Certificates may be less than the principal amount thereof or one or more periods for the payment of interest on the Certificates may not be equal to the accrual

period or be in excess of one year (the “Original Issue Discount Certificates”). In such event, the difference between (i) the “stated redemption price at maturity” of each Original Issue Discount Certificate, and (ii) the initial offering price to the public of such Original Issue Discount Certificate would constitute original issue discount. The “stated redemption price at maturity” means the sum of all payments to be made on the Certificates less the amount of all periodic interest payments. Periodic interest payments are payments which are made during equal accrual periods (or during any unequal period if it is the initial or final period) and which are made during accrual periods which do not exceed one year.

Under Existing Law, any owner who has purchased such Original Issue Discount Certificate in the initial public offering is entitled to exclude from gross income (as defined in section 61 of the Code) an amount of income with respect to such Original Issue Discount Certificate equal to that portion of the amount of such original issue discount allocable to the accrual period. For a discussion of certain collateral federal tax consequences, see discussion set forth below.

In the event of the redemption, sale or other taxable disposition of such Original Issue Discount Certificate prior to stated maturity, however, the amount realized by such owner in excess of the basis of such Original Issue Discount Certificate in the hands of such owner (adjusted upward by the portion of the original issue discount allocable to the period for which such Original Issue Discount Certificate was held by such initial owner) is includable in gross income.

Under Existing Law, the original issue discount on each Original Issue Discount Certificate is accrued daily to the stated maturity thereof (in amounts calculated as described below for each six-month period ending on the date before the semiannual anniversary dates of the date of the Certificates and ratably within each such six-month period) and the accrued amount is added to an initial owner's basis for such Original Issue Discount Certificate for purposes of determining the amount of gain or loss recognized by such owner upon the redemption, sale or other disposition thereof. The amount to be added to basis for each accrual period is equal to (a) the sum of the issue price and the amount of original issue discount accrued in prior periods multiplied by the yield to stated maturity (determined on the basis of compounding at the close of each accrual period and properly adjusted for the length of the accrual period) less (b) the amounts payable as current interest during such accrual period on such Original Issue Discount Certificate.

The federal income tax consequences of the purchase, ownership, redemption, sale or other disposition of Original Issue Discount Certificates which are not purchased in the initial offering at the initial offering price may be determined according to rules which differ from those described above. All owners of Original Issue Discount Certificates should consult their own tax advisors with respect to the determination for federal, state and local income tax purposes of the treatment of interest accrued upon redemption, sale or other disposition of such Original Issue Discount Certificates and with respect to the federal, state, local and foreign tax consequences of the purchase, ownership, redemption, sale or other disposition of such Original Issue Discount Certificates.

Collateral Federal Income Tax Consequences

The following discussion is a summary of certain collateral federal income tax consequences resulting from the purchase, ownership or disposition of the Certificates. This discussion is based on Existing Law, which is subject to change or modification, retroactively.

The following discussion is applicable to investors, other than those who are subject to special provisions of the Code, such as financial institutions, property and casualty insurance companies, life insurance companies, individual recipients of Social Security or Railroad Retirement benefits, individuals allowed an earned income credit, certain S corporations with Subchapter C earnings and profits, foreign corporations subject to the branch profits tax, taxpayers qualifying for the health insurance premium assistance credit, and taxpayers who may be deemed to have incurred or continued indebtedness to purchase tax-exempt obligations.

THE DISCUSSION CONTAINED HEREIN MAY NOT BE EXHAUSTIVE. INVESTORS, INCLUDING THOSE WHO ARE SUBJECT TO SPECIAL PROVISIONS OF THE CODE, SHOULD CONSULT THEIR OWN TAX ADVISORS AS TO THE TAX TREATMENT WHICH MAY BE ANTICIPATED TO RESULT FROM THE PURCHASE, OWNERSHIP AND DISPOSITION OF TAX-EXEMPT OBLIGATIONS BEFORE DETERMINING WHETHER TO PURCHASE THE CERTIFICATES.

Interest on the Certificates may be includable in certain corporation's “adjusted financial statement income” determined under section 56A of the Code to calculate the alternative minimum tax imposed by section 55 of the Code.

Under section 6012 of the Code, holders of tax-exempt obligations, such as the Certificates, may be required to disclose interest received or accrued during each taxable year on their returns of federal income taxation.

Section 1276 of the Code provides for ordinary income tax treatment of gain recognized upon the disposition of a tax-exempt obligation, such as the Certificates, if such obligation was acquired at a “market discount” and if the fixed maturity of such obligation is equal to, or exceeds, one year from the date of issue. Such treatment applies to “market discount Certificates” to the extent such gain does not exceed the accrued market discount of such Certificates; although for this purpose, a de minimis amount of market discount is ignored. A “market discount bond” is one which is acquired by the holder at a purchase price which is less than the stated redemption price at maturity or, in the case of a bond issued at an original issue discount, the “revised issue price” (i.e., the issue price plus accrued original issue discount). The “accrued market discount” is the amount which bears the same ratio to the market discount as the number of days during which the holder holds the obligation bears to the number of days between the acquisition date and the final maturity date.

State, Local and Foreign Taxes

Investors should consult their own tax advisors concerning the tax implications of the purchase, ownership or disposition of the Certificates under applicable state or local laws. Foreign investors should also consult their own tax advisors regarding the tax consequences unique to investors who are not United States persons.

Information Reporting and Backup Withholding

Subject to certain exceptions, information reports describing interest income, including original issue discount, with respect to the Certificates will be sent to each registered holder and to the Internal Revenue Service. Payments of interest and principal may be subject to backup withholding under section 3406 of the Code if a recipient of the payments fails to furnish to the payor such owner's social security number or other taxpayer identification number (“TIN”), furnishes an incorrect TIN, or otherwise fails to establish an exemption from the backup withholding tax. Any amounts so withheld would be allowed as a credit against the recipient’s federal income tax. Special rules apply to partnerships, estates and trusts, and in certain circumstances, and in respect of foreign investors, certifications as to foreign status and other matters may be required to be provided by partners and beneficiaries thereof.

Future and Proposed Legislation

Tax legislation, administrative actions taken by tax authorities, or court decisions, whether at the Federal or state level, may adversely affect the tax-exempt status of interest on the Certificates under Federal or state law and could affect the market price or marketability of the Certificates. Any such proposal could limit the value of certain deductions and exclusions, including the exclusion for tax-exempt interest. The likelihood of any such proposal being enacted cannot be predicted. Prospective purchasers of the Certificates should consult their own tax advisors regarding the foregoing matters.

Qualified Tax-Exempt Obligations for Financial Institutions

Section 265(a) of the Code provides, in pertinent part, that interest paid or incurred by a taxpayer, including a “financial institution,” on indebtedness incurred or continued to purchase or carry tax-exempt obligations is not deductible in determining the taxpayer’s taxable income. Section 265(b) of the Code provides an exception to the disallowance of such deduction for any interest expense paid or incurred on indebtedness of a taxpayer that is a “financial institution” allocable to tax-exempt obligations, other than “private activity bonds,” that are designated by a “qualified small issuer” as “qualified tax-exempt obligations.” A “qualified small issuer” is any governmental issuer (together with any “on-behalf of” and “subordinate” issuers) who issues no more than \$10,000,000 of tax-exempt obligations during the calendar year. Section 265(b)(5) of the Code defines the term “financial institution” as any “bank” described in section 585(a)(2) of the Code, or any person accepting deposits from the public in the ordinary course of such person's trade or business that is subject to federal or state supervision as a financial institution. Notwithstanding the exception to the disallowance of the deduction of interest on indebtedness related to “qualified tax-exempt obligations” provided by section 265(b) of the Code, section 291 of the Code provides that the allowable deduction to a “bank,” as defined in section 585(a)(2) of the Code, for interest on indebtedness incurred or continued to purchase “qualified tax-exempt obligations” shall be reduced by twenty-percent (20%) as a “financial institution preference item.”

The City expects that the Certificates will be designated, or deemed designated, as “qualified tax-exempt obligations” within the meaning of section 265(b) of the Code. In furtherance of that designation, the City will covenant to take such action that would assure, or to refrain from such action that would adversely affect, the treatment of the Certificates as “qualified tax-exempt obligations.” **Potential purchasers should be aware that if the issue price to**

the public exceeds \$10,000,000, there is a reasonable basis to conclude that the payment of a de minimis amount of premium in excess of \$10,000,000 is disregarded; however the Internal Revenue Service could take a contrary view. If the Internal Revenue Service takes the position that the amount of such premium is not disregarded, then such obligations might fail to satisfy the \$10,000,000 limitation and the Certificates would not be “qualified tax-exempt obligations.”

LEGAL INVESTMENTS AND ELIGIBILITY TO SECURE PUBLIC FUNDS IN TEXAS

Under the Texas Public Security Procedures Act (Texas Government Code, Chapter 1201), the Certificates (1) are negotiable instruments, (2) are investment securities to which Chapter 8 of the Texas Uniform Commercial Code applies, and (3) are legal and authorized investments for (A) an insurance company, (B) a fiduciary or trustee, or (C) a sinking fund of a municipality or other political subdivision or public agency of the State of Texas. The Certificates are eligible to secure deposits of any public funds of the State, its agencies, and political subdivisions, and are legal security for those deposits to the extent of their market value. For political subdivisions in Texas which have adopted investment policies and guidelines in accordance with the Public Funds Investment Act (Texas Government Code, Chapter 2256), the Certificates may have to be assigned a rating of not less than “A” or its equivalent as to investment quality by a national rating agency before such Certificates are eligible investments for sinking funds and other public funds. In addition, various provisions of the Texas Finance Code provide that, subject to a prudent investor standard, the Certificates are legal investments for state banks, savings banks, trust companies with at least \$1 million of capital and savings and loan associations.

The City has made no investigation of other laws, rules, regulations, or investment criteria which might apply to such institutions or entities or which might limit the suitability of the Certificates for any of the foregoing purposes or limit the authority of such institutions or entities to purchase or invest in the Certificates for such purposes. The City has made no review of laws in other states to determine whether the Certificates are legal investments for various institutions in those states.

REGISTRATION AND QUALIFICATION OF ISSUE FOR SALE

No registration statement relating to the Certificates has been filed with the United States Securities and Exchange Commission under the federal Securities Act of 1933, as amended, in reliance upon the exemption provided thereunder by Section 3(a)(2); and the Certificates have not been registered or qualified under the Securities Act of Texas in reliance upon various exemptions contained therein; nor have the Certificates been registered or qualified under the securities acts of any other jurisdiction. The City assumes no responsibility for registration or qualification of the Certificates under the securities laws of any other jurisdiction in which the Certificates may be offered, sold, or otherwise transferred. This disclaimer of responsibility for registration and qualification for sale or other disposition of the Certificates shall not be construed as an interpretation of any kind with regard to the availability of any exemption from securities registration or qualification provisions in such other jurisdictions.

CONTINUING DISCLOSURE OF INFORMATION

The offering of the Certificates qualifies for the Rule 15c2-12(d)(2) exemption from Rule 15c2-12(b)(5) regarding the City’s continuing disclosure obligations, because the City does not have outstanding more than \$10,000,000 in aggregate principal amount of municipal securities (excluding securities offered in transactions that were exempt from the Rule). Pursuant to the exemption, in the Ordinance, the City has made the following agreement for the benefit of the holders and beneficial owners of the Certificates. The City is required to observe the agreement for so long as it remains obligated to advance funds to pay the Certificates. Under the agreement, the City will be obligated to provide certain updated financial information and operating data annually, and timely notice of specified material events, to the Municipal Securities Rulemaking Board (“MSRB”). This information will be available free of charge from the MSRB via Electronic Municipal Market Access (“EMMA”) system at www.emma.msrb.org.

Annual Reports

The City will provide certain updated financial information and operating data to the MSRB annually in an electronic format as prescribed by the MSRB. The information to be updated includes all quantitative financial information and operating data with respect to the City of the general type included this Official Statement, but only to the extent that such information is customarily prepared by the City and publicly available. The City will update and provide this information within twelve months after the end of each fiscal year.

The City may provide updated information in full text or may incorporate by reference certain other publicly available documents, as permitted by SEC Rule 15c2-12 (the “Rule”). The updated information will include audited financial

statements, if the City commissions an audit and it is completed by the required time. If audited financial statements are not available by the required time, the City will provide unaudited financial statements by the required time and audited financial statements when and if such audited financial statements become available. Any such financial statements will be prepared in accordance with the accounting principles described in APPENDIX D or such other accounting principles as the City may be required to employ from time to time pursuant to state law or regulation.

The City's current fiscal year end is September 30. If the City changes its fiscal year, it will notify the MSRB of the change.

Material Event Notices

The City will file with the MSRB notice of any of the following events with respect to the Certificates in a timely manner (not more than 10 business days after occurrence of the event): (1) principal and interest payment delinquencies; (2) non-payment related defaults, if material; (3) unscheduled draws on debt service reserves reflecting financial difficulties; (4) unscheduled draws on credit enhancements reflecting financial difficulties; (5) substitution of credit or liquidity providers, or their failure to perform; (6) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB), or other material notices or determinations with respect to the tax status of the Certificates, or other material events affecting the tax status of the Certificates; (7) modifications to rights of holders of the Certificates, if material; (8) bond calls, if material, and tender offers; (9) defeasances; (10) release, substitution, or sale of property securing repayment of the Certificates, if material; (11) rating changes; (12) bankruptcy, insolvency, receivership, or similar event of the City, which shall occur as described below; (13) the consummation of a merger, consolidation, or acquisition involving the City or the sale of all or substantially all of its assets, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; (14) appointment of a successor or additional trustee or the change of name of a trustee, if material, (15) incurrence of a financial obligation of the City (as defined by the Rule, which includes certain debt, debt-like, and debt-related obligations), if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of any such financial obligation of the City, any of which affect security holders, if material; and (16) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of any such financial obligation of the City, any of which reflect financial difficulties.

Neither the Certificates nor the Ordinance make any provision for debt service reserves, credit enhancement (other than the Policy), or liquidity enhancement. In addition, the City will provide timely notice of any failure by the City to provide information, data, or financial statements in accordance with its agreement described above under "Annual Reports". The City will provide each notice described in this paragraph to the MSRB.

For these purposes, any event described in clause (12) in the immediately preceding paragraph is considered to occur when any of the following occur; the appointment of a receiver, fiscal agent, or similar officer for the City in a proceeding under the United States Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the City, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement, or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the City. The term "financial obligation" used in clauses (15) and (16) of the immediately preceding paragraph means a: (A) debt obligation; (B) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (C) a guarantee or either (A) or (B). The term "financial obligation" shall not include municipal securities as to which a final official statement has been provided to the MSRB consistent with the Rule.

Limitations and Amendments

The City has agreed to update information and to provide notices of material events only as described above. The City has not agreed to provide other information that may be relevant or material to a complete presentation of its financial results of operations, condition, or prospects or agreed to update any information that is provided, except as described above. The City makes no representation or warranty concerning such information or concerning its usefulness to a decision to invest in or sell the Certificates at any future date. The City disclaims any contractual or tort liability for damages resulting in whole or in part from any breach of its continuing disclosure agreement or from

any statement made pursuant to its agreement, although holders and beneficial owners of the Certificates may seek a writ of mandamus to compel the City to comply with its agreement.

The City's continuing disclosure agreement may be amended by the City from time to time to adapt to changed circumstances that arise from a change in legal requirements, a change in law, or a change in the identity, nature, status, or type of operations of the City, but only if (1) the provisions, as so amended, would have permitted an underwriter to purchase or sell Certificates in the primary offering of the Certificates in compliance with the Rule, taking into account any amendments or interpretations of the Rule since such offering as well as such changed circumstances and (2) either (a) the registered owners of a majority in aggregate principal of the outstanding Certificates consent to such amendment or (b) a person that is unaffiliated with the City (such as nationally recognized bond counsel) determines that such amendment will not materially impair the interest of the registered owners and beneficial owners of the Certificates. The City may also amend or repeal the provisions of its continuing disclosure agreement if the SEC amends or repeals the applicable provision of the Rule or a court of final jurisdiction enters judgment that such provisions of the Rule are invalid, but only if and to the extent that the provisions of this sentence would not prevent an underwriter from lawfully purchasing or selling Certificates in the primary offering of the Certificates. If the City amends its agreement, it must include with the next financial information and opening data provided in accordance with its agreement described above under "Annual Reports", an explanation, in narrative form, of the reasons for the amendment and of the impact of any change in type of information and data provided. The City may also amend or repeal the provisions of its continuing disclosure agreement if the SEC amends or repeals the applicable provision of the Rule or a court of final jurisdiction enters judgment that such provisions of the Rule are invalid, but only if and to the extent that the provisions of this sentence would not prevent an underwriter from lawfully purchasing or selling Certificates in the primary offering of the Certificates.

Compliance with Prior Undertakings

The City has not previously entered into a continuing disclosure agreement pursuant to the Rule.

OTHER INFORMATION

Cybersecurity

The City's operations are increasingly dependent on information technologies and services, which are exposed to cybersecurity risks and cyber incidents or attacks. While the City continually assesses and monitors its cybersecurity risks, the City has been (and maybe in the future) subject to cyber-attacks from time to time. In response to such assessments and monitoring, the City takes actions it deems appropriate in response to cybersecurity risks, including, but not limited to, implementing cybersecurity training programs, obtaining technology improvements to mitigate cybersecurity risks, and taking other similar measures. To date, the City has not been the victim of any cyber-attack that has had a material adverse effect on its operations or financial condition. However, no assurance can be given that the City will fully prevent or successfully remediate the operational and/or financial impact of any cybersecurity incursions or incidents arising from events wholly or partially beyond the City's control, including electrical telecommunications outages, natural disasters or cyber-attacks initiated by criminal activities of individuals or organizations. Any such occurrence could materially and adversely affect the City's operations and/or financial condition.

Weather Events

The City is located in the southern coastal region of Texas. Land located in this area is susceptible to high winds, tornadoes, hurricanes and flood conditions. If a future weather event significantly damages all or part of the properties comprising the tax base within the City, the assessed value of property within the City could be substantially reduced, which could result in a decrease in tax revenue and/or necessitate an increase in the City tax rate. Under certain conditions, Texas law allows a city to increase property tax rates without voter approval upon the occurrence of certain disasters such as a tornado, flooding or extreme drought and upon gubernatorial or presidential declaration of disaster. There can be no assurance that a casualty loss to taxable property within the City will be covered by insurance (or that property owners will carry flood or the appropriate, applicable other casualty insurance), that any insurance company will fulfill its obligation to provide insurance proceeds or that insurance proceeds will be used to rebuild or repay any damaged improvements within the City or be sufficient for such purposes. Even if insurance proceeds are available and improvements are rebuilt, there could be a lengthy period in which assessed values within the City could be adversely affected.

Financial Advisor

In its role as Financial Advisor, Government Capital Securities Corporation has relied on the City for certain information concerning the City and the Certificates. The fee of the Financial Advisor for services with respect to the Certificates is contingent upon the issuance and sale of the Certificates. The Financial Advisor is not obligated to undertake, and has not undertaken to make, an independent verification or to assume responsibility for the accuracy, completeness, or fairness of the information in this Official Statement.

The Financial Advisor has provided the following sentence for inclusion in this Official Statement. The Financial Advisor has reviewed the information in this Official Statement in accordance with, and as part of, its responsibilities to the City and, as applicable, to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Financial Advisor does not guarantee the accuracy or completeness of such information.

Underwriting

The Underwriter has agreed to purchase the Certificates from the City for \$_____ (being the principal amount of the Certificates, plus a [net] premium of \$_____, less an Underwriter's discount of \$_____).

The Underwriter has provided the following sentence for inclusion in this Official Statement. The Underwriter has reviewed the information set forth in this Official Statement in accordance with, and as part of, its responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriter does not guarantee the accuracy or completeness of such information.

Forward-Looking Statements

The statements contained in this Official Statement and in any other information provided by the City that are not purely historical are forward-looking statements, including statements regarding the City's expectations, hopes, intentions, or strategies regarding the future. Readers should not place undue reliance on forward-looking statements. All forward-looking statements included in this Official Statement are based on information available to the City on the date hereof, and the City assumes no obligations to update any such forward-looking statements. It is important to note that the City's actual results could differ materially from those in such forward-looking statements.

The forward-looking statements included herein are necessarily based on various assumptions and estimates and are inherently subject to various risks and uncertainties, including risks and uncertainties relating to the possible invalidity of the underlying assumptions and estimates and possible changes or developments in social, economic, business, industry, market, legal, and regulatory circumstances and conditions and actions taken or omitted to be taken by third parties, including customers, suppliers, business partners, and competitors, and legislative, judicial, and other governmental authorities and officials. Assumptions related to the foregoing involve judgments with respect to, among other things, future economic, competitive, and market conditions and future business decisions, all of which are difficult or impossible to predict accurately and many of which are beyond the control of the City. Any of such assumptions could be inaccurate and, therefore, there can be no assurance that the forward-looking statements included in this Official Statement will prove to be accurate.

Concluding Statement

The information set forth herein has been obtained from the City's records, audited financial statements and other sources which are considered to be reliable. There is no guarantee that any of the assumptions or estimates contained herein will ever be realized. All of the summaries of the statutes, documents and the Ordinance contained in this Official Statement are made subject to all of the provisions of such statutes, documents, and the Ordinance. These summaries do not purport to be complete statements of such provisions and reference is made to such summarized documents for further information. Reference is made to official documents in all respects.

In the Ordinance, the City Council of the City will approve the Official Statement and said instrument will be authorized for use and distribution by the Underwriter for the purpose of offering the Certificates.

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APPENDIX A
FINANCIAL INFORMATION REGARDING
THE
CITY OF GOLIAD, TEXAS

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FINANCIAL INFORMATION REGARDING THE CITY

ASSESSED VALUATION

TABLE 1

2024-25 Total Value of Taxable Property		\$144,920,112
Less Exemptions:		
Local, Optional Over-65 and/or Disabled Homestead Exemptions	\$ 4,406,637	
Disabled and Deceased Veterans' Exemptions	138,500	
Productivity Value Loss	1,024,008	
Homestead 10% Cap Adjustment ^(b)	9,789,237	
Abatement	1,847,887	
Total Exempt Property	6,039,257	
Other	12,825,066	36,070,592
2024-25 Net Taxable Assessed Valuation (100% of Actual) ^(a)		<u>\$108,849,520</u>

^(a) See "TAX INFORMATION - City Application of the Property Tax Code" in the Official Statement for a description of the City's taxation procedures.

^(b) Total includes 23.231 Cap.

Source: Goliad County Appraisal District

PRINCIPAL TAXPAYERS

TABLE 2

<u>Name</u>	<u>Type of Business</u>	<u>2024 Net Taxable Assessed Valuation</u>	<u>% of Total 2024 Assessed Valuation*</u>
AEP Texas Central Co.	Electric Utility	\$ 7,035,580	6.46%
JW Goliad I LTD	Retail Store	2,080,940	1.91%
Goliad RE LLC TLLC	Nursing Homes	1,701,897	1.56%
Aztec Ford Inc.	Car Dealership	1,398,133	1.28%
AG & Ranch Center Inc.	Retail Store	1,380,445	1.27%
Alamo Lumber Company	Retail Store	1,066,599	0.98%
AIG RV Park LLC	Mobile Homes/Parks	937,524	0.86%
Atri Hospitality LLC	Hotel/Motel	859,493	0.79%
Circle K Stores Inc.	Gas Station/Convenience Store	754,848	0.69%
Tracie L. Wyatt	Individual Residence	731,740	0.67%
Total		<u>\$17,947,199</u>	<u>16.47%</u>

* Based on the 2024-25 Net Taxable Assessed Valuation of \$108,849,520.

Source: Goliad County Appraisal District

PROPERTY TAX RATES AND COLLECTIONS^(a)**TABLE 3**

Tax Year	Net Taxable Assessed Valuation	Tax Rate	Collection %		Fiscal Year Ended
			Current	Total^(b)	
2020	\$ 88,264,456	\$1.1475	99.90%	99.90%	9-30-21
2021	85,446,798	1.1611	98.13%	98.13%	9-30-22
2022	93,156,795	1.2565	98.78%	98.78%	9-30-23
2023	113,664,519	1.2279	In process		9-30-24
2024	108,849,520	1.2280	In process		9-30-25

^(a) See "TAX INFORMATION - The City Application of the Property Tax Code" in the Official Statement for a description of the City's taxation procedures.

^(b) Excludes interest and penalties.

Source: Texas Municipal Report published by the Municipal Advisory Council of Texas, the Goliad County Appraisal District, and the City's 2023 Annual Financial Statements.

Note: Assessed Valuations may change during the year due to various supplements and protests, and valuations on a later date or in other tables of this Official Statement may not match those shown on this table.

TAX RATE DISTRIBUTION**TABLE 4**

	2024-25	2023-24	2022-23	2021-22	2020-21
Maintenance & Operations	\$1.0444	\$1.0876	\$1.0931	\$0.9324	\$0.1778
I & S Fund	0.1836	0.1403	0.1634	0.2287	0.9697
TOTAL	\$1.2280	\$1.2279	\$1.2565	\$1.1611	\$1.1475

Source: City

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PRO FORMA GENERAL OBLIGATION DEBT SERVICE REQUIREMENTS

TABLE 5

**PLUS:
THE CERTIFICATES***

Fiscal Year	Existing Debt			Total Debt
30-Sept	Service	Principal*	Interest*	Service*
2025	\$ 54,949.00	\$ -	\$ -	\$ 54,949.00
2026	54,809.00	45,000.00	256,019.55	355,828.55
2027	54,646.50	75,000.00	222,212.50	351,859.00
2028	54,454.00	80,000.00	218,337.50	352,791.50
2029	54,231.50	85,000.00	214,212.50	353,444.00
2030	58,960.00	90,000.00	209,837.50	358,797.50
2031	58,641.00	95,000.00	205,212.50	358,853.50
2032	58,297.25	100,000.00	200,337.50	358,634.75
2033	57,928.75	105,000.00	195,212.50	358,141.25
2034	57,538.25	110,000.00	189,837.50	357,375.75
2035	57,125.75	115,000.00	184,212.50	356,338.25
2036	56,691.25	120,000.00	178,937.50	355,628.75
2037	56,234.75	125,000.00	174,037.50	355,272.25
2038	55,756.25	130,000.00	168,775.00	354,531.25
2039	55,255.75	135,000.00	163,143.75	353,399.50
2040		140,000.00	157,125.00	297,125.00
2041		150,000.00	150,600.00	300,600.00
2042		155,000.00	143,543.75	298,543.75
2043		165,000.00	135,943.75	300,943.75
2044		170,000.00	127,987.50	297,987.50
2045		180,000.00	119,675.00	299,675.00
2046		190,000.00	110,887.50	300,887.50
2047		200,000.00	101,625.00	301,625.00
2048		205,000.00	92,006.25	297,006.25
2049		215,000.00	82,031.25	297,031.25
2050		230,000.00	71,462.50	301,462.50
2051		240,000.00	60,000.00	300,000.00
2052		250,000.00	47,750.00	297,750.00
2053		265,000.00	34,875.00	299,875.00
2054		275,000.00	21,375.00	296,375.00
2055		290,000.00	7,250.00	297,250.00
Total	\$845,519.00	\$4,730,000.00	\$4,244,463.30	\$9,819,982.30

* Preliminary, subject to change. Interest estimated at market rates for purposes of illustration.

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APPENDIX B

**GENERAL INFORMATION REGARDING
THE CITY OF GOLIAD, TEXAS**

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The City of Goliad is located near the center of Goliad County and is the county seat and the third oldest municipality in Texas. U.S. Route 59 passes through the center of town as Pearl Street and U.S. Route 183 (Jefferson Street) crosses US 59 northeast of the original center of town. The City is 91 miles southeast of San Antonio and 68 miles north of Corpus Christi. The City has a total area of 1.6 square miles and 2020 population of 1,620.

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APPENDIX C

FORM OF OPINION OF BOND COUNSEL

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[Closing]

CITY OF GOLIAD, TEXAS
COMBINATION TAX AND REVENUE
CERTIFICATES OF OBLIGATION, SERIES 2025
DATED [CLOSING]
IN THE AGGREGATE PRINCIPAL AMOUNT OF \$[PAR]

AS BOND COUNSEL FOR THE CITY OF GOLIAD, TEXAS (the "Issuer") in connection with the issuance of the Combination Tax and Revenue Certificates of Obligation, Series 2025, described above (the "Certificates of Obligation"), we have examined into the legality and validity of the Certificates of Obligation, which bear interest from the dates and mature and are subject to redemption on the dates, in accordance with the terms and conditions stated in the text of the Certificates of Obligation. Terms used herein and not otherwise defined shall have the meaning given in the ordinance of the Issuer authorizing the issuance and sale of the Certificates of Obligation (the "Ordinance").

WE HAVE EXAMINED the applicable and pertinent provisions of the Constitution and laws of the State of Texas, a transcript of certified proceedings of the Issuer, and other pertinent instruments authorizing and relating to the issuance of the Certificates of Obligation, including one of the executed Certificates of Obligation (Certificate of Obligation Number T-1).

BASED ON SAID EXAMINATION, IT IS OUR OPINION that the Certificates of Obligation have been duly authorized, issued, and delivered in accordance with law, and that the Certificates of Obligation, except as may be limited by laws applicable to the Issuer relating to principles of governmental immunity, bankruptcy, reorganization and other similar matters affecting creditors' rights generally or by general principles of equity which permit the exercise of judicial discretion, constitute valid and legally binding obligations of the Issuer; and that ad valorem taxes sufficient to provide for the payment of the interest on and principal of said Certificates of Obligation have been levied and pledged for such purpose, within the limit prescribed by law, and that the Certificates of Obligation are additionally secured by and payable from a pledge of surplus revenues of the Issuer's waterworks and sewer system, remaining after payment of all operation and maintenance expenses thereof, and all debt service, reserve, and other requirements in connection with all of the Issuer's revenue bonds or other obligations (now or hereafter outstanding), which are payable from all or any part of the net revenues of the Issuer's waterworks and sewer system, as provided in the Ordinance.

IT IS FURTHER OUR OPINION, except as discussed below, that the interest on the Certificates of Obligation is excludable from the gross income of the owners for federal income tax purposes under the statutes, regulations, published rulings, and court decisions existing on the date of this opinion. We are further of the opinion that the Certificates of Obligation are not "specified private activity bonds" and that, accordingly, interest on the Certificates of Obligation will not be included as an individual or corporate alternative minimum tax preference item under

section 57(a)(5) of the Internal Revenue Code of 1986 (the "Code"). In expressing the aforementioned opinions, we have relied on, certain representations, the accuracy of which we have not independently verified, and assume compliance with certain covenants, regarding the use and investment of the proceeds of the Certificates of Obligation and the use of the property financed therewith. We call your attention to the fact that if such representations are determined to be inaccurate or upon a failure by the Issuer to comply with such covenants, interest on the Certificates of Obligation may become includable in gross income retroactively to the date of issuance of the Certificates of Obligation.

EXCEPT AS STATED ABOVE, we express no opinion as to any other federal, state, or local tax consequences of acquiring, carrying, owning, or disposing of the Certificates, including the amount, accrual or receipt of interest on, the Certificates. Owners of the Certificates should consult their tax advisors regarding the applicability of any collateral tax consequences of owning the Certificates.

WE CALL YOUR ATTENTION TO THE FACT that the interest on tax-exempt obligations, such as the Certificates, may be includable in a corporation's adjusted financial statement income for purposes of determining the alternative minimum tax imposed on certain corporations by section 55 of the Code.

WE EXPRESS NO OPINION as to any insurance policies issued with respect to the payments due for the principal of and interest on the Certificates, nor as to any such insurance policies issued in the future.

OUR SOLE ENGAGEMENT in connection with the issuance of the Certificates is as Bond Counsel for the Issuer, and, in that capacity, we have been engaged by the Issuer for the sole purpose of rendering our opinions with respect to the legality and validity of the Certificates under the Constitution and laws of the State of Texas, and with respect to the exclusion from gross income of the interest on the Certificates for federal income tax purposes, and for no other reason or purpose. The foregoing opinions represent our legal judgment based upon a review of existing legal authorities that we deem relevant to render such opinions and are not a guarantee of a result. We have not been requested to investigate or verify, and have not independently investigated or verified, any records, data, or other material relating to the financial condition or capabilities of the Issuer, or the disclosure thereof in connection with the sale of the Certificates, and have not assumed any responsibility with respect thereto. We express no opinion and make no comment with respect to the marketability of the Certificates and have relied solely on certificates executed by officials of the Issuer as to the current outstanding indebtedness of, and assessed valuation of taxable property within, and the sufficiency of the pledged revenues of, the Issuer. Our role in connection with the Issuer's Official Statement prepared for use in connection with the sale of the Certificates has been limited as described therein.

OUR OPINIONS ARE BASED ON EXISTING LAW, which is subject to change. Such opinions are further based on our knowledge of facts as of the date hereof. We assume no duty to update or supplement our opinions to reflect any facts or circumstances that may thereafter come to our attention or to reflect any changes in any law that may thereafter occur or become effective. Moreover, our opinions are not a guarantee of result and are not binding on the Internal Revenue

Service (the "Service"); rather, such opinions represent our legal judgment based upon our review of existing law and in reliance upon the representations and covenants referenced above that we deem relevant to such opinions. The Service has an ongoing audit program to determine compliance with rules that relate to whether interest on state or local obligations is includable in gross income for federal income tax purposes. No assurance can be given whether or not the Service will commence an audit of the Certificates. If an audit is commenced, in accordance with its current published procedures the Service is likely to treat the Issuer as the taxpayer. We observe that the Issuer has covenanted not to take any action, or omit to take any action within its control, that if taken or omitted, respectively, may result in the treatment of interest on the Certificates as includable in gross income for federal income tax purposes.

Respectfully,

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APPENDIX D

**AUDITED FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2023**

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2022 – 2023

Annual Financial Report

Audit

Year Ended

September 30, 2023

CITY OF GOLIAD, TEXAS
ANNUAL FINANCIAL REPORT
YEAR ENDED SEPTEMBER 30, 2023

**CITY OF GOLIAD, TEXAS
ANNUAL FINANCIAL REPORT
YEAR ENDED SEPTEMBER 30, 2023**

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**CITY OF GOLIAD, TEXAS
ANNUAL FINANCIAL REPORT
YEAR ENDED SEPTEMBER 30, 2023**

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INTRODUCTORY SECTION

ELECTED OFFICIALS

<u>Title</u>	<u>Name</u>
Mayor	Brenda Moses
Mayor Pro-Tem	Luis Rodriguez
Council Member	Lydia Flores
Council Member	James Garcia
Council Member	Robin Alaniz
Council Member	Robert De La Garza

ADMINISTRATIVE OFFICIALS

<u>Title</u>	<u>Name</u>
Finance Officer	Sherry Kuenstler
Utility Clerk	Diana Rubio
Fire Department Chief	Alonzo Morales, Jr.
City Attorney	Thomas Gwosdz

FINANCIAL SECTION



PAUL B. HOLM & COMPANY, PLLC
CERTIFIED PUBLIC ACCOUNTANTS
P.O. DRAWER C • VICTORIA, TEXAS 77902

INDEPENDENT AUDITORS' REPORT

The Honorable Mayor and
Members of City Council
City of Goliad, Texas

Honorable Mayor and Members of City Council:

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activity, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Goliad, 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 financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activity, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City as of September 30, 2023, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibility of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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 twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.



PAUL B. HOLM & COMPANY, PLLC
CERTIFIED PUBLIC ACCOUNTANTS
P.O. DRAWER C • VICTORIA, TEXAS 77902

Auditors' Responsibility for the Audit of the Financial Statements

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

In performing an audit in accordance with generally accepted auditing standards and government auditing standards, we:

1. Exercise professional judgment and maintain professional skepticism throughout the audit.
2. 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.
3. 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.
4. 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.
5. 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.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 5-14, and budgetary comparison and pension information on 59-66 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other

knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory section but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 26, 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 City's internal control over financial reporting and compliance.

Certified Public Accountants
June 26, 2024



MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

**CITY OF GOLIAD, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
(UNAUDITED)
SEPTEMBER 30, 2023**

The discussion and analysis of the City of Goliad's financial performance provides an overall review of the City's financial activities for the year ended September 30, 2023. The intent of this discussion and analysis is to look at the City's financial performance as a whole. Readers should also review the basic financial statements to enhance their understanding of the City's financial performance.

FINANCIAL HIGHLIGHTS

- As of September 30, 2023 the City's total assets and deferred outflows were approximately \$16.4 million; of this amount, approximately \$9.3 million represents capital assets, \$2.5 million represents cash and cash equivalents for current and restricted assets combined, and \$3.4 million represents investments under both current and restricted assets.
- Liabilities of the City totaled \$2.9 million of which \$1.6 million is accounted for by obligations under long-term debt.
- The assets and deferred outflows of the City exceeded its liabilities and deferred inflows at the close of the fiscal year ended September 30, 2023 by approximately \$13.5 million. This amount includes \$3.0 million under restricted net position, \$6.1 million in net investments in capital assets, and an additional \$4.4 million in unrestricted net position.
- Program and general revenues of the City for the year ended September 30, 2023, were \$5.2 million. The major revenue sources that contributed to the \$5.2 million were grants, property tax, sales tax, and franchise tax along with water sales and sewer services. Of the \$5.2 million in revenue, \$2.9 million was collected under the City's governmental activities while \$2.3 million was collected under the City's business-type activity.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the City of Goliad's basic financial statements. The basic financial statements are comprised of the following components: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the financial statements. The report also contains supplementary information in addition to the basic financial statements.

Government-Wide Financial Statements

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

**CITY OF GOLIAD, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
(UNAUDITED)
SEPTEMBER 30, 2023**

Statement of Net Position

The statement of net position presents information on all of the City's assets and liabilities, with the difference between the two 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.

Statement of Activities

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 are reported in this statement for some items that will only result in cash flows in future fiscal periods.

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, public transportation, cultural and recreation, and interest and fiscal charges on long-term debt. The only business-type activity of the City is the water and sewer utilities. The government-wide financial statements can be found immediately following Management's Discussion and Analysis.

The government-wide financial statements include not only the City of Goliad itself (known as the primary government) but also the component units of the Goliad Economic Development Corporation (EDC), and the Goliad Volunteer Fire Department. These component units are included as part of the primary government. Complete financial statements for each of the component units may be obtained from Goliad City Hall, 152 W. End Street, Goliad, Texas 77963.

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 expendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financial requirements.

**CITY OF GOLIAD, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
(UNAUDITED)
SEPTEMBER 30, 2023**

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 financial 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.

The City maintains several individual governmental funds. Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures, and changes in fund balances for the General Fund, Hotel Motel Occupancy Tax Fund, and Debt Service Fund, which are considered to be major funds. Data from the other governmental funds is combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining fund statements following the notes to the financial statements.

The City adopts an annual appropriated budget for each of the City's funds. A budgetary comparison statement has been provided for the General Fund and the Hotel Motel Tax Occupancy Fund to demonstrate compliance as required by applicable accounting standards.

The basic governmental fund financial statements can be found immediately following the government-wide financial statements.

Proprietary Funds

The City maintains one type of proprietary fund, enterprise funds. The enterprise funds are used to report the same type of information as the business-type activity in the government-wide financial statements, except in more detail. The City uses the enterprise fund to account for the fiscal activities related to its water and sewer operations. The basic proprietary fund financial statements follow the governmental fund financial statements.

Fiduciary Funds

The City maintains one type of fiduciary fund, a private-purpose trust fund. The private-purpose trust fund is used to report the activities for the specific purpose as set out in the agreement with the City. The City uses the earnings from this fund to maintain a cemetery located in the City.

Other Information

In addition to the basic financial statements and accompanying notes, supplementary information is included which presents combining statements for non-major governmental funds and non-major special revenue funds. Combining fund statements can be found immediately following the budgetary comparison schedules.

CITY OF GOLIAD, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
(UNAUDITED)
SEPTEMBER 30, 2023

Government-Wide Financial Analysis

At the close of fiscal year 2023, the City's assets and deferred outflows exceeded liabilities and deferred inflows of resources by \$13,519,522. A portion of the City's net position, \$6,141,244 (45.42%), reflects its investment in capital assets (e.g., land, buildings, machinery, and equipment) less any related outstanding debt used to acquire those assets. The City's capital assets are used in operations 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 capital assets themselves cannot be used to liquidate these liabilities.

The *restricted* portion of the City's net position, \$2,961,952 (21.91%), represents resources that are subject to restrictions for debt service, an economic development corporation, capital projects, and the volunteer fire department. The remaining balance of *unrestricted net position*, \$4,416,326 (32.67%), may be used to meet the City's ongoing liabilities.

	NET POSITION					
	Governmental Activities		Business-Type Activity		Total	
	2023	2022	2023	2022	2023	2022
Assets						
Current Assets	\$ 2,445,895	\$ 2,376,805	\$ 4,315,431	\$ 3,241,471	\$ 6,761,326	\$ 5,618,276
Noncurrent Assets	2,877,432	2,910,981	6,573,781	5,614,393	9,451,213	8,525,374
Total Assets	5,323,327	5,287,786	10,889,212	8,855,864	16,212,539	14,143,650
Deferred Outflows of Resources						
Total Deferred Outflows	155,299	35,421	62,884	14,636	218,183	50,057
Liabilities						
Current Liabilities	311,541	107,190	971,336	288,605	1,282,877	395,795
Noncurrent Liabilities	601,303	816,150	999,608	1,111,834	1,600,911	1,927,984
Total Liabilities	912,844	923,340	1,970,944	1,400,439	2,883,788	2,323,779
Deferred Inflows of Resources						
Deferred Inflows Related to TMRS & OPEB	19,401	120,036	8,011	48,515	27,412	168,551
Net Position						
Net Investment in Capital Assets	2,200,820	2,376,394	3,940,424	4,022,729	6,141,244	6,399,023
Restricted	1,578,782	1,153,662	1,383,170	355,486	2,961,952	1,509,148
Unrestricted	766,779	749,775	3,649,547	3,043,431	4,416,326	3,793,206
Total Net Position	\$ 4,546,381	\$ 4,279,831	\$ 8,973,141	\$ 7,421,646	\$ 13,519,522	\$ 11,701,377

CITY OF GOLIAD, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
(UNAUDITED)
SEPTEMBER 30, 2023

CHANGES IN NET POSITION

	Governmental Activities		Business-Type Activity		Total	
	2023	2022	2023	2022	2023	2022
Revenues:						
Program Revenues:						
Charges for Services	\$ 502,228	\$ 493,240	\$ 1,223,346	\$ 1,095,388	\$ 1,725,574	\$ 1,588,628
Operating Grants and Contributions	107,874	103,653	987,691	33,140	1,095,565	136,793
General Revenues:						
Property Taxes	1,071,463	903,020	-0-	-0-	1,071,463	903,020
Other Taxes	988,282	909,232	-0-	-0-	988,282	909,232
Other	233,777	358,152	105,218	13,838	338,995	371,990
Total Revenues	<u>2,903,624</u>	<u>2,767,297</u>	<u>2,316,255</u>	<u>1,142,366</u>	<u>5,219,879</u>	<u>3,909,663</u>
Expenses						
General Government	655,893	449,318	-0-	-0-	655,893	449,318
Public Safety	307,980	258,085	-0-	-0-	307,980	258,085
Public Works	424,277	418,330	-0-	-0-	424,277	418,330
Public Transportation	443,535	298,205	-0-	-0-	443,535	298,205
Cultural and Recreation	352,971	308,522	-0-	-0-	352,971	308,522
Economic Development	15,182	18,175	-0-	-0-	15,182	18,175
Interest and Fiscal						
Charges	6,883	10,327	-0-	-0-	6,883	10,327
Water and Sewer	-0-	-0-	1,196,078	1,052,273	1,196,078	1,052,273
Total Expenses	<u>2,206,721</u>	<u>1,760,962</u>	<u>1,196,078</u>	<u>1,052,273</u>	<u>3,402,799</u>	<u>2,813,235</u>
Changes in Net Position						
Before Transfers	696,903	1,006,335	1,120,177	90,093	1,817,080	1,096,428
Transfers	(430,353)	(693,782)	431,318	694,214	965	432
Changes in Net Position	<u>266,550</u>	<u>312,553</u>	<u>1,551,495</u>	<u>784,307</u>	<u>1,818,045</u>	<u>1,096,860</u>
Net Position, Beginning of Year, As Restated	<u>4,279,831</u>	<u>4,576,074</u>	<u>7,421,646</u>	<u>6,299,800</u>	<u>11,701,477</u>	<u>10,875,874</u>
Net Position, End of Year	<u>\$ 4,546,381</u>	<u>\$ 4,888,627</u>	<u>\$ 8,973,141</u>	<u>\$ 7,084,107</u>	<u>\$13,519,522</u>	<u>\$11,972,734</u>

**CITY OF GOLIAD, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
(UNAUDITED)
SEPTEMBER 30, 2023**

EXPENSES AND PROGRAM REVENUES – GOVERNMENTAL ACTIVITIES

Functions/Programs	Expenses	Percent of Total	Program Revenues	Percent of Total	Net (Expense) Revenue
General Government	\$ 655,893	29.72%	\$ 23,605	3.87%	\$ (632,288)
Public Safety	307,980	13.96%	139,866	22.93%	(168,114)
Public Works	424,277	19.23%	446,631	73.20%	22,354
Public Transportation	443,535	20.10%	-0-	0.00%	(443,535)
Cultural and Recreation	352,971	16.00%	-0-	0.00%	(352,971)
Economic Development	15,182	0.69%	-0-	0.00%	(15,182)
Interest and Fiscal Charges	6,883	0.30%	-0-	0.00%	(6,883)
Total	<u>\$ 2,206,721</u>	<u>100.00%</u>	<u>\$ 610,102</u>	<u>100.00%</u>	<u>\$ (1,596,619)</u>

REVENUE BY SOURCE – GOVERNMENTAL ACTIVITIES

Description	2023		2022		Total Percentage Change 2023-2022
	Revenues	Percent of Total	Revenues	Percent of Total	
Charges for Services	\$ 502,228	17.30%	\$ 493,240	17.82%	1.82%
Operating Grants and Contributions	107,874	3.72%	103,653	3.75%	4.07%
Property Taxes	1,071,463	36.90%	903,020	32.63%	18.65%
Sales Taxes	804,592	27.71%	735,288	26.57%	9.43%
Franchise Taxes & Other Taxes	183,690	6.33%	173,944	6.29%	5.60%
Gain on Sale of Asset	26,256	0.90%	-0-	0.00%	100.00%
Interlocal Revenues	45,000	1.55%	45,000	1.63%	0.00%
Unrestricted Investment Earnings	14,930	0.51%	3,312	0.11%	350.79%
Miscellaneous	147,591	5.08%	309,840	11.20%	(52.37%)
Total	<u>\$ 2,903,624</u>	<u>100.00%</u>	<u>\$ 2,767,297</u>	<u>100.00%</u>	<u>4.55%</u>

**CITY OF GOLIAD, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
(UNAUDITED)
SEPTEMBER 30, 2023**

Business-Type Activity

The business-type activity increased the City's net position by \$1,551,495. This increase is primarily due to charges for services and transfers.

REVENUE BY SOURCE – BUSINESS-TYPE ACTIVITY

Description	2023		2022		Total Percentage Change 2023-2022
	Revenues	Percent of Total	Revenues	Percent of Total	
Charges for Services	\$1,223,346	52.82%	\$1,095,388	95.89%	11.68%
Unrestricted Investment Earnings	105,218	4.54%	13,838	1.20%	660.36 %
Grants	987,691	42.64%	33,140	2.91%	2,880.36%
Total	<u>\$2,316,255</u>	<u>100.00%</u>	<u>\$1,142,366</u>	<u>100.00%</u>	100.28%

Capital Assets

	Governmental Activities		Business-Type Activity		Total		Percentage Change 2023 - 2022
	2023	2022	2023	2022	2023	2022	
Property, Buildings, Infrastructure, Plant and Equipment	\$ 5,110,140	\$ 4,693,047	\$ 11,322,148	\$ 9,631,810	\$16,432,288	\$14,324,857	14.71%
Less Accumulated Depreciation	<u>2,308,017</u>	<u>2,109,299</u>	<u>4,778,678</u>	<u>4,486,560</u>	<u>7,086,695</u>	<u>6,595,859</u>	7.44%
Total Capital Assets, Net of Accumulated Depreciation	<u>\$ 2,802,123</u>	<u>\$ 2,583,748</u>	<u>\$ 6,543,470</u>	<u>\$ 5,145,250</u>	<u>\$ 9,345,593</u>	<u>\$ 7,728,998</u>	20.92%

The City's capital assets net of accumulated depreciation as of September 30, 2023 totaled \$9,345,593. This investment in capital assets includes land, buildings, furniture, fixtures, and equipment; other machinery and equipment; automobiles and trucks; and water and sewer systems.

**CITY OF GOLIAD, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
(UNAUDITED)
SEPTEMBER 30, 2023**

Infrastructure Assets

The Public Works Department continuously monitors the condition of the City of Goliad's streets, water, and sewer departments operations on a daily basis. On February 25, 2022, the Goliad City Council entered into a contract with Ardurra, an engineering firm hired to assess the City's streets and water systems. The City has been awarded grants from the Texas General Land Office and the US Department of the Treasury, Texas Department of Agriculture. These grants are for street drainage, pavement repair, and water and sewer infrastructure improvements.

The city received a Community Development Block Grant from the General Land Office, in the amount of \$9,353,554 for construction of a wastewater treatment plant. Ardurra is the engineer for project. The construction start date for this project was set for May 2024. The City's new fire station design and construction plans for a new fire station are complete. Design & construction plans are funded through an American Rescue Plan Act grant in the amount of \$497,054. A grant from the General Land Office CDBG-MIT-Mod in the amount of \$1,483,000 will also be dedicated to the fire station construction project. Additional funding will be acquired to complete the project. The construction budget for the new fire station is \$5,120,662.

The City also received a CDBG Block Grant for water line replacement, water main, hydrants, & pavement repair in the southeast portion of the city. Grant funds were received for the construction budget in the amount of \$350,000, with a \$35,000 match requirement from City funds.

The City of Goliad has 22.98 miles of roadway within the city limits. Approximately 28% of the roads are in poor condition and need base work and seal coating. There is approximately another 15% of roadways that have been estimated to be below 50% of the original condition. The remaining roadways are estimated to be above 60% of original condition. The City Council and Mercer Engineering are developing a 5-to-8-year roadway maintenance plan that will allow for annual upgrades, maintenance, and renewal.

Long-Term Debt

At the end of the current fiscal year, the City had long-term debt of \$1,758,938, a decrease of \$215,743 from the prior year.

LONG-TERM DEBT

<u>Outstanding Balance:</u>	<u>Governmental Activities</u>	<u>Business-Type Activity</u>	<u>Total</u>
September 30, 2023	\$ 669,710	\$ 1,089,228	\$ 1,758,938
September 30, 2022	\$ 781,270	\$ 1,193,411	\$ 1,974,681

**CITY OF GOLIAD, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
(UNAUDITED)
SEPTEMBER 30, 2023**

More detailed information regarding capital assets and debt is included in the accompanying financial statements.

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds

The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of expendable resources. Such information is useful in assessing the City's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the fiscal year, the City's governmental funds reported combined ending fund balances of \$2,195,920, a decrease of \$45,913 from that of prior year ending fund balances. The unassigned fund balance is \$617,138. The remaining fund balance is restricted to indicate that it is not available for general obligations because it has already been committed to pay for economic development, special revenue, and debt service.

The General Fund is the primary operating fund of the City. At the end of the fiscal year, total fund balance of the General Fund was \$617,138, which was all unassigned. As a measure of the General Fund's liquidity, it may be useful to compare the unassigned fund balance to total fund expenditures. Unassigned fund balance represents 26.80% of the total General Fund expenditures for fiscal year 2023.

During the current year, the fund balance of the City's General Fund decreased by \$471,033.

Proprietary Fund

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

Total Net Position was \$8,973,141 of which \$3,649,547 was unrestricted.

Other factors concerning the finances of the proprietary fund have been addressed in the discussion of the City's business-type activity.

**CITY OF GOLIAD, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
(UNAUDITED)
SEPTEMBER 30, 2023**

GENERAL FUND BUDGETARY HIGHLIGHTS

- Total actual revenues were \$240,563 more than the final budget.
- At the end of the fiscal year, the General Fund budgeted expenditures were over budget in six categories; Public Safety \$22,937, Public Works \$9,803, Public Transportation \$97,155, Cultural & Recreation \$10,286, Capital Outlay \$228,388, and Debt Service \$28,726.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

- Total budget expenditures for the year ended September 30, 2023 are \$4,169,151, an increase of \$657,654 from the year ended September 30, 2022.
- The City's Ad Valorem tax rate is \$1.227965 for maintenance and operations, with a net taxable value of \$113,644,056.
- Water rates will remain the same. Sewer rates are adjusted each year based on winter water usage. Garbage rates are expected to increase approximately 3% part way through the year.

Requests for Information

This financial report is designed to present users with a general overview of the City's finances and to demonstrate the City's accountability. If you have questions concerning any of the information provided in this report or need additional financial information, contact the Finance Officer at Goliad City Hall, 152 W. End Street, Goliad, Texas 77963.

BASIC FINANCIAL STATEMENTS

GOVERNMENT-WIDE FINANCIAL STATEMENTS

CITY OF GOLIAD, TEXAS
STATEMENT OF NET POSITION
SEPTEMBER 30, 2023

ASSETS

	Governmental Activities	Business-Type Activity	Total
Current Assets:			
Cash and Cash Equivalents	\$ 635,181	\$ 798,617	\$ 1,433,798
Investments	622,103	2,254,775	2,876,878
Receivables, Net	195,409	624,493	819,902
Inventory	-0-	22,972	22,972
Internal Balances	83,770	(83,770)	-0-
Restricted Assets:			
Cash and Cash Equivalents	909,432	159,817	1,069,249
Investments	-0-	538,527	538,527
Total Current Assets	<u>2,445,895</u>	<u>4,315,431</u>	<u>6,761,326</u>
Noncurrent Assets:			
Capital Assets, Net	2,802,123	6,543,470	9,345,593
Net Pension Asset	75,309	30,311	105,620
Total Noncurrent Assets	<u>2,877,432</u>	<u>6,573,781</u>	<u>9,451,213</u>
Total Assets	<u>5,323,327</u>	<u>10,889,212</u>	<u>16,212,539</u>

DEFERRED OUTFLOWS OF RESOURCES

Deferred Outflows Related to TMRS	150,420	60,920	211,340
Deferred Outflows Related to OPEB	<u>4,879</u>	<u>1,964</u>	<u>6,843</u>
Total Deferred Outflows	<u>155,299</u>	<u>62,884</u>	<u>218,183</u>

LIABILITIES

Current Liabilities:			
Accounts Payable	146,468	767,716	914,184
Accrued Interest Payable	750	5,115	5,865
Accrued Compensated Absences	18,428	12,577	31,005
Accrued Payroll	36,217	12,315	48,532
State Sales Tax Payable	529,403	-0-	529,403
Current Portion of Long-Term Debt	22,714	106,344	129,058
Liabilities Payable from Restricted Assets:			
Customer Deposits	-0-	67,269	67,269
Total Current Liabilities	<u>753,980</u>	<u>971,336</u>	<u>1,725,316</u>
Noncurrent Liabilities:			
Total OPEB Liability	41,271	16,724	57,995
Long-Term Debt	127,917	982,884	1,110,801
Total Noncurrent Liabilities	<u>169,188</u>	<u>999,608</u>	<u>1,168,796</u>

The accompanying notes are an integral part of the financial statements.

CITY OF GOLIAD, TEXAS
STATEMENT OF NET POSITION
SEPTEMBER 30, 2023

DEFERRED INFLOWS OF RESOURCES

	Governmental Activities	Business-Type Activity	Total
Deferred Inflows Related to TMRS	2,063	1,031	3,094
Deferred Inflows Related to OPEB	<u>17,338</u>	<u>6,980</u>	<u>24,318</u>
Total Deferred Inflows	<u>19,401</u>	<u>8,011</u>	<u>27,412</u>

NET POSITION

Net Investment in Capital Assets	2,632,935	3,940,424	6,573,359
Restricted for:			
Public Safety	698,284	-0-	698,284
Public Transportation	103,869	-0-	103,869
Cultural and Recreation	199,927	-0-	199,927
Debt Service	30,174	106,344	136,518
Economic Development	546,528	-0-	546,528
Capital Projects	-0-	1,276,826	1,276,826
Unrestricted Net Position	<u>324,340</u>	<u>3,649,547</u>	<u>3,973,887</u>
Total Net Position	<u>\$ 4,536,057</u>	<u>\$ 8,973,141</u>	<u>\$ 13,509,198</u>

The accompanying notes are an integral part of the financial statements.

CITY OF GOLIAD, TEXAS
STATEMENT OF ACTIVITIES
YEAR ENDED SEPTEMBER 30, 2023

	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Governmental Activities	Business - Type Activities	Total
Functions/Programs:						
Primary Government:						
Governmental Activities:						
General Government	\$ 655,893	\$ 23,605	\$ -0-	\$ (632,288)	\$ -0-	\$ (632,288)
Public Safety	307,980	31,992	107,874	(168,114)	-0-	(168,114)
Public Works	424,277	446,631	-0-	22,354	-0-	22,354
Public Transportation	443,535	-0-	-0-	(443,535)	-0-	(443,535)
Cultural and Recreation	352,971	-0-	-0-	(352,971)	-0-	(352,971)
Economic Development	15,182	-0-	-0-	(15,182)	-0-	(15,182)
Interest and Fiscal Charges	6,883	-0-	-0-	(6,883)	-0-	(6,883)
Total Governmental Activities	2,206,721	502,228	107,874	(1,596,619)	-0-	(1,596,619)
Business-Type Activity:						
Water and Sewer	1,196,078	1,223,346	987,691	-0-	1,014,959	1,014,959
Total Primary Government	\$ 3,402,799	\$ 1,725,574	\$ 1,095,565	(1,596,619)	1,014,959	(581,660)
General Revenues:						
Property Taxes, Levied for						
General Purposes				1,071,463	-0-	1,071,463
Sales Taxes				794,268	-0-	794,268
Franchise & Other Taxes				183,690	-0-	183,690
Interlocal Revenues				45,000	-0-	45,000
Gain on Sale of Assets				26,256	-0-	26,256
Unrestricted Investment Earnings				14,930	105,218	120,148
Miscellaneous				147,591	-0-	147,591
Transfers				(430,353)	431,318	965
Total General Revenues				1,852,845	536,536	2,389,381
Change in Net Position				256,226	1,551,495	1,807,721
Net Position - Beginning of Year				4,888,627	7,421,646	12,310,273
Prior Period Adjustment				(608,796)	-0-	(608,796)
Net Position - End of Year				\$ 4,536,057	\$ 8,973,141	\$ 13,509,198

The accompanying notes are an integral part of the financial statements.

FUND FINANCIAL STATEMENTS

**CITY OF GOLIAD, TEXAS
BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2023**

	General Fund	Hotel-Motel Occupancy Tax Fund	Debt Service Fund	Economic Dev Corp	Other Governmental Funds	Total Governmental Funds
ASSETS						
Cash and Cash Equivalents	\$ 392,746	\$ 189,213	\$ 73,741	\$ 539,500	\$ 349,413	\$ 1,544,613
Investments	110,160	784	358	-0-	510,801	622,103
Receivables, Net	167,291	10,255	17,863	-0-	-0-	195,409
Due from Other Funds	230,263	-0-	6,480	7,838	7,249	251,830
Total Assets	<u>\$ 900,460</u>	<u>\$ 200,252</u>	<u>\$ 98,442</u>	<u>\$ 547,338</u>	<u>\$ 867,463</u>	<u>\$ 2,613,955</u>
LIABILITIES						
Accounts Payable	\$ 116,240	\$ 325	\$ -0-	\$ 810	\$ 65,310	\$ 182,685
Due to Other Funds	117,448	-0-	50,612	-0-	-0-	168,060
Total Liabilities	<u>233,688</u>	<u>325</u>	<u>50,612</u>	<u>810</u>	<u>65,310</u>	<u>350,745</u>
DEFERRED INFLOWS OF RESOURCES						
Unavailable Revenues -						
Property Taxes	<u>49,634</u>	<u>-0-</u>	<u>17,656</u>	<u>-0-</u>	<u>-0-</u>	<u>67,290</u>
FUND BALANCES						
Restricted Fund Balance -						
Debt Service	-0-	-0-	30,174	-0-	-0-	30,174
Public Safety	-0-	-0-	-0-	-0-	698,284	698,284
Public Transportation	-0-	-0-	-0-	-0-	103,869	103,869
Cultural and Recreation	-0-	199,927	-0-	-0-	-0-	199,927
Economic Development	-0-	-0-	-0-	546,528	-0-	546,528
Unassigned Fund Balance	617,138	-0-	-0-	-0-	-0-	617,138
Total Fund Balances	<u>617,138</u>	<u>199,927</u>	<u>30,174</u>	<u>546,528</u>	<u>802,153</u>	<u>2,195,920</u>
Total Liabilities, Deferred Inflows, and Fund Balances	<u>\$ 900,460</u>	<u>\$ 200,252</u>	<u>\$ 98,442</u>	<u>\$ 547,338</u>	<u>\$ 867,463</u>	<u>\$ 2,613,955</u>

The accompanying notes are an integral part of the financial statements.

CITY OF GOLIAD, TEXAS
RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCE SHEET
TO THE STATEMENT OF NET POSITION
SEPTEMBER 30, 2023

Total Fund Balances - Governmental Funds Balance Sheet \$ 2,195,920

Amounts Reported for Governmental Activities in the Statement of Net
Position are Different Because:

Capital Assets used in governmental activities are not reported in the funds.	2,802,123
Property Taxes Receivable unavailable to pay for the current period expenditures.	67,290
Included in the Noncurrent Assets is the recognition of the City's total Net Pension Asset required by GASB 68 in the amount of \$75,309, a deferred resource outflow in the amount of \$150,420, and a deferred inflow of \$2,063. This resulted in a net increase in net position of \$223,666.	223,666
Included in the Noncurrent Liabilities is the recognition of the City's total OPEB liability required by GASB 75 in the amount of \$41,271, a deferred resource outflow in the amount of \$4,879, and a deferred resource inflow of \$17,338. This resulted in a decrease in net position of \$53,730.	(53,730)
Payable for Accrued Compensated Balances which are not due in the current period are not reported in the funds.	(18,428)
Payables for loans which are not due in the current period and are not reported in the funds.	(150,631)
Payable to the State of Texas for sales taxes overpayment liability	(529,403)
Payables for Bond and Note Payable Interest which are not due in the current period are not reported in the funds.	(750)

Net Position of Governmental Activities - Statement of Net Position	<u>\$ 4,536,057</u>
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The accompanying notes are an integral part of the financial statements.

CITY OF GOLIAD, TEXAS
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED SEPTEMBER 30, 2023

	General Fund	Hotel-Motel Occupancy Tax Fund	Debt Service Fund	Economic Dev Corp	Other Governmental Funds	Total Governmental Funds
REVENUES						
Sales Taxes	\$ 536,157	\$ -0-	\$ -0-	\$ 89,359	\$ 89,359	\$ 714,875
Ad Valorem Taxes	922,374	-0-	139,681	-0-	-0-	1,062,055
Franchise Taxes	105,876	-0-	-0-	-0-	-0-	105,876
Other Taxes	6,030	71,784	-0-	-0-	-0-	77,814
Interlocal Revenue	45,000	-0-	-0-	-0-	-0-	45,000
Charges for Services	446,631	-0-	-0-	-0-	-0-	446,631
Fines and Forfeitures	19,069	-0-	12,923	-0-	-0-	31,992
Licenses and Permits	23,605	-0-	-0-	-0-	-0-	23,605
Gain on Sale of Assets	26,256	-0-	-0-	-0-	-0-	26,256
Investment Income	3,052	741	-0-	1,695	9,442	14,930
Contributions	807	-0-	-0-	-0-	107,067	107,874
Miscellaneous	147,591	-0-	-0-	-0-	-0-	147,591
Total Revenues	<u>2,282,448</u>	<u>72,525</u>	<u>152,604</u>	<u>91,054</u>	<u>205,868</u>	<u>2,804,499</u>
EXPENDITURES						
Current:						
General Government	559,463	-0-	-0-	-0-	-0-	559,463
Public Safety	188,641	-0-	-0-	-0-	37,863	226,504
Public Works	408,379	-0-	-0-	-0-	-0-	408,379
Public Transportation	443,535	-0-	-0-	-0-	-0-	443,535
Cultural and Recreation	257,248	63,929	-0-	-0-	-0-	321,177
Economic Development	-0-	-0-	-0-	15,182	-0-	15,182
Debt Service:						
Principal Retirement	21,843	-0-	-0-	-0-	-0-	21,843
Interest and Fiscal Charges	6,883	-0-	-0-	-0-	-0-	6,883
Capital Outlay	417,093	-0-	-0-	-0-	-0-	417,093
Total Expenditures	<u>2,303,085</u>	<u>63,929</u>	<u>-0-</u>	<u>15,182</u>	<u>37,863</u>	<u>2,420,059</u>
Revenue Over (Under)						
Expenditures	<u>(20,637)</u>	<u>8,596</u>	<u>152,604</u>	<u>75,872</u>	<u>168,005</u>	<u>384,440</u>

The accompanying notes are an integral part of the financial statements.

CITY OF GOLIAD, TEXAS
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED SEPTEMBER 30, 2023

	General Fund	Hotel-Motel Occupancy Tax Fund	Debt Service Fund	Economic Dev Corp	Other Gov Funds	Total Gov Funds
Other Financing Sources (Uses):						
Operating Transfers In	559,385	-0-	-0-	1,801	761,411	1,322,597
Operating Transfers Out	<u>(1,009,781)</u>	<u>-0-</u>	<u>(445,159)</u>	<u>-0-</u>	<u>(298,010)</u>	<u>(1,752,950)</u>
Total Other Financing Sources (Uses)	<u>(450,396)</u>	<u>-0-</u>	<u>(445,159)</u>	<u>1,801</u>	<u>463,401</u>	<u>(430,353)</u>
Excess (Deficiency) of Revenues and Other Sources Over (Under) Expenditures and Other Uses	(471,033)	8,596	(292,555)	77,673	631,406	(45,913)
Fund Balances, Beginning of Year	<u>1,088,171</u>	<u>191,331</u>	<u>322,729</u>	<u>468,855</u>	<u>170,747</u>	<u>2,241,833</u>
Fund Balances, End of Year	<u>\$ 617,138</u>	<u>\$ 199,927</u>	<u>\$ 30,174</u>	<u>\$ 546,528</u>	<u>\$ 802,153</u>	<u>\$ 2,195,920</u>

The accompanying notes are an integral part of the financial statements.

CITY OF GOLIAD, TEXAS
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE
STATEMENT OF ACTIVITIES
YEAR ENDED SEPTEMBER 30, 2023

Net Change in Fund Balances - Total Governmental Funds	\$ (45,913)
Amounts reported for Governmental Activities in the Statement of Activities ("SOA") are different because:	
The depreciation of capital assets used in governmental activities is not reported in the funds.	(198,718)
Capital outlays are not reported as expenses in the SOA.	417,093
Certain property tax revenues are deferred in the funds. This is the change in these amounts this year.	9,408
Repayment of note principal is an expenditure in the funds but is not an expense in the SOA.	21,843
Compensated absences are not reported in the funds, but are reported as an amount paid in the SOA. This is the change in these amounts this year.	(10,082)
Current year sales tax paid back to the State of Texas, treated as long-term debt which is not recorded in the funds.	79,393
The implementation of GASB 68 required that certain expenditures be de-expended and recorded as deferred resource outflows. These contributions made after the measurement date of December 31, 2022 caused the change in the ending net position to increase by \$26,234. Contributions made before the measurement date but after the previous measurement date were reversed from deferred resource outflows and recorded as current year expense. This caused an actual decrease in the change in net position totalling \$24,173. The City's reported TMRS total net pension expense had to be recorded. The total pension expense decreased the change in net position by \$17,168. The result of these changes is a decrease in the change in net position by \$15,107	(15,107)
The implementation of GASB 75 required that certain expenditures be de-expended and recorded as deferred resource outflows. The City's reported TMRS total OPEB expense had to be recorded. The total OPEB Expense decreased the change in net position by \$1,691.	(1,691)
Change in Net Position of Governmental Activities - Statement of Activities	<u>\$ 256,226</u>

The accompanying notes are an integral part of the financial statements.

**CITY OF GOLIAD, TEXAS
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
SEPTEMBER 30, 2023**

	<u>Enterprise Funds</u>
ASSETS	
Current Assets:	
Cash and Cash Equivalents	\$ 798,617
Investments	2,254,775
Receivables, Net	624,493
Inventory	22,972
Restricted Assets:	
Cash and Cash Equivalents	159,817
Investments	538,527
Total Current Assets	<u>4,399,201</u>
Noncurrent Assets:	
Capital Assets, Net	6,543,470
Net Pension Asset	<u>30,311</u>
Total Noncurrent Assets	<u>6,573,781</u>
Total Assets	<u>10,972,982</u>
Deferred Outflows of Resources:	
Deferred Outflows Related to TMRS	60,920
Deferred Outflows Related to OPEB	<u>1,964</u>
Total Deferred Outflows	<u>62,884</u>

The accompanying notes are an integral part of the financial statements.

**CITY OF GOLIAD, TEXAS
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
SEPTEMBER 30, 2023**

Enterprise Funds

LIABILITIES

Current Liabilities	
Accounts Payable	767,716
Accrued Interest Payable	5,115
Accrued Compensated Absences	12,577
Accrued Payroll	12,315
Due to Other Funds	83,770
Long-Term Debt, Due Within One Year	106,344
Liabilities Payable from Restricted Assets:	
Customer Deposits	67,269
Total Current Liabilities	<u>1,055,106</u>
Noncurrent Liabilities	
Total OPEB Liability	16,724
Long-Term Debt, Due in More than One Year	982,884
Total Noncurrent Liabilities	<u>999,608</u>
Total Liabilities	<u>2,054,714</u>
Deferred Inflows of Resources:	
Deferred Inflows Related to TMRS	1,031
Deferred Inflows Related to OPEB	6,980
Total Deferred Inflows	<u>8,011</u>

NET POSITION

Net Position:	
Net Investment in Capital Assets	3,940,424
Restricted for Debt Service	106,344
Restricted for Capital Projects	1,276,826
Unrestricted Net Position	3,649,547
Total Net Position	<u>\$ 8,973,141</u>

The accompanying notes are an integral part of the financial statements.

CITY OF GOLIAD, TEXAS
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN
FUND NET POSITION
PROPRIETARY FUNDS
YEAR ENDED SEPTEMBER 30, 2023

	<u>Enterprise Funds</u>
Operating Revenues:	
Water Sales	\$ 623,571
Sewer Service	327,929
Other Sales	115,055
Water Well Assessment Fees	58,133
Miscellaneous	53,217
Connection Fees	21,179
Late Charges	22,358
Material & Labor Charges	1,904
Total Operating Revenues	<u>1,223,346</u>
Operating Expenses:	
Wages and Benefits	529,906
Materials and Supplies	56,750
Service	91,359
Maintenance	170,994
Other Operating Expense	39,104
Depreciation	292,118
Total Operating Expenses	<u>1,180,231</u>
Operating Income	<u>43,115</u>
Non-Operating Income (Expense)	
Grant Revenue	987,691
Investment Income	105,218
Interest and Fiscal Charges	<u>(15,847)</u>
Non-Operating Income, Net	<u>1,077,062</u>
Change in Net Position Before Transfers	1,120,177
Transfers From Other Funds, Net	<u>431,318</u>
Change in Net Position	1,551,495
Net Position, Beginning of Year	<u>7,421,646</u>
Net Position, End of Year	<u>\$ 8,973,141</u>

The accompanying notes are an integral part of the financial statements.

CITY OF GOLIAD, TEXAS
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
YEAR ENDED SEPTEMBER 30, 2023

	<u>Enterprise Funds</u>
Cash Flows from Operating Activities:	
Cash Received from Customers	\$ 1,410,871
Cash Payments to Employees	(516,719)
Cash Payments to Other Suppliers for Goods and Services	(423,755)
Net Cash Provided by Operating Activities	<u>470,397</u>
Cash Flows From Non-Capital Financing Activities:	
Decrease in Customer Deposits	(547)
Transfers From (To) Other Funds	446,940
Net Loans From Other Funds	77,095
Net Cash Provided by Non-Capital Financing Activities	<u>523,488</u>
Cash Flows From Capital and Related Financing Activities:	
Proceeds from Grants	987,691
Cash Payments for Purchases of Capital Assets	(1,352,799)
Principal Paid on Meter Note Payable	(54,183)
Principal Paid on Bonds	(50,000)
Interest Paid	(16,874)
Net Cash Used by Capital and Related Financing Activities	<u>(486,165)</u>
Cash Flows From Investing Activities:	
Net Disbursements of Investment Pools	(1,101,909)
Interest on Investments	105,216
Net Cash Used by Investing Activities	<u>(996,693)</u>
Net Decrease in Cash and Cash Equivalents	(488,973)
Cash and Cash Equivalents, Beginning of Year	<u>1,447,407</u>
Cash and Cash Equivalents, End of Year	<u>\$ 958,434</u>

The accompanying notes are an integral part of the financial statements.

**CITY OF GOLIAD, TEXAS
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
YEAR ENDED SEPTEMBER 30, 2023**

	<u>Enterprise Funds</u>
Reconciliation of Operating Income to Net Cash	
Provided by Operating Activities	
Operating Income	\$ <u>43,115</u>
Adjustments to Reconcile Operating Income to Net Cash	
Provided by Operating Activities	
Depreciation	292,118
Change in Assets, Deferred Outflows, and Liabilities:	
Increase in Receivables	(200,580)
Increase in Deferred Outflows	(48,248)
Decrease in Net Pension Asset	101,393
Decrease in OPEB Liability	(5,881)
Decrease in Deferred Inflows	(40,504)
Increase in Accounts Payable	322,557
Increase in Accrued Wages	79
Increase in Accrued Compensated Absences	<u>6,348</u>
Total Adjustments	<u>427,282</u>
Net Cash Provided by Operating Activities	\$ <u>470,397</u>
Reconciliation of Cash and Cash Equivalents	
Unrestricted Cash and Cash Equivalents	\$ 798,617
Restricted Cash and Cash Equivalents	<u>159,817</u>
Total Cash and Cash Equivalents	\$ <u>958,434</u>

The accompanying notes are an integral part of the financial statements.

CITY OF GOLIAD, TEXAS
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
SEPTEMBER 30, 2023

	Private-Purpose Trust Fund
	<u>White Family Endowment</u>
Assets:	
Investments	\$ 95,984
Liabilities - None	<u>-0-</u>
Net Position:	
Held in Trust for Specific Purposes	<u>\$ 95,984</u>

The accompanying notes are an integral part of the financial statements.

CITY OF GOLIAD, TEXAS
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
YEAR ENDED SEPTEMBER 30, 2023

	Private-Purpose Trust Fund <u>White Family Endowment</u>
Additions:	
Investment Income	\$ 965
Deductions:	
None	<u>-0-</u>
Change in Net Position	965
Other Financing Uses:	
Operating Transfers Out	<u>(965)</u>
Excess of Revenues and Other Sources Over Expenditures and Other Uses	-0-
Net Position, Beginning of Year	<u>95,984</u>
Net Position, End of Year	<u>\$ 95,984</u>

The accompanying notes are an integral part of the financial statements.

CITY OF GOLIAD, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

Note 1: Summary of Significant Accounting Policies

On October 25, 1844, Sam Houston, then President of the Republic of Texas, granted the corporation of the town of Goliad a letter patent for four leagues of land. The town became an important trading center for a large area and operated until 1896, when it was abolished by a majority vote of one. In another election called by the County Judge on October 5, 1925, the town was incorporated under the commission form of government with a mayor and two commissioners. Five years later, the corporate name "Town of Goliad" was changed to "City of Goliad" by ordinance. An election in 1984 resulted in changing to the aldermanic form of government with a mayor and five aldermen. The City provides the following services: public safety (fire), public transportation (streets), environmental protection (garbage), cultural and recreation, public works, and general administration.

The basic financial statements of the City of Goliad, Texas have been prepared in conformity with accounting principles generally accepted in the United States of America ("GAAP") as applied to governmental units. The Governmental Accounting Standards Board ("GASB") is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The following is a summary of the more significant policies:

Financial Reporting Entity -- In evaluating how to define the government, for financial reporting purposes, the City's management has considered all potential component units. The decision to include a potential component unit in the reporting entity was made by applying the criteria set forth in GASB Statement No. 14, "The Financial Reporting Entity" ("GASB 14") as amended by GASB Statement No. 39, "Determining Whether Certain Organizations are Component Units" ("GASB 39"). The City is not included in any other governmental reporting entity as defined by GASBs 14 and 39.

Generally accepted accounting principles require that the financial statements present the City (the primary government) and its component units. Component units generally are legally separate entities for which a primary government is financially accountable. Financial accountability ordinarily involves meeting both of the following criteria: the primary government is accountable for the potential component unit (i.e., the primary government appoints the voting majority of its board) and the primary government is able to impose its will upon the potential component unit, or there is a possibility that the component unit may provide specific financial benefits or impose specific financial burdens on the primary government. The component units are reported in a blended presentation method under the criteria of GASB Codification Section 2100. The following component units are included in the City's financial statements because of the significance of their financial relationships with the City:

CITY OF GOLIAD, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

Note 1: Summary of Significant Accounting Policies (Continued)

Goliad Volunteer Fire Department -- Established to provide fire protection to the citizens of the City of Goliad as well as the County of Goliad residents. The department is financially dependent on the City of Goliad for insurance, training, and facilities. The officers are elected by its members on an annual basis. The Goliad Volunteer Fire Department is presented as a governmental fund type.

Goliad Economic Development Corporation (EDC) -- Established for the purpose of collecting additional sales tax revenue for economic development in accordance with Chapter 501 of the Texas Local Government Code. This act allows the City to enact an additional sales tax for economic development. The EDC's board is appointed by the City Council. The EDC is presented as a governmental fund type.

Government-Wide Financial Statements -- The statement of net position and the statement of activities report information on all the non-fiduciary activities of the primary government and its component units. The statements distinguish between governmental and business-type activities. Governmental activities are generally financed through intergovernmental revenues and reimbursements from participants. Business-type activities are financed by fees charged to external parties for goods or services.

In the government-wide statement of net position, both the governmental and business-type activities columns are presented on a consolidated basis by column and are reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations.

The statement of activities presents a comparison between direct expenses and program revenues for each segment of the business-type activities of the City and for each function of the City's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. The City has certain indirect costs that are included in the program expense reported for individual function and activities.

Program revenues include charges paid by the recipients for goods or services offered by the programs and grants that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, such as property taxes and investment earnings, are presented as general revenues.

Fund Financial Statements -- Fund financial statements of the City are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts that constitute its assets, liabilities, fund equity, revenues, and expenditures/expenses. Funds are organized into two major categories: governmental and proprietary. An emphasis is placed on major funds within the governmental and proprietary categories. A fund is considered major if it is the primary operating fund of the City or meets the following criteria:

CITY OF GOLIAD, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

Note 1: Summary of Significant Accounting Policies (Continued)

- (a) total assets, liabilities, revenues, or expenditures/expenses of that individual governmental or enterprise fund are at least 10% of the corresponding total for all funds of that category or type; and
- (b) total assets, liabilities, revenues, or expenditures/expenses of that individual governmental or enterprise funds are at least 5% of the corresponding total for all governmental and business-type activities combined.

Governmental Funds -- Governmental Funds are those through which most governmental functions of the City are financed. The acquisition, use, and balances of the City's expendable financial resources and the related current liabilities (except those, if any, which should be accounted for in the Proprietary Fund) are accounted for through Governmental Funds.

Major Governmental Funds include the following:

General Fund -- The General Fund is the general operating fund of the City. It is used to account for all financial resources except those required to be accounted for in another fund.

Debt Service Fund -- This fund is used to account for payments of long-term debt.

Hotel Motel Occupancy Tax Fund -- This fund is used to account for receipts of Hotel and Motel tax funds and the related expenditures.

Proprietary Fund -- Proprietary Funds are used to account for the City's ongoing activities which are similar to those found in the private sector. The following Proprietary Fund type is maintained by the City:

Enterprise Funds -- An Enterprise fund is used to account for operations (a) that are financed and operated in a manner similar to private business enterprises - where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

The City has the following Enterprise Funds, which are considered major funds:

Water and Sewer Fund -- This fund is used to account for the activities of the City related to its water distribution system and sewage treatment plant.

Capital Projects CDBG Grant -- This fund is used to account for the activities of the City related to its CDBG grant and related capital project.

Capital Projects GLO Grant -- This fund is used to account for the activities of the City related to its GLO grant and related capital project.

Capital Projects GLO-MIT Grant -- This fund is used to account for the activities of the City related to its GLO-MIT grant and related capital project.

CITY OF GOLIAD, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

Note 1: Summary of Significant Accounting Policies (Continued)

Fiduciary Fund -- Fiduciary funds are used to account for assets held in trust by the City for the benefit of individuals or other entities. The following Fiduciary Fund type is maintained by the City:

Private-Purpose Trust Fund -- The private-purpose trust fund is used to report the activities for the specific purpose as set out in the agreement with the City.

The City has the following Private-Purpose Trust Fund:

White Family Endowment -- The City uses the earnings from this endowment to maintain a cemetery located in the City.

The City applies all applicable Financial Accounting Standards Board ("FASB") pronouncements in the accounting and reporting for its proprietary operations. In accordance with a GASB pronouncement, the City does not follow FASB pronouncements issued after November 30, 1989.

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within sixty days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

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

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between various functions of the City. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as program revenues include (a) charges to customers or applicants for goods, services, or privileges provided, (b) operating grants and contributions, and (c) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than program revenues. General revenues include all taxes.

CITY OF GOLIAD, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

Note 1: Summary of Significant Accounting Policies (Continued)

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the City's Enterprise Fund (the Water and Sewer Fund) are charges to customers for sales and services. The Water and Sewer Fund also recognizes as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the system. Operating expenses for the enterprise fund includes the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Fund Balance Policy -- In accordance with GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* ("GASB 54"), the City reports fund balances for governmental funds in classifications based primarily on the extent to which the City is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. The *nonspendable* classification represents assets that will be consumed or "must be maintained intact" and therefore will never convert to cash, such as infrastructure and property assets. Provisions of laws, contracts, and grants specify how fund resources can be used in the *restricted* classification. The nature of these two classifications precludes a need for a policy from the City Council. However, the Council has adopted fund balance policies for the three unrestricted classifications – committed, assigned, and unassigned.

Committed fund balance includes amounts that can only be used for specific purposes, and is reported pursuant to resolutions passed by the City Council, the City's highest level of decision making authority. Commitments may be modified or rescinded only through resolutions approved by the City Council.

Assigned fund balance includes amounts that the City intends to use for specific purposes, but that do not meet the definition of restricted or committed fund balance.

Unassigned fund balance includes amounts that have not been restricted, committed, or assigned to a specific purpose in the General Fund, or assigned to another fund.

From time to time, the City Council may commit fund balances by a majority vote in a scheduled meeting. The Council's commitment may be modified or rescinded by a majority vote in a scheduled meeting. Council commitments cannot exceed the amount of fund balance that is greater than the sum of nonspendable and restricted since that practice would commit funds that the City does not have. Commitments may be for facility expansion or renovation, program modifications, wage and salary adjustments, financial cushions (rainy day funds), and other purposes determined by the Council.

**CITY OF GOLIAD, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023**

Note 1: Summary of Significant Accounting Policies (Continued)

The City Council may delegate authority to specified persons or groups to make assignments of certain fund balance by a majority vote in a scheduled meeting. The Council may modify or rescind its delegation of authority by the same action.

Equity Classifications –

Government-Wide Statements: Equity is classified as net position and displayed in three components:

- a. **Net Investment in Capital Assets:** Consists of capital assets including restricted capital assets, net of accumulated depreciation and any outstanding debt used to acquire such assets.
- b. **Restricted net position:** Consists of net position with constraints placed on their use by either (1) external groups such as creditors, grantors, or laws or regulations of other governments; or (2) law through constitution provisions or enabling legislation.
- c. **Unrestricted net position:** All other net positions that do not meet the definition of “restricted” or “invested in capital assets, net of related debt”.

Fund Statements: Governmental Fund equity is classified as fund balance. Fund balance is further classified according to the classifications under the Fund Balance Policy listed previously. Proprietary Fund equity is classified in the same manner as net position in the government-wide statements.

Budgets and Budgetary Accounting -- The City follows these procedures in establishing the budgetary data reflected in the financial statements:

Prior to September 1, the City Finance Officer submits to the City Council a proposed operating budget for the fiscal year commencing the following October 1. The operating budget includes proposed expenditures and the means of financing them.

Public hearings are conducted at the City Council to obtain taxpayer comments.

Prior to September 30, the budget is legally enacted through passage of an ordinance.

The City Finance Officer is authorized to transfer budgeted amounts between line-items within a department; however, any revisions that alter the total expenditures of any department must be approved by the City Council. The reported budgetary data reflects all amendments approved during the year.

Formal budgetary integration is employed as a management control device during the year for the City’s governmental funds.

CITY OF GOLIAD, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

Note 1: Summary of Significant Accounting Policies (Continued)

Budgets for all governmental and proprietary funds are adopted using the modified accrual basis of accounting, which is consistent with GAAP. Actual revenues and expenses compared to budget is presented in the "Required Supplementary Information" section of this report.

All appropriations lapse at year-end. The City does not employ the use of encumbrances in its budgetary accounting.

Cash, Cash Equivalents, and Investments -- The City's cash and cash equivalents include amounts on hand, amounts in demand deposit accounts and short-term investments with original maturities of three months or less from the date of acquisition. Investments for the City, as well as the component units, are reported at estimated fair value.

Receivables -- All trade, property tax, and other receivables are shown net of an allowance for uncollectible accounts. The property tax receivable allowance is comprised of varying percentages of taxes still outstanding at September 30, 2023 for each tax year of levy times a percentage of uncollectible accounts. As of September 30, 2023, the allowances for the General Fund and Debt Service Fund were \$57,179 and \$8,546, respectively.

Activities between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as "due to/from other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statement as "internal balances."

Inventory -- Inventories of materials and supplies held by the Water and Sewer Fund are valued at the lower of cost (first-in, first-out) or market. Estimated cost is used when actual cost figures are not available. Inventories are not maintained in the General Fund since materials and supplies are charged to related expenditure accounts when purchased. As these amounts are not material to the financial statements, the exclusion of inventories does not materially affect the financial position or results of operations in the General Fund.

Capital Assets -- Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, drainage systems, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide statement of net position. The City defines capital assets 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 (actual or estimated) if purchased or constructed. Donated assets are recorded at estimated fair value at the date of donation.

CITY OF GOLIAD, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

Note 1: Summary of Significant Accounting Policies (Continued)

As allowed by GASB Statement No. 34, the City has elected not to retroactively report major general infrastructure assets including streets, bridges, sidewalks, etc.

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

Major outlays for capital assets and improvements are capitalized as the projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is not included as part of the capitalized value of the assets.

Property, plant, equipment, and infrastructure assets of the primary government and the component units are depreciated using the straight-line method over the following estimated useful lives:

<u>Asset Class</u>	<u>Years</u>
Buildings and Building Improvements	20 - 40
Water and Sewer Distribution System	40
Furniture, Machinery, and Equipment	5 - 10

Compensated Absences -- Vacation and sick leave benefits are earned by City employees according to guidelines contained in the City's personnel policy. The City's policy allows for accumulation of sick leave, but does not provide for payment of any unused sick leave upon termination. Employees do have the option of cashing in an amount of sick leave each year around Christmas, with limits being based on the number of years of service. Accordingly, since such accumulated amounts are non-vesting, unused sick leave of \$64,034 at September 30, 2023, was not accrued in the financial statements. Employees earn a maximum of twelve days of vacation leave per year and are paid for any unused vacation leave upon termination of employment (a maximum of six days can be carried forward each year). During the year ended September 30, 2023, employees were allowed to cash out any unused vacation over the six days that they are permitted to carry forward. At September 30, 2023, the City's liability for accrued vacation pay was \$31,005. This liability was recorded in the appropriate funds in accordance with governmental accounting standards.

Long-Term Obligations -- In the government-wide financial statements, and in the proprietary fund type of the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, and proprietary fund type statements of net position.

Long-term debt of the governmental activities consists of a fire truck lease.

Long-term debt of the proprietary fund type consists of the Series 2019 Certificates of Obligation, and a loan for the water meters.

CITY OF GOLIAD, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

Note 1: Summary of Significant Accounting Policies (Concluded)

Use of Estimates -- The preparation of the government-wide and fund financial statements in conformity with GAAP requires the City to make estimates and assessments 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 amount of revenues and expenses/expenditures during the reporting period. Accordingly, actual results could differ from those estimates.

Restricted Assets -- At September 30, 2023, the Water and Sewer Fund had restricted assets which consisted of customer meter deposits of \$67,269, cash reserved for infrastructure improvements of \$92,548, and an investment reserve for infrastructure improvements of \$538,527. The General Fund had restricted cash related to cemetery funds, debt service reserve, street sales tax funds, hotel-motel funds, and economic development funds.

Subsequent Events -- Management evaluates events or transactions that occur subsequent to year end for potential recognition or disclosure in the financial statements through the date on which the financial statements are available to be issued. The financial statements were approved by management and available to be issued on June 26, 2024.

Note 2: Deposits and Investments

Cash Deposits -- During the year ended September 30, 2023, the City maintained cash deposits at three financial institutions. The bank balance and carrying amount held totaled \$2,671,194 and \$2,503,004, respectively, as of September 30, 2023. The accounts held at each financial institution were fully insured by the Federal Deposit Insurance Corporation ("FDIC") and pledged securities. The pledged securities held in the City's name had a balance at September 30, 2023 of \$2,846,294.

The term "deposits" and "cash and cash equivalents" are not analogous. Deposits are herein reported as defined in GASB Statement No. 40, while items included in cash and cash equivalents in the financial statements are based upon guidelines established by GASB Statement No. 9. The following schedule reconciles these two amounts.

CITY OF GOLIAD, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

Note 2: Deposits and Investments (Continued)

	<u>General Government</u>		<u>Component Unit</u> <u>Volunteer Fire Department</u>		<u>Component Unit</u> <u>Economic Development Corporation</u>		<u>Totals</u>	
	<u>Bank</u> <u>Balance</u>	<u>Carrying</u> <u>Amount</u>	<u>Bank</u> <u>Balance</u>	<u>Carrying</u> <u>Amount</u>	<u>Bank</u> <u>Balance</u>	<u>Carrying</u> <u>Amount</u>	<u>Bank</u> <u>Balance</u>	<u>Carrying</u> <u>Amount</u>
Deposits Held at Primary Depository Bank	\$1,994,422	\$1,889,336	\$ -0-	\$ -0-	\$ 544,500	\$ 539,500	\$ 2,538,922	\$ 2,428,836
Deposits Held at Secondary Financial Institutions	<u>287,794</u>	<u>229,544</u>	<u>33,456</u>	<u>33,602</u>	<u>-0-</u>	<u>-0-</u>	<u>321,250</u>	<u>263,146</u>
Total Deposits	2,282,216	2,118,880	33,456	33,602	544,500	539,500	2,860,172	2,691,982
Less: Certificates of Deposit Categorized as Investments	<u>188,978</u>	<u>188,978</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>188,978</u>	<u>188,978</u>
Total Cash and Cash Equivalents	<u>\$2,093,238</u>	<u>\$2,797,052</u>	<u>\$ 33,456</u>	<u>\$ 33,602</u>	<u>\$ 544,500</u>	<u>\$ 539,500</u>	<u>\$ 2,671,194</u>	<u>\$ 2,503,004</u>
Total Cash and Cash Equivalents Per Financial Statements:								
Statement of Net Position - Unrestricted							\$ 1,433,798	
Statement of Net Position - Restricted							<u>1,069,206</u>	
Total Cash and Cash Equivalents							<u>\$ 2,503,004</u>	

CITY OF GOLIAD, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

Note 2: Deposits and Investments (Continued)

Investments -- The City may invest its excess funds in any instruments authorized by the Public Funds Investments Act of Texas. Investments authorized under this Act include, but are not limited to, the following: obligations of the United States or its agencies and instrumentalities; direct obligations of the State of Texas or its agencies and instrumentalities; collateralized mortgage obligations directly issued by a federal agency or instrumentality of the United States, the underlying security for which is guaranteed by an agency or instrumentality of the United States; other obligations, the principal and interest of which are unconditionally guaranteed or insured by, or backed by, the full faith and credit of the State of Texas, or the United States, or their respective agencies and instrumentalities; certificates of deposit issued by a financial institution domiciled in the State of Texas which are guaranteed or insured by the FDIC or otherwise secured; and certain repurchase agreements.

TexPool and MBIA Texas Class (investment pools) operate in a manner consistent with the Securities and Exchange Commission's ("SEC") Rule 2a-7 of the Investment Company Act of 1940. TexPool is not registered with the SEC as an investment company. Instead, the regulatory oversight for the pool is the State of Texas. MBIA Texas Class is registered with the SEC. The pools use amortized cost rather than market value to report net position to compute share prices. Accordingly, the fair value of the position in the pools is the same as the value of the shares in the pools.

Local government investment pools in Texas are established under the authority of the Interlocal Cooperation Act, Chapter 791 of the Texas Government Code, and are subject to the provisions of the Public Funds Investment Act (the "Act"), Chapter 2256 of the Texas Government Code. In addition to other provisions of the Act designed to promote liquidity and safety of principal, the Act requires pools to (a) have an advisory board composed of participants in the pool and other persons who do not have a business relationship with the pool and are qualified to advise the pool; (b) maintain a continuous rating of no lower than AAA or AAAm or an equivalent rating by at least one nationally recognized rating service; and (c) maintain the market value of its underlying investment portfolio within one-half of one percent of the value of its shares.

Analysis of Specific Deposit and Investment Risks -- GASB Statement No. 40 requires a determination as to whether the City was exposed to the following specific investment risks at year end and if so, the reporting of certain related disclosures:

- a. **Credit Risk --** Credit Risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The ratings of securities by nationally recognized rating agencies are designed to give an indication of credit risk. At year end, the City was not significantly exposed to credit risk.

CITY OF GOLIAD, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

Note 2: Deposits and Investments (Concluded)

At September 30, 2023, the City's investments, other than those which are obligations of or guaranteed by the U.S. Government, are rated as to credit quality as follows:

<u>Description</u>	<u>Rating</u>	<u>Organization</u>
TexPool	AAAm	Standard & Poor's
MBIA Texas Class	AAAm	Standard & Poor's

- b. **Custodial Credit Risk** -- Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party.

The custodial risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, a government will not be able to recover the value of investment or collateral securities that are in the possession of an outside party.

At year end, the City was not exposed to custodial credit risk.

- c. **Concentration of Credit Risk** -- This risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. At year end, the City was not exposed to concentration of credit risk.
- d. **Interest Rate Risk** -- This is the risk that changes in interest rates will adversely affect the fair value of an investment. At year end, the City was not exposed to interest rate risk.
- e. **Foreign Currency Risk** -- This is the risk that exchange rates will adversely affect the fair value of an investment. At year end, the City was not exposed to foreign currency risk.

Note 3: Receivables

Receivables at September 30, 2023 consisted of the following:

	<u>General</u>	<u>Debt Service</u>	<u>Water and Sewer</u>	<u>Hotel/Motel Fund</u>	<u>Special Rev & Component Units</u>	<u>Totals</u>
Gross Receivables:						
Accounts	\$ 43,608	\$ -0-	\$ 135,884	\$ -0-	\$ -0-	\$ 179,492
Grants	-0-	-0-	488,609	-0-	-0-	488,609
Ad Valorem Taxes	107,968	26,409	-0-	-0-	-0-	134,377
Franchise Taxes	10,662	-0-	-0-	-0-	-0-	10,662
Sales Taxes	62,232	-0-	-0-	-0-	-0-	62,232
Hotel-Motel Taxes	-0-	-0-	-0-	10,255	-0-	10,255
Total Gross Receivables	224,470	26,409	624,493	10,255	-0-	885,627
Less: Allowances	(\$7,179)	(8,546)	-0-	-0-	-0-	(65,725)
Total Net Receivables	\$ 167,291	\$ 17,863	\$ 624,493	\$ 10,255	\$ -0-	\$ 819,902

CITY OF GOLIAD, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

Note 3: Receivables (Concluded)

City property tax revenues are recognized when tax payments are received by the City. All property taxes receivable (net of allowances) at September 30, 2023 are recorded as deferred revenue in the City's fund financial statements.

Property taxes attach as an enforceable lien on property as of January 31. Taxes are levied on October 1 and payable by the following January 31. The Goliad Independent School District (the "District") bills and collects the City of Goliad's property taxes. Collections of the City's taxes and the daily remittance of taxes to the City are accounted for by the District.

Note 4: Interfund Receivables, Payables, and Transfers

Interfund Receivables and Payables -- During the fiscal year, various funds of the City were involved in transactions that created interfund receivable and payable balances. These transactions are related to such activities as the purchase of goods by one fund on behalf of another and the receipt of revenue in one fund that belongs to or is designated for another fund.

Interfund receivable and payable balances at September 30, 2023, were as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>	<u>Purpose</u>
General Fund	Various	\$ 230,263	Short-Term Advance
Debt Service Fund	General Fund	\$ 6,480	Short-Term Advance
Sales Tax Street Fund	General Fund	\$ 7,249	Short-Term Advance
Enterprise Fund	Debt Service Fund	\$ 50,612	Short-Term Advance
Economic Development Corp	General Fund	\$ 7,838	Short-Term Advance

All interfund receivables and payables are expected to be repaid within one year.

Interfund Transfers -- During the fiscal year, the City transferred funds between the Water and Sewer Fund and the General Fund and between the Fiduciary Fund and the General Fund. These transfers were for the operating expenses of the Water and Sewer Fund and the payment of maintenance expenses for the cemetery. Transfers to and from other funds facilitated clearing amounts receivable and payable among funds.

CITY OF GOLIAD, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

Note 5: Capital Assets

The City's capital asset activity for the year ended September 30, 2023, was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental Activities:				
Capital Assets Not Being Depreciated:				
Land	\$ 56,238	\$ -0-	\$ -0-	\$ 56,238
Construction in Progress	-0-	298,010	-0-	298,010
Total Assets Not Being Depreciated	<u>56,238</u>	<u>298,010</u>	<u>-0-</u>	<u>354,248</u>
Capital Assets Being Depreciated:				
Buildings and Building Improvements	1,168,579	-0-	-0-	1,168,579
Furniture, Machinery, and Equipment	1,678,537	119,083	-0-	1,797,620
Infrastructure	1,789,693	-0-	-0-	1,789,693
Total Capital Assets Being Depreciated	<u>4,636,809</u>	<u>119,083</u>	<u>-0-</u>	<u>4,755,892</u>
Less Accumulated Depreciation for:				
Buildings and Building Improvements	528,176	26,959	-0-	555,135
Furniture, Machinery, and Equipment	1,133,166	88,963	-0-	1,222,129
Infrastructure	447,957	82,796	-0-	530,753
Total Accumulated Depreciation	<u>2,109,299</u>	<u>198,718</u>	<u>-0-</u>	<u>2,308,017</u>
Total Capital Assets Being Depreciated, Net	<u>2,527,510</u>	<u>(79,635)</u>	<u>-0-</u>	<u>2,447,875</u>
Governmental Activities Capital Assets, Net	<u>\$ 2,583,748</u>	<u>\$ 218,375</u>	<u>\$ -0-</u>	<u>\$ 2,802,123</u>
	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Business-Type Activity:				
Capital Assets Not Being Depreciated:				
Construction in Progress	\$ 604,188	\$1,586,617	\$ 299,750	\$ 1,891,055
Total Assets Not Being Depreciated	<u>604,188</u>	<u>1,586,617</u>	<u>299,750</u>	<u>1,891,055</u>
Capital Assets Being Depreciated:				
Water System	6,233,624	299,750	-0-	6,533,374
Sewer System	1,793,423	-0-	-0-	1,793,423
Vehicles and Equipment	1,000,575	103,721	-0-	1,104,296
Total Capital Assets Being Depreciated	<u>9,027,622</u>	<u>403,471</u>	<u>-0-</u>	<u>9,431,093</u>
Less Accumulated Depreciation for:				
Water System	2,944,055	160,535	-0-	3,104,590
Sewer System	988,630	37,676	-0-	1,026,306
Vehicles and Equipment	553,875	103,721	-0-	647,782
Total Accumulated Depreciation	<u>4,486,560</u>	<u>292,118</u>	<u>-0-</u>	<u>4,778,678</u>
Total Capital Assets Being Depreciated, Net	<u>4,541,062</u>	<u>111,353</u>	<u>-0-</u>	<u>4,652,415</u>
Business-Type Activity Capital Assets, Net	<u>\$ 5,145,250</u>	<u>\$1,697,970</u>	<u>\$ 299,750</u>	<u>\$ 6,543,470</u>

CITY OF GOLIAD, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

Note 5: Capital Assets (Concluded)

Depreciation expense was charged to functions/programs of the City as follows:

Governmental Activities:

General Government	\$ 69,550
Public Safety	81,476
Public Works	15,898
Cultural and Recreation	<u>31,794</u>

Total Depreciation Expense - Governmental Activities	<u>\$ 198,718</u>
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Business-Type Activity:

Water	\$ 160,535
Sewer	37,676
Other	<u>93,907</u>

Total Depreciation Expense - Business-Type Activity	<u>\$ 292,118</u>
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Note 6: Pension Plan

Plan Description -- The City participates in a nontraditional, joint contributory, hybrid defined benefit pension plan administered by 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 multi-employer retirement system for municipal employees in the State of Texas. The TMRS Act places the general administration and management of the TMRS 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.tmr.com.

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

Benefits Provided -- TMRS provides retirement, disability, and death benefits. Benefit provisions are adopted by the governing body of the City, with the options available in the state statutes governing TMRS.

At retirement, the benefit is calculated as if the sum of the employee contributions, with interest, and the City-financed monetary credits with interest were used to purchase an annuity. Members may 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 GOLIAD, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

Note 6: Pension Plan (Continued)

The plan provisions are adopted by the governing body of the City, within the options available in the state statutes governing TMRS. Plan provisions of the City for plan year 2022 were as follows:

Employee Deposit Rate	7.00%
Matching Ratio (City to employee)	2 to 1
Years required for vesting	5
Service retirement eligibility	
(Expressed as age/years of service)	60/5, 0/20
Updated service credit	100.00 repeating
Annuity increase (to retirees)	70.00% of CPI

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	11
Inactive employees entitled to but not yet receiving benefits	14
Active employees	<u>15</u>
Total	<u>40</u>

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

Employees for the City were required to contribute 7.00% of their annual gross earnings during the fiscal year. The contribution rates for the City were 6.01% and 5.62% in calendar years 2022 and 2023, respectively. The City's contributions to TMRS for the fiscal year ended September 30, 2023 were \$52,657, and were equal to the required contributions.

CITY OF GOLIAD, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

Note 6: Pension Plan (Continued)

Net Pension Asset --

	Total Pension (A)	Plan Fiduciary Net Position (B)	Net Pension Asset (B) - (A)
Balance at 12/31/2021	\$ 2,281,001	\$ 2,739,938	\$ 458,937
Changes for the year:			
Service Cost	109,638	-0-	(109,638)
Interest	153,424	-0-	(153,424)
Change in Benefit Terms	-0-	-0-	-0-
Difference Between Expected vs. Actual Experience	(2,972)	-0-	2,972
Changes of Assumption	-0-	-0-	-0-
Contributions - Employer	-0-	47,283	47,283
Contributions - Employee	-0-	57,966	57,966
Net Investment Income	-0-	(198,810)	198,810
Benefit Payments, Including Refunds			
Of Employee Contributions	(125,372)	(125,732)	-0-
Administrative Expenses	-0-	(1,731)	(1,731)
Other Charges	-0-	2,065	2,065
Net Changes	134,358	(218,959)	353,317
Balance at 12/31/2022	\$ 2,415,359	\$ 2,520,979	\$ 105,620

Sensitivity of the Net Pension Asset to Changes in the Discount Rate -- The following represents the net pension asset of the City, calculated by using the discount rate of 6.75%, as well as what the City's net pension asset would have been if it were calculated using a discount rate that is 1 percentage point lower (5.75%) or 1 percentage point higher (7.75%) than the current rate.

	1% Decrease in Discount Rate (5.75%)	Discount Rate (6.75%)	1% Increase in Discount Rate (7.75%)
Net Pension Asset	\$ (197,049)	\$ 105,620	\$ 356,148

CITY OF GOLIAD, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

Note 6: Pension Plan (Continued)

Pension Expense and Deferred Outflows of Resources -- For the year ended September 30, 2023, the City recognized pension expense in the amount of \$71,359.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience (net of current year amortization)	\$ -0-	\$ 3,094
Differences between projected and actual investment earnings (net of current year amortization)	174,550	-0-
Contributions subsequent to the measurement date	<u>36,790</u>	<u>-0-</u>
Total	<u>\$ 211,340</u>	<u>\$ 3,094</u>

\$36,790, reported as deferred outflows of resources related to pensions resulting in contributions subsequent to the measurement date, will be recognized as an increase to the net pension asset for the year ended September 30, 2024. Other amounts reported as deferred inflows and outflows of resources related to pensions will be recognized in pension expense as follows:

Years Ended September 30,

2024	\$ 6,849
2025	41,822
2026	46,033
2027	76,752
2028	-0-
Thereafter	<u>-0-</u>
Total	<u>\$ 171,456</u>

CITY OF GOLIAD, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

Note 6: Pension Plan (Continued)

The table below reports the details of the Deferred Outflows and Inflows of Resources:

Description	Measurement Year Added	Original Basis	Life (In Years)	Beginning Balance	Current Year		Ending Balance
					Additions	Expense	
Deferred Outflows of Resources - Debit Amounts:							
Difference between expected and actual experience	2020	15,973	2.8200	\$ 4,645	\$ -0-	\$ 4,645	\$ -0-
Difference between projected and actual earnings	2022	383,756	5.0000	-0-	383,756	76,751	307,005
Difference between projected and actual earnings	2018	201,037	5.0000	40,209	-0-	40,209	-0-
Subtotal - Difference between projected and actual earnings				40,209	383,756	116,960	307,005
Total Deferred Outflows of Resources - Debit Amounts				44,854	383,756	121,605	307,005
Deferred Inflows of Resources - Credit Amounts:							
Difference between expected and actual experience	2022	(2,972)	3.4100	-0-	(2,972)	(872)	(2,100)
Difference between expected and actual experience	2021	(3,304)	1.8600	(2,149)	-0-	(1,155)	(994)
Subtotal - Difference between expected and actual experience				(2,149)	(2,972)	(2,027)	(3,094)
Difference between projected and actual earnings	2021	(151,810)	5.0000	(121,448)	-0-	(30,362)	(91,086)
Difference between projected and actual earnings	2020	(18,475)	5.0000	(11,085)	-0-	(3,695)	(7,390)
Difference between projected and actual earnings	2019	(169,891)	5.0000	(67,957)	-0-	(33,978)	(33,979)
Subtotal - Difference between projected and actual earnings				(200,490)	-0-	(68,035)	(132,455)
Total Deferred Inflows of Resources - Credit Amounts				(202,639)	(2,972)	(70,062)	(135,549)
Net Deferred Inflows of Resources				\$ (157,785)	\$ 380,784	\$ 51,543	\$ 171,456

CITY OF GOLIAD, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

Note 6: Pension Plan (Continued)

The table below reports the detail of the future amortization of Deferred Outflows and Inflows of Resources:

	Future Amortization By Year:						
	2023	2024	2025	2026	2027	Thereafter	Total
Difference between expected and actual experience	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-
Difference between projected and actual earnings	76,751	76,751	76,751	76,752	-0-	-0-	307,005
Difference between projected and actual earnings	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Subtotal - Differences between expected and actual experience	76,751	76,751	76,751	76,752	-0-	-0-	307,005
Total Deferred Outflows of Resources - Debit Amounts	76,751	76,751	76,751	76,752	-0-	-0-	307,005
Deferred Inflows of Resources - Credit Amounts:							
Difference between expected and actual experience	(872)	(872)	(356)	-0-	-0-	-0-	(2,100)
Difference between expected and actual experience	(994)	-0-	-0-	-0-	-0-	-0-	(994)
Subtotal - Differences between expected and actual experience	(1,866)	(872)	(356)	-0-	-0-	-0-	(3,094)
Deferred Inflows of Resources - Credit Amounts:							
Changes in assumptions	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Subtotal - Differences between expected and actual experience	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Difference between projected and actual earnings	(30,362)	(30,362)	(30,362)	-0-	-0-	-0-	(91,086)
Difference between projected and actual earnings	(3,695)	(3,695)	-0-	-0-	-0-	-0-	(7,390)
Difference between projected and actual earnings	(33,979)	-0-	-0-	-0-	-0-	-0-	(33,979)
Subtotal - Differences between projected and actual earnings	(68,036)	(34,057)	(30,362)	-0-	-0-	-0-	(132,455)
Total Deferred Inflows of Resources - Credit Amounts	(69,902)	(34,929)	(30,718)	-0-	-0-	-0-	(135,549)
Net Deferred Outflows of Resources	\$ 6,849	\$ 41,822	\$ 46,033	\$ 76,752	\$ -0-	\$ -0-	\$ 171,456

CITY OF GOLIAD, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

Note 7: Other Post-Employment 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 SDB 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 SDB is considered to be an unfunded OPEB plan. For purposes of reporting under GASB 75, the retiree portion of the SDB is not considered a cost sharing plan and is instead considered a single employer, defined benefit OPEB plan.

Contributions -- The employees of the City were not required to make contributions related to other post-employment benefits. The contribution rate for the City was 0.42% for calendar year 2023. The City was not required to contribute for the year ended September 30, 2023.

Total OPEB Liability --

	Total OPEB Liability
Balance at 12/31/21	\$ 78,489
Changes for the Year:	
Service Cost	4,472
Interest	1,476
Change in Benefit Terms	-0-
Difference Between Expected and Actual Experience	315
Changes in Assumptions	(25,763)
Benefit Payments	(994)
Net Changes	(20,494)
Balance at 12/31/22	\$ 57,995

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate -- The following represents the total OPEB liability of the City, calculated by using the discount rate of 4.05%, as well as what the City's total OPEB liability would have been 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 in Discount Rate (3.05%)	Discount Rate (4.05%)	1% Increase in Discount Rate (5.05%)
Total OPEB Liability	\$ 68,068	\$ 57,995	\$ 49,911

CITY OF GOLIAD, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

Note 7: Other Post-Employment Benefits (OPEB) (Concluded)

OPEB Expense and Deferred Outflows of Resources -- For the year ended September 30, 2023, the City recognized OPEB expense in the amount of \$3,335.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 253	\$ 3,537
Changes in actuarial assumption	<u>6,590</u>	<u>20,781</u>
Total	<u>\$ 6,843</u>	<u>\$ 24,318</u>

The City will not recognize a reduction of the total OPEB liability for the year ended September 30, 2024. Other amounts reported as deferred inflows and outflows of resources related to pensions will be recognized in pension expense as follows:

Years Ended September 30,

2024	\$ (1,785)
2025	(4,775)
2026	(5,414)
2027	(4,980)
2028	(548)
Thereafter	<u>-0-</u>
Total	<u>\$ (17,475)</u>

Note 8: Risk Management

The City is exposed to various risks of loss encompassed in the areas of general liabilities, workers' compensation claims, and employee health-related costs. The City has purchased general liability and workers' compensation insurance to cover potential losses in those areas. The City has entered into interlocal agreements with the Texas Municipal League Intergovernmental Risk Pool ("TML-IRP") for general liability and workers' compensation coverages. Through the payment of contributions to the TML-IRP, the City has transferred these risks to the TML-IRP. The City has not retained any risks other than the deductible, and is covered up to the limits of coverage after the deductible.

CITY OF GOLIAD, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

Note 8: Risk Management (Concluded)

The City has also entered into an interlocal agreement with the Texas Municipal League Intergovernmental Employees Benefit Pool ("TML-IEBP") for health insurance and life insurance coverage for its employees. The City has adopted one of the benefit plans of the TML-IEBP which requires a monthly contribution rate for each of the City's employees of \$908.74 for health insurance and \$3.51 for life insurance per employee. This amount is paid by the City. Dependent coverage is available for additional premiums paid by the employee.

Note 9: Bonds and Certificates of Obligation Payable

Following is a summary of transactions for the year ended September 30, 2023, involving the 2019 bonds and certificate of obligation issued by the City.

	Beginning Balance 10/01/22	Increases	Decreases	Ending Balance 09/30/23	Amounts Due Within One Year
<u>Business-Type Activity:</u>					
2019 Combination Certificates					
2/15/21-2/15/39, % - Varies	\$ 900,000	\$ -0-	\$ 50,000	\$ 850,000	\$ 50,000

The annual debt service requirements for bonds and certificates of obligation are shown below:

Business-Type Activities:			
Year Ending September 30,	Principal	Interest	Total
2024	\$ 50,000	\$ 5,069	\$ 55,069
2025	50,000	4,949	54,949
2026	50,000	4,809	54,809
2027	50,000	4,647	54,647
2028	50,000	4,454	54,454
2029-2039	600,000	26,659	626,659
Total	<u>\$ 850,000</u>	<u>\$ 50,587</u>	<u>\$ 900,587</u>

The bonds are secured by an annual tax levy sufficient to pay principal and interest, supplemented by revenues if necessary. Interest expense on long-term debt obligations for the business-type activity during the year ended September 30, 2023 was \$15,847.

CITY OF GOLIAD, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

Note 10: Notes Payable – General Fund

The City acquired a fire truck during the year ended September 30, 2019 through a capital lease. Below are the terms relating to the lease:

	<u>Amount</u>	<u>Interest Rate</u>	<u>Installment</u>	<u>Maturity Date</u>	<u>Security</u>
Fire Truck	\$ 232,944	3.991%	\$ 28,726/year	April 2029	Property Tax

Current year transactions are detailed below:

<u>Governmental Activities:</u>					
<u>Beginning Balance 10/01/22</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance 09/30/23</u>	<u>Principal Due Within One Year</u>	
Note Payable	\$ 172,474	\$ -0-	\$ 21,843	\$ 150,631	\$ 22,714

The annual debt service requirements for the notes payable are as shown below:

<u>Year Ending September 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 22,714	\$ 6,012	\$ 28,726
2025	23,621	5,105	28,726
2026	24,564	4,162	28,726
2027	25,544	3,182	28,726
2028	26,563	2,163	28,726
2029	27,625	1,101	28,726
Totals	<u>\$ 150,631</u>	<u>\$ 21,725</u>	<u>\$ 172,356</u>

Note 11: Other Long-Term Payable – General Fund

A local entity overpaid sales taxes in prior years. These taxes were remitted to the State of Texas and ultimately became part of the City's sales tax revenue. When the error was discovered, it was determined the City owed the State \$608,796 as of September 30, 2022. This was not included in the prior audit and appears throughout the financial statements as a prior period adjustment or change to beginning net position. The City has agreed to pay back \$7,247 a month, with a final payment of \$4,542 in September 2029. Debt service requirements are \$86,964 due for the years ending September 30, 2024 through 2028, and \$84,259 in September 30, 2029. Although this is not technically a note payable, it is included in long-term debt on the Statement of Net Position.

CITY OF GOLIAD, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

Note 12: Note Payable – Enterprise Funds

The City acquired new meters during the year ended September 30, 2013 through a note payable that began as an interim loan during the year ended September 30, 2012. Below are the terms relating to the notes:

	<u>Original Amount</u>	<u>Interest Rate</u>	<u>Installment</u>	<u>Maturity Date</u>	<u>Security</u>
Meters	\$734,193	3.99%	\$65,889/year	Mar. 2027	Ad Valorem Taxes

Current year transactions are detailed below:

Business-Type Activities:					
	<u>Beginning Balance 10/01/22</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance 09/30/23</u>	<u>Principal Due Within One Year</u>
Note Payable – Meters	\$ 293,411	\$ -0-	\$ 54,182	\$ 239,229	\$ 56,344

The annual debt service requirements for the note payable are as shown below:

<u>Year Ending September 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 56,344	\$ 9,545	\$ 65,889
2025	58,592	7,297	65,889
2026	60,930	4,959	65,889
2027	63,363	2,526	65,889
Totals	<u>\$ 239,229</u>	<u>\$ 24,327</u>	<u>\$ 263,556</u>

Note 13: Accrued Compensated Absences

The following is a summary of accrued compensated absences transactions for the year ended September 30, 2023:

	<u>Governmental Activities</u>	<u>Business-Type Activity</u>	<u>Total</u>
Balance, 10/01/22	\$ 8,346	\$ 6,229	\$ 14,575
Current Year Net Change	10,082	6,348	16,430
Balance, 09/30/23	<u>\$ 18,428</u>	<u>\$ 12,577</u>	<u>\$ 31,005</u>

See “Compensated Absences” in Note 1, for a discussion of the accounting policies used to record these liabilities.

CITY OF GOLIAD, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

Note 14: Stewardship, Compliance, and Accountability

Budgetary Compliance -- Budgetary compliance is monitored at the functional level in the City's major funds. See the following for budget over expenditures for the year ended September 30, 2023.

<u>Function</u>	<u>General Fund</u>
Public Safety	\$ 22,937
Public Works	\$ 9,803
Public Transportation	\$ 97,155
Cultural and Recreation	\$ 10,286
Capital Outlay	\$ 228,388
Debt Service	\$ 28,726

Note 15: Tax Abatement Agreement

The City is authorized by Texas Chapter 312 of the tax code and city ordinances to enter into property tax abatement agreements for the purpose of attracting or retaining businesses. The City entered into a tax abatement agreement with the Texan, a large convenience store with other food and grocery type items. The Texan was required to spend a minimum of \$1,498,500 to construct, remodel, expand, or improve real property in the reinvestment zone. The Texan also had to meet certain employment minimums by dates set out in the contract. The City can recapture a specified amount of abated taxes if these conditions are not met. The City Council determined the percentage amounts and duration of the tax abatement, which is not to exceed ten years.

The agreement states that 100% of property taxes will be abated for the first five years, 50% for the following three years, and 45% for the last two years. The total tax abatement is not to exceed \$120,000 over the ten-year period.

After the ten-year period, the amount of property taxes abated will be calculated and an underpayment or overpayment will be addressed.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF GOLIAD, TEXAS
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE
BUDGET TO ACTUAL - GENERAL FUND
YEAR ENDED SEPTEMBER 30, 2023

	Original and Final Budgeted Amounts	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
General Fund Revenues	\$ 2,041,885	\$ 2,282,448	\$ 240,563
Total Revenue	<u>2,041,885</u>	<u>2,282,448</u>	<u>240,563</u>
Expenditures:			
Current:			
General Government	595,058	559,463	35,595
Public Safety	165,704	188,641	(22,937)
Public Works	398,576	408,379	(9,803)
Public Transportation	346,380	443,535	(97,155)
Cultural and Recreation	246,962	257,248	(10,286)
Capital Outlay	188,705	417,093	(228,388)
Debt Service:			
Principal Retirement	-0-	21,843	(21,843)
Interest & Fiscal Charges	-0-	6,883	(6,883)
Total Expenditures	<u>1,941,385</u>	<u>2,303,085</u>	<u>(361,700)</u>
Revenues Over (Under) Expenditures	<u>100,500</u>	<u>(20,637)</u>	<u>(121,137)</u>
Other Financing Sources:			
Operating Transfers, Net	<u>(100,500)</u>	<u>(450,396)</u>	<u>(349,896)</u>
Total Other Financing Sources, Net	<u>(100,500)</u>	<u>(450,396)</u>	<u>(349,896)</u>
Excess of Revenues Over Expenditures and Other Sources	<u>\$ -0-</u>	<u>(471,033)</u>	<u>\$ (471,033)</u>
Fund Balance, Beginning of Year		<u>1,088,171</u>	
Fund Balance, End of Year		<u>\$ 617,138</u>	

CITY OF GOLIAD, TEXAS
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE
BUDGET TO ACTUAL - HOTEL MOTEL OCCUPANCY TAX FUND
YEAR ENDED SEPTEMBER 30, 2023

	Original and Final Budgeted Amounts	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Hotel Motel Tax Revenue	\$ 60,000	\$ 71,784	\$ 11,784
Investment Income	325	741	416
Total Revenue	<u>60,325</u>	<u>72,525</u>	<u>12,200</u>
Expenditures:			
Cultural and Recreation	60,325	63,929	(3,604)
Total Expenditures	<u>60,325</u>	<u>63,929</u>	<u>(3,604)</u>
Revenues Under Expenditures	<u>-0-</u>	<u>8,596</u>	<u>8,596</u>
Other Financing Sources:			
Operating Transfers, Net	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
Total Other Financing Sources, Net	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
Excess of Revenues Over Expenditures and Other Sources	<u>\$ -0-</u>	<u>8,596</u>	<u>\$ 8,596</u>
Fund Balance, Beginning of Year		<u>191,331</u>	
Fund Balance, End of Year		<u>\$ 199,927</u>	

CITY OF GOLIAD, TEXAS
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE
BUDGET TO ACTUAL - DEBT SERVICE FUND
YEAR ENDED SEPTEMBER 30, 2023

	Original and Final Budgeted Amounts	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Ad Valorem Taxes	117,482	139,681	22,199
Fines and Forfeitures	-0-	12,923	12,923
Total Revenue	<u>117,482</u>	<u>152,604</u>	<u>35,122</u>
Expenditures:			
Principal Retirement	126,026	-0-	126,026
Interest and Fiscal Charges	23,836	-0-	23,836
Total Expenditures	<u>149,862</u>	<u>-0-</u>	<u>149,862</u>
Revenues Over (Under) Expenditures	<u>(32,380)</u>	<u>152,604</u>	<u>184,984</u>
Other Financing Sources:			
Operating Transfers, Net	<u>39,380</u>	<u>(445,159)</u>	<u>(484,539)</u>
Total Other Financing Sources, Net	<u>39,380</u>	<u>(445,159)</u>	<u>(484,539)</u>
Excess (Deficit of) Revenues Over (Under) Expenditures and Other Sources	<u>\$ 7,000</u>	<u>(292,555)</u>	<u>\$ (299,555)</u>
 Fund Balance, Beginning of Year		<u>322,729</u>	
Fund Balance, End of Year		<u>\$ 30,174</u>	

CITY OF GOLIAD, TEXAS
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE
BUDGET TO ACTUAL - ECONOMIC DEVELOPMENT FUND
YEAR ENDED SEPTEMBER 30, 2023

	Original and Final Budgeted Amounts	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Sales Taxes	70,000	89,359	19,359
Investment Income	600	1,695	1,095
Total Revenue	<u>70,600</u>	<u>91,054</u>	<u>20,454</u>
Expenditures:			
Economic Development	<u>451,200</u>	<u>15,182</u>	<u>436,018</u>
Total Expenditures	<u>451,200</u>	<u>15,182</u>	<u>436,018</u>
Revenues Over (Under) Expenditures	<u>(380,600)</u>	<u>75,872</u>	<u>456,472</u>
Other Financing Sources:			
Operating Transfers, Net	<u>380,600</u>	<u>1,801</u>	<u>(378,799)</u>
Total Other Financing Sources, Net	<u>380,600</u>	<u>1,801</u>	<u>(378,799)</u>
Excess of (Deficit) Revenues Over (Under) Expenditures and Other Sources	<u>\$ -0-</u>	<u>77,673</u>	<u>\$ 77,673</u>
Fund Balance, Beginning of Year		<u>468,855</u>	
Fund Balance, End of Year		<u>\$ 546,528</u>	

CITY OF GOLIAD, TEXAS
SCHEDULE OF CHANGES IN NET PENSION ASSET
AND RELATED RATIOS
SEPTEMBER 30, 2023

	Plan Year Ended December 31,								
	2022	2021	2020	2019	2018	2017	2016	2015	2014
Plan Fiduciary Net Position:									
Contributions - employer	\$ 47,283	\$ 46,884	\$ 41,240	\$ 30,581	\$ 19,268	\$ 11,459	\$ 5,508	\$ 7,209	\$ 8,686
Contributions - employee	57,966	57,653	57,549	49,439	36,743	28,648	25,980	18,843	21,606
Net investment income (loss)	(198,810)	315,446	170,004	301,815	(61,758)	258,470	122,517	2,776	105,550
Benefit payments, including refunds of employee contributions	(125,732)	(102,831)	(88,287)	(89,634)	(101,954)	(99,647)	(100,354)	(94,684)	(98,762)
Administrative expense	(1,731)	(1,462)	(1,103)	(1,707)	(1,195)	(1,340)	(1,384)	(1,691)	(1,102)
Other	2,065	10	(43)	(51)	(62)	(68)	(75)	(84)	(91)
Net Change in Plan Fiduciary Net Position	(218,959)	315,700	179,360	290,443	(108,958)	197,522	52,192	(67,631)	35,887
Plan Fiduciary Net Position - Beginning	2,739,938	2,424,238	2,244,878	1,954,455	2,063,393	1,865,871	1,813,679	1,881,310	1,845,423
Plan Fiduciary Net Position - Ending (a)	<u>\$ 2,520,979</u>	<u>\$ 2,739,938</u>	<u>\$ 2,424,238</u>	<u>\$ 2,244,878</u>	<u>\$ 1,954,435</u>	<u>\$ 2,063,393</u>	<u>\$ 1,865,871</u>	<u>\$ 1,813,679</u>	<u>\$ 1,881,310</u>
Total Pension Liability:									
Service Cost	\$ 109,638	\$ 113,330	\$ 114,769	\$ 98,878	\$ 92,870	\$ 57,583	\$ 54,039	\$ 32,108	\$ 39,292
Interest (on the total pension liability)	153,424	144,109	132,817	125,023	118,163	112,257	108,664	111,695	107,966
Changes of benefit terms	-0-	-0-	-0-	-0-	12,559	-0-	-0-	-0-	-0-
Difference between expected and actual experience	(2,972)	(3,304)	15,973	(10,270)	(16,604)	(11,743)	(11,255)	(100,185)	6,330
Change of assumptions	-0-	-0-	-0-	(17,148)	-0-	-0-	-0-	57,135	-0-
Benefit payments, including refunds of employee contributions	(125,732)	(102,831)	(88,287)	(89,634)	(101,954)	(99,647)	(100,354)	(94,684)	(98,762)
Net Change in Total Pension Liability	134,358	151,304	175,272	106,849	105,034	58,450	51,094	6,069	54,826
Total Pension Liability - Beginning	2,281,001	2,129,697	1,954,425	1,847,576	1,742,542	1,684,092	1,632,998	1,626,929	1,572,103
Total Pension Liability - Ending (b)	<u>\$ 2,415,359</u>	<u>\$ 2,281,001</u>	<u>\$ 2,129,697</u>	<u>\$ 1,954,425</u>	<u>\$ 1,847,576</u>	<u>\$ 1,742,542</u>	<u>\$ 1,684,092</u>	<u>\$ 1,632,998</u>	<u>\$ 1,626,929</u>
Net Pension Asset - Ending (a) - (b)	<u>\$ 105,620</u>	<u>\$ 458,937</u>	<u>\$ 294,541</u>	<u>\$ 290,453</u>	<u>\$ 106,859</u>	<u>\$ 320,851</u>	<u>\$ 181,779</u>	<u>\$ 180,681</u>	<u>\$ 254,381</u>
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	104.37%	120.12%	113.83%	114.86%	105.78%	118.41%	110.79%	111.06%	115.64%
Covered Employee Payroll	\$ 828,080	\$ 823,616	\$ 822,126	\$ 706,270	\$ 667,172	\$ 572,962	\$ 519,608	\$ 376,855	\$ 432,116
Net Pension Asset as a Percentage of Covered Employee Payroll	-12.75%	55.72%	35.83%	41.12%	16.02%	56.00%	34.98%	47.94%	58.87%

CITY OF GOLIAD, TEXAS
SCHEDULE OF PENSION CONTRIBUTIONS
SEPTEMBER 30, 2023

	Fiscal Year Ended September 30,								
	2023	2022	2021	2020	2019	2018	2017	2016	2015
Actuarially determined contribution	\$ 52,657	\$ 48,407	\$ 37,373	\$ 39,572	\$ 31,956	\$ 14,613	\$ 11,547	\$ 7,540	\$ 7,209
Contributions in relation to actuarially determined contribution	<u>(52,657)</u>	<u>(48,407)</u>	<u>(37,373)</u>	<u>(39,572)</u>	<u>(31,956)</u>	<u>(14,613)</u>	<u>(11,547)</u>	<u>(7,540)</u>	<u>(7,209)</u>
Contribution deficiency (excess)	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>
Covered employee payroll	\$ 918,644	\$ 806,490	\$ 734,708	\$ 777,618	\$ 692,252	\$ 648,477	\$ 604,222	\$ 523,069	\$ 376,855
Contributions as a percentage of covered employee payroll	5.73%	6.00%	5.09%	5.09%	4.62%	2.25%	1.91%	1.44%	1.91%

CITY OF GOLIAD, TEXAS
NOTES TO SCHEDULE OF PENSION CONTRIBUTIONS
SEPTEMBER 30, 2023

Valuation Date: 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 14 Years

Asset Valuation Method 10 Year Smoothed Market, 12% Soft Corridor

Inflation 2.50%

Salary Increases 3.5% to 11.5% including inflation

Investment Rate of Return 6.75%

Retirement Age Experienced-based table of rates that are specific to the City's plan of benefits. Last updated for the 2019 valuation pursuant to an experienced 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(1) 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: There were no benefit changes during the year.

CITY OF GOLIAD, TEXAS
SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY
AND RELATED RATIOS
SEPTEMBER 30, 2023

	Plan Year Ended December 31,					
	2022	2021	2020	2019	2018	2017
Total OPEB Liability						
Service Cost	\$ 4,472	\$ 5,106	\$ 5,097	\$ 2,754	\$ 2,936	\$ -0-
Interest (on the total OPEB liability)	1,476	1,565	1,720	1,769	1,610	2,235
Changes in benefit terms	-0-	-0-	-0-	-0-	-0-	1,543
Difference between expected and actual experience	315	(5,576)	(670)	(735)	(1,642)	-0-
Change in assumptions	(25,763)	2,198	9,913	10,224	(3,500)	3,949
Benefit payments, including refunds of employee contributions	(994)	(988)	(329)	-0-	(267)	(229)
Net change in Total OPEB Liability	(20,494)	2,305	15,731	14,012	(863)	7,498
Total OPEB Liability - Beginning	78,489	76,184	60,453	46,441	47,304	39,806
Total OPEB Liability - Ending	<u>\$ 57,995</u>	<u>\$ 78,489</u>	<u>\$ 76,184</u>	<u>\$ 60,453</u>	<u>\$ 46,441</u>	<u>\$ 47,304</u>
Covered Payroll	\$828,080	\$823,616	\$822,126	\$706,270	\$667,172	\$572,962
Total OPEB Liability as a percentage of covered payroll	7.00%	9.53%	9.27%	8.56%	6.96%	8.26%

CITY OF GOLIAD, TEXAS
NOTES TO SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY
AND RELATED RATIOS
SEPTEMBER 30, 2023

Valuation Date: 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 N/A

Amortization Method N/A

Remaining Amortization Method N/A

Asset Valuation Method N/A

Inflation 2.50%

Salary Increases 3.5% to 11.5% including inflation

Investment Rate of Return 2.00%

Retirement Age N/A

Mortality Service retirees: 2019 Municipal Retirees of Texas Mortality Tables. The rates are projected on a fully generational basis with scale UMP. Disabled retirees: 2019 Municipal Retirees of Texas Mortality Tables with a 4 year set-forward for males and a 3 year set-forward for females. In addition, a 3.5% and 3% minimum mortality rate will be applied to reflect the impairment for younger members who become disabled for males and females, respectively. The rates are projected on a fully generational basis by Scale UMP to account for future mortality improvements subject to the floor.

Other Information: There were no benefit changes during the year.

COMBINING STATEMENTS

**CITY OF GOLIAD, TEXAS
COMBINING BALANCE SHEET
NON-MAJOR SPECIAL REVENUE FUNDS
SEPTEMBER 30, 2023**

	Fire Department Equipment Fund	Volunteer Fire Department Fund	Street Sales Tax Fund	Total Non-major Special Revenue Funds
ASSETS				
Cash and Cash Equivalents	\$ 219,191	\$ 33,602	\$ 96,620	\$ 349,413
Investments	510,801	-0-	-0-	510,801
Due From Other Funds	<u>-0-</u>	<u>-0-</u>	<u>7,249</u>	<u>7,249</u>
Total Assets	<u>\$ 729,992</u>	<u>\$ 33,602</u>	<u>\$ 103,869</u>	<u>\$ 867,463</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts Payable	<u>\$ 65,310</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ 65,310</u>
Fund Balances:				
Restricted Fund Balance	<u>664,682</u>	<u>33,602</u>	<u>103,869</u>	<u>802,153</u>
Total Fund Balance	<u>664,682</u>	<u>33,602</u>	<u>103,869</u>	<u>802,153</u>
Total Liabilities and Fund Balance	<u>\$ 729,992</u>	<u>\$ 33,602</u>	<u>\$ 103,869</u>	<u>\$ 867,463</u>

CITY OF GOLIAD, TEXAS
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NON-MAJOR SPECIAL REVENUE FUNDS
YEAR ENDED SEPTEMBER 30, 2023

	Fire Department Equipment Fund	Volunteer Fire Department Fund	Street Sales Tax Fund	Total Non-major Special Revenue Funds
REVENUES				
Taxes	\$ -0-	\$ -0-	\$ 89,359	\$ 89,359
Investment Income	9,250	-0-	192	9,442
Contributions	65,200	41,867	-0-	107,067
Total Revenues	74,450	41,867	89,551	205,868
EXPENDITURES				
Public Safety	-0-	37,863	-0-	37,863
Public Transportation	-0-	-0-	-0-	-0-
Capital Outlay	-0-	-0-	-0-	-0-
Total Expenditures	-0-	37,863	-0-	37,863
Excess (Deficiency) of Revenue Over (Under) Expenditures	74,450	4,004	89,551	168,005
Other Financing Sources (Uses)				
Transfers In	761,411	-0-	-0-	761,411
Transfers Out	(298,010)	-0-	-0-	(298,010)
Total other Financing Sources (Uses)	463,401	-0-	-0-	463,401
Excess (Deficiency) of Revenue and Other Financing Sources Over (Under) Expenditures	537,851	4,004	89,551	631,406
Fund Balances, Beginning of Year	126,831	29,598	14,318	170,747
Fund Balances, End of Year	\$ 664,682	\$ 33,602	\$ 103,869	\$ 802,153

CITY OF GOLIAD, TEXAS
COMBINING STATEMENT OF NET POSITION
PROPRIETARY FUNDS
SEPTEMBER 30, 2023

	Enterprise Funds				
	Water and Sewer	Capital Projects	Capital Projects	Capital Projects	Total
	Fund	CDBG Grant	GLO Grant	GLO-MIT Grant	Enterprise
	Fund	Fund	Fund	Fund	Funds
ASSETS					
Current Assets:					
Cash and Cash Equivalents	\$ 798,617	\$ -0-	\$ -0-	\$ -0-	\$ 798,617
Investments	2,254,775	-0-	-0-	-0-	2,254,775
Receivables, Net	135,884	114,787	-0-	373,822	624,493
Inventory	22,972	-0-	-0-	-0-	22,972
Restricted Assets:					-0-
Cash and Cash Equivalents	159,774	-0-	-0-	43	159,817
Investments	538,527	-0-	-0-	-0-	538,527
Total Current Assets	<u>3,910,549</u>	<u>114,787</u>	<u>-0-</u>	<u>373,865</u>	<u>4,399,201</u>
Noncurrent Assets:					
Capital Assets, Net	5,029,652	128,287	-0-	1,385,531	6,543,470
Net Pension Asset	<u>30,311</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>30,311</u>
Total Noncurrent Assets	<u>5,059,963</u>	<u>128,287</u>	<u>-0-</u>	<u>1,385,531</u>	<u>6,573,781</u>
Total Assets	<u>8,970,512</u>	<u>243,074</u>	<u>-0-</u>	<u>1,759,396</u>	<u>10,972,982</u>
Deferred Outflows of Resources:					
Deferred Outflows, TMRS	60,920	-0-	-0-	-0-	60,920
Deferred Outflows, OPEB	<u>1,964</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>1,964</u>
Total Deferred Outflows	<u>62,884</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>62,884</u>

CITY OF GOLIAD, TEXAS
COMBINING STATEMENT OF NET POSITION
PROPRIETARY FUNDS
SEPTEMBER 30, 2023

	Enterprise Funds				
	Water and Sewer Fund	Capital Projects CDBG Grant Fund	Capital Projects GLO Grant Fund	Capital Projects GLO-MIT Grant Fund	Total Enterprise Funds
LIABILITIES					
Current Liabilities:					
Accounts Payable	42,072	114,787	-0-	610,857	767,716
Accrued Interest Payable	5,115	-0-	-0-	-0-	5,115
Accrued Compensated Absences	12,577	-0-	-0-	-0-	12,577
Accrued Payroll	12,315	-0-	-0-	-0-	12,315
Due to Other Funds	83,770	-0-	-0-	-0-	83,770
Long-Term Debt, Due Within One Year	106,344	-0-	-0-	-0-	106,344
Liabilities Payable from Restricted Assets:					
Customer Deposits	67,269	-0-	-0-	-0-	67,269
Total Current Liabilities	<u>329,462</u>	<u>114,787</u>	<u>-0-</u>	<u>610,857</u>	<u>1,055,106</u>
Noncurrent Liabilities:					
Total OPEB Liability	16,724	-0-	-0-	-0-	16,724
Long-Term Debt, Due in More than One Year	982,884	-0-	-0-	-0-	982,884
Total Noncurrent Liabilities	<u>999,608</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>999,608</u>
Total Liabilities	<u>1,329,070</u>	<u>114,787</u>	<u>-0-</u>	<u>610,857</u>	<u>2,054,714</u>
Deferred Inflows of Resources:					
Deferred Inflows, TMRS	1,031	-0-	-0-	-0-	1,031
Deferred Inflows, OPEB	6,980	-0-	-0-	-0-	6,980
Total Deferred Inflows	<u>8,011</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>8,011</u>
NET POSITION					
Net Position:					
Net Investment in Capital Assets	3,940,424	-0-	-0-	-0-	3,940,424
Restricted for Debt Service	106,344	-0-	-0-	-0-	106,344
Restricted for Capital Projects	-0-	128,287	-0-	1,148,539	1,276,826
Unrestricted Net Position	<u>3,649,547</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>3,649,547</u>
Total Net Position	<u>\$ 7,696,315</u>	<u>\$ 128,287</u>	<u>\$ -0-</u>	<u>\$ 1,148,539</u>	<u>\$ 8,973,141</u>

CITY OF GOLIAD, TEXAS
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE
BUDGET TO ACTUAL - ECONOMIC DEVELOPMENT FUND
YEAR ENDED SEPTEMBER 30, 2023

	Original and Final Budgeted Amounts	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Sales Taxes	70,000	89,359	19,359
Investment Income	600	1,695	1,095
Total Revenue	<u>70,600</u>	<u>91,054</u>	<u>20,454</u>
Expenditures:			
Economic Development	<u>451,200</u>	<u>15,182</u>	<u>436,018</u>
Total Expenditures	<u>451,200</u>	<u>15,182</u>	<u>436,018</u>
Revenues Over (Under) Expenditures	<u>(380,600)</u>	<u>75,872</u>	<u>456,472</u>
Other Financing Sources:			
Operating Transfers, Net	<u>380,600</u>	<u>1,801</u>	<u>(378,799)</u>
Total Other Financing Sources, Net	<u>380,600</u>	<u>1,801</u>	<u>(378,799)</u>
Excess (Deficit of) Revenues Over (Under) Expenditures and Other Sources	<u>\$ -0-</u>	<u>77,673</u>	<u>\$ 77,673</u>
Fund Balance, Beginning of Year		<u>468,855</u>	
Fund Balance, End of Year		<u>\$ 546,528</u>	

CITY OF GOLIAD, TEXAS
COMBINING STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
YEAR ENDED SEPTEMBER 30, 2023

	Enterprise Funds				Total Enterprise Funds
	Water and Sewer Fund	Capital Projects CDBG Grant Fund	Capital Projects GLO Grant Fund	Capital Projects GLO-MIT Grant Fund	
Cash Flows from Operating Activities:					
Cash Received from Customers	\$ 1,173,836	\$ -0-	\$ -0-	\$ 237,035	\$1,410,871
Cash Payments to Employees	(516,719)	-0-	-0-	-0-	(516,719)
Cash Payments to Other Suppliers for Goods and Services	(408,135)	-0-	(15,620)	-0-	(423,755)
Net Cash Provided (Used) by Operating Activities	<u>248,982</u>	<u>-0-</u>	<u>(15,620)</u>	<u>237,035</u>	<u>470,397</u>
Cash Flows From Non-Capital Financing Activities:					
Increase in Customer Deposits	(547)	-0-	-0-	-0-	(547)
Transfers To/From Other Funds	480,041	-0-	(33,101)	-0-	446,940
Net Loans to Other Funds	<u>77,095</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>77,095</u>
Net Cash Provided (Used) by Non-Capital Financing Activities	<u>556,589</u>	<u>-0-</u>	<u>(33,101)</u>	<u>-0-</u>	<u>523,488</u>
Cash Flows From Capital and Related Financing Activities:					
Proceeds from Grants	-0-	128,287	48,446	810,958	987,691
Cash Payments for Purchases of Capital Assets	(176,520)	(128,287)	-0-	(1,047,992)	(1,352,799)
Principal Paid on Meter Note Payable	(54,183)	-0-	-0-	-0-	(54,183)
Principal Paid on Bonds	(50,000)	-0-	-0-	-0-	(50,000)
Interest Paid	<u>(16,874)</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>(16,874)</u>
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(297,577)</u>	<u>-0-</u>	<u>48,446</u>	<u>(237,034)</u>	<u>(486,165)</u>

CITY OF GOLIAD, TEXAS
COMBINING STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
YEAR ENDED SEPTEMBER 30, 2023

	Enterprise Funds				
	Water and Sewer	Capital Projects	Capital Projects	Capital Projects	Total
	Fund	CDBG Grant	GLO Grant	GLO-MIT Grant	Enterprise
	Fund	Fund	Fund	Fund	Funds
Cash Flows From Investing Activities:					
Net Purchases of Investment Pools	(1,101,909)	-0-	-0-	-0-	(1,101,909)
Interest on Investments	105,174	-0-	-0-	42	105,216
Net Cash Provided by Investing Activities	(996,735)	-0-	-0-	42	(996,693)
Net Decrease in Cash and Cash Equivalents	(488,741)	-0-	(275)	43	(488,973)
Cash and Cash Equivalents, Beginning of Year	1,447,132	-0-	275	-0-	1,447,407
Cash and Cash Equivalents, End of Year	\$ 958,391	\$ -0-	\$ -0-	\$ 43	\$ 958,434

CITY OF GOLIAD, TEXAS
COMBINING STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
YEAR ENDED SEPTEMBER 30, 2023

	Enterprise Funds				
	Water and Sewer	Capital Projects	Capital Projects	Capital Projects	Total
	Fund	CDBG Grant	GLO Grant	GLO-MIT Grant	Enterprise
	Fund	Fund	Fund	Fund	Funds
Reconciliation of Operating Income to Net Cash					
Provided by Operating Activities:					
Operating Income	\$ 43,115	\$ -0-	\$ -0-	\$ -0-	\$ 43,115
Adjustments to Reconcile Operating Income to Net Cash					
Provided by Operating Activities:					
Depreciation	292,118	-0-	-0-	-0-	292,118
Change in Assets, Deferred Outflows, and Liabilities:					
Increase in Receivables	(49,510)	(114,787)	-0-	(36,283)	(200,580)
Increase in Deferred Outflows	(48,248)	-0-	-0-	-0-	(48,248)
Decrease in Net Pension Asset	101,393	-0-	-0-	-0-	101,393
Decrease in OPEB Liability	(5,881)	-0-	-0-	-0-	(5,881)
Decrease in Deferred Inflows	(40,504)	-0-	-0-	-0-	(40,504)
Increase (Decrease) in Accounts Payable	(49,928)	114,787	(15,620)	273,318	322,557
Increase in Accrued Wages	79	-0-	-0-	-0-	79
Increase in Accrued Compensated Absences	6,348	-0-	-0-	-0-	6,348
Total Adjustments	205,867	-0-	(15,620)	237,035	427,282
Net Cash Provided (Used) by Operating Activities	\$ 248,982	\$ -0-	\$ (15,620)	\$ 237,035	\$ 470,397
Reconciliation of Cash and Cash Equivalents:					
Unrestricted Cash and Cash Equivalents	\$ 798,617	\$ -0-	\$ -0-	\$ -0-	\$ 798,617
Restricted Cash and Cash Equivalents	159,774	-0-	-0-	43	159,817
Total Cash and Cash Equivalents	\$ 958,391	\$ -0-	\$ -0-	\$ 43	\$ 958,434

SINGLE AUDIT SECTION



PAUL B. HOLM & COMPANY, PLLC

CERTIFIED PUBLIC ACCOUNTANTS

P.O. DRAWER C • VICTORIA, TEXAS 77902

**Independent Auditors' Report on Internal Control over Financial Reporting
and on Compliance and Other Matters Based on an Audit of Financial Statements
Performed in Accordance with *Government Auditing Standards***

The Honorable Mayor and
Members of City Council
City of Goliad, Texas

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the City of Goliad, Texas, ("the City"), which comprise the statement of financial position as of September 30, 2023, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated June 26, 2024.

Internal Control Over Financial Reporting

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

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

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



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CERTIFIED PUBLIC ACCOUNTANTS

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Compliance and Other Matters

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

Purpose of this Report

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

Paul B. Holm & Co., PLLC

Certified Public Accountants

June 26, 2024



PAUL B. HOLM & COMPANY, PLLC

CERTIFIED PUBLIC ACCOUNTANTS

P.O. DRAWER C • VICTORIA, TEXAS 77902



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CERTIFIED PUBLIC ACCOUNTANTS

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Independent Auditors' Report on Compliance for Each Major Federal Program and on Internal Control Over Compliance Required by the Uniform Guidance

The Honorable Mayor and
Members of City Council
City of Goliad, Texas

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the City of Goliad, Texas', ("the City") compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the year ended September 30, 2023. The City's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2023.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and the audit requirements of *Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with 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 opinion on compliance for each major federal program. Our audit does not provide a legal determination of the City's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the City's federal programs.



Auditors' Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Organization's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, Government Auditing Standards, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the City's compliance with the requirements of each major federal program as a whole.

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

- Exercise professional judgement and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures including examining, on a test basis, evidence regarding the City's compliance requirements referred to above and performing such other procedures as we consider necessary in the circumstances.
- Obtain an understanding of the City's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control Over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditors' Responsibilities for the Audit Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Paul B. Holm & Co., PLLC
Certified Public Accountants

June 26, 2024

CITY OF GOLIAD, TX
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED SEPTEMBER 30, 2023

<u>Federal Grantor/Department/Name of Federal Program/ Pass-Through Grantor/Program Title</u>	<u>CFDA Number</u>	<u>Passed Through Entity Identify Number</u>	<u>Total Expenditures</u>
U.S. Department of Housing and Urban Development:			
Direct Awards:			
Passed through Texas General Land Office:			
Community Development Block Grant/State's Program	14.228	B-17-DM-48-0001	\$ 1,047,992
Passed through Texas Department of Agriculture:			
Community Development Block Grant/State's Program	14.228		128,287
U.S. Department of Treasury			
Passed through Texas Department of Emergency Management:			
Coronavirus State and Local			
Fiscal Recovery Fund (COVID-19)	21.027		<u>298,010</u>
Total Expenditures of Federal Awards			<u>\$ 1,474,289</u>

CITY OF GOLIAD, TEXAS
NOTES TO THE SCHEDULE OF EXPENDITURES
OF FEDERAL AWARDS
SEPTEMBER 30, 2023

Note 1: Basis of Presentation

The accompanying schedule of expenditures of federal and state awards includes federal and state award activity of the City under programs of the federal and state governments for the year ended September 30, 2023. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulation* Part 200, *Uniform Administrative Requirements*, and *Audit Requirements for Federal Awards* (Uniform Guidance) and the Texas Grant Management Standards. Because the schedule presents only a selected portion of the operations of the City, it is not intended to and does not present the financial position, change in net assets, or cash flows of the City.

Note 2: Significant Accounting Policies

Expenditures reported on the schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowed or are limited to reimbursement.

Note 3: Relationship to Basic Financial Statements

Federal and state grant revenues are recorded separately on the Statement of Activities under Revenues, Gains, and Other Support.

Note 4: Indirect Cost Rate

The Organization elected to use the 10% de minimus cost rate as covered by section 200.414 of the Uniform Guidance.

Note 5: Subrecipients

The Organization did not provide federal or state awards to subrecipients.

**CITY OF GOLIAD, TEXAS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
SEPTEMBER 30, 2023**

Federal Awards

A. Summary of Auditors' Results

- * The auditors' report expresses an unmodified opinion on whether the financial statements of the City were prepared in accordance with U.S. generally accepted accounting principles.
- * No significant deficiencies in internal control were disclosed by the audit.
- * No material instances of noncompliance were disclosed by the audit.
- * No significant deficiencies or material weaknesses in internal control over major federal award programs were disclosed by the audit.
- * The auditors' report on compliance for the major federal award programs for the City expresses an unmodified opinion on all major federal programs.
- * No findings required to be reported in accordance with 2 CFR section 200.516(a) are reported in this schedule.
- * Major Programs tested: CFDA # 14.228, Community Development Block Grant, and CFDA #21.027, Coronavirus State and Local Fiscal Recovery Fund.
- * The threshold used to distinguish between Type A and Type B programs was \$750,000.
- * The City was not determined to be a low-risk auditee due to this being the first year for the large grant expenditures.

B Findings Related to the Financial Statements Which are Required to be Reported in Accordance with Generally Accepted Government Auditing Standards.

NONE

C. Findings and Questioned Costs for Federal Awards

NONE

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APPENDIX E

SPECIMEN BOND INSURANCE POLICY

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MUNICIPAL BOND INSURANCE POLICY

ISSUER: [NAME OF ISSUER]

Policy No: _____

MEMBER: [NAME OF MEMBER]

BONDS: \$ _____ in aggregate principal
amount of [NAME OF TRANSACTION]
[and maturing on]

Effective Date: _____

Risk Premium: \$ _____
Member Surplus Contribution: \$ _____
Total Insurance Payment: \$ _____

BUILD AMERICA MUTUAL ASSURANCE COMPANY ("BAM"), for consideration received, hereby UNCONDITIONALLY AND IRREVOCABLY agrees to pay to the trustee (the "Trustee") or paying agent (the "Paying Agent") for the Bonds named above (as set forth in the documentation providing for the issuance and securing of the Bonds), for the benefit of the Owners or, at the election of BAM, directly to each Owner, subject only to the terms of this Policy (which includes each endorsement hereto), that portion of the principal of and interest on the Bonds that shall become Due for Payment but shall be unpaid by reason of Nonpayment by the Issuer.

On the later of the day on which such principal and interest becomes Due for Payment or the first Business Day following the Business Day on which BAM shall have received Notice of Nonpayment, BAM will disburse (but without duplication in the case of duplicate claims for the same Nonpayment) to or for the benefit of each Owner of the Bonds, the face amount of principal of and interest on the Bonds that is then Due for Payment but is then unpaid by reason of Nonpayment by the Issuer, but only upon receipt by BAM, in a form reasonably satisfactory to it, of (a) evidence of the Owner's right to receive payment of such principal or interest then Due for Payment and (b) evidence, including any appropriate instruments of assignment, that all of the Owner's rights with respect to payment of such principal or interest that is Due for Payment shall thereupon vest in BAM. A Notice of Nonpayment will be deemed received on a given Business Day if it is received prior to 1:00 p.m. (New York time) on such Business Day; otherwise, it will be deemed received on the next Business Day. If any Notice of Nonpayment received by BAM is incomplete, it shall be deemed not to have been received by BAM for purposes of the preceding sentence, and BAM shall promptly so advise the Trustee, Paying Agent or Owner, as appropriate, any of whom may submit an amended Notice of Nonpayment. Upon disbursement under this Policy in respect of a Bond and to the extent of such payment, BAM shall become the owner of such Bond, any appurtenant coupon to such Bond and right to receipt of payment of principal of or interest on such Bond and shall be fully subrogated to the rights of the Owner, including the Owner's right to receive payments under such Bond. Payment by BAM either to the Trustee or Paying Agent for the benefit of the Owners, or directly to the Owners, on account of any Nonpayment shall discharge the obligation of BAM under this Policy with respect to said Nonpayment.

Except to the extent expressly modified by an endorsement hereto, the following terms shall have the meanings specified for all purposes of this Policy. "Business Day" means any day other than (a) a Saturday or Sunday or (b) a day on which banking institutions in the State of New York or the Insurer's Fiscal Agent (as defined herein) are authorized or required by law or executive order to remain closed. "Due for Payment" means (a) when referring to the principal of a Bond, payable on the stated maturity date thereof or the date on which the same shall have been duly called for mandatory sinking fund redemption and does not refer to any earlier date on which payment is due by reason of call for redemption (other than by mandatory sinking fund redemption), acceleration or other advancement of maturity (unless BAM shall elect, in its sole discretion, to pay such principal due upon such acceleration together with any accrued interest to the date of acceleration) and (b) when referring to interest on a Bond, payable on the stated date for payment of interest. "Nonpayment" means, in respect of a Bond, the failure of the Issuer to have provided sufficient funds to the Trustee or, if there is no Trustee, to the Paying Agent for payment in full of all principal and interest that is Due for Payment on such Bond. "Nonpayment" shall also include, in respect of a Bond, any payment made to an Owner by or on behalf of the Issuer of principal or interest that is Due for Payment, which payment has been recovered from such Owner pursuant to the United States Bankruptcy Code in accordance with a final, nonappealable order of a court having competent jurisdiction. "Notice" means delivery to BAM of a notice of claim and certificate, by certified mail, email or telecopy as set forth on the attached Schedule or other acceptable electronic delivery, in a form satisfactory to BAM, from and signed by an Owner, the Trustee or the Paying Agent, which notice shall specify (a) the person or entity making the claim, (b) the Policy Number, (c) the claimed amount, (d) payment instructions and (e) the date such claimed amount becomes or became Due for Payment. "Owner" means, in respect of a Bond, the person or entity who, at the time of Nonpayment, is entitled under the terms of such Bond to payment thereof, except that "Owner" shall not include the Issuer, the Member or any other person or entity whose direct or indirect obligation constitutes the underlying security for the Bonds.

BAM may appoint a fiscal agent (the "Insurer's Fiscal Agent") for purposes of this Policy by giving written notice to the Trustee, the Paying Agent, the Member and the Issuer specifying the name and notice address of the Insurer's Fiscal Agent. From and after the date of receipt of such notice by the Trustee, the Paying Agent, the Member or the Issuer (a) copies of all notices required to be delivered to BAM pursuant to this Policy shall be simultaneously delivered to the Insurer's Fiscal Agent and to BAM and shall not be deemed received until received by both and (b) all payments required to be made by BAM under this Policy may be made directly by BAM or by the Insurer's Fiscal Agent on behalf of BAM. The Insurer's Fiscal Agent is the agent of BAM only, and the Insurer's Fiscal Agent shall in no event be liable to the Trustee, Paying Agent or any Owner for any act of the Insurer's Fiscal Agent or any failure of BAM to deposit or cause to be deposited sufficient funds to make payments due under this Policy.

To the fullest extent permitted by applicable law, BAM agrees not to assert, and hereby waives, only for the benefit of each Owner, all rights (whether by counterclaim, setoff or otherwise) and defenses (including, without limitation, the defense of fraud), whether acquired by subrogation, assignment or otherwise, to the extent that such rights and defenses may be available to BAM to avoid payment of its obligations under this Policy in accordance with the express provisions of this Policy. This Policy may not be canceled or revoked.

This Policy sets forth in full the undertaking of BAM and shall not be modified, altered or affected by any other agreement or instrument, including any modification or amendment thereto. Except to the extent expressly modified by an endorsement hereto, any premium paid in respect of this Policy is nonrefundable for any reason whatsoever, including payment, or provision being made for payment, of the Bonds prior to maturity. THIS POLICY IS NOT COVERED BY THE PROPERTY/CASUALTY INSURANCE SECURITY FUND SPECIFIED IN ARTICLE 76 OF THE NEW YORK INSURANCE LAW. THIS POLICY IS ISSUED WITHOUT CONTINGENT MUTUAL LIABILITY FOR ASSESSMENT.

In witness whereof, BUILD AMERICA MUTUAL ASSURANCE COMPANY has caused this Policy to be executed on its behalf by its Authorized Officer.

BUILD AMERICA MUTUAL ASSURANCE COMPANY

By: _____
Authorized Officer

Notices (Unless Otherwise Specified by BAM)

Email:

claims@buildamerica.com

Address:

200 Liberty Street, 27th floor
New York, New York 10281

Telecopy:

212-962-1524 (attention: Claims)

SPECIMEN

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