

ANNUAL FINANCIAL REPORT

CITY OF CROSBYTON, TEXAS

FOR THE FISCAL YEAR ENDED MARCH 31, 2021

CITY OF CROSBYTON  
Crosbyton, Texas

ANNUAL FINANCIAL REPORT  
For the Year Ended March 31, 2021

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Crosbyton, Texas

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## *INTRODUCTORY SECTION*

CITY OF CROSBYTON  
Crosbyton, Texas

March 31, 2021

CITY COUNCIL

Dusty Cornelius

Mayor

Jim Justus

Councilmember

Abel Reyna

Councilmember

Heidi Hays

Councilmember

Doyle Parrish

Councilmember

Alva Rodriguez

Councilmember

Brad Thornhill

Councilmember

ADMINISTRATIVE STAFF

Amy Wallace  
Cheyanne Flores

City Administrator  
City Secretary

## *FINANCIAL SECTION*

# Terry & King, CPAs, P.C.

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P.O. Box 93550  
Lubbock, TX 79493-3550

Randel J. Terry, CPA  
Ryan R. King, CPA

Telephone - (806) 698-8858 – Fax – (866) 288-6490

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## Independent Auditors' Report

Honorable Mayor and City Council  
City of Crosbyton, Texas  
221 W. Main  
Crosbyton, Texas 79322

### ***Report on the Financial Statements***

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Crosbyton, Texas, as of and for the year ended March 31, 2021, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

### ***Management's Responsibility 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.

### ***Auditor's Responsibility***

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Crosbyton, Texas, as of March 31, 2021, 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.



Independent Auditors' Report  
Page 2

**Other Matters**

*Required Supplementary Information*

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

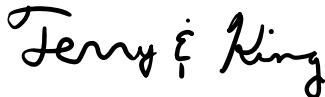
*Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Crosbyton's basic financial statements. The accompanying other schedules listed in the table of contents as Other Supplementary Information are presented for purposes of additional analysis and are not a required part of the basic financial statements. This information is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, this information is fairly stated in all material respects in relation to the basic financial statements as a whole.

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated July 20, 2021, on our consideration of the City of Crosbyton's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Crosbyton's internal control over financial reporting and compliance.

Respectfully submitted,

A handwritten signature in black ink that reads "Terry & King". The signature is written in a cursive, flowing style.

Terry & King, CPAs, P.C.  
Lubbock, Texas  
July 20, 2021



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

Our discussion and analysis of the City of Crosbyton's financial performance provides an overview of the City's financial activities for the fiscal year ended March 31, 2021. Please read this in conjunction with the City's financial statements, which follow this section.

### **FINANCIAL HIGHLIGHTS**

- The City's net position increased as a result of this year's operations. While net position of our business-type activities decreased by \$76,684, net position of our governmental activities increased by \$525,439.
- During the year, the City had expenses that were \$51,651 more than the \$987,259 generated in tax and other revenues for governmental programs before transfers.
- In the City's business type activities, charges for services increased \$17,695 to \$753,251 (or 2%) while operating expenses increased \$32,833 to \$679,935.
- The General Fund reported a deficit this year of \$129,415 prior to inter-fund transfers.
- The resources available for appropriation were \$22,842 less than budgeted for the General Fund. Expenditures for the General Fund were less than the budgeted amounts by \$10,602.

### **USING THIS ANNUAL REPORT**

This annual report consists of a series of financial statements. The Statement of Net Position and the Statement of Activities provide information about the activities of the City as a whole and present a longer-term view of the City's finances. Fund financial statements start on page 14. For governmental activities, these statements tell how these services were financed in the short term as well as what remains for future spending. Fund financial statements also report the City's operations in more detail than the government-wide statements by providing information about the City's most significant funds. The remaining statements provide financial information about activities for which the City acts solely as a trustee or agent for the benefit of those outside of the government.

## **Reporting the City as a Whole -- The Statement of Net Position and the Statement of Activities**

Our analysis of the City as a whole begins on page 6. One of the most important questions asked about the City's finances is, "Is the City as a whole better off or worse as a result of the year's activities?" The Statement of Net Position and the Statement of Activities report information about the City as a whole and about its activities in a way that helps answer this question. These statements include *all* assets and liabilities using the *accrual basis of accounting*, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the City's *net position* and changes in it. You can think of the City's net position—the differences between assets and liabilities—as one way to measure the City's financial health, or *financial position*. Over time, *increases or decreases* in the City's net position are one indicator of whether its *financial health* is improving or deteriorating. You will need to consider other non-financial factors, however, such as changes in the City's property tax base and the condition of the City's roads, to assess the *overall health* of the City.

In the Statement of Net Position and the Statement of Activities, we divide the City into two kinds of activities:

- Governmental activities – Most of the City's basic services are reported here, including the ambulance, fire, police, sanitation, streets, cemetery, and parks departments, and general administration. Property taxes, franchise taxes, charges to customers, and state and federal grants finance most of these activities.
- Business-type activities – The City charges a fee to customers to help it cover the cost of certain services it provides. The City's water and sewer services are reported here.

## **Reporting the City's Most Significant Funds – Fund Financial Statements**

Our analysis of the City's major funds begins on page 10. The fund financial statements begin on page 15 and provide detailed information about the most significant funds—not the City as a whole. Some funds are required to be established by State law and by bond covenants. At times, a city council may establish other funds to help it control and manage money for particular purposes such as special projects or to show that it is meeting legal responsibilities for using certain Federal or State grants. Currently the City's governmental funds consist of the General Fund, Airport Fund, Court Technology Fee Fund, and the Community Technology and Economic Development Center Fund. The City's two kinds of funds – *governmental* and *proprietary* – use different accounting approaches.

- *Governmental funds*—Most of the City’s basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called *modified accrual* accounting, which measures cash and all other *financial assets* that can readily be converted to cash. The Governmental fund statements provide a detailed *short-term view* of the City’s general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the City’s programs. We describe the relationship (or differences) between governmental *activities* (reported in the Statement of Net Position and the Statement of Activities) and governmental *funds* in reconciliation on Exhibits C-1R and C-3.
- *Proprietary funds*—When the City charges customers for the services it provides—whether to outside customers or to other units of the City—these services are generally reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the Statement of Net Position and the Statement of Activities. In fact, the City’s enterprise funds (a component of proprietary funds) are the same as the business-type activities we report in the government-wide statements but provide more detail and additional information, such as cash flows, for proprietary funds.

## THE CITY AS A WHOLE

The City’s combined net position was \$5,069,426. Our following analysis focuses on the net position (Table 1) and changes in net position (Table 2) of the City’s government and business-type activities.

FINANCIAL ANALYSIS OF THE CITY AS A WHOLE

Net position. The City's combined net position was \$5,069,426 at March 31, 2021. (See Table A-1).

Table A-1  
City of Crosbyton's Net Position

	Governmental Activities			Business-type Activities			Total Primary Government		
	<u>2021</u>	<u>2020</u>	<u>Percentage Change</u>	<u>2021</u>	<u>2020</u>	<u>Percentage Change</u>	<u>2021</u>	<u>2020</u>	<u>Percentage Change</u>
Current assets:									
Cash and Investments	801,872	804,307	0%	455,560	470,484	-3%	1,257,432	1,274,791	-1%
Accounts Receivable-Utilities, net	26,927	26,504	2%	66,856	64,553	4%	93,783	91,057	3%
Taxes Receivable, net	48,470	61,472	-21%	-	-	0%	48,470	61,472	-21%
Other Current Assets	3,701	5,516	-33%	-	-	0%	3,701	5,516	-33%
Due from Other Governments	14,108	41,720	-66%	-	-	0%	14,108	41,720	-66%
Internal Balances	44,495	45,395	-2%	(33,741)	(32,233)	5%	10,754	13,162	-18%
Total current assets:	939,573	984,914	-5%	488,675	502,804	-3%	1,428,248	1,487,718	-4%
Noncurrent assets:									
Net Pension Asset	195,022	111,467	100%	98,329	57,566	100%	293,351	169,033	100%
Unamortized Water Contract Costs	-	-	0%	138,579	144,831	-4%	138,579	144,831	-4%
Capital Assets, net	2,082,653	1,658,668	26%	1,611,246	1,699,109	-5%	3,693,899	3,357,777	10%
Total noncurrent assets	2,277,675	1,770,135	29%	1,848,154	1,901,506	-3%	4,125,829	3,671,641	12%
Total Assets	3,217,248	2,755,049	17%	2,336,829	2,404,310	-3%	5,554,077	5,159,359	8%
Deferred Outflows of Resources:									
Deferred Outflows - Pensions & OPEB	15,998	20,189	-21%	4,910	4,516	9%	20,908	24,705	-15%
Total Deferred Outflows of Resources	15,998	20,189	-21%	4,910	4,516	9%	20,908	24,705	-15%
Current liabilities:									
Accounts Payable	37,098	50,197	-26%	29,468	23,238	27%	66,566	73,435	-9%
Accrued Wages	10,967	-	100%	5,885	-	100%	16,852	-	100%
Compensated Absences	13,328	8,140	64%	10,556	6,931	52%	23,884	15,071	58%
Total current liabilities	61,393	58,337	5%	45,909	30,169	52%	107,302	88,506	21%
Noncurrent liabilities:									
Customer Deposits	-	-	0%	47,881	46,071	4%	47,881	46,071	4%
Pension and OPEB Liabilities	82,968	94,873	-13%	19,350	22,162	-13%	102,318	117,035	-13%
Due within one year	-	-	0%	4,029	4,395	-8%	4,029	4,395	-8%
Due in more than one year	-	-	0%	147,159	151,554	-3%	147,159	151,554	-3%
Total noncurrent liabilities	82,968	94,873	-13%	218,419	224,182	-3%	301,387	319,055	-6%
Deferred Inflows of Resources:									
Deferred Insurance Proceeds	-	59,456	-100%	-	-	0%	-	59,456	-100%
Deferred Inflows - Pensions & OPEB	61,088	60,214	1%	35,782	36,162	-1%	96,870	96,376	1%
Total Deferred Inflows of Resources	61,088	119,670	-49%	35,782	36,162	-1%	96,870	155,832	-38%
Net Position:									
Net investment in capital assets	2,082,653	1,658,668	26%	1,598,637	1,687,991	-5%	3,681,290	3,346,659	10%
Restricted For:									
Cemetery Perpetual Care	71,831	71,808	0%	-	-	0%	71,831	71,808	0%
Specific Purposes	338	14,123	-98%	-	-	0%	338	14,123	-98%
Unrestricted	872,975	757,759	15%	442,992	430,322	3%	1,315,967	1,188,081	11%
Total Net Position	3,027,797	2,502,358	21%	2,041,629	2,118,313	-4%	5,069,426	4,620,671	10%

Net position of the City's governmental activities increased (\$3,027,797 compared to \$2,502,358). Unrestricted net position - the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements - changed from \$757,759 at March 31, 2020 to \$872,975 at the end of this year. Net position of the City's business-type activities decreased from \$2,118,313 to \$2,041,629.

Table A-2  
Changes in City of Crosbyton's Net Position

	Governmental Activities			Business-type Activities			Total Primary Government		
	2021	2020	Percentage Change	2021	2020	Percentage Change	2021	2020	Percentage Change
Program Revenues:									
Charges for Services	320,747	315,022	2%	753,251	735,556	2%	1,073,998	1,050,578	2%
Grants & Contributions	162,158	121,617	33%	-	-	0%	162,158	121,617	33%
General Revenues:									
Property Taxes	284,573	281,958	1%	-	-	0%	284,573	281,958	1%
Nonproperty Taxes	208,191	210,599	-1%	-	-	0%	208,191	210,599	-1%
Investment Earnings	3,589	14,997	-76%	-	-	0%	3,589	14,997	-76%
Other	8,001	25,805	-69%	-	-	0%	8,001	25,805	-69%
	<u>987,259</u>	<u>969,998</u>	<u>2%</u>	<u>753,251</u>	<u>735,556</u>	<u>2%</u>	<u>1,740,510</u>	<u>1,705,554</u>	<u>2%</u>
Expenses:									
General Government	315,608	290,233	9%	-	-	0%	315,608	290,233	9%
Public Safety	234,138	179,043	31%	-	-	0%	234,138	179,043	31%
Streets	55,993	51,647	8%	-	-	0%	55,993	51,647	8%
Sanitation	254,598	240,389	6%	-	-	0%	254,598	240,389	6%
Health	23,067	42,349	-46%	-	-	0%	23,067	42,349	-46%
Culture and Recreation	107,598	103,714	4%	-	-	0%	107,598	103,714	4%
Airport	20,995	9,043	132%	-	-	0%	20,995	9,043	132%
Community Technology & Economic Development Center	26,913	35,836	-25%	-	-	0%	26,913	35,836	-25%
Interest on L-T Debt	-	-	0%	-	-	0%	-	-	0%
Water and Sewer	-	-	0%	679,935	647,102	5%	679,935	647,102	5%
	<u>1,038,910</u>	<u>952,254</u>	<u>9%</u>	<u>679,935</u>	<u>647,102</u>	<u>5%</u>	<u>1,718,845</u>	<u>1,599,356</u>	<u>7%</u>
Excess (Deficiency) Before Other Resources, Uses & Transfers	(51,651)	17,744	391%	73,316	88,454	-17%	21,665	106,198	-80%
Insurance Proceeds	427,090	428,446	0%	-	-	0%	427,090	428,446	0%
Transfers In (Out)	150,000	(50,000)	-400%	(150,000)	50,000	400%	-	-	0%
Increase (Decrease) in Net Position	525,439	396,190	-33%	(76,684)	138,454	-155%	448,755	534,644	-16%
Net Position - Beginning	<u>2,502,358</u>	<u>2,106,168</u>	<u>19%</u>	<u>2,118,313</u>	<u>1,979,859</u>	<u>7%</u>	<u>4,620,671</u>	<u>4,086,027</u>	<u>13%</u>
Net Position - Ending	<u>3,027,797</u>	<u>2,502,358</u>	<u>21%</u>	<u>2,041,629</u>	<u>2,118,313</u>	<u>-4%</u>	<u>5,069,426</u>	<u>4,620,671</u>	<u>10%</u>

The City's total revenues were \$1,740,510. A significant portion, 43%, of the City's total revenue comes from the water and sewer operations. Revenues available to fund governmental activities consist of property taxes (29%), non-property taxes (21%), charges for services (32%), grants and contributions (16%) and other (2%).

The total cost of all programs and services was \$1,718,845; 40% of these costs were for water and sewer production and administration expenses. Expenses for governmental activities consisted of costs for general administration (30%), public safety (23%), streets and services (5%), sanitation (25%), health and welfare (2%), culture and recreation (10%), airport (2%), and the Community Technology and Economic Development Center (3%).

### **Governmental Activities**

Revenues for the City's governmental activities increased 2%, while total expenses increased 9%.

- Property tax rates decreased from \$0.7182 to \$0.6925 per \$100 valuation. The ad valorem tax levy for the previous fiscal year was \$279,924, compared to \$268,399 for the current year. Total tax collections increased from \$266,871 in the prior year to \$283,047 in the current year.
- Grant revenues increased \$42,192 or 55%.
- The cost of all *governmental* activities this year was \$1,038,910. As shown in the Statement of Activities, the amount that our taxpayers ultimately financed for these activities through tax collections was \$284,573 because some of the costs were paid by those who directly benefited from the programs (\$320,747), by nonproperty taxes (\$208,191), or proceeds from grants and contributions (\$162,158).

### **Business-type Activities**

Revenues of the City's business-type activities (see table A-2) increased by 2% (\$753,251 from \$735,556) and expenses increased by 5% (\$679,935 from \$647,102).

## **THE CITY'S FUNDS**

As the City completed the fiscal year, its governmental funds (as presented in the balance sheet on Exhibit C-1) reported a *combined* fund balance of \$843,038, which is an increase from the prior year's total of \$813,789. The following items effecting fund balance should be noted:

- In the prior year, expenditures were more than revenues by \$34,262 prior to transfers. In the current year, expenditures were more than revenues by \$120,751 prior to transfers.
- The revenues in the governmental funds increased \$43,239 or 5% from the prior period and expenses for governmental funds increased \$154,553 or 15% from the prior period.

### **General Fund Budgetary Highlights**

Over the course of the year, the City Council revised the City's budget several times. Even with these adjustments, actual revenues were \$22,842 less than budgeted amounts and expenditures were \$10,602 less than final budget amounts.

## **CAPITAL ASSET AND DEBT ADMINISTRATION**

### **Capital Assets**

At the end of 2021, the City had \$8,443,210 invested in a broad range of capital assets, including ambulance and fire equipment, buildings, furniture and equipment, and utilities facilities (see Table A-3). This amount represents a net increase (including additions and deductions) of \$564,463, or 7%, over last year.

Table A-3  
Fixed Assets

Governmental Activities:	Balance 04-01-20	Additions	Deletions/ Reclassifications	Balance 03-31-21
Land	\$ 151,215	-	-	151,215
Infrastructure	410,567	56,288	-	466,855
Buildings& Improvements	1,958,554	474,968	-	2,433,522
Furniture & Equipment	1,427,123	33,207	-	1,460,330
Accumulated Depreciation	(2,288,790)	(140,479)	-	(2,429,269)
Net Capital Assets	<u>\$ 1,658,669</u>	<u>\$ 423,984</u>	<u>\$ -</u>	<u>\$ 2,082,653</u>

Business-Type Activities:	Balance 04-01-20	Additions	Deletions/ Reclassifications	Balance 03-31-21
Land	\$ 2,608	-	-	2,608
Buildings& Improvements	85,007	-	-	85,007
Vehicles & Equipment	3,843,673	-	-	3,843,673
Accumulated Depreciation	(2,232,187)	(87,863)	-	(2,320,050)
Net Capital Assets	<u>\$ 1,699,101</u>	<u>\$ (87,863)</u>	<u>\$ -</u>	<u>\$ 1,611,238</u>

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

## Debt

A municipal government can finance activities such as capital improvements and acquisitions through general tax bonds or revenue bonds. Additionally, a government may purchase items through the use of capital leases or notes payable with a financial institution.

The City has a contractual agreement along with 3 other cities to purchase water from White River Municipal Water District. Additionally, each of the 4 cities has a contractual obligation to provide the funding necessary to retire \$1,055,000 of bonded indebtedness held by White River Municipal Water District. Each City is required to pay a monthly fee to fund the retirement of the indebtedness. The City accounts for these payments in the proprietary fund for water & sewer activities. The interest charged to expense in the current fiscal year was \$6,798.



<u>Business-Type Activities:</u>	<u>Balance 04-01-20</u>	<u>Additions</u>	<u>Decreases</u>	<u>Balance 03-31-21</u>	<u>Due Within One Year</u>
WRMWD Debt	<u>\$ 155,949</u>	<u>-</u>	<u>\$ 4,761</u>	<u>\$ 151,188</u>	<u>\$ 4,029</u>
Total Notes Payable	<u>\$ 155,949</u>	<u>\$ -</u>	<u>\$ 4,761</u>	<u>\$ 151,188</u>	<u>\$ 4,029</u>

More detailed information about the City's long-term obligations is presented in the notes to the financial statements.

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

The City's elected officials considered many factors when setting the fiscal year 2022 budget, tax rates, and fees. Factors considered include the current economy, property tax values and the needs of the City in the coming year. The Council has adopted tax rates, budgets and set fees accordingly.

If these estimates are realized, the City's budgetary general fund fund balance is not expected to change appreciably by the close of 2022.

## **CONTACTING THE CITY'S FINANCIAL MANAGEMENT**

This financial report is designed to provide our citizens, taxpayers, customers and creditors with a general overview of the City's finances and to show the City's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact the City Administrator at the City's office located in Crosbyton, Texas.

## *BASIC FINANCIAL STATEMENTS*

CITY OF CROSBYTON  
Crosbyton, Texas

STATEMENT OF NET POSITION  
March 31, 2021

	Primary Government				
	Governmental Activities	Business-type Activities	Total	Component Unit	Total Reporting Entity
ASSETS:					
Cash in Bank - Unrestricted	\$ 626,593	\$ 255,560	\$ 882,153	\$ 627,986	\$ 1,510,139
Temporary Investments	103,448	200,000	303,448	-	303,448
Accounts Receivable-Utilities, net	26,927	66,856	93,783	-	93,783
Taxes Receivable, net	48,470	-	48,470	-	48,470
Paving Liens, net	3,024	-	3,024	-	3,024
Accrued Interest	677	-	677	190	867
Internal Balances	33,741	(33,741)	-	-	-
Internal Balances - Component Unit	10,754	-	10,754	(10,754)	-
Due from Other Governments	14,108	-	14,108	-	14,108
Noncurrent Assets:					
Net Pension Asset	195,022	98,329	293,351	37,157	330,508
Unamortized Water Contract Costs	-	138,579	138,579	-	138,579
Land	151,214	2,608	153,822	14,135	167,957
Construction in Progress	-	-	-	-	-
Infrastructure	348,676	-	348,676	-	348,676
Buildings & Improvements, net	1,400,544	20,069	1,420,613	749,214	2,169,827
Furniture & Equipment, net	182,219	1,588,569	1,770,788	59,352	1,830,140
Restricted Assets:					
Cash - Cemetery Contributions	71,831	-	71,831	-	71,831
<b>TOTAL ASSETS</b>	<b>\$ 3,217,248</b>	<b>\$ 2,336,829</b>	<b>\$ 5,554,077</b>	<b>\$ 1,477,280</b>	<b>\$ 7,031,357</b>
DEFERRED OUTFLOWS OF RESOURCES:					
Deferred Outflows - Pensions	\$ 10,689	\$ 2,327	\$ 13,016	\$ -	\$ 13,016
Deferred Outflows - OPEB	5,309	2,583	7,892	1,009	8,901
<b>TOTAL DEFERRED OUTFLOWS OF RESOURCES</b>	<b>\$ 15,998</b>	<b>\$ 4,910</b>	<b>\$ 20,908</b>	<b>\$ 1,009</b>	<b>\$ 21,917</b>
LIABILITIES:					
Current Liabilities:					
Accounts Payable	\$ 37,098	\$ 29,468	\$ 66,566	\$ 4,289	\$ 70,855
Accrued Wages	10,967	5,885	16,852	2,810	19,662
Compensated Absences	13,328	10,556	23,884	-	23,884
Noncurrent Liabilities:					
Net Pension Liability	32,774	-	32,774	-	32,774
Total OPEB Liability	50,194	19,350	69,544	8,766	78,310
Customer Deposits	-	47,881	47,881	-	47,881
Due within one year	-	4,029	4,029	-	4,029
Due in more than one year	-	147,159	147,159	-	147,159
<b>Total Liabilities</b>	<b>\$ 144,361</b>	<b>\$ 264,328</b>	<b>\$ 408,689</b>	<b>\$ 15,865</b>	<b>\$ 424,554</b>
DEFERRED INFLOWS OF RESOURCES:					
Deferred Inflows - Pensions	\$ 51,931	\$ 31,471	\$ 83,402	\$ 14,126	\$ 97,528
Deferred Inflows - OPEB	9,157	4,311	13,468	1,654	15,122
<b>Total Deferred Inflows of Resources</b>	<b>\$ 61,088</b>	<b>\$ 35,782</b>	<b>\$ 96,870</b>	<b>\$ 15,780</b>	<b>\$ 112,650</b>
NET POSITION					
Net Investment in capital assets	\$ 2,082,653	\$ 1,598,637	\$ 3,681,290	\$ 822,701	\$ 4,503,991
Restricted For:					
Cemetery Perpetual Care	71,831	-	71,831	-	71,831
Court Technology	338	-	338	-	338
Unrestricted	872,975	442,992	1,315,967	623,943	1,939,910
<b>Total Net Position</b>	<b>\$ 3,027,797</b>	<b>\$ 2,041,629</b>	<b>\$ 5,069,426</b>	<b>\$ 1,446,644</b>	<b>\$ 6,516,070</b>

The accompanying notes are an integral part of this statement.

CITY OF CROSBYTON  
Crosbyton, Texas

STATEMENT OF ACTIVITIES  
Year Ended March 31, 2021

Program Revenues					Net (Expense) Revenue and Changes in Net Position			Component Unit	Total Reporting Entity
Functions/Programs	Expenses	Fees, Fines, Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government				
					Governmental Activities	Business-type Activities	Total		
Government Activities:									
General Government	\$ 315,608	\$ 29,120	\$ 87,670	\$ 10,000	\$ (188,818)	-	(188,818)	-	(188,818)
Public Safety	234,138	11,955	12,459	20,000	(189,724)	-	(189,724)	-	(189,724)
Streets	55,993	-	-	-	(55,993)	-	(55,993)	-	(55,993)
Sanitation	254,598	241,729	-	-	(12,869)	-	(12,869)	-	(12,869)
Health and Welfare	23,067	16,670	-	-	(6,397)	-	(6,397)	-	(6,397)
Culture and Recreation	107,598	8,982	4,029	-	(94,587)	-	(94,587)	-	(94,587)
Airport	20,995	12,291	-	-	(8,704)	-	(8,704)	-	(8,704)
Community Technology and Economic Development Center	26,913	-	28,000	-	1,087	-	1,087	-	1,087
Interest on Long-Term Debt	-	-	-	-	-	-	-	-	-
Total Governmental Activities	1,038,910	320,747	132,158	30,000	(556,005)	-	(556,005)	-	(556,005)
Business-type Activities									
Water and Sewer	679,935	753,251	-	-	-	73,316	73,316	-	73,316
Total Primary Government	\$ 1,718,845	\$ 1,073,998	\$ 132,158	\$ 30,000	\$ (556,005)	\$ 73,316	\$ (482,689)	\$ -	\$ (482,689)
Component Unit:									
Pioneer Memorial Museum	\$ 167,557	\$ 9,380	\$ 262,348	\$ -				\$ 104,171	\$ 104,171
General Revenues									
Property Taxes, Levied for General Purpose					284,573	-	284,573	-	284,573
Sales Taxes					125,718	-	125,718	-	125,718
Franchise Taxes					80,537	-	80,537	-	80,537
Other Taxes					1,936	-	1,936	-	1,936
Investment Earnings					3,589	-	3,589	2,122	5,711
Miscellaneous					8,001	-	8,001	-	8,001
Gain on Sale of Assets					-	-	-	8,521	8,521
Transfers					150,000	(150,000)	-	-	-
Extraordinary Items:									
Insurance Proceeds					427,090	-	427,090	-	427,090
Total General Revenues, Transfers, and Extraordinary Items					1,081,444	(150,000)	504,354	10,643	514,997
Change in Net Position					525,439	(76,684)	448,755	114,814	563,569
Net Position -- Beginning					2,502,358	2,118,313	4,620,671	1,331,830	5,952,501
Net Position -- Ending					\$ 3,027,797	\$ 2,041,629	\$ 5,069,426	\$ 1,446,644	\$ 6,516,070

The accompanying notes are an integral part of this statement.

CITY OF CROSBYTON  
Crosbyton, Texas

BALANCE SHEET -- GOVERNMENTAL FUNDS  
March 31, 2021

	General Fund	Other Governmental Funds	Total Governmental Funds
ASSETS			
Cash	\$ 574,520	\$ 52,073	\$ 626,593
Temporary Investments	103,448	-	103,448
Taxes Receivable, net	48,470	-	48,470
Accounts Receivable, net (allowance for uncollectible accounts of \$3,861)	26,927	-	26,927
Paving Liens, net	3,024	-	3,024
Accrued Interest	677	-	677
Due from Other Funds	37,859	4,077	41,936
Due from Component Unit	10,754	-	10,754
Due from Other Governments	14,108	-	14,108
Restricted Assets:			
Cash Cemetery Contributions	71,831	-	71,831
<b><u>TOTAL ASSETS</u></b>	<b><u>\$ 891,618</u></b>	<b><u>\$ 56,150</u></b>	<b><u>\$ 947,768</u></b>
LIABILITIES			
Current Liabilities			
Accounts Payable	\$ 36,981	\$ 117	\$ 37,098
Accrued Wages	9,967	1,000	10,967
Due to Other Funds	4,077	4,118	8,195
<u>Total Liabilities</u>	<u>51,025</u>	<u>5,235</u>	<u>56,260</u>
DEFERRED INFLOWS OF RESOURCES:			
Unavailable Revenue - Property Taxes	48,470	-	48,470
<u>Total Deferred Inflows of Resources</u>	<u>48,470</u>	<u>-</u>	<u>48,470</u>
FUND BALANCES:			
Restricted For:			
Cemetery Perpetual Care	71,831	-	71,831
Court Technology	-	338	338
Committed for:			
Disaster Relief	8,201	-	8,201
Airport	-	41,940	41,940
Community Technology & EDC	-	8,637	8,637
Assigned for:			
Property Management	7,106	-	7,106
Unassigned	704,985	-	704,985
<u>Total Fund Equities</u>	<u>792,123</u>	<u>50,915</u>	<u>843,038</u>
<b><u>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</u></b>	<b><u>\$ 891,618</u></b>	<b><u>\$ 56,150</u></b>	<b><u>\$ 947,768</u></b>

The accompanying notes are an integral part of this statement.

CITY OF CROSBYTON  
Crosbyton, Texas

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET  
TO THE STATEMENT OF NET POSITION  
March 31, 2021

Total Fund Balances -- Governmental Funds Balance Sheet	\$ 843,038
Amounts reported for governmental activities in the statement of net position (A-1) are different because:	
Other long-term assets are not available to pay for current-period expenditures and therefore are unavailable in the funds	48,470
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	2,082,653
Compensated absences liabilities applicable to the City's governmental activities are not due and payable in the current period and accordingly, are not reported as fund liabilities	(13,328)
Included in the items related to noncurrent liabilities is the recognition of the City's proportionate share of the net pension asset/(liability) required by GASB 68 in the amount of \$162,248, a deferred resource outflow related to Pensions in the amount of \$14,219, and a deferred resource inflow in the amount of \$50,317. This resulted in an increase in net position by \$126,150.	121,006
Included in the items related to noncurrent liabilities is the recognition of the City's proportionate share of the net OPEB liability required by GASB 75 in the amount of \$50,194, a deferred resource outflow related to OPEB in the amount of \$5,309, and a deferred resource inflow of \$9,157. This resulted in a decrease in net position by \$54,042.	<u>(54,042)</u>
Net Position of Governmental Activities -- Statement of Net Position	<u>\$ 3,027,797</u>

The accompanying notes are an integral part of this statement.

CITY OF CROSBYTON  
Crosbyton, Texas

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES--  
GOVERNMENTAL FUNDS  
For the Year Ended March 31, 2021

	General Fund	Other Governmental Fund	Total Governmental Funds
REVENUES:			
Property Taxes (Including Penalty & Interest)	\$ 297,575	\$ -	\$ 297,575
Sales Taxes	125,718	-	125,718
Franchise Taxes	80,537	-	80,537
Other Taxes	1,936	-	1,936
Fees and Fines	20,166	289	20,455
Licenses and Permits	3,873	-	3,873
Charges for Services	258,829	-	258,829
Rents and Concessions	19,064	12,291	31,355
Investment Income	3,587	2	3,589
Intergovernmental	11,718	28,000	39,718
Grants	118,411	-	118,411
Donations	4,029	-	4,029
Property Management	6,235	-	6,235
Miscellaneous	8,000	-	8,000
<u>Total Revenues</u>	<u>959,678</u>	<u>40,582</u>	<u>1,000,260</u>
EXPENDITURES			
Current			
General Government	352,097	-	352,097
Public Safety	240,799	1,590	242,389
Streets	93,983	-	93,983
Sanitation	261,381	-	261,381
Health and Welfare	21,201	-	21,201
Culture and Recreation	129,957	-	129,957
Community Technology and Economic Development Center	10,000	26,913	36,913
Airport	-	3,415	3,415
Capital Outlay	12,500	-	12,500
<u>Total Expenditures</u>	<u>1,121,918</u>	<u>31,918</u>	<u>1,153,836</u>
Excess of Revenues Over (Under) Expenditures	(162,240)	8,664	(153,576)
OTHER FINANCING SOURCES (USES)			
Transfers In/(Out)	150,000	-	150,000
Sale of Property	-	-	-
<u>Total Other Financing Sources (Uses)</u>	<u>150,000</u>	<u>-</u>	<u>150,000</u>
EXTRAORDINARY ITEMS			
Insurance Proceeds - Storm Damages	427,090	-	427,090
Capital Expenditures - Storm Damages	(394,265)	-	(394,265)
<u>Total Extraordinary Items</u>	<u>32,825</u>	<u>-</u>	<u>32,825</u>
Net Change in Fund Balances	20,585	8,664	29,249
Fund Balance--Beginning of Year	771,538	42,251	813,789
<u>Fund Balance--End of Year</u>	<u>\$ 792,123</u>	<u>\$ 50,915</u>	<u>\$ 843,038</u>

The accompanying notes are an integral part of this statement.

CITY OF CROSBYTON  
Crosbyton, Texas

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES  
For the Year Ended March 31, 2021

Net Change in Fund Balances -- Total Governmental Funds	\$ 29,249
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Amounts reported for governmental activities in the statement of activities  
("SOA") are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their useful lives as depreciation expense. This is the amount of capital outlays during the current period.	564,463
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The depreciation of capital assets is not reported in the funds. This is the amount of current depreciation on these assets.	(140,478)
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Certain property tax revenues are unavailable in the funds. These are the amounts that have not been collected and are therefore do not provide current financial resources. This is the amount that these accounts have changed during the current period.	(13,002)
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Under the modified accrual basis of accounting used in the governmental funds compensated absences are recognized when paid. In the statement of activities, however, which is presented on the accrual basis, compensated absences are reported as it accrues.	(5,188)
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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 caused the change in the ending net position to increase in the amount of \$8,475. Contributions made before the measurement date and during the 2021 fiscal year were also expended in the 2021 fiscal year and recorded as an increase in net pension expense for the District. This caused a decrease in the change in net position totaling \$9,168. The District's proportionate share of the pension expense on the plan as a whole had to be recorded as an expense. The net pension expense increased the change in net position \$95,046. The result of these amounts is to increase the change in net position by \$94,353.	94,353
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The implementation of GASB 75 required that certain expenditures be de-expended and recorded as deferred resource outflows. These contributions made after the measurement date of 12/31/20 caused the change in the ending net position to increase in the amount of \$1,019. Contributions made before the measurement date and during the 2021 fiscal year were also expended in the 2021 fiscal year and recorded as an increase in net OPEB expense for the City. This caused the change in ending net position to decrease \$396. The City's proportionate share of the OPEB expense on the plan as a whole had to be recorded as an expense. The net OPEB expense increased the change in net position \$563. The result of these amounts is to increase the change in net position by \$1,186.	1,186
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Change in Net Position -- Statement of Activities	\$ 530,583
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The accompanying notes are an integral part of this statement.



CITY OF CROSBYTON  
Crosbyton, Texas

STATEMENT OF NET POSITION - PROPRIETARY FUND  
March 31, 2021

	Business-Type Activities-- Enterprise Funds
	<u>Water &amp; Sewer</u>
ASSETS	
<u>Current Assets:</u>	
Cash	\$ 255,560
Temporary Investments	200,000
Accounts Receivable, net (allowance for uncollectible accounts of \$12,384)	66,856
Due from Other Funds	-
<u>Total Current Assets</u>	<u>522,416</u>
<u>Noncurrent Assets:</u>	
Net Pension Asset	98,329
Unamortized Water Contract Costs	138,579
Land	2,608
Construction in Progress	-
Buildings and Improvements, net	20,069
Vehicles, Equipment and Furniture, net	1,588,569
<u>Total Noncurrent Assets</u>	<u>1,848,154</u>
<u>TOTAL ASSETS</u>	<u>\$ 2,370,570</u>
DEFERRED OUTFLOWS OF RESOURCES	
Deferred Outflows - Pension	\$ 2,327
Deferred Outflows - OPEB	2,583
<u>TOTAL DEFERRED OUTFLOWS OF RESOURCES</u>	<u>\$ 4,910</u>
LIABILITIES	
<u>Current Liabilities</u>	
Accounts Payable	\$ 29,468
Accrued Wages	5,885
Due to Other Funds	33,741
Compensated Absences	10,556
Customer Deposits	47,881
<u>Total Current Liabilities</u>	<u>127,531</u>
<u>Noncurrent Liabilities</u>	
Net Pension Liability	-
Total OPEB Liability	19,350
Due within one year	4,029
Due in more than one year	147,159
<u>Total Noncurrent Liabilities</u>	<u>170,538</u>
<u>TOTAL LIABILITIES</u>	<u>298,069</u>
DEFERRED INFLOWS OF RESOURCES	
Deferred Inflows - Pension	\$ 31,471
Deferred Inflows - OPEB	4,311
<u>TOTAL DEFERRED INFLOWS OF RESOURCES</u>	<u>\$ 35,782</u>
NET POSITION	
Net investment in capital assets	1,598,637
Unrestricted	442,992
<u>Total Net Position</u>	<u>2,041,629</u>

The accompanying notes are an integral part of this statement.

## EXHIBIT D-2

CITY OF CROSBYTON  
Crosbyton, Texas

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

For the Year Ended March 31, 2021

	Business-Type Activities-- <u>Enterprise Funds</u>
	<u>Water &amp; Sewer</u>
<u>Operating Revenues</u>	
Water Sales	\$ 592,710
Sewer Charges	136,594
Tapping Fees and Late Payment Penalties	20,268
Other	3,679
<u>Total Operating Revenues</u>	<u>753,251</u>
<u>Operating Expenses</u>	
Production Expenses	264,332
Distribution Expenses	224,988
Administrative Expenses	89,702
Amortization	6,252
Depreciation	87,863
<u>Total Operating Expenses</u>	<u>673,137</u>
<u>Operating Income (Loss)</u>	80,114
<u>Non-Operating Revenues (Expenses)</u>	
Interest Expense	(6,798)
<u>Total Non-Operating Revenues (Expenses)</u>	<u>(6,798)</u>
<u>Income Before Contributions and Transfers</u>	<u>73,316</u>
<u>Contributions and Transfers</u>	
Capital Contribution - Grants	-
Transfer from/(to) Other Funds	(150,000)
<u>Total Contributions and Transfers</u>	<u>(150,000)</u>
Change in Net Position	(76,684)
NET POSITION	
Net Position - Beginning	2,118,313
Net Position, End of Year	<u>\$ 2,041,629</u>

The accompanying notes are an integral part of this statement.

CITY OF CROSBYTON  
Crosbyton, Texas

STATEMENT OF CASH FLOWS--  
PROPRIETARY FUNDS  
For the Year Ended March 31, 2021

	Business-Type Activities-- <u>Enterprise Funds</u>
	<u>Water &amp; Sewer</u>
<u>Cash Flows from Operating Activities:</u>	
Receipts from Customers	\$ 752,758
Payments to Suppliers	(437,715)
Payments to Employees	(169,916)
<u>Net Cash Provided (Used) by Operating Activities</u>	<u>145,127</u>
<u>Cash Flows from Non-Capital Financing Activities:</u>	
Transfers to Other Funds	(150,000)
Change in Due to Other Funds	1,508
<u>Net Cash Provided (Used) by Non-Capital Financing Activities</u>	<u>(148,492)</u>
<u>Cash Flows from Capital &amp; Related Financing Activities:</u>	
Acquisition of Capital Assets	-
Payments on Debt Acquired for Capital Assets	(11,559)
Contributed Capital	-
<u>Net Cash Provided (Used) by Capital &amp; Related Financing Activities</u>	<u>(11,559)</u>
Net Increase (Decrease) in Cash & Cash Equivalents	(14,924)
Cash & Cash Equivalents--Beginning of Year	<u>470,484</u>
<u>Cash &amp; Cash Equivalents--End of Year</u>	<u>\$ 455,560</u>
Reconciliation of Operating Income (Loss) to Net Cash Flows from Operating Activities:	
Operating Income (Loss)	\$ 80,114
Adjustments to Reconcile to Net Cash Provided (Used) by Operating Activities:	
Amortization	6,252
Depreciation	87,863
(Increase) Decrease in Receivables	(2,303)
(Increase) Decrease in Net Pension Asset	(40,763)
(Increase) Decrease in Total OPEB Liability	(2,812)
Increase (Decrease) in Liabilities	17,550
Increase (Decrease) in Deferred Outflows	(394)
Increase (Decrease) in Deferred Inflows	(380)
<u>Net Cash Provided (Used) by Operating Activities</u>	<u>\$ 145,127</u>

The accompanying notes are an integral part of this statement.

CITY OF CROSBYTON  
Crosbyton, Texas

NOTES TO FINANCIAL STATEMENTS  
March 31, 2021

Note A: Summary of Significant Accounting Policies

The basic financial statements of the City of Crosbyton have been prepared in conformity with accounting principles generally accepted in the United States of America ("GAAP") applicable to governmental units. Generally accepted accounting principles for local governments include those principles prescribed by the Governmental Accounting Standards Board ("GASB") and the American Institute of Certified Public Accountants (AICPA).

1. The Reporting Entity

The City of Crosbyton, Texas was chartered under the provisions of the State of Texas on November 21, 1917. The citizens elect the mayor at large and six council members by wards. The accompanying financial statements present the City's primary government and component units over which the City exercises significant influence. Significant influence or accountability is based primarily on operational or financial relationships with the City.

2. Basis of Presentation, Basis of Accounting

a. Basis of Presentation

Government-wide Statements: The statement of net position and the statement of activities include the financial activities of the overall government. Eliminations have been made to minimize the over-reporting of internal activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties.

The statement of activities presents a comparison between direct expenses and program revenues for the different 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 does not allocate indirect expenses in the statement of activities. Program revenues include (a) fees, fines, and charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all of taxes, are presented as general revenues.

CITY OF CROBYTON  
Crosbyton, Texas

NOTES TO FINANCIAL STATEMENTS, Page 2  
March 31, 2021

Note A: Summary of Significant Accounting Policies (Continued)

Fund Financial Statements: The fund financial statements provide information about the City's funds, with separate statements presented for each fund category. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column. All remaining governmental funds are aggregated and reported as nonmajor funds.

The City reports the following major governmental funds:

General Fund: This is the primary operating fund of the City. It accounts for all financial resources of the general government except those required to be accounted for in another fund.

In addition, the City reports the following fund types:

Enterprise Funds: Enterprise Funds are 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 that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes. Operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Non-operating revenues, such as subsidies and investment earnings, result from non-exchange transactions or ancillary activities.

Component Unit: This fund reports the activities of the Pioneer Memorial Museum. The city council appoints the Museum's board of directors and approves its annual budgets. The Component Unit is discretely presented because the Component Unit's board of trustees is comprised of board members only from the primary government and those who were appointed by the primary government. Also, the Component Unit has the potential to provide specific financial benefits to, or impose specific financial burdens on, the primary government.

b. Measurement Focus, Basis of Accounting

Government-wide Financial Statements: These financial statements are reported using the economic resources measurement focus. They are reported using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time the liabilities are incurred, regardless of when the related cash flows take place. Nonexchange transactions, in which the City gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, entitlements, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenues from grants, entitlements, and donations are recognized in the fiscal year in which all eligibility requirements have been satisfied.

CITY OF CROSBYTON  
Crosbyton, Texas

NOTES TO FINANCIAL STATEMENTS, Page 3  
March 31, 2021

Note A: Summary of Significant Accounting Policies--Continued

Governmental Fund Financial Statements: Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The City considers all revenues reported in the governmental funds to be available if the revenues are collected within sixty days after year-end. Revenues from local sources consist primarily of property taxes. Property tax revenues and revenues received from the State are recognized under susceptible-to-accrual concept. Miscellaneous revenues are recorded as revenue when received in cash because they are generally not measurable until actually received. Investment earnings are recorded as earned, since they are both measurable and available. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims, and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital assets acquisitions are reported as expenditures in governmental funds. Proceeds from general long-term debt and acquisitions under capital leases are reported as other financing sources.

The Proprietary Fund Types are accounted for on a flow of economic resources measurement focus utilizing the accrual basis of accounting. This basis of accounting recognizes revenues in the accounting period in which they are earned and become measurable and expenses in the accounting period in which they are incurred and become measurable. The fund equity is segregated in net investment in capital assets, restricted net position, and unrestricted net position.

c. Fund Balance Classification

Restricted: This classification includes amounts for which constraints have been placed on the use of the resources either (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation. Currently, the City's restricted fund balances are made up of \$71,831 restricted by donors for Cemetery perpetual care and \$338 restricted for Court Technology.

Committed: This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by formal action of the City Council. These amounts cannot be used for any other purpose unless the Board of Directors removes or changes the specified use by taking the same type of action (resolution) that was employed when the funds were initially committed. Currently, the City has fund balances committed of \$8,201 for disaster relief, \$41,940 for the airport, and \$8,637 committed for the Community Technology and Economic Development Center.

CITY OF CROSBYTON  
Crosbyton, Texas

NOTES TO FINANCIAL STATEMENTS, Page 4  
March 31, 2021

Note A: Summary of Significant Accounting Policies (continued)

c. Fund Balance Classification (continued)

Unassigned: This classification includes the residual fund balance for the General Fund.

When the City incurs an expenditure or expense for which both restricted and unrestricted resources may be used, it is the City's policy to use restricted resources first, then unrestricted resources.

When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the City considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds.

The District reserves the right to selectively spend Unassigned/Unrestricted resources first to defer the use of these other classified funds.

3. Financial Statement Amounts

a. Deposits and Investments

The City's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

For purposes of the statement of cash flows, the City considers all highly liquid investments purchased with maturity of three months or less to be cash equivalents.

Investments for the City are reported at fair value.

b. Property Taxes

Property taxes are levied by October 1 on the assessed value listed as of the prior January 1<sup>st</sup> for all real and business personal property in conformity with Subtitle E, Texas Property Tax Code. Taxes are due on receipt of the tax bill and are delinquent if not paid before February 1<sup>st</sup> of the year following the year in which imposed. On January 1<sup>st</sup> of each year, a tax lien attaches to property to secure the payment of all taxes, penalties, and interest ultimately imposed. Property tax revenues are considered available when they become due or past due and receivable within the current period.

Allowances for uncollectible tax receivables within the General Fund are based upon historical experience in collecting property taxes. As of March 31, 2021, the amount deemed uncollectible by this estimate was \$73,807. Uncollectible personal property taxes are periodically reviewed and written off, but the City is prohibited from writing off real property taxes without specific statutory authority from the Texas Legislature.

CITY OF CROSBYTON  
Crosbyton, Texas

NOTES TO FINANCIAL STATEMENTS, Page 5  
March 31, 2021

Note A: Summary of Significant Accounting Policies (continued)

c. Inventories and Prepaid Items

The City records purchases of supplies as expenditures, utilizing the purchase method of accounting for inventory.

Certain payments to vendors reflect cost applicable to future periods and are recorded as prepaid items.

d. Capital Assets

Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated fixed assets are recorded at their estimated fair market value at the date of the donation. The City has elected not to retroactively report its infrastructure assets. Infrastructure assets acquired after the implementation of GASB 34 will be capitalized. The cost of normal maintenance and repairs that do not add to the value of the assets' lives are not capitalized. A capitalization threshold of \$5,000 is used.

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

<u>Asset Class</u>	<u>Estimated Useful Lives</u>
Infrastructure	50
Buildings	40-50
Building Improvements	20-25
Vehicles	5-10
Office Equipment and Furniture	5-10
Computer Equipment	3

e. Receivable and Payable Balances

The City believes that sufficient detail of receivable and payable balances is provided in the financial statements to avoid the obscuring of significant components by aggregation. Therefore, no disclosure is provided which disaggregates those balances.

There are no significant receivables which are not scheduled for collection within one year of the period end.



CITY OF CROSBYTON  
Crosbyton, Texas

NOTES TO FINANCIAL STATEMENTS, Page 6  
March 31, 2021

Note A: Summary of Significant Accounting Policies (continued)

f. Interfund Activity

Interfund activity results from loans, services provided, reimbursements or transfers between funds. Loans are reported as interfund receivables and payables as appropriate and are subject to elimination upon consolidation. Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures or expenses. Reimbursements occur when one fund incurs a cost, charges the appropriate benefiting fund and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers. Transfers In and Transfers Out are netted and presented as a single "Transfers" line on the government-wide statement of activities. Similarly, interfund receivables and payables are netted and presented as a single "Internal Balances" line of the government-wide statement of net position.

g. Use of Estimates

The preparation of financial statements in conformity with GAAP requires the use of management's estimates. Actual results could differ from those estimates.

h. Compensated Absences

The liability for compensated absences reported in the government-wide consists of unpaid, accumulated vacation and sick leave balances. The liability has been calculated using the vesting method, in which leave amounts for employees eligible or expected to become eligible in the future to receive such payments upon termination are included.

i. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then.

Governmental Funds: In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. These amounts are deferred and recognized as an inflow of resources in the period when the amounts become available.

CITY OF CROSBYTON  
Crosbyton, Texas

NOTES TO FINANCIAL STATEMENTS, Page 7  
March 31, 2021

Note B: Compliance and Accountability

1. Finance-Related Legal and Contractual Provisions

In accordance with GASB Statement No. 38, "Certain Financial Statement Note Disclosures", violations of finance-related legal and contractual provisions, if any, are reported below, along with actions taken to address such violations:

<u>Violations</u>	<u>Action Taken</u>
None Reported	Not Applicable

Note C: Deposits and Investments

The City's funds are required to be deposited and invested under the terms of a depository contract. The depository bank deposits for safekeeping and trust with the City's agent bank approved pledged securities in an amount sufficient to protect City funds on a day-to-day basis during the period of the contract. The pledge of approved securities is waived only to the extent of the depository bank's dollar amount of Federal Deposit Insurance Corporation ("FDIC") insurance.

Cash Deposits

At March 31, 2021, the carrying amount of the City's deposits (cash, certificates of deposit, and interest bearing saving accounts included in temporary investments) was \$1,257,431 and the bank balance was \$1,270,754. The City's cash deposits at March 31 and during the year then ended, were entirely covered by FDIC insurance or by pledged collateral held by the City's agent bank in the City's name.

Investments

The City is required by Government Code Chapter 2256, The Public Funds Investment Act, to adopt, implement, and publicize an investment policy. That policy must address the following areas: (1) safety of principal and liquidity, (2) portfolio diversification, (3) allowable investments, (4) acceptable risk levels, (5) expected rates of return, (6) maximum allowable stated maturity of portfolio investments, (7) maximum average dollar-weighted maturity allowed based on the stated maturity date for the portfolio, (8) investment staff quality and capabilities, and (9) bid solicitation preferences for certificates of deposit.

The Public Funds Investment Act ("Act") requires an annual audit of investment practices. Audit procedures in this area conducted as a part of the audit of the general purpose financial statements disclosed that in the areas of investment practices, management reports an establishment of appropriate policies, the City adhered to the requirements of the Act. Additionally, investment practices of the City were in accordance with local policies.

CITY OF CROSBYTON  
Crosbyton, Texas

NOTES TO FINANCIAL STATEMENTS, Page 8  
March 31, 2021

Note C: Deposits and Investments (continued)

State statutes and Council policy authorize the City to invest in 1) obligations of the U.S. or its agencies and instrumentalities; 2) obligations of state, agencies, counties, cities, and other political subdivisions of any state having been rated as to investment quality by a nationally recognized investment rating firm and having received a rating of not less than "A" or its equivalent; 3) guaranteed or secured certificates of deposit issued by state or national banks domiciled in Texas; 4) obligations of the state of Texas or its agencies; 5) other obligations guaranteed by the U.S. or the state of Texas or their agencies and instrumentalities; 6) fully collateralized repurchase agreements; and 7) public funds investment pools. Temporary investments are reported at cost, which approximates market, and are secured, when necessary, by the FDIC or obligations of items 1-4 above at 102% of the investment's market value.

The City's investments at March 31, 2021 included certificates of deposit (\$393,459), and investment pools (\$303,448).

<u>Investment Pool</u>	<u>Fund Rating (Standard &amp; Poor's)</u>	<u>Wtd Average Maturity</u>	<u>Amount</u>
Texpool	AAAm	30 Days	\$ 303,448

Public Funds Investment Pools

Public funds investment pools in Texas ("Pools") are established under the authority of the Interlocal Cooperation Act, Chapter 79 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: 1) 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; 2) maintain a continuous rating of now lower than AAA or AAA-m or an equivalent rating by at least one nationally recognized rating service; and 3) maintain the market value of its underlying investment portfolio within one half of one percent of the value of its shares.

The City's investments in Pools are reported at an amount determined by the fair value per share of the pool's underlying portfolio, unless the pool is 2a7-like, in which case they are reported at share value. A 2a7-like pool is one which is not registered with the Securities and Exchange Commission ("SEC") as an investment company, but nevertheless has a policy that it will, and does, operate in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940.

CITY OF CROSBYTON  
Crosbyton, Texas

NOTES TO FINANCIAL STATEMENTS, Page 9  
March 31, 2021

Note C: Deposits and Investments (continued)

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 agencies are designed to give an indication of credit risk. At year end, the City was not significantly exposed to credit risk.

b. Custodial Credit Risk

Deposits are exposed to custodial credit risk if they are not covered by depository insurance and the deposits are uncollateralized, collateralized with securities held by the pledging financial institution, or collateralized with securities held by the pledging financial institution's trust department or agent but not in the City's name.

Investment securities are exposed to custodial credit risk if the securities are uninsured, are not registered in the name of the government, and are held by either the counterparty or the counterparty's trust department or agent but not in the City's name.

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

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.

CITY OF CROSBYTON  
Crosbyton, Texas

NOTES TO FINANCIAL STATEMENTS, Page 10  
March 31, 2021

Note D: Capital Assets

Capital asset activity for the period ended March 31, 2021, was as follows:

<b>Governmental Activities:</b>	Balance 4-01-20	Additions	Deletions/ Reclassifications	Balance 3-31-21
Land	\$ 151,215	-	-	\$ 151,215
Infrastructure	410,567	56,288	-	466,855
Buildings& Improvements	1,958,554	474,968	-	2,433,522
Furniture & Equipment	1,427,123	33,207	-	1,460,330
Total Capital Assets	<u>\$ 3,947,459</u>	<u>\$564,463</u>	<u>\$ -</u>	<u>\$ 4,511,922</u>

Less Accumulated  
Depreciation:

Infrastruture	\$ 104,462	\$ 13,717	-	\$ 118,179
Buildings& Improvements	958,926	74,052	-	1,032,978
Furniture & Equipment	<u>1,225,402</u>	<u>52,710</u>	<u>-</u>	<u>1,278,112</u>
Total Accumulated Depreciation	<u>\$ 2,288,790</u>	<u>\$ 140,479</u>	<u>\$ -</u>	<u>\$ 2,429,269</u>
Net Capital Assets	<u>\$ 1,658,669</u>	<u>\$ 423,984</u>	<u>\$ -</u>	<u>\$ 2,082,653</u>

<b>Business-Type Activities:</b>	Balance 4-01-20	Additions	Deletions/ Reclassifications	Balance 3-31-21
Land	\$ 2,608	-	-	\$ 2,608
Buildings& Improvements	85,007	-	-	85,007
Vehicles, Machinery & Furniture & Fixtures	<u>3,843,673</u>	<u>-</u>	<u>-</u>	<u>3,843,673</u>
Total Capital Assets	<u>\$ 3,931,288</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,931,288</u>

CITY OF CROSBYTON  
Crosbyton, Texas

NOTES TO FINANCIAL STATEMENTS, Page 11  
March 31, 2021

Note D: Capital Assets (continued)

<u>Less Accumulated Depreciation:</u>	<u>Balance 4-01-20</u>	<u>Additions</u>	<u>Deletions/ Reclassifications</u>	<u>Balance 3-31-21</u>
Buildings& Improvements	\$ 63,047	\$ 1,892	-	\$ 64,939
Vehicles, Machinery & Furniture & Fixtures	<u>2,169,140</u>	<u>85,971</u>	<u>-</u>	<u>2,255,111</u>
Total Accumulated Depreciation	<u>\$ 2,232,187</u>	<u>\$ 87,863</u>	<u>\$ -</u>	<u>\$2,320,050</u>
Net Capital Assets	<u>\$ 1,699,101</u>	<u>\$ (87,863)</u>	<u>\$ -</u>	<u>\$1,611,238</u>

<u>Component Unit:</u>	<u>Balance 4-01-20</u>	<u>Additions</u>	<u>Deletions/ Reclassifications</u>	<u>Balance 3-31-21</u>
Land	\$ 14,135	-	-	\$ 14,135
Buildings& Improvements	1,378,308	38,200	(70,000)	1,346,508
Vehicles, Machinery & Furniture & Fixtures	<u>234,714</u>	<u>32,308</u>	<u>-</u>	<u>267,022</u>
Total Capital Assets	<u>\$ 1,627,157</u>	<u>\$ 70,508</u>	<u>\$ (70,000)</u>	<u>\$ 1,627,665</u>

<u>Less Accumulated Depreciation:</u>	<u>Balance 4-01-20</u>	<u>Additions</u>	<u>Deletions/ Reclassifications</u>	<u>Balance 3-31-21</u>
Buildings& Improvements	\$ 579,889	\$ 35,925	(18,521)	\$ 597,293
Vehicles, Machinery & Furniture & Fixtures	<u>200,847</u>	<u>6,823</u>	<u>-</u>	<u>207,670</u>
Total Accumulated Depreciation	<u>\$ 780,736</u>	<u>\$ 42,748</u>	<u>\$ (18,521)</u>	<u>\$ 804,963</u>
Net Capital Assets	<u>\$ 846,421</u>	<u>\$ 27,760</u>	<u>\$ (51,479)</u>	<u>\$ 822,702</u>

Depreciation was charged to functions of the primary government as follows:

General Government	\$ 22,969
Public Safety	38,926
Streets	18,298
Sanitation	7,719
Health & Welfare	1,866
Culture and Recreation	43,121
Airport	7,580
Water and Sewer	<u>87,863</u>
	<u>\$228,342</u>

CITY OF CROSBYTON  
Crosbyton, Texas

NOTES TO FINANCIAL STATEMENTS, Page 12  
March 31, 2021

Note E: Interfund Balances and Activities

Interfund balances at March 31, 2021 consisted of the following individual fund balances:

<u>Fund</u>	<u>Due from Other Funds</u>	<u>Due to Other Funds</u>
<u>General Fund:</u>		
Special Revenue Funds	\$ 4,118	\$ 4,077
Proprietary Fund	33,741	-
Component Unit	<u>10,754</u>	<u>-</u>
<u>Total General Fund</u>	<u>48,613</u>	<u>4,077</u>
<u>Special Revenue Fund:</u>		
General Fund	<u>4,077</u>	<u>4,118</u>
<u>Proprietary Fund:</u>		
General Fund	<u>-</u>	<u>33,741</u>
<u>Component Unit:</u>		
General Fund	<u>-</u>	<u>10,754</u>
<u>Total</u>	<u>\$ 52,690</u>	<u>\$ 52,690</u>

These interfund receivables and payables arise out of the normal course of business where the general fund is owed for operating expenses paid for the other funds. All balances are expected to be paid within one year.

Note F: Interfund Transfers

Interfund transfers for the year ended March 31, 2021 consisted of the following:

<u>Fund</u>	<u>Transfers In</u>	<u>Transfers Out</u>
<u>General Fund:</u>		
Proprietary Fund	<u>150,000</u>	<u>-</u>
<u>Total General Fund</u>	<u>-</u>	<u>-</u>
<u>Proprietary Fund:</u>		
General Fund	<u>-</u>	<u>150,000</u>
<u>Total</u>	<u>\$ 150,000</u>	<u>\$ 150,000</u>

These interfund transfers represent cash flow transfers from the water & sewer fund in the normal course of business.

CITY OF CROSBYTON  
Crosbyton, Texas

NOTES TO FINANCIAL STATEMENTS, Page 13  
March 31, 2021

Note G: Long-Term Obligations

Short term loans are accounted for through the applicable fund. General Fund proceeds from loans (except those issued and retired during the current year) are shown in the financial statements as Other Resources and principal payments as expenditures. Enterprise fund loans are shown in the appropriate fund.

The City has a contractual agreement along with 3 other cities to purchase water from White River Municipal Water District. Additionally, each of the 4 cities has a contractual obligation to provide the funding necessary to retire \$1,055,000 of bonded indebtedness held by White River Municipal Water District. Each City is required to pay a monthly fee to fund the retirement of the indebtedness. The City accounts for these payments in the proprietary fund for water & sewer activities. The interest charged to expense in the current fiscal year was \$6,798.

Interest expense incurred during the current fiscal year was \$0 for governmental activities and \$6,798 for business-type activities.

Changes in long-term obligations for the year ended March 31, 2021 are as follows:

<u>Governmental</u> <u>Activities:</u>	<u>Beginning</u> <u>Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending</u> <u>Balance</u>
Compensated Absences	\$ 8,140	\$ 5,188	\$ -	\$ 13,328
Net Pension Liability-TMRS	(111,467)	-	83,555	(195,022)
Net Pension Liability-TESRS	38,833	2,119	8,178	32,774
Total OPEB Liability	<u>56,040</u>	<u>-</u>	<u>5,846</u>	<u>50,194</u>

<u>Total Governmental</u> <u>Funds:</u>	<u>\$ (8,454)</u>	<u>\$ 7,307</u>	<u>\$ 97,579</u>	<u>\$ (98,726)</u>
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<u>Business-Type</u> <u>Activities:</u>	<u>Beginning</u> <u>Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending</u> <u>Balance</u>	<u>Due</u> <u>Within</u> <u>One Year</u>
Compensated Absences	\$ 6,931	\$ 3,625	\$ -	\$ 10,556	\$ -
Net Pension Liability-TMRS	(57,566)	-	40,763	(98,329)	-
Total OPEB Liability	22,162	-	2,812	19,350	-
WRMWD Debt:					
Revenue Bonds-					
Series 2013	<u>\$ 155,949</u>	<u>\$ -</u>	<u>\$ 4,761</u>	<u>\$ 151,188</u>	<u>\$ 4,029</u>

<u>Total Business-Type</u> <u>Funds:</u>	<u>\$ 127,476</u>	<u>\$ 3,625</u>	<u>\$ 48,336</u>	<u>\$ 82,765</u>	<u>\$ 4,029</u>
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The general fund is used to liquidate the governmental activities long-term debt and the water and sewer fund liquidates the business-type activities long-term debt.



CITY OF CROSBYTON  
Crosbyton, Texas

NOTES TO FINANCIAL STATEMENTS, Page 14  
March 31, 2021

Note G: Long-Term Obligations (continued)

<u>Debt Service Requirements</u> Year Ending March 31,	<u>Proprietary Fund</u>	
	<u>Principal</u>	<u>Interest</u>
2022	4,029	5,643
2023	4,395	6,041
2024	4,395	5,908
2025	5,128	5,767
2026	5,274	5,593
2027-2031	28,860	24,902
2032-2036	34,867	18,581
2037-2041	42,778	10,500
2042-2044	21,462	1,561
Total	<u>\$ 151,188</u>	<u>\$ 84,496</u>

<u>Component Unit:</u>	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Net Pension Liability-TMRS	\$ (22,181)	\$ -	\$ 14,976	\$ (37,157)
Total OPEB Liability	<u>9,798</u>	<u>-</u>	<u>1,032</u>	<u>8,766</u>
Total	\$ (12,383)	\$ -	\$ 16,008	\$(28,391)

CITY OF CROSBYTON  
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NOTES TO FINANCIAL STATEMENTS, Page 15  
March 31, 2021

Note H: TMRS-Pension Plan

Plan Description

The City of Crosbyton participates as one of 895 plans in the defined benefit cash-balance plan administered by the Texas Municipal Retirement System (TMRS). TMRS is a statewide public retirement plan created by the State of Texas and administered in accordance with the TMRS Act, Subtitle G, Title 8 Texas Government Code (the TMRS Act) as an agent multiple-employer retirement system for employees of Texas participating cities. The TMRS Act places the general administration and management of TMRS with a six-member, Governor-appointed Board of Trustees; however, TMRS is not fiscally dependent on the State of Texas. TMRS issues a publicly available Comprehensive Annual Financial Report (Annual Report) that can be obtained at [www.tmrs.com](http://www.tmrs.com).

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

Benefits Provided

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

At retirement, the Member's benefit is calculated based on the sum of the Member's contributions, with interest, and the city-financed monetary credits with interest. The retiring Member may select one of seven monthly benefit payment options. Members may also choose to receive a portion of their benefit as a lump sum distribution in an amount equal to 12, 24, or 36 monthly payments, which cannot exceed 75% of the total Member contributions and interest.

	<u>Plan Year 2020</u>	<u>Plan Year 2019</u>
Employee deposit rate	6.0%	6.0%
Matching ratio (City to employee)	1.5 to 1	1.5 to 1
Years required for vesting	5	5
Service retirement eligibility (expressed as age / years of service)	60/5, 0/20	60/5, 0/20
Updated Service Credit	100%	100%
Annuity Increase (to retirees)	0% of CPI	0% of CPI

CITY OF CROSBYTON  
Crosbyton, Texas

NOTES TO FINANCIAL STATEMENTS, Page 16  
March 31, 2021

Note H: TMRS-Pension Plan (continued)

*Employees covered by benefit terms*

At the December 31, 2020 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	16
Active employees	<u>11</u>
Total	38

Contributions

Member contribution rates in TMRS are either 5%, 6% or 7% of the Member's total compensation, 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 city's contribution rate is based on the liabilities created from the benefit plan options selected by the city and any changes in benefits or actual experience over time.

Employees for the City of Crosbyton were required to contribute 6% of their annual compensation during the fiscal year. The contribution rates for the City of Crosbyton were 5.02% and 4.15% in calendar years 2020 and 2021, respectively. The City's contributions to TMRS for the year ended March 31, 2021 were \$18,760, and were equal to the required contributions.

Net Pension Liability

The City's Net Pension Liability (NPL) was measured as of December 31, 2020, and the Total Pension Liability (TPL) used to calculate the Net Pension Liability was determined by an actuarial valuation as of that date.

*Actuarial assumptions:*

The Total Pension Liability in the December 31, 2020 actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.5% per year
Overall payroll growth	2.75% per year, adjusted down for population declines, if any
Investment Rate of Return	6.75% net of pension plan investment expense, including inflation

CITY OF CROSBYTON  
Crosbyton, Texas

NOTES TO FINANCIAL STATEMENTS, Page 17  
March 31, 2021

Note H: TMRS-Pension Plan (continued)

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

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

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. In determining their best estimate of a recommended investment return assumption under the various alternative asset allocation portfolios, GRS focused on the area between (1) arithmetic mean (aggressive) without an adjustment for time (conservative) and (2) the geometric mean (conservative) with an adjustment for time (aggressive). The target allocation and best estimates of real rates of return for each major asset class in fiscal year 2021 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return (Arithmetic)</u>
Global Equity	30.00%	5.30%
Core Fixed Income	10.00%	1.25%
Non-Core Fixed Income	20.00%	4.14%
Real Return	10.00%	3.85%
Real Estate	10.00%	4.00%
Absolute Return	10.00%	3.48%
Private Equity	<u>10.00%</u>	7.75%
Total	100.00%	

CITY OF CROSBYTON  
Crosbyton, Texas

NOTES TO FINANCIAL STATEMENTS, Page 18  
March 31, 2021

Note H: TMRS-Pension Plan (continued)

*Discount Rate*

The discount rate used to measure the Total Pension Liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that Member and employer contributions will be made at the rates specified in statute. Based on that assumption, the pension plan's Fiduciary Net Position was projected to be available to make all projected future benefit payments of current active and inactive Members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the Total Pension Liability.

*Change in the Net Pension Liability*

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a)-(b)
Balance at 12/31/19	\$ 1,379,221	\$ 1,570,437	\$ (191,216)
Changes for the year:			
Service cost	44,914		44,914
Interest	90,561		90,561
Change of benefit terms			
Difference between expected and actual experience	(114,433)		(114,433)
Changes of assumptions			-
Contributions - employer		19,283	(19,283)
Contributions - employee		23,052	(23,052)
Net investment income		118,802	(118,802)
Benefit payments, including refunds of employee contributions	(120,071)	(120,071)	-
Administrative expense		(771)	771
Other changes		(32)	32
Net changes	(99,029)	40,263	(139,292)
Balance at 12/31/20	<u>\$ 1,280,192</u>	<u>\$ 1,610,700</u>	<u>\$ (330,508)</u>

*Sensitivity of the Net Pension Liability to Changes in the Discount Rate*

The following presents the net pension liability of the City, calculated using the discount rate of 6.75%, as well as what the City's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.75%) or 1-percentage-point higher (7.75%) than the current rate:

	1% Decrease in Discount Rate (5.75%)	Discount Rate (6.75%)	1% Increase in Discount Rate (7.75%)
City's net pension liability	\$ (206,670)	\$ (330,508)	\$ (434,995)

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Crosbyton, Texas

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March 31, 2021

Note H: TMRS-Pension Plan (continued)

*Pension Plan Fiduciary Net Position*

Detailed information about the pension plan's Fiduciary Net Position is available in the Schedule of Changes in Fiduciary Net Position, by Participating City. That report may be obtained at [www.tmr.com](http://www.tmr.com).

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

For the year ended March 31, 2021, the city recognized pension expense of \$(131,410).

At March 31, 2021, the city reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ -	\$ 48,287
Changes in actuarial assumptions	\$ -	\$ -
Difference between projected and actual investment earnings	\$ -	\$ 44,891
Contributions subsequent to the measure date December 31, 2019	\$ 4,235	\$ -
Total	\$ 4,235	\$ 93,178

\$4,235 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability for the year ending March 31, 2022. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended Dec 31:	
2021	\$ (65,980)
2022	3,025
2023	(27,662)
2024	(2,561)
2025	-
Thereafter	-
Total	\$ (93,178)

CITY OF CROSBYTON  
Crosbyton, Texas

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March 31, 2021

Note I: TESRS-Pension

The City provides volunteer firefighters with pension coverage through the Texas Emergency Services Retirement System (TESRS).

Plan Description

The TESRS administers a cost-sharing multiple employer pension system (the System) established and administered by the State of Texas to provide pension benefits for emergency services personnel who serve without significant monetary remuneration. The System is governed by a nine-member board of trustees, with at least five of the trustees being active members of the pension system, one of whom must represent emergency medical services personnel. One trustee may be a retiree of the pension system, and three trustees must be persons who have experience in the fields of finance, securities investment, or pension administration. The System issues a stand-alone financial report that is available to the public at [www.tesrs.org](http://www.tesrs.org). The System operates on a fiscal year ending August 31 with the fiscal year ending August 31, 2020 being the latest available financial data. At August 31, 2020, there were 238 contributing fire and/or emergency services department members participating in TESRS. Eligible participants include volunteer emergency services personnel who are members in good standing of a member department. On August 31, 2020, the pension system membership consisted of:

	<u>System</u>
Retirees and beneficiaries currently receiving benefits	3837
Terminated members entitled to benefits but not yet receiving them	1787
Active participants (vested and nonvested)	<u>3634</u>
Total	9258

Benefits Provided

Senate Bill 411, 65<sup>th</sup> Legislature, Regular Session (1977), created TESRS and established the applicable benefit provisions. The 79<sup>th</sup> Legislature, Regular Session (2005), re-codified the provisions and gave the TESRS Board of Trustees authority to establish vesting requirements, contribution levels, benefit formulas, and eligibility requirements by board rule. The benefit provisions include retirement benefits as well as death and disability benefits. Members are 50% vested after the tenth year of service, with the vesting percent increasing 10% for each of the next five years of service so that a member becomes 100% vested with 15 years of service.

Upon reaching age 55, each vested member may retire and receive a monthly pension equal to his vested percent multiplied by six times the governing body's average monthly contribution over the member's years of qualified service. For years of service in excess of 15 years, this monthly benefit is increased at the rate of 6.2% compounded annually. There is no provision for automatic postretirement benefit increases.

CITY OF CROSBYTON  
Crosbyton, Texas

NOTES TO FINANCIAL STATEMENTS, Page 21  
March 31, 2021

Note I: TESRS-Pension (continued)

On and off-duty death benefits and on-duty disability benefits are dependent on whether or not the member was engaged in the performance of duties at the time of death or disability. Death benefits include a lump sum amount or continuing monthly payments to a member's surviving spouse and dependent children.

Funding Policy

Contributions are made by the City for the emergency services personnel. No contributions are required from the individuals who are members of the System, nor are they allowed. The City is required to make contributions for each month a member performs emergency services (this minimum contribution is \$36 per member and the City may make a higher monthly contribution for its volunteers). This is referred to as a Part One contribution, which is the legacy portion of the System contribution that directly impact future retiree annuities.

The State is required to contribute an amount necessary to make the System "actuarially sound" each year, which may not exceed one-third of the total of all contributions made by participating governing bodies in a particular year.

The board rule defining contributions was amended in 2014 to add the potential for actuarially determined Part Two contributions that would be required only if the expected future annual contributions from the State are not enough with the Part One contributions to provide an adequate contribution arrangement as determined by the most recent actuarial valuation. This Part Two portion, which is actuarially determined as a percent of the Part One portion (not to exceed 15%), is to be actuarially adjusted every two years based on the most recent actuarial valuation. Based on the August 31, 2020 actuarial valuation, Part Two contributions are not required for an adequate contribution arrangement.

Additional contributions may be made by governing bodies within two years of joining the System, to grant up to 15 years of credit for prior service per member. Prior service must have occurred before the department began participation in the System.



CITY OF CROSBYTON  
Crosbyton, Texas

NOTES TO FINANCIAL STATEMENTS, Page 22  
March 31, 2021

Note I: TESRS-Pension (continued)

Contributions Required and Contributions Made

The contribution requirement per active emergency services personnel member per month is not actuarially determined. Rather, the minimum contribution provisions were set by board rule, and there is no maximum contribution rate. For the fiscal year ending August 31, 2020, total contributions of \$3,755,240 were paid into TESRS by the political subdivisions served by the member volunteer emergency services personnel. The State appropriated \$1,329,224 for the fiscal year ending August 31, 2020. The City contributed \$6,368 to the System during its fiscal year ending March 31, 2021.

The purpose of the biennial actuarial valuation is to determine if the contribution arrangement is adequate to pay the benefits that are promised. Actuarial assumptions are disclosed below.

The most recently completed biennial actuarial valuation as of August 31, 2020 stated that TESRS has an adequate contribution arrangement for the benefit provisions recognized in the valuation based on the expected total contributions, including the expected contributions both from the governing body of each participating department and from the state. The expected contributions from the state are state appropriations equal to (1) the maximum annual contribution (one-third of all contributions to TESRS by governing bodies of participating departments in a year) as needed in accordance with state law governing TESRS and (2) approximately \$675,000 each year to pay for part of the System's administrative expenses.

Net Pension Liability

The System's net pension liability was measured as of August 31, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of August 31, 2020.

	<u>System</u>	<u>City of Crosbyton</u>
Total pension liability	\$ 150,440,543	\$ 195,573
Plan fiduciary net position	\$ 125,229,661	\$ 162,799
Net pension liability	\$ 25,210,882	\$ 32,774
Fiduciary net position as a percentage of the total pension liability	83.24%	83.24%

*Actuarial Assumptions*

The total pension liability in the August 31, 2020 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.00% per year
Overall payroll growth	N/A
Investment Rate of Return	7.5% net of pension plan investment expense, including inflation

CITY OF CROSBYTON  
Crosbyton, Texas

NOTES TO FINANCIAL STATEMENTS, Page 23  
March 31, 2021

Note I: TESRS-Pension (continued)

Mortality rates were based on the PubS-2010 (public safety) below-median income mortality tables for employees and for retirees, projected for mortality improvement generationally using projection scale MP-2019.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which expected future net real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These components are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage (currently 4.6%) and by adding expected inflation (3.00%). In addition, the final 7.5% assumption was selected by rounding down. The target allocation and expected arithmetic real rates of return for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Net Real Rate of Return</u>
Equities		
Large cap domestic	20.00%	5.83%
Small/mid cap domestic	10.00%	5.94%
Developed international	15.00%	6.15%
Emerging Markets	5.00%	7.25%
Global infrastructure	5.00%	6.41%
Real Estate	10.00%	4.48%
Multi asset income	5.00%	3.84%
Fixed Income	30.00%	1.99%
Cash	<u>0.00%</u>	0.00%
Total	100.00%	

*Discount Rate*

The discount rate used to measure the total pension liability was 7.5%. No projection of cash flows was used to determine the discount rate because the August 31, 2020 actuarial valuation showed that expected contributions would pay the normal cost and amortize the unfunded actuarial accrued liability (UAAL) in 30 years using the level dollar amortization method. Because of the 30-year amortization period with the amortization method, the pension plan's fiduciary net position is expected to be available to make all projected future benefit payments of current active and inactive members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

CITY OF CROSBYTON  
Crosbyton, Texas

NOTES TO FINANCIAL STATEMENTS, Page 24  
March 31, 2021

Note I: TESRS-Pension (continued)

*Sensitivity of the Net Pension Liability to Changes in the Discount Rate*

The following presents the net pension liability of the System, calculated using the discount rate of 7.5%, in comparison to what the System's net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (6.5%) or 1 percentage point higher (8.5%) than the current rate:

	1% Decrease in Discount Rate (6.5%)		Discount Rate (7.5%)	1% Increase in Discount Rate (8.5%)	
System's net pension liability	\$	48,573,075	\$	25,210,882	\$ 8,978,976
City's net pension liability	\$	63,145	\$	32,774	\$ 11,673

*Pension Plan Fiduciary Net Position*

Detailed information about the pension plan's Fiduciary Net Position is available in a separately-issued TESRS annual financial report. That report may be obtained on the internet at [www.tesrs.org](http://www.tesrs.org).

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

\$5,868 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability for the year ending March 31, 2022. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended Aug 31:	
2021	\$ (1,394)
2022	(286)
2023	1,126
2024	(883)
2025	-
Thereafter	-
Total	\$ (1,437)

CITY OF CROSBYTON  
Crosbyton, Texas

NOTES TO FINANCIAL STATEMENTS, Page 25  
March 31, 2021

Note I: TESRS-Pension (continued)

*Change in Net Pension Liability*

	Measurement Date August 31, 2020	
	System	City of Crosbyton (allocation 0.13%)
<b>Total Pension Liability</b>		
Service cost	1,865,886	2,426
Interest	10,999,273	14,299
Change of benefit terms	2,988,966	3,886
Difference between expected and actual experience	(1,965,137)	(2,555)
Changes of assumptions	(67,820)	(88)
Change in Proportionate Share of Pension Liability	-	24,284
Benefit payments	(6,881,663)	(8,946)
Net change in total pension liability	6,939,505	33,306
Total pension liability - beginning	143,501,039	162,267
Total pension liability - ending	\$ 150,440,544	\$ 195,573
 <b>Plan Fiduciary Net Position</b>		
Contributions for members	3,755,240	4,882
Contributions by the State	1,329,224	1,728
Net investment income	12,191,811	15,849
Benefit payments	(6,881,663)	(8,946)
Administrative expense	(320,427)	(417)
Change in Proportionate Share	-	12,984
Net change in fiduciary net position	10,074,185	26,080
Plan fiduciary net position - beginning	115,155,476	136,719
Plan fiduciary net position - ending	\$ 125,229,661	\$ 162,799
Net pension liability - ending	\$ 25,210,883	\$ 32,774
Plan fiduciary net position as a percentage of the total pension liability	83.24%	83.24%

*Schedule of Investment Returns*

<u>Fiscal Year Ending</u>	<u>Annual Money-Weighted Net Real Rate of Return</u>
August 31, 2013	13.84%
August 31, 2014	14.92%
August 31, 2015	-3.58%
August 31, 2016	5.57%
August 31, 2017	10.32%
August 31, 2018	10.86%
August 31, 2019	1.00%
August 31, 2020	10.74%

CITY OF CROSBYTON  
Crosbyton, Texas

NOTES TO FINANCIAL STATEMENTS, Page 26  
March 31, 2021

Note J: Supplemental Death Benefits Plan

1. Plan Description

The City participates in the single-employer unfunded defined benefit group-term life insurance plan operated by the Texas Municipal Retirement System (TMRS) known as the Supplemental Death Benefits Fund (SDBF). The City elected, by ordinance, to provide group-term life insurance coverage to both current and retired employees. The City may terminate coverage under and discontinue participation in the SDBF by adopting an ordinance before November 1 of any year to be effective the following January 1. The SDBF had 777 participating cities on December 31, 2020.

2. OPEB Plan Fiduciary Net Position

Detailed information about the fiduciary net position of the Supplemental Death Benefits Fund is available in the separately-issued TMRS Comprehensive Annual Financial Report that includes financial statements and required supplementary information. That report may be obtained on the Internet at <http://www.tmr.com> or by writing to TMRS at P.O. Box 149153, Austin, TX 78714-9153.

3. Benefits Provided

The death benefit for active Members provides a lump-sum payment approximately equal to the Member's annual salary (calculated based on the Members's actual earnings, for the 12-month period preceding the month of death). The death benefit for retiree is an "other post-employment benefit" ("OPEB") and is a fixed amount of \$7,500. The obligations of this plan are payable only from the SDBF and are not an obligation of the Pension Trust Fund. As the SDBF covers both active and retiree participants, with no segregation of assets, the SDBF is considered to be an unfunded OPEB plan (i.e. no assets are accumulated).

At the December 31, 2020 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	10
Inactive employees entitled to but not yet receiving benefits	1
Active employees	<u>11</u>
Total	22

4. Contributions

The City contributes to the SDBF monthly based on the covered payroll of employee members. The required contribution rate is actuarially determined annually for each city. The rate is based on the mortality and service experience of all employees covered by the SDBF and the demographics specific to the workforce of the city. There is a one-year delay between the actuarial valuation that serves as the basis for the employer contribution rate and the calendar year when the rate goes into effect. The contributions to the SDBF are pooled for investment purposes with those of the Pension Trust Fund. The TMRS Act requires allocation from the Interest Reserve Account to the SDBF on an annual basis. The funding policy of this SDBF is to assure that adequate resources are available to meet all death benefit payments for the upcoming year.

CITY OF CROSBYTON  
Crosbyton, Texas

NOTES TO THE FINANCIAL STATEMENTS, Page 27  
March 31, 2021

Note J: Supplemental Death Benefits Plan (continued)

As such, contributions fund the covered active Member and retiree deaths on a pay-as-you-go basis; any excess contributions and investment income over payments then become net position available for benefits.

City	<u>Contribution Rates</u>	
	<u>2020</u>	<u>2021</u>
	0.77%	1.62%
<b>Current Fiscal Year Employer Contributions</b>	<b>\$ 3,888</b>	

5. Actuarial Assumptions

The total OPEB liability in the December 31, 2020 actuarial valuation was determined using the following actuarial assumptions:

***Summary of Actuarial Methods and Assumptions***

Valuation Date	December 31, 2020
Actuarial Cost Method	Entry Age Normal
Inflation	2.50%
Salary increases	3.50% to 11.5% including inflation
Discount Rate*	2.00%*
Retirees' share of benefit-related costs	\$0
Administrative expenses	All administrative expenses are paid through the Pension Trust and accounted for under reporting requirements under GASB Statement No. 68
Mortality rates – service retirees	2019 Municipal Retirees of Texas Mortality Tables. The rates are projected on a fully generational basis with scale UMP.
Mortality rates – disabled retirees	2019 Municipal Retirees of Texas Mortality Tables with a 4 year set-forward for males and a 3 year set-forward for females. In addition, a 3.5% and 3% minimum mortality rate will be applied to reflect the impairment for younger members who become disabled for males and females, respectively. The rates are projected on a fully generational basis by Scale UMP to account for future mortality improvements subject to the floor.

\*The discount rate was based on the Fidelity Index's "20-Year Municipal GO AA Index" rate as of December 31, 2020.

The actuarial assumptions used in the December 31, 2020 valuation were based on the results of an actuarial experience study for the period December 31, 2014 to December 31, 2018.

CITY OF CROSBYTON  
Crosbyton, Texas

NOTES TO THE FINANCIAL STATEMENTS, Page 28  
March 31, 2021

Note J: Supplemental Death Benefits Plan (continued)

6. Discount Rate

As of December 31, 2020, the discount rate used in the development of the Total OPEB Liability was 2.00% compared to 2.75% as of December 31, 2019. In accordance with GASB No. 75, paragraph 155, the applicable discount rate for an unfunded OPEB is based on an index of tax exempt 20-year municipal bond rates rated as AA or higher. The projection of cash flows used to determine the discount rate assumed that contributions are made at the actuarially determined rates. Based on those assumptions, the OPEB plan's fiduciary net position was projected to *not be able to* make all future benefit payments of current plan members. Therefore, the municipal bond rate was applied to all periods of projected benefit payments to determine the total OPEB liability. The source of the municipal bond rate was Fixed-income municipal bonds with 20 years to maturity that include only federally tax-exempt municipal bonds as reported in Fidelity Index's "20-year Municipal GO AA Index" as of December 31, 2020.

7. Discount Rate Sensitivity Analysis

The following schedule shows the impact of the Total OPEB Liability if the discount rate used was 1% less than and 1% greater than the discount rate that was used (3.71%) in measuring the Total OPEB Liability.

	1% Decrease in Discount Rate (1.00%)	Discount Rate (2.00%)	1% Increase in Discount Rate (3.00%)
Total OPEB Liability	\$ 88,600	\$ 78,310	\$ 69,820

8. OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEBs

At March 31, 2021, the City reported a liability of \$78,310 for total OPEB liability. The total OPEB liability was measured as of December 31, 2020 by an actuarial valuation as of that date.

**Changes Since the Prior Actuarial Valuation** – The following were changes to the actuarial assumptions or other inputs that affected measurement of the Total OPEB liability since the prior measurement period:

As of December 31, 2019, the discount rate used in the development of the Total OPEB Liability was 2.00% compared to 2.75% as of December 31, 2019. Beginning with the December 31, 2019 actuarial valuation, mortality rates are based on the 2019 Municipal Retirees of Texas Mortality Tables. Prior to the December 31, 2019 actuarial valuation, mortality rates were based on the RP2000 Combined Mortality Table with Blue Collar Adjustment.

For the year ended March 31, 2021, the City recognized OPEB expense of \$1,988.

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Crosbyton, Texas

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March 31, 2021

Note J: Supplemental Death Benefits Plan (continued)

*Change in the Total OPEB Liability*

	Total OPEB Liability (a)
Balance at 12/31/19	\$ 88,002
Changes for the year:	
Service cost	2,997
Interest	2,436
Change of benefit terms	
Difference between expected and actual experience	(19,857)
Changes of assumptions	6,538
Benefit payments, including refunds of employee contributions	(1,806)
Other changes	
Net changes	<u>(9,692)</u>
Balance at 12/31/20	<u>\$ 78,310</u>

At March 31, 2021, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual actuarial experiences	\$ -	\$ 15,122
Changes in actuarial assumptions	\$ 7,246	\$ -
Difference between projected and actual investment earnings	\$ -	\$ -
Changes in proportion and difference between the employer's contributions and the proportionate share of contributions	\$ -	\$ -
Total as of Dec. 31, 2018 measurement date	\$ 7,246	\$ 15,122
Contributions paid to TRS subsequent to the measurement date	\$ 1,655	\$ -
Total as of fiscal year-end	<u>\$ 8,901</u>	<u>\$ 15,122</u>

The net amounts of the employer's balances of deferred outflows and inflows of resources related to OPEB will be recognized in OPEB expense as follows:

<u>Year ended December 31:</u>	<u>OPEB Expense Amount</u>
2021	\$ (4,003)
2022	(3,873)
2023	-
2024	-
2025	-
Thereafter	-



CITY OF CROSBYTON  
Crosbyton, Texas

NOTES TO FINANCIAL STATEMENTS, Page 30  
March 31, 2021

Note K: Litigation

There is no reportable litigation at March 31, 2021.

Note L: Extraordinary Items

During fiscal year 2019, the City experienced an extraordinary wind and hail storm that damaged the roofs of substantially all City owned buildings. In fiscal year 2021, the City expended \$394,265 to complete the repairs and replacement of roofs. This expenditure is reported as an extraordinary expense which is offset by the recognition of insurance proceeds of \$427,090 reported as extraordinary revenue.

*REQUIRED SUPPLEMENTARY INFORMATION*

CITY OF CROSBYTON  
Crosbyton, Texas

BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
For the Fiscal Year Ended March 31, 2021

	General Fund			
	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
<u>Revenues</u>				
Property Taxes (Including Penalty & Interest)	\$ 260,000	\$ 295,000	\$ 297,575	\$ 2,575
Sales Taxes	118,000	118,000	125,718	7,718
Franchise Taxes	125,000	90,000	80,537	(9,463)
Other Taxes	6,000	6,000	1,936	(4,064)
Fees and Fines	32,250	32,250	20,166	(12,084)
Licenses and Permits	2,200	2,200	3,873	1,673
Charges for Services	262,300	262,300	258,829	(3,471)
Rents and Concessions	17,000	17,000	19,064	2,064
Investment Income	15,000	15,000	3,587	(11,413)
Intergovernmental	15,000	15,000	11,718	(3,282)
Grants	26,000	113,670	118,411	4,741
Donations	3,000	3,000	4,029	1,029
Property Management	-	6,000	6,235	235
Miscellaneous	20,600	7,100	8,000	900
<u>Total Revenues</u>	<u>902,350</u>	<u>982,520</u>	<u>959,678</u>	<u>(22,842)</u>
<u>Expenditures</u>				
<u>Current</u>				
General Government	257,530	352,600	352,097	503
Public Safety	223,897	243,897	240,799	3,098
Streets	37,475	94,475	93,983	492
Sanitation	257,644	262,644	261,381	1,263
Health and Welfare	29,600	24,600	21,201	3,399
Culture and Recreation	84,304	131,804	129,957	1,847
Community Technology and Economic Development Center	10,000	10,000	10,000	-
Capital Outlay	76,900	12,500	12,500	-
<u>Total Expenditures</u>	<u>977,350</u>	<u>1,132,520</u>	<u>1,121,918</u>	<u>10,602</u>
<u>Other Financing Sources (Uses)</u>				
Transfer In/(Out)	75,000	150,000	150,000	-
Sale of Property	-	-	-	-
<u>Total Other Financing Sources (Uses)</u>	<u>75,000</u>	<u>150,000</u>	<u>150,000</u>	<u>-</u>
<u>Extraordinary Items</u>				
Insurance Proceeds - Storm Damage	400,000	400,000	427,090	27,090
Capital Expenditures - Storm Damage	(400,000)	(400,000)	(394,265)	5,735
<u>Total Other Financing Sources (Uses)</u>	<u>-</u>	<u>-</u>	<u>32,825</u>	<u>32,825</u>
<u>Net Change in Fund Balances</u>	<u>-</u>	<u>-</u>	<u>20,585</u>	<u>(12,240)</u>
Fund Balance, Beginning of Year	771,538	771,538	771,538	-
<u>Fund Balance, End of Year</u>	<u>\$ 771,538</u>	<u>\$ 771,538</u>	<u>\$ 792,123</u>	<u>\$ (12,240)</u>

CITY OF CROSBYTON  
Crosbyton, Texas

SCHEDULE OF CHANGES IN NET PENSION LIABILITY/ASSET  
AND RELATED RATIOS - TMRS  
(unaudited)

	December 31, 2020	December 31, 2019	December 31, 2018	December 31, 2017	December 31, 2016	December 31, 2015
<b>Total Pension Liability</b>						
Service Cost	\$ 44,914	\$ 41,057	\$ 38,181	\$ 36,039	\$ 39,263	\$ 35,735
Interest (on the Total Pension Liability)	90,561	97,508	96,056	93,616	96,340	100,974
Changes of benefit terms	-	-	-	-	-	-
Difference between expected and actual experience	(114,433)	(111,519)	12,248	21,997	(39,080)	(24,224)
Change of assumptions	-	(2,264)	-	-	-	36,273
Benefit payments, including refunds of employee contributions	<u>(120,071)</u>	<u>(139,186)</u>	<u>(113,642)</u>	<u>(119,497)</u>	<u>(151,051)</u>	<u>(180,430)</u>
<b>Net change in Total Pension Liability</b>	(99,029)	(114,404)	32,843	32,155	(54,528)	(31,672)
<b>Total Pension Liability - Beginning</b>	<u>1,379,221</u>	<u>1,493,625</u>	<u>1,460,782</u>	<u>1,428,627</u>	<u>1,483,155</u>	<u>1,514,827</u>
<b>Total Pension Liability - Ending (a)</b>	<u>\$ 1,280,192</u>	<u>\$ 1,379,221</u>	<u>\$ 1,493,625</u>	<u>\$ 1,460,782</u>	<u>\$ 1,428,627</u>	<u>\$ 1,483,155</u>
<b>Plan Fiduciary Net Position</b>						
Contributions - employer	19,283	17,493	15,410	14,804	13,910	11,528
Contributions - employee	23,052	21,552	19,447	18,466	20,361	19,707
Net investment income	118,802	223,287	(47,084)	202,175	99,834	2,400
Benefit payments, including refunds of employee contributions	(120,071)	(139,186)	(113,642)	(119,497)	(151,051)	(180,430)
Administrative expense	(771)	(1,265)	(912)	(1,049)	(1,129)	(1,462)
Other	<u>(32)</u>	<u>(38)</u>	<u>(48)</u>	<u>(54)</u>	<u>(61)</u>	<u>(72)</u>
<b>Net Change in Plan Fiduciary Net Position</b>	40,263	121,843	(126,829)	114,845	(18,136)	(148,329)
<b>Plan Fiduciary Net Position - Beginning</b>	<u>1,570,437</u>	<u>1,448,594</u>	<u>1,575,423</u>	<u>1,460,578</u>	<u>1,478,714</u>	<u>1,627,043</u>
<b>Plan Fiduciary Net Position - Ending (b)</b>	<u>\$ 1,610,700</u>	<u>\$ 1,570,437</u>	<u>\$ 1,448,594</u>	<u>\$ 1,575,423</u>	<u>\$ 1,460,578</u>	<u>\$ 1,478,714</u>
<b>Net Pension Liability/(Asset) - Ending (a) - (b)</b>	\$ (330,508)	\$ (191,216)	\$ 45,031	\$ (114,641)	\$ (31,951)	\$ 4,441
<b>Plan Fiduciary Net Position as a Percentage of Total Pension Liability</b>	125.82%	113.86%	96.99%	107.85%	102.24%	99.70%
<b>Covered Employee Payroll</b>	\$ 384,205	\$ 359,201	\$ 324,116	\$ 307,764	\$ 339,348	\$ 328,449
<b>Net Pension Liability/(Asset) as a Percentage of Covered Payroll</b>	-86.02%	-53.23%	13.89%	-37.25%	-9.42%	1.35%

The accompanying notes are an integral part of this statement.

CITY OF CROSBYTON  
Crosbyton, Texas

SCHEDULE OF CHANGES IN NET PENSION LIABILITY/ASSET  
AND RELATED RATIOS - TESRS  
(unaudited)

	August 31, 2020	August 31, 2019	August 31, 2018	August 31, 2017	August 31, 2016	August 31, 2015
<b>Total Pension Liability</b>						
Service Cost	\$ 2,426	\$ 2,556	\$ 1,880	\$ 1,912	\$ 2,491	\$ 2,846
Interest (on the Total Pension Liability)	14,299	14,457	11,687	11,362	13,086	14,231
Changes of benefit terms	3,886	-	3,334	-	1,061	-
Difference between expected and actual experience	(2,555)	-	(107)	-	95	-
Change of assumptions	(88)	-	-	-	1,308	-
Change in Proportionate Share of Pension Liability	(10,045)	26,128	(2,582)	(57,493)	-	-
Benefit payments, including refunds of employee contributions	(8,946)	(8,812)	(6,891)	(6,039)	(6,912)	(7,558)
<b>Net change in Total Pension Liability</b>	<b>(1,023)</b>	<b>34,329</b>	<b>7,321</b>	<b>(50,258)</b>	<b>11,129</b>	<b>9,519</b>
<b>Total Pension Liability - Beginning</b>	<b>196,596</b>	<b>162,267</b>	<b>154,946</b>	<b>205,204</b>	<b>194,075</b>	<b>184,556</b>
<b>Total Pension Liability - Ending (a)</b>	<b>\$ 195,573</b>	<b>\$ 196,596</b>	<b>\$ 162,267</b>	<b>\$ 154,946</b>	<b>\$ 205,204</b>	<b>\$ 194,075</b>
 <b>Plan Fiduciary Net Position</b>						
Contributions - employer	4,882	4,768	4,837	6,015	5,091	5,906
Contributions - State	1,728	1,821	1,568	1,901	2,328	2,751
Net investment income	15,849	1,563	13,350	11,732	7,286	(5,532)
Benefit payments, including refunds of employee contributions	(8,946)	(8,812)	(6,891)	(6,039)	(6,912)	(7,558)
Administrative expense	(417)	(311)	(187)	(221)	(245)	(363)
Change in Proportionate Share of Plan Fiduciary Net Position	12,984	22,015	(2,102)	(49,630)	-	-
Other	-	-	-	-	5,606	-
<b>Net Change in Plan Fiduciary Net Position</b>	<b>26,080</b>	<b>21,044</b>	<b>10,575</b>	<b>(36,242)</b>	<b>13,154</b>	<b>(4,796)</b>
<b>Plan Fiduciary Net Position - Beginning</b>	<b>136,719</b>	<b>136,719</b>	<b>126,144</b>	<b>162,386</b>	<b>149,232</b>	<b>154,028</b>
<b>Plan Fiduciary Net Position - Ending (b)</b>	<b>\$ 162,799</b>	<b>\$ 157,763</b>	<b>\$ 136,719</b>	<b>\$ 126,144</b>	<b>\$ 162,386</b>	<b>\$ 149,232</b>
 <b>Net Pension Liability/(Asset) - Ending (a) - (b)</b>	<b>\$ 32,774</b>	<b>\$ 38,833</b>	<b>\$ 25,548</b>	<b>\$ 28,802</b>	<b>\$ 42,818</b>	<b>\$ 44,843</b>
 <b>Plan Fiduciary Net Position as a Percentage of Total Pension Liability</b>	<b>83.24%</b>	<b>80.25%</b>	<b>84.26%</b>	<b>81.41%</b>	<b>79.13%</b>	<b>76.89%</b>
 <b>Number of Active Members</b>	<b>12</b>	<b>13</b>	<b>11</b>	<b>12</b>	<b>14</b>	<b>17</b>
 <b>Net Pension Liability/(Asset) Per Active Member</b>	<b>\$ 2,731</b>	<b>\$ 2,987</b>	<b>\$ 2,323</b>	<b>\$ 2,400</b>	<b>\$ 3,058</b>	<b>\$ 2,638</b>

The accompanying notes are an integral part of this statement.

CITY OF CROSBYTON  
Crosbyton, Texas

SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY  
AND RELATED RATIOS - TMRS  
(unaudited)

	Measurement Year		
	2020	2019	2018
<b>Total OPEB Liability</b>			
Service Cost	\$ 2,997	\$ 1,904	\$ 2,334
Interest (on the Total OPEB Liability)	2,436	3,068	2,744
Changes of benefit terms	-	-	-
Difference between expected and actual experience	(19,857)	(6,962)	(94)
Change of assumptions	6,538	9,138	(3,455)
Benefit payments, including refunds of employee contributions	(1,806)	(1,760)	(1,296)
<b>Net change in Total OPEB Liability</b>	(9,692)	5,388	233
<b>Total OPEB Liability - Beginning</b>	<u>88,002</u>	<u>82,614</u>	<u>82,381</u>
<b>Total OPEB Liability - Ending</b>	<u>\$ 78,310</u>	<u>\$ 88,002</u>	<u>\$ 82,614</u>
 <b>Covered Employee Payroll</b>	 \$ 384,205	 \$ 359,201	 \$ 324,116
 <b>Total OPEB Liability/(Asset) as a Percentage of Covered Payroll</b>	 20.38%	 24.50%	 25.49%

The accompanying notes are an integral part of this statement.

CITY OF CROSBYTON  
Crosbyton, Texas

SCHEDULE OF PENSION CONTRIBUTIONS - TMRS  
(unaudited)

	<u>FYE 3/31/2021</u>	<u>FYE 3/31/2020</u>	<u>FYE 3/31/2019</u>	<u>FYE 3/31/2018</u>	<u>FYE 3/31/2017</u>	<u>FYE 3/31/2016</u>
Actuarially Determined Contribution	\$ 18,760	\$ 17,448	\$ 15,917	\$ 16,725	\$ 14,135	\$ 13,549
Contributions in relation to the actuarially determined contribution	<u>18,760</u>	<u>17,448</u>	<u>15,917</u>	<u>16,725</u>	<u>14,135</u>	<u>13,549</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered employee payroll	\$ 391,503	\$ 363,312	\$ 334,905	\$ 309,533	\$ 331,356	\$ 330,894
Contributions as a percentage of covered employee payroll	4.79%	4.80%	4.75%	5.40%	4.27%	4.09%

SCHEDULE OF CONTRIBUTIONS - TESRS  
(unaudited)

	<u>FYE 3/31/2021</u>	<u>FYE 3/31/2020</u>	<u>FYE 3/31/2019</u>	<u>FYE 3/31/2018</u>	<u>FYE 3/31/2017</u>	<u>FYE 3/31/2016</u>
Actuarially Determined Contribution	\$ 6,368	\$ 6,588	\$ 5,236	\$ 7,331	\$ 6,480	\$ 5,616
Contributions in relation to the actuarially determined contribution	<u>6,368</u>	<u>6,588</u>	<u>5,236</u>	<u>7,331</u>	<u>6,480</u>	<u>5,616</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

The accompanying notes are an integral part of this statement.

CITY OF CROSBYTON  
Crosbyton, Texas

SCHEDULE OF OPEB CONTRIBUTIONS - TMRS  
(*unaudited*)

	<u>FYE 3/31/2021</u>	<u>FYE 3/31/2020</u>	<u>FYE 3/31/2019</u>
Actuarially Determined Contribution	\$ 3,888	\$ 2,879	\$ 2,677
Contributions in relation to the actuarially determined contribution	<u>3,888</u>	<u>2,879</u>	<u>2,677</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered employee payroll	\$ 391,503	\$ 363,312	\$ 334,905
Contributions as a percentage of covered employee payroll	0.99%	0.79%	0.80%

The accompanying notes are an integral part of this statement.



CITY OF CROSBYTON  
Crosbyton, Texas

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
March 31, 2021

Schedule of Pension Contributions – TMRS

**Valuation Date:**

Notes

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

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

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percentage of Payroll, Closed
Remaining Amortization Period	N/A
Asset Valuation Method	10 year smoothed market; 12% soft corridor
Inflation	2.50%
Salary Increases	3.50% to 11.5% including inflation
Investment Rate of Return	6.75%
Retirement Age	Experience-based table of rates that are specific to the City's plan of benefits. Last updated for the 2019 valuation pursuant to an experience study of the period 2014-2018
Mortality	Post-retirement: 2019 Municipal Retirees of Texas Mortality Tables. The rates are projected on a fully generational basis with scale UMP. Pre-retirement: PUB(10) mortality tables, with the Public Safety table used for males and the General Employee table used for females. The rates are projected on a fully generational basis with scale UMP.

**Other Information:**

Notes

There were no benefit changes during the year.

CITY OF CROSBYTON  
Crosbyton, Texas

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
March 31, 2021

Schedule of Contributions for OPEB – TMRS

**Valuation Date:**

Notes

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

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

Actuarial Cost Method	Entry Age Normal
Asset Valuation	For purposes of calculating the Total OPEB Liability, the plan is considered to be unfunded and therefore no assets are accumulated for OPEB.
Inflation	2.5%
Salary Increases	3.50% to 11.5% including inflation
Discount Rate*	2.00%
Retirees' share of benefit-related costs	0\$
Administrative expenses	All administrative expenses are paid through the Pension Trust and accounted for under reporting requirements under GASB Statement No. 68
Mortality rates – service retirees	2019 Municipal Retirees of Texas Mortality Tables. The rates are projected on a fully generational basis with scale UMP.
Mortality rates – disabled retirees	2019 Municipal Retirees of Texas Mortality Tables with a 4 year set-forward for males and a 3 year set-forward for females. In addition, a 3.5% and 3% minimum mortality rate will be applied to reflect the impairment for younger members who become disabled for males and females, respectively. The rates are projected on a fully generational basis by Scale UMP to account for future mortality improvements subject to the floor.

\*The discount rate was based on the Fidelity Index's "20-Year Municipal GO AA Index" rate as of December 31, 2020.

*OTHER SUPPLEMENTARY INFORMATION*

CITY OF CROSBYTON  
Crosbyton, Texas

COMBINING BALANCE SHEET -- NONMAJOR SPECIAL REVENUE FUNDS  
March 31, 2021

	Airport Fund	Municipal Court Technology Fee Fund	Community Technology & Economic Development Center	Total
ASSETS				
Cash	\$ 37,980	\$ 338	\$ 13,755	\$ 52,073
Due from Other Funds	4,077	-	-	4,077
<u>TOTAL ASSETS</u>	<u>\$ 42,057</u>	<u>\$ 338</u>	<u>\$ 13,755</u>	<u>\$ 56,150</u>
LIABILITIES				
Current Liabilities				
Accounts Payable	\$ 117	\$ -	\$ -	\$ 117
Accrued Wages	-	-	1,000	1,000
Due to Other Funds	-	-	4,118	4,118
<u>Total Liabilities</u>	<u>117</u>	<u>-</u>	<u>5,118</u>	<u>5,235</u>
FUND BALANCES:				
Restricted for:				
Court Technology	-	338	-	338
Committed for:				
Airport	41,940	-	-	41,940
Community Technology & EDC	-	-	8,637	8,637
Unassigned	-	-	-	-
<u>Total Fund Equities</u>	<u>41,940</u>	<u>338</u>	<u>8,637</u>	<u>50,915</u>
<u>TOTAL LIABILITIES &amp; FUND EQUITIES</u>	<u>\$ 42,057</u>	<u>\$ 338</u>	<u>\$ 13,755</u>	<u>\$ 56,150</u>

CITY OF CROSBYTON  
Crosbyton, Texas

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES--  
NONMAJOR SPECIAL REVENUE FUNDS  
For the Year Ended March 31, 2021

	Airport Fund	Municipal Court Technology Fee Fund	Community Technology & Economic Development Center	Total
REVENUES:				
Rents	\$ 12,291	\$ -	\$ -	\$ 12,291
Fees	-	289	-	289
Intergovernmental	-	-	28,000	28,000
Investment Income	-	2	-	2
Grants	-	-	-	-
<u>Total Revenues</u>	<u>12,291</u>	<u>291</u>	<u>28,000</u>	<u>40,582</u>
EXPENDITURES				
Current				
Public Safety	-	1,590	-	1,590
Community Technology and Economic Development Center	-	-	26,913	26,913
Airport	3,415	-	-	3,415
Capital Outlay	-	-	-	-
<u>Total Expenditures</u>	<u>3,415</u>	<u>1,590</u>	<u>26,913</u>	<u>31,918</u>
Excess of Revenues Over (Under) Expenditures	8,876	(1,299)	1,087	8,664
OTHER FINANCING SOURCES (USES)				
Transfers	-	-	-	-
<u>Total Other Sources (Uses)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess of Revenues & Other Financing Sources Over (Under) Expenditures & Other Financing Uses	8,876	(1,299)	1,087	8,664
Fund Balance--Beginning of Year	33,064	1,637	7,550	42,251
<u>Fund Balance--End of Year</u>	<u>\$ 41,940</u>	<u>\$ 338</u>	<u>\$ 8,637</u>	<u>\$ 50,915</u>

CITY OF CROSBYTON  
Crosbyton, Texas

PIONEER MEMORIAL MUSEUM - COMPONENT UNIT  
BALANCE SHEET  
March 31, 2021

	<u>Endowment Fund</u>
ASSETS	
Cash in Bank	\$ 627,986
Accrued Interest Receivable	<u>190</u>
 <u>TOTAL ASSETS</u>	 <u>\$ 628,176</u>
 LIABILITIES	
Current Liabilities	
Accounts Payable	\$ 4,289
Accrued Wages	2,810
Due to City of Crosbyton - General Fund	<u>10,754</u>
<u>Total Liabilities</u>	<u>17,853</u>
 FUND EQUITIES:	
Unassigned	<u>610,323</u>
<u>Total Fund Equities</u>	<u>610,323</u>
 <u>TOTAL LIABILITIES &amp; FUND EQUITIES</u>	 <u>\$ 628,176</u>

## EXHIBIT F-4

CITY OF CROSBYTON  
Crosbyton, Texas

PIONEER MEMORIAL MUSEUM - COMPONENT UNIT  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES--  
For the Year Ended March 31, 2021

	Endowment Fund
REVENUES:	
Interest	\$ 2,122
Grants and Contributions	262,348
Rents	9,380
Miscellaneous	-
<u>Total Revenues</u>	<u>273,850</u>
EXPENDITURES	
Current:	
Salaries	60,824
Contract Labor	2,946
Retirement	2,431
Employee Insurance	350
Payroll Taxes	4,653
Legal and Accounting	3,989
Dues	423
Office Supplies	6,545
Repairs and Supplies	21,851
Auto Expense	176
Utilities	19,941
Telephone	1,901
Insurance	9,000
Other	50
Community Technology and Economic Development Center	6,000
Capital Outlay	70,508
<u>Total Expenditures</u>	<u>211,588</u>
Excess of Revenues Over (Under) Expenditures	62,262
Fund Balance--Beginning of Year	488,063
<u>Fund Balance--End of Year</u>	<u>\$ 550,325</u>

CITY OF CROSBYTON  
Crosbyton, Texas

SCHEDULE OF DELINQUENT TAXES RECEIVABLE  
For the Year Ended March 31, 2021

Years Ended March 31	Tax Rate Per \$100 Value	Assessed/Appraised Value for Tax Purposes	Balance 04/01/20	Add: Current Levy	Less: Collections	Total Year's Adjustments	Balance 03/31/21
2012 and Prior	\$ --	\$ --	\$ 21,147	\$ -	\$ 638	\$ (869)	\$ 19,640
2013	0.6883	35,728,026	2,989	-	299	(134)	2,556
2014	0.7472	34,432,682	3,950	-	392	(146)	3,412
2015	0.7472	35,313,437	5,602	-	604	(113)	4,885
2016	0.7776	35,135,159	7,858	-	1,868	(117)	5,873
2017	0.7841	34,858,054	8,445	-	2,144	(118)	6,183
2018	0.7758	35,674,787	12,240	-	2,578	(926)	8,736
2019	0.7711	36,073,142	20,767	-	7,849	(803)	12,115
2020	0.7182	38,975,773	51,143	-	34,228	(21)	16,894
2021	0.6925	38,757,978	-	268,399	232,447	6,031	41,983
		<u>Totals</u>	<u>\$ 134,141</u>	<u>\$ 268,399</u>	<u>\$ 283,047</u>	<u>\$ 2,784</u>	<u>\$ 122,277</u>



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Randel J. Terry, CPA  
Ryan R. King, CPA

## Independent Auditors' Report

### 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*

To the Honorable Mayor and City Council  
City of Crosbyton, Texas  
221 W. Main  
Crosbyton, Texas 79322

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Crosbyton, Texas, as of and for the year ended March 31, 2021, and the related notes to the financial statements, which collectively comprise the City of Crosbyton's basic financial statements, and have issued our report thereon dated July 20, 2021.

#### Internal Control Over Financial Reporting

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



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

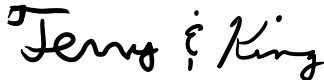
Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Crosbyton'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 financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

Respectfully submitted,

A handwritten signature in black ink that reads "Terry & King". The signature is written in a cursive, flowing style.

Terry & King, CPAs, P.C.  
Lubbock, Texas  
July 20, 2021