

ANNUAL FINANCIAL REPORT

CITY OF CROSBYTON, TEXAS

FOR THE FISCAL YEAR ENDED MARCH 31, 2023

CITY OF CROSBYTON
Crosbyton, Texas

ANNUAL FINANCIAL REPORT
For the Year Ended March 31, 2023

TABLE OF CONTENTS

	<u>Exhibit</u>	<u>Page Number</u>
INTRODUCTORY SECTION		
City Council and Administrative Staff		1
FINANCIAL SECTION		
Independent Auditors' Report on Financial Statements		2
Management's Discussion and Analysis (Required Supplementary Information)		5
<u>Basic Financial Statements</u>		
Government-Wide Financial Statements:		
Statement of Net Position	A-1	14
Statement of Activities	B-1	15
Governmental Fund Financial Statements:		
Balance Sheet-Governmental Funds	C-1	16
Reconciliation of the Governmental Funds		
Balance Sheet to the Statement of Net Position	C-1R	17
Statement of Revenues, Expenditures, and Changes In Fund Balances – Governmental Funds	C-2	18
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	C-3	19
Proprietary Fund Financial Statements		
Statement of Net Position	D-1	20
Statement of Revenues, Expenses, and Changes in Fund Net Position	D-2	21
Statement of Cash Flows	D-3	22
Notes to the Financial Statements		23
REQUIRED SUPPLEMENTARY INFORMATION		
Budgetary Comparison Schedule:		
General Fund	E-1	53
Schedule of Changes in NPL and Related Ratios - TMRS	E-2	54
Schedule of Changes in NPL and Related Ratios – TESRS	E-3	55
Schedule of Changes in OPEB and Related Ratios – TMRS	E-4	56
Schedule of Pension Contributions – TMRS	E-5	57
Schedule of OPEB Contributions – TMRS	E-6	58
Notes to the Required Supplementary Information		59
OTHER SUPPLEMENTARY INFORMATION		
Combining Balance Sheet – Nonmajor Special Revenue Funds	F-1	61
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Nonmajor Special Revenue Funds	F-2	62
Balance Sheet – Component Unit – Pioneer Memorial Museum	F-3	63
Statement of Revenues, Expenditures and Changes in Fund Balance – Component Unit – Pioneer Memorial Museum	F-4	64
Schedule of Delinquent Taxes Receivable	G-1	65

CITY OF CROSBYTON
Crosbyton, Texas

ANNUAL FINANCIAL REPORT
For the Year Ended March 31, 2023

TABLE OF CONTENTS
(Continued)

	<u>Exhibit</u>	<u>Page</u> <u>Number</u>
Report on Internal Control over Financial Reporting And on Compliance and Other Matters Based on An Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>		66

INTRODUCTORY SECTION

CITY OF CROSBYTON
Crosbyton, Texas

March 31, 2023

CITY COUNCIL

Dusty Cornelius

Mayor

Brad Thornhill

Mayor Pro-Tem

Abel Reyna

Councilmember

Heidi Hays

Councilmember

Kevin Fry

Councilmember

James Parkhill

Councilmember

Jim Justus

Councilmember

ADMINISTRATIVE STAFF

Amy Wallace
Cheyanne Flores

City Administrator
City Secretary

FINANCIAL SECTION

Terry & King, CPAs, P.C.

5707 114th Street
P.O. Box 93550
Lubbock, TX 79493-3550

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

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

Independent Auditors' Report

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

Opinions

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, 2023, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, 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, 2023, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City of Crosbyton, Texas and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.



Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

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

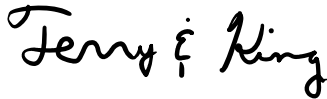
Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Crosbyton, Texas' 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. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, 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 August 2, 2023, on our consideration of the City of Crosbyton, Texas' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City of Crosbyton, Texas' internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City of Crosbyton, Texas' 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
August 14, 2023

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, 2023. 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 increased by \$23,186, net position of our governmental activities increased by \$237,079.
- During the year, the City had expenses that were \$176,731 less than the \$1,378,172 generated in tax and other revenues for governmental programs before transfers.
- In the City's business type activities, charges for services increased \$39,428 to \$716,666 (or 6%) while operating expenses increased \$89,893 to \$705,126.
- The General Fund reported a deficit this year of \$86,271 prior to receiving transfers of \$60,348 from the Water & Sewer Fund.
- The resources available for appropriation were \$54,921 less than budgeted for the General Fund. Expenditures for the General Fund were less than the budgeted amounts by \$37,189.

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 \$5,357,841. 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 \$5,357,841 at March 31, 2023. (See Table A-1).

Table A-1
City of Crosbyton's Net Position

	Governmental Activities			Business-type Activities			Total Primary Government		
	2023	2022	Percentage Change	2023	2022	Percentage Change	2023	2022	Percentage Change
Current assets:									
Cash and Investments	1,017,045	880,103	16%	437,726	480,765	-9%	1,454,771	1,360,868	7%
Other current assets	85,899	74,563	15%	52,131	51,696	1%	138,030	126,259	9%
Internal Balances	(1,802)	23,282	-108%	13,227	(12,528)	-206%	11,425	10,754	6%
Total current assets:	1,101,142	977,948	13%	503,084	519,933	-3%	1,604,226	1,497,881	7%
Noncurrent assets:									
Net Pension Asset	195,290	312,435	-37%	108,875	165,916	-34%	304,165	478,351	-36%
Unamortized Water Contract Costs	-	-	0%	126,075	132,327	-5%	126,075	132,327	-5%
Capital Assets, net	2,216,777	1,979,255	12%	1,744,710	1,731,721	1%	3,961,487	3,710,976	7%
Total noncurrent assets	2,412,067	2,291,690	5%	1,979,660	2,029,964	-2%	4,391,727	4,321,654	2%
Total Assets	3,513,209	3,269,638	7%	2,482,744	2,549,897	-3%	5,995,953	5,819,535	3%
Deferred Outflows of Resources:									
Deferred Outflows - Pensions & OPEB	96,222	9,243	941%	26,247	2,296	1043%	122,469	11,539	961%
Total Deferred Outflows of Resources	96,222	9,243	941%	26,247	2,296	1043%	122,469	11,539	961%
Current liabilities:									
Accounts Payable	24,070	43,904	-45%	9,229	27,992	-67%	33,299	71,896	-54%
Compensated Absences	24,386	16,183	51%	16,400	12,323	33%	40,786	28,506	43%
Total current liabilities	48,456	60,087	-19%	25,629	40,315	-36%	74,085	100,402	-26%
Noncurrent liabilities:									
Customer Deposits	-	-	0%	49,991	49,151	2%	49,991	49,151	2%
Pension and OPEB Liabilities	87,353	57,204	53%	11,751	16,161	-27%	99,104	73,365	35%
Due within one year	-	-	0%	2,198	3,296	-33%	2,198	3,296	-33%
Due in more than one year	-	-	0%	138,369	142,764	-3%	138,369	142,764	-3%
Total noncurrent liabilities	87,353	57,204	53%	202,309	211,372	-4%	289,662	268,576	8%
Deferred Inflows of Resources:									
Deferred Grant Proceeds	360,375	200,110	80%	-	-	0%	360,375	200,110	80%
Deferred Inflows - Pensions & OPEB	22,529	107,841	-79%	13,930	56,569	-75%	36,459	164,410	-78%
Total Deferred Inflows of Resources	382,904	307,951	24%	13,930	56,569	-75%	396,834	364,520	9%
Net Position:									
Net investment in capital assets	2,216,777	1,979,255	12%	1,730,218	1,717,988	1%	3,946,995	3,697,243	7%
Restricted	144,661	128,071	13%	-	-	0%	144,661	128,071	13%
Unrestricted	729,280	746,313	-2%	536,905	525,949	2%	1,266,185	1,272,262	0%
Total Net Position	3,090,718	2,853,639	8%	2,267,123	2,243,937	1%	5,357,841	5,097,576	5%

Net position of the City's governmental activities increased (\$3,090,718 compared to \$2,853,639). 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 \$746,313 at March 31, 2022 to \$729,280 at the end of this year. Net position of the City's business-type activities increased from \$2,243,937 to \$2,267,123.

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

	Governmental Activities			Business-type Activities			Total Primary Government		
	2023	2022	Percentage Change	2023	2022	Percentage Change	2023	2022	Percentage Change
Program Revenues:									
Charges for Services	373,498	349,795	7%	716,666	677,238	6%	1,090,164	1,027,033	6%
Grants & Contributions	380,467	45,942	728%	71,976	-	100%	452,443	45,942	885%
General Revenues:									
Property Taxes	297,669	290,618	2%	-	-	0%	297,669	290,618	2%
Nonproperty Taxes	265,077	233,577	13%	-	-	0%	265,077	233,577	13%
Investment Earnings	21,419	890	2307%	18	-	100%	21,437	890	2309%
Other	40,042	63,530	-37%	-	-	0%	40,042	63,530	-37%
	<u>1,378,172</u>	<u>984,352</u>	<u>40%</u>	<u>788,660</u>	<u>677,238</u>	<u>16%</u>	<u>2,166,832</u>	<u>1,661,590</u>	<u>30%</u>
Expenses:									
General Government	337,182	303,319	11%	-	-	0%	337,182	303,319	11%
Public Safety	333,899	203,739	64%	-	-	0%	333,899	203,739	64%
Streets	30,261	42,823	-29%	-	-	0%	30,261	42,823	-29%
Sanitation	280,148	247,995	13%	-	-	0%	280,148	247,995	13%
Health	32,315	28,446	14%	-	-	0%	32,315	28,446	14%
Culture and Recreation	140,503	144,713	-3%	-	-	0%	140,503	144,713	-3%
Airport	11,297	11,336	0%	-	-	0%	11,297	11,336	0%
Community Technology & Economic Development Center	35,836	35,836	0%	-	-	0%	35,836	35,836	0%
Interest on L-T Debt	-	-	0%	-	-	0%	-	-	0%
Water and Sewer	-	-	0%	705,126	615,233	15%	705,126	615,233	15%
	<u>1,201,441</u>	<u>1,018,207</u>	<u>18%</u>	<u>705,126</u>	<u>615,233</u>	<u>15%</u>	<u>1,906,567</u>	<u>1,633,440</u>	<u>17%</u>
Excess (Deficiency) Before Other Resources, Uses & Transfers	176,731	(33,855)	622%	83,534	62,005	35%	260,265	28,150	825%
Transfers In (Out)	60,348	(140,303)	-143%	(60,348)	140,303	143%	-	-	0%
Increase (Decrease) in Net Position	237,079	(174,158)	236%	23,186	202,308	-89%	260,265	28,150	825%
Net Position - Beginning	2,853,639	3,027,797	-6%	2,243,937	2,041,629	10%	5,097,576	5,069,426	1%
Net Position - Ending	<u>3,090,718</u>	<u>2,853,639</u>	<u>8%</u>	<u>2,267,123</u>	<u>2,243,937</u>	<u>1%</u>	<u>5,357,841</u>	<u>5,097,576</u>	<u>5%</u>

The City's total revenues were \$2,166,832. A significant portion, 36%, of the City's total revenue comes from the water and sewer operations. Revenues available to fund governmental activities consist of property taxes (22%), non-property taxes (19%), charges for services (27%), grants and contributions (28%) and other (4%).

The total cost of all programs and services was \$1,906,567; 37% of these costs were for water and sewer production and administration expenses. Expenses for governmental activities consisted of costs for general administration (28%), public safety (28%), streets and services (3%), sanitation (23%), health and welfare (3%), culture and recreation (11%), airport (1%), and the Community Technology and Economic Development Center (3%).

Governmental Activities

Revenues for the City's governmental activities increased 40%, while total expenses increased 18%.

- Property tax rates decreased from \$0.6900 to \$0.653482 per \$100 valuation. The ad valorem tax levy for the previous fiscal year was \$276,601, compared to \$287,777 for the current year. Total tax collections decreased from \$286,533 in the prior year to \$282,848 in the current year.
- Grant & contribution revenues increased \$334,525. The City received a grant of \$200,000 for the purchase of a fire truck along with other grants.
- The cost of all *governmental* activities this year was \$1,201,441. As shown in the Statement of Activities, the amount that our taxpayers ultimately financed for these activities through tax collections was \$297,669 because some of the costs were paid by those who directly benefited from the programs (\$373,498), by nonproperty taxes (\$265,077), or proceeds from grants and contributions (\$380,467).

Business-type Activities

Revenues of the City's business-type activities (see table A-2) increased by 16% (\$788,660 from \$677,238) and expenses increased by 15% (\$705,126 from \$615,233).

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 \$675,158, which is a decrease from the prior year's total of \$695,762. The following items effecting fund balance should be noted:

- In the prior year, expenditures were more than revenues by \$6,973 prior to transfers. In the current year, expenditures were more than revenues by \$80,952 prior to transfers.
- The revenues in the governmental funds increased \$380,153 or 38% from the prior period and expenses for governmental funds increased \$454,132 or 45% from the prior period. This was primarily due to an increase in grant revenues and related expenses of \$314,021.
- The General Fund received transfers of \$60,348 from the Water & Sewer Fund.

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 \$54,921 less than budgeted amounts and expenditures were \$37,189 less than final budget amounts.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At the end of 2023, the City had \$9,229,856 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 \$531,250, or 6%, over last year.

Table A-3
Fixed Assets

Governmental Activities:	Balance <u>04-01-22</u>	<u>Additions</u>	Deletions/ <u>Reclassifications</u>	Balance <u>03-31-23</u>
Land	\$ 151,215	-	-	151,215
Infrastructure	466,855	-	-	466,855
Buildings& Improvements	2,476,205	27,660	-	2,503,865
Furniture & Equipment	1,460,330	393,597	-	1,853,927
Accumulated Depreciation	<u>(2,575,350)</u>	<u>(183,735)</u>	<u>-</u>	<u>(2,759,085)</u>
Net Capital Assets	<u>\$ 1,979,255</u>	<u>\$ 237,522</u>	<u>\$ -</u>	<u>\$ 2,216,777</u>

Business-Type Activities:	Balance <u>04-01-22</u>	<u>Additions</u>	Deletions/ <u>Reclassifications</u>	Balance <u>03-31-23</u>
Land	\$ 2,608	-	-	2,608
Construction in Progress	-	36,500	-	36,500
Buildings& Improvements	85,007	-	-	85,007
Water & Sewer Systems	3,549,635	-	-	3,549,635
Vehicles & Equipment	506,751	73,493	-	580,244
Accumulated Depreciation	<u>(2,412,287)</u>	<u>(96,998)</u>	<u>-</u>	<u>(2,509,285)</u>
Net Capital Assets	<u>\$ 1,731,714</u>	<u>\$ 12,995</u>	<u>\$ -</u>	<u>\$ 1,744,709</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 \$7,567.

<u>Business-Type Activities:</u>	<u>Balance 04-01-22</u>	<u>Additions</u>	<u>Decreases</u>	<u>Balance 03-31-23</u>	<u>Due Within One Year</u>
WRMWD Debt	<u>\$ 146,060</u>	<u>-</u>	<u>\$ 5,493</u>	<u>\$ 140,567</u>	<u>\$ 2,197</u>
Total Notes Payable	<u>\$ 146,060</u>	<u>\$ -</u>	<u>\$ 5,493</u>	<u>\$ 140,567</u>	<u>\$ 2,197</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 2024 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 2024.

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, 2023

	Primary Government				
	Governmental Activities	Business-type Activities	Total	Component Unit	Total Reporting Entity
ASSETS:					
Cash in Bank - Unrestricted	\$ 257,602	\$ 123,994	\$ 381,596	\$ 858,097	\$ 1,239,693
Temporary Investments	616,419	313,732	930,151	-	930,151
Accounts Receivable-Utilities, net	24,294	52,131	76,425	-	76,425
Taxes Receivable, net	41,539	-	41,539	-	41,539
Paving Liens, net	3,024	-	3,024	-	3,024
Accrued Interest	403	-	403	954	1,357
Internal Balances	(13,227)	13,227	-	-	-
Internal Balances - Component Unit	11,425	-	11,425	(11,425)	-
Due from Other Governments	16,639	-	16,639	-	16,639
Noncurrent Assets:					
Net Pension Asset	195,290	108,875	304,165	33,180	337,345
Unamortized Water Contract Costs	-	126,075	126,075	-	126,075
Land	151,215	2,608	153,823	24,355	178,178
Construction in Progress	-	36,500	36,500	-	36,500
Infrastructure	319,367	-	319,367	-	319,367
Buildings & Improvements, net	1,303,164	16,284	1,319,448	701,234	2,020,682
Furniture & Equipment, net	443,031	1,689,318	2,132,349	77,341	2,209,690
Restricted Assets:					
Cash - Cemetery Contributions	71,881	-	71,881	-	71,881
Cash - Property Management	71,143	-	71,143	-	71,143
TOTAL ASSETS	\$ 3,513,209	\$ 2,482,744	\$ 5,995,953	\$ 1,683,736	\$ 7,679,689
DEFERRED OUTFLOWS OF RESOURCES:					
Deferred Outflows - Pensions	\$ 94,582	\$ 25,620	\$ 120,202	\$ 16,978	\$ 137,180
Deferred Outflows - OPEB	1,640	627	2,267	304	2,571
TOTAL DEFERRED OUTFLOWS OF RESOURCES	\$ 96,222	\$ 26,247	\$ 122,469	\$ 17,282	\$ 139,751
LIABILITIES:					
Current Liabilities:					
Accounts Payable	\$ 24,070	\$ 9,229	\$ 33,299	\$ 3,415	\$ 36,714
Accrued Wages	-	-	-	-	-
Compensated Absences	24,386	16,400	40,786	-	40,786
Noncurrent Liabilities:					
Net Pension Liability	51,698	-	51,698	-	51,698
Total OPEB Liability	35,655	11,751	47,406	5,520	52,926
Customer Deposits	-	49,991	49,991	-	49,991
Due within one year	-	2,198	2,198	-	2,198
Due in more than one year	-	138,369	138,369	-	138,369
Total Liabilities	\$ 135,809	\$ 227,938	\$ 363,747	\$ 8,935	\$ 372,682
DEFERRED INFLOWS OF RESOURCES:					
Deferred Inflows - Pensions	\$ 11,476	\$ 8,766	\$ 20,242	\$ 2,081	\$ 22,323
Deferred Inflows - OPEB	11,053	5,164	16,217	2,130	18,347
Deferred Grant Proceeds	360,375	-	360,375	-	360,375
Total Deferred Inflows of Resources	\$ 382,904	\$ 13,930	\$ 396,834	\$ 4,211	\$ 401,045
NET POSITION					
Net Investment in capital assets	\$ 2,216,777	\$ 1,730,218	\$ 3,946,995	\$ 802,930	\$ 4,749,925
Restricted For:					
Cemetery Perpetual Care	71,881	-	71,881	-	71,881
Property Mangement	71,143	-	71,143	-	71,143
Court Technology	1,637	-	1,637	-	1,637
Unrestricted	729,280	536,905	1,266,185	884,942	2,151,127
Total Net Position	\$ 3,090,718	\$ 2,267,123	\$ 5,357,841	\$ 1,687,872	\$ 7,045,713

The accompanying notes are an integral part of this statement.

CITY OF CROSBYTON
Crosbyton, Texas

STATEMENT OF ACTIVITIES
Year Ended March 31, 2023

		Program Revenues			Net (Expense) Revenue and Changes in Net Position				
		Fees, Fines, Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			Component	Total
Functions/Programs	Expenses				Governmental Activities	Business-type Activities	Total	Unit	Reporting Entity
Government Activities:									
General Government	\$ 337,182	\$ 27,535	\$ 80,785	\$ -	\$ (228,862)	-	(228,862)	-	(228,862)
Public Safety	333,899	44,647	31,650	222,021	(35,581)	-	(35,581)	-	(35,581)
Streets	30,261	-	-	-	(30,261)	-	(30,261)	-	(30,261)
Sanitation	280,148	275,718	-	15,000	10,570	-	10,570	-	10,570
Health and Welfare	32,315	-	-	-	(32,315)	-	(32,315)	-	(32,315)
Culture and Recreation	140,503	19,598	3,011	-	(117,894)	-	(117,894)	-	(117,894)
Airport	11,297	6,000	-	-	(5,297)	-	(5,297)	-	(5,297)
Community Technology and Economic									
Development Center	35,836	-	28,000	-	(7,836)	-	(7,836)	-	(7,836)
Interest on Long-Term Debt	-	-	-	-	-	-	-	-	-
Total Governmental Activities	1,201,441	373,498	143,446	237,021	(447,476)	-	(447,476)	-	(447,476)
Business-type Activities									
Water and Sewer	705,126	716,666	-	71,976	-	83,516	83,516	-	83,516
Total Primary Government	\$ 1,906,567	\$ 1,090,164	\$ 143,446	\$ 308,997	\$ (447,476)	\$ 83,516	\$ (363,960)	\$ -	\$ (363,960)
Component Unit:									
Pioneer Memorial Museum	\$ 237,676	\$ 14,875	\$ 418,150	\$ -				\$ 195,349	\$ 195,349
General Revenues									
Property Taxes, Levied for General Purpose					297,669	-	297,669	-	297,669
Sales Taxes					150,743	-	150,743	-	150,743
Franchise Taxes					109,861	-	109,861	-	109,861
Other Taxes					4,473	-	4,473	-	4,473
Investment Earnings					21,419	18	21,437	2,382	23,819
Miscellaneous					40,042	-	40,042	-	40,042
Gain on Sale of Assets					-	-	-	-	-
Transfers					60,348	(60,348)	-	-	-
Total General Revenues, Transfers, and Extraordinary Items					684,555	(60,330)	624,225	2,382	626,607
Change in Net Position					237,079	23,186	260,265	197,731	457,996
Net Position -- Beginning					2,853,639	2,243,937	5,097,576	1,490,141	6,587,717
Net Position -- Ending					\$ 3,090,718	\$ 2,267,123	\$ 5,357,841	\$ 1,687,872	\$ 7,045,713

The accompanying notes are an integral part of this statement.

CITY OF CROSBYTON
Crosbyton, Texas

BALANCE SHEET -- GOVERNMENTAL FUNDS
March 31, 2023

	General Fund	Other Governmental Funds	Total Governmental Funds
ASSETS			
Cash	\$ 190,079	\$ 67,523	\$ 257,602
Temporary Investments	616,419	-	616,419
Taxes Receivable, net	41,539	-	41,539
Accounts Receivable, net (allowance for uncollectible accounts of \$9,327)	24,294	-	24,294
Paving Liens, net	3,024	-	3,024
Accrued Interest	403	-	403
Due from Other Funds	4,118	4,077	8,195
Due from Component Unit	11,425	-	11,425
Due from Other Governments	16,639	-	16,639
Restricted Assets:			
Cash Cemetery Contributions	71,881	-	71,881
Property Management	71,143	-	71,143
<u>TOTAL ASSETS</u>	<u>\$ 1,050,964</u>	<u>\$ 71,600</u>	<u>\$ 1,122,564</u>
LIABILITIES			
Current Liabilities			
Accounts Payable	\$ 23,946	\$ 124	\$ 24,070
Accrued Wages	-	-	-
Due to Other Funds	17,304	4,118	21,422
<u>Total Liabilities</u>	<u>41,250</u>	<u>4,242</u>	<u>45,492</u>
DEFERRED INFLOWS OF RESOURCES:			
Unavailable Revenue - Property Taxes	41,539	-	41,539
Deferred Grant Proceeds	360,375	-	360,375
<u>Total Deferred Inflows of Resources</u>	<u>401,914</u>	<u>-</u>	<u>401,914</u>
FUND BALANCES:			
Restricted For:			
Cemetery Perpetual Care	71,881	-	71,881
Property Management	71,143	-	71,143
Court Technology	-	1,637	1,637
Committed for:			
Disaster Relief	8,201	-	8,201
Airport	-	52,756	52,756
Community Technology & EDC	-	12,965	12,965
Unassigned	456,575	-	456,575
<u>Total Fund Equities</u>	<u>607,800</u>	<u>67,358</u>	<u>675,158</u>
<u>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</u>	<u>\$ 1,050,964</u>	<u>\$ 71,600</u>	<u>\$ 1,122,564</u>

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, 2023

Total Fund Balances -- Governmental Funds Balance Sheet	\$ 675,158
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	41,539
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	2,216,777
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	(24,386)
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 \$195,290, a deferred resource outflow related to Pensions in the amount of \$66,816, and a deferred resource inflow in the amount of \$11,216. This resulted in an increase in net position by \$226,698.	226,698
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 \$11,053, a deferred resource outflow related to OPEB in the amount of \$1,640, and a deferred resource inflow of \$11,053. This resulted in a decrease in net position by \$45,068.	(45,068)
Net Position of Governmental Activities -- Statement of Net Position	<u>\$ 3,090,718</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, 2023

	General Fund	Other Governmental Fund	Total Governmental Funds
REVENUES:			
Property Taxes (Including Penalty & Interest)	\$ 294,302	\$ -	\$ 294,302
Sales Taxes	150,743	-	150,743
Franchise Taxes	109,861	-	109,861
Other Taxes	4,473	-	4,473
Fees and Fines	43,476	872	44,348
Licenses and Permits	3,162	-	3,162
Charges for Services	282,116	-	282,116
Rents and Concessions	24,373	6,000	30,373
Cemetery Lot Sales	13,500	-	13,500
Investment Income	21,418	1	21,419
Intergovernmental	26,200	28,000	54,200
Grants	319,756	-	319,756
Donations	6,511	-	6,511
Property Management	15,267	-	15,267
Miscellaneous	24,774	-	24,774
<u>Total Revenues</u>	<u>1,339,932</u>	<u>34,873</u>	<u>1,374,805</u>
EXPENDITURES			
Current			
General Government	345,331	-	345,331
Public Safety	609,061	-	609,061
Streets	12,457	-	12,457
Sanitation	295,658	-	295,658
Health and Welfare	31,041	-	31,041
Culture and Recreation	94,995	-	94,995
Community Technology and Economic Development Center	10,000	25,836	35,836
Airport	-	3,718	3,718
Capital Outlay	27,660	-	27,660
<u>Total Expenditures</u>	<u>1,426,203</u>	<u>29,554</u>	<u>1,455,757</u>
Excess of Revenues Over (Under) Expenditures	(86,271)	5,319	(80,952)
OTHER FINANCING SOURCES (USES)			
Transfers In/(Out)	60,348	-	60,348
Sale of Property	-	-	-
<u>Total Other Financing Sources (Uses)</u>	<u>60,348</u>	<u>-</u>	<u>60,348</u>
Net Change in Fund Balances	(25,923)	5,319	(20,604)
Fund Balance--Beginning of Year	633,723	62,039	695,762
<u>Fund Balance--End of Year</u>	<u>\$ 607,800</u>	<u>\$ 67,358</u>	<u>\$ 675,158</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, 2023

Net Change in Fund Balances -- Total Governmental Funds \$ (20,604)

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. 421,257

The depreciation of capital assets is not reported in the funds. This is the amount of current depreciation on these assets (183,735)

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. 3,367

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

Change in pension expense	19,470	
Change in OPEB expense	5,527	
Change in accrued vacation payable	<u>(8,203)</u>	
		<u>16,794</u>

Change in Net Position -- Statement of Activities \$ 237,079

The accompanying notes are an integral part of this statement.

CITY OF CROSBYTON
Crosbyton, Texas

STATEMENT OF NET POSITION - PROPRIETARY FUND
March 31, 2023

	Business-Type Activities-- Enterprise Funds
	<u>Water & Sewer</u>
ASSETS	
<u>Current Assets:</u>	
Cash	\$ 123,994
Temporary Investments	313,732
Accounts Receivable, net (allowance for uncollectible accounts of \$40,050)	52,131
Due from Other Funds	13,227
<u>Total Current Assets</u>	<u>503,084</u>
<u>Noncurrent Assets:</u>	
Net Pension Asset	108,875
Unamortized Water Contract Costs	126,075
Land	2,608
Construction in Progress	36,500
Buildings and Improvements, net	16,284
Vehicles, Equipment and Utility Systems, net	1,689,318
<u>Total Noncurrent Assets</u>	<u>1,979,660</u>
<u>TOTAL ASSETS</u>	<u>\$ 2,482,744</u>
DEFERRED OUTFLOWS OF RESOURCES	
Deferred Outflows - Pension	\$ 25,620
Deferred Outflows - OPEB	627
<u>TOTAL DEFERRED OUTFLOWS OF RESOURCES</u>	<u>\$ 26,247</u>
LIABILITIES	
<u>Current Liabilities</u>	
Accounts Payable	\$ 9,229
Accrued Wages	-
Due to Other Funds	-
Compensated Absences	16,400
Customer Deposits	49,991
<u>Total Current Liabilities</u>	<u>75,620</u>
<u>Noncurrent Liabilities</u>	
Net Pension Liability	-
Total OPEB Liability	11,751
Due within one year	2,198
Due in more than one year	138,369
<u>Total Noncurrent Liabilities</u>	<u>152,318</u>
<u>TOTAL LIABILITIES</u>	<u>227,938</u>
DEFERRED INFLOWS OF RESOURCES	
Deferred Inflows - Pension	\$ 8,766
Deferred Inflows - OPEB	5,164
<u>TOTAL DEFERRED INFLOWS OF RESOURCES</u>	<u>\$ 13,930</u>
NET POSITION	
Net investment in capital assets	1,730,218
Unrestricted	536,905
<u>Total Net Position</u>	<u>2,267,123</u>

The accompanying notes are an integral part of this statement.

CITY OF CROSBYTON
Crosbyton, Texas

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION--
PROPRIETARY FUNDS
For the Year Ended March 31, 2023

	Business-Type Activities-- <u>Enterprise Funds</u>
	<u>Water & Sewer</u>
<u>Operating Revenues</u>	
Water Sales	\$ 558,812
Sewer Charges	132,546
Tapping Fees and Late Payment Penalties	21,198
Other	4,110
<u>Total Operating Revenues</u>	<u>716,666</u>
<u>Operating Expenses</u>	
Production Expenses	229,922
Distribution Expenses	235,891
Administrative Expenses	128,496
Amortization	6,252
Depreciation	96,998
<u>Total Operating Expenses</u>	<u>697,559</u>
<u>Operating Income (Loss)</u>	<u>19,107</u>
<u>Non-Operating Revenues (Expenses)</u>	
Investment Income	18
Interest Expense	(7,567)
<u>Total Non-Operating Revenues (Expenses)</u>	<u>(7,549)</u>
<u>Income Before Contributions and Transfers</u>	<u>11,558</u>
<u>Contributions and Transfers</u>	
Capital Contribution - Grants	71,976
Transfer from/(to) Other Funds	(60,348)
<u>Total Contributions and Transfers</u>	<u>11,628</u>
Change in Net Position	23,186
NET POSITION	
Net Position - Beginning	<u>2,243,937</u>
Net Position, End of Year	<u>\$ 2,267,123</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, 2023

	Business-Type Activities-- Enterprise Funds
	<u>Water & Sewer</u>
<u>Cash Flows from Operating Activities:</u>	
Receipts from Customers	\$ 717,071
Payments to Suppliers	(477,995)
Payments to Employees	(144,959)
<u>Net Cash Provided (Used) by Operating Activities</u>	<u>94,117</u>
<u>Cash Flows from Non-Capital Financing Activities:</u>	
Transfers to Other Funds	(60,348)
Change in Due to Other Funds	(25,749)
<u>Net Cash Provided (Used) by Non-Capital Financing Activities</u>	<u>(86,097)</u>
<u>Cash Flows from Capital & Related Financing Activities:</u>	
Acquisition of Capital Assets	(109,993)
Payments on Debt Acquired for Capital Assets	(13,060)
Contributed Capital	71,976
<u>Net Cash Provided (Used) by Capital & Related Financing Activities</u>	<u>(51,077)</u>
<u>Cash Flows from Investing Activities:</u>	
Investment Income	18
<u>Net Cash Provided by Investing Activities</u>	<u>18</u>
Net Increase (Decrease) in Cash & Cash Equivalents	(43,039)
Cash & Cash Equivalents--Beginning of Year	<u>480,765</u>
<u>Cash & Cash Equivalents--End of Year</u>	<u>\$ 437,726</u>
Reconciliation of Operating Income (Loss) to Net Cash Flows from Operating Activities:	
Operating Income (Loss)	\$ 19,107
Adjustments to Reconcile to Net Cash Provided (Used) by Operating Activities:	
Amortization	6,252
Depreciation	96,998
(Increase) Decrease in Receivables	(435)
(Increase) Decrease in Net Pension Asset	57,041
(Increase) Decrease in Total OPEB Liability	(4,410)
Increase (Decrease) in Liabilities	(13,846)
Increase (Decrease) in Deferred Outflows	(23,951)
Increase (Decrease) in Deferred Inflows	(42,639)
<u>Net Cash Provided (Used) by Operating Activities</u>	<u>\$ 94,117</u>

The accompanying notes are an integral part of this statement.

CITY OF CROSBYTON
Crosbyton, Texas

NOTES TO FINANCIAL STATEMENTS
March 31, 2023

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, 2023

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, 2023

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 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 \$71,881 restricted by donors for Cemetery perpetual care, \$71,143 restricted for property management, and \$1,637 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, \$52,756 for the airport, and \$12,965 committed for the Community Technology and Economic Development Center.

CITY OF CROSBYTON
Crosbyton, Texas

NOTES TO FINANCIAL STATEMENTS, Page 4
March 31, 2023

Note A: Summary of Significant Accounting Policies (continued)

c. Fund Balance Classification (continued)

Assigned: This classification represents amounts the City intends to use for a specific purpose, but does not meet the criteria to be classified as restricted or committed. Intent may be stipulated by the City Council or by an official or body to which the City Council delegates the authority. Specific amounts that are not restricted or committed in a special revenue fund are assigned for purposes in accordance with the nature of their fund type or the fund's primary purpose. Fund balance can be assigned by the Mayor or their designee. The City did not have any assigned fund balances at March 31, 2023.

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 1st 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 1st of the year following the year in which imposed. On January 1st 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.

CITY OF CROSBYTON
Crosbyton, Texas

NOTES TO FINANCIAL STATEMENTS, Page 5
March 31, 2023

Note A: Summary of Significant Accounting Policies (continued)

Allowances for uncollectible tax receivables within the General Fund are based upon historical experience in collecting property taxes. As of March 31, 2023, the amount deemed uncollectible by this estimate was \$41,611. 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.

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, 2023

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, 2023

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, 2023, the carrying amount of the City's deposits (cash, certificates of deposit, and interest bearing saving accounts included in temporary investments) was \$632,178 and the bank balance was \$672,939. 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, 2023

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, 2023 included certificates of deposit (\$155,753), and investment pools (\$822,593).

<u>Investment Pool</u>	<u>Fund Rating (Standard & Poor's)</u>	<u>Wtd Average Maturity</u>	<u>Amount</u>
TexPool	AAAm	19 Days	\$ 822,593

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, 2023

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, 2023

Note D: Capital Assets

Capital asset activity for the period ended March 31, 2023, was as follows:

	Beginning		Reclassifications/	Ending
<u>Governmental Activities:</u>	<u>Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u>
Capital assets not being depreciated				
Land	\$ 151,215	\$ -	\$ -	\$ 151,215
Construction in progress	-	-	-	-
Total capital assets not being depreciated	151,215	-	-	151,215
Other capital assets				
Infrastructure	466,855	-	-	466,855
Buildings and Improvements	2,476,205	27,660	-	2,503,865
Vehicles, Furniture & Equipment	1,460,330	393,597	-	1,853,927
Total other capital assets at historical cost	4,403,390	421,257	-	4,824,647
Less accumulated depreciation for				
Infrastructure	(132,834)	(14,655)	-	(147,489)
Buildings and improvements	(1,116,129)	(84,571)	-	(1,200,700)
Furniture and equipment	(1,326,387)	(84,509)	-	(1,410,896)
Total accumulated depreciation	(2,575,350)	(183,735)	-	(2,759,085)
Other capital assets, net	1,828,040	237,522	-	2,065,562
Capital assets, net	\$ 1,979,255	\$ 237,522	\$ -	\$ 2,216,777

Depreciation was charged to functions of the governmental activities as follows:

General Government	\$ 31,243
Public Safety	67,650
Streets	17,804
Sanitation	8,700
Health & Welfare	1,274
Culture and Recreation	49,484
Airport	7,580
	<u>\$ 183,735</u>

CITY OF CROSBYTON
Crosbyton, Texas

NOTES TO FINANCIAL STATEMENTS, Page 11
March 31, 2023

Note D: Capital Assets (continued)

	Beginning		Reclassifications/	Ending
<u>Business-Type Activities:</u>	<u>Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u>
Capital assets not being depreciated				
Land	\$ 2,608	\$ -	\$ -	\$ 2,608
Construction in progress	-	36,500	-	36,500
Total capital assets not being depreciated	2,608	36,500	-	39,108
Other capital assets				
Buildings and Improvements	85,007	-	-	85,007
Water and Sewer Systems	3,549,635	-	-	3,549,635
Vehicles, Furniture & Equipment	506,751	73,493	-	580,244
Total other capital assets at historical cost	4,141,393	73,493	-	4,214,886
Less accumulated depreciation for				
Buildings and improvements	(66,831)	(1,892)	-	(68,723)
Water and Sewer Systems	(1,889,581)	(77,152)	-	(1,966,733)
Furniture and equipment	(455,875)	(17,954)	-	(473,829)
Total accumulated depreciation	(2,412,287)	(96,998)	-	(2,509,285)
Other capital assets, net	1,729,106	(23,505)	-	1,705,601
Capital assets, net	\$ 1,731,714	\$ 12,995	\$ -	\$ 1,744,709

	Beginning		Reclassifications/	Ending
<u>Component Unit - Pioneer Memorial Museum</u>	<u>Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u>
Capital assets not being depreciated				
Land	\$ 24,355	\$ -	\$ -	\$ 24,355
Art and collectables	29,910	17,022	-	46,932
Total capital assets not being depreciated	54,265	17,022	-	71,287
Other capital assets				
Buildings and improvements	1,346,508	22,539	-	1,369,047
Furniture and equipment	237,112	12,284	-	249,396
Total other capital assets at historical cost	1,583,620	34,823	-	1,618,443
Less accumulated depreciation for				
Buildings and improvements	(632,357)	(35,456)	-	(667,813)
Furniture and equipment	(213,222)	(5,765)	-	(218,987)
Total accumulated depreciation and amortization	(845,579)	(41,221)	-	(886,800)
Other capital assets, net	738,041	(6,398)	-	731,643
Capital assets, net	\$ 792,306	\$ 10,624	\$ -	\$ 802,930

CITY OF CROSBYTON
Crosbyton, Texas

NOTES TO FINANCIAL STATEMENTS, Page 12
March 31, 2023

Note E: Interfund Balances and Activities

Interfund balances at March 31, 2023 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	-	13,227
Component Unit	<u>11,425</u>	<u>-</u>
<u>Total General Fund</u>	<u>15,543</u>	<u>17,304</u>
<u>Special Revenue Fund:</u>		
General Fund	<u>4,077</u>	<u>4,118</u>
<u>Proprietary Fund:</u>		
General Fund	<u>13,227</u>	<u>-</u>
<u>Component Unit:</u>		
General Fund	<u>-</u>	<u>11,425</u>
<u>Total</u>	<u>\$ 32,847</u>	<u>\$ 32,847</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, 2023 consisted of the following:

<u>Fund</u>	<u>Transfers In</u>	<u>Transfers Out</u>
<u>General Fund:</u>		
Proprietary Fund	<u>60,348</u>	<u>-</u>
<u>Total General Fund</u>	<u>-</u>	<u>60,348</u>
<u>Proprietary Fund:</u>		
General Fund	<u>60,348</u>	<u>-</u>
<u>Total</u>	<u>\$ 60,348</u>	<u>\$ 60,348</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, 2023

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 \$7,567.

Interest expense incurred during the current fiscal year was \$0 for governmental activities and \$7,567 for business-type activities.

Changes in long-term obligations for the year ended March 31, 2022 are as follows:

<u>Governmental Activities:</u>	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Compensated Absences	\$ 16,183	\$ 8,204	\$ -	\$ 24,387
Net Pension Liability-TMRS	(312,435)	122,993	5,848	(195,290)
Net Pension Liability-TESRS	12,536	44,892	5,730	51,698
Total OPEB Liability	<u>44,668</u>	<u>-</u>	<u>9,013</u>	<u>35,655</u>
<u>Total Governmental Funds:</u>	<u>\$(239,048)</u>	<u>\$ 176,089</u>	<u>\$ 20,591</u>	<u>\$ (83,550)</u>

<u>Business-Type Activities:</u>	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Compensated Absences	\$ 12,323	\$ 4,077	\$ -	\$ 16,400	\$ -
Net Pension Liability-TMRS	(165,916)	59,887	2,846	(108,875)	-
Total OPEB Liability	16,161	-	4,410	11,751	-
WRMWD Debt:					
Revenue Bonds-					
Series 2013	<u>\$ 146,060</u>	<u>\$ -</u>	<u>\$ 5,493</u>	<u>\$ 140,567</u>	<u>\$ 2,197</u>
<u>Total Business-Type Funds:</u>	<u>\$ 8,628</u>	<u>\$ 63,964</u>	<u>\$ 12,749</u>	<u>\$ 59,843</u>	<u>\$ 2,197</u>

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, 2023

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>
2024	2,197	2,943
2025	5,128	5,767
2026	5,274	5,593
2027	5,274	5,404
2028	5,274	5,207
2029-2033	31,351	22,577
2034-2038	37,651	15,559
2039-2043	47,026	6,720
2044	1,392	77
Total	<u>\$ 140,567</u>	<u>\$ 69,847</u>

<u>Component Unit:</u>	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Net Pension Liability-TMRS	\$ (60,827)	\$ 29,026	\$ 1,379	\$ (33,180)
Total OPEB Liability	<u>7,650</u>	<u>-</u>	<u>2,130</u>	<u>5,520</u>
Total	\$ (53,177)	\$ 29,026	\$ 3,509	\$(27,660)

CITY OF CROSBYTON
Crosbyton, Texas

NOTES TO FINANCIAL STATEMENTS, Page 15
March 31, 2023

Note H: TMRS-Pension Plan

Plan Description

The City of Crosbyton, including the Pioneer Memorial Museum, participates as one of 919 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 administration and management of TMRS with a six-member, Governor-appointed Board of Trustees; however, TMRS is not fiscally dependent on the State of Texas. TMRS issues a publicly available Annual Comprehensive Financial Report (Annual Report) that can be obtained at 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 2023</u>	<u>Plan Year 2022</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

Employees covered by benefit terms

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

Inactive employees or beneficiaries currently receiving benefits	12
Inactive employees entitled to but not yet receiving benefits	14
Active employees	<u>10</u>
Total	36

CITY OF CROSBYTON
Crosbyton, Texas

NOTES TO FINANCIAL STATEMENTS, Page 16
March 31, 2023

Note H: TMRS-Pension Plan (continued)

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 2.74% and 1.65% in calendar years 2022 and 2023, respectively. The City's contributions to TMRS for the year ended March 31, 2023 were \$8,892, and were equal to the required contributions.

Net Pension Liability

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

Actuarial assumptions:

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

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

Salary increases are based on a service-related table. Mortality rates for active members are based on the PUB (10) mortality tables with the Public Safety table used for males and the General Employee table used for females. Mortality rates for healthy retirees and beneficiaries are based on the Gender-distinct 2019 Municipal Retirees of Texas mortality tables. The rates for actives, healthy retirees and beneficiaries are projected on a fully generational basis by Scale UMP to account for future mortality improvements. For disabled annuitants, the same mortality tables for healthy retirees 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. The assumptions 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 to satisfy the short-term and long-term funding needs of TMRS.

CITY OF CROSBYTON
Crosbyton, Texas

NOTES TO FINANCIAL STATEMENTS, Page 17
March 31, 2023

Note H: TMRS-Pension Plan (continued)

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 2023 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return (Arithmetic)</u>
Global Equity	35.00%	7.70%
Core Fixed Income	6.00%	4.90%
Non-Core Fixed Income	20.00%	8.70%
Other Public and Private	12.00%	8.10%
Real Estate	12.00%	5.80%
Hedge Funds	5.00%	6.90%
Private Equity	<u>10.00%</u>	11.80%
Total	100.00%	

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.

CITY OF CROSBYTON
Crosbyton, Texas

NOTES TO FINANCIAL STATEMENTS, Page 18
March 31, 2023

Note H: TMRS-Pension Plan (continued)

Change in the Net Pension Liability

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a)-(b)
Balance at 12/31/21	\$ 1,229,997	\$ 1,769,175	\$ (539,178)
Changes for the year:			
Service cost	41,198		41,198
Interest	80,001		80,001
Change of benefit terms			
Difference between expected and actual experience	(15,692)		(15,692)
Changes of assumptions			-
Contributions - employer		10,070	(10,070)
Contributions - employee		22,050	(22,050)
Net investment income		(128,663)	128,663
Benefit payments, including refunds of employee contributions	(130,781)	(130,781)	-
Administrative expense		(1,118)	1,118
Other changes		1,335	(1,335)
Net changes	(25,274)	(227,107)	201,833
Balance at 12/31/22	<u>\$ 1,204,723</u>	<u>\$ 1,542,068</u>	<u>\$ (337,345)</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/(asset)	\$ (209,008)	\$ (337,345)	\$ (444,449)

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 tmrs.com.

CITY OF CROSBYTON
Crosbyton, Texas

NOTES TO FINANCIAL STATEMENTS, Page 19
March 31, 2023

Note H: TMRS-Pension Plan (continued)

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

For the year ended March 31, 2023, the city recognized pension expense of \$(32,750).

At March 31, 2023, 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	\$ -	\$ 22,063
Changes in actuarial assumptions	\$ -	\$ -
Difference between projected and actual investment earnings	\$ 107,941	\$ -
Contributions subsequent to the measure date December 31, 2021	\$ 1,473	\$ -
Total	\$ 109,414	\$ 22,063

\$1,473 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, 2024. 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:	
2023	\$ (15,416)
2024	22,160
2025	29,519
2026	49,615
2027	-
Thereafter	-
Total	\$ 85,878

CITY OF CROSBYTON
Crosbyton, Texas

NOTES TO FINANCIAL STATEMENTS, Page 20
March 31, 2023

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 state 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. The System operates on a fiscal year ending August 31 with the fiscal year ending August 31, 2022 being the latest available financial data. At August 31, 2022, there were 239 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, 2022, the pension system membership consisted of:

	<u>System</u>
Retirees and beneficiaries currently receiving benefits	3991
Terminated members entitled to benefits but not yet receiving them	1813
Active participants (vested and nonvested)	<u>3379</u>
Total	9183

Benefits Provided

Senate Bill 411, 65th Legislature, Regular Session (1977), created TESRS and established the applicable benefit provisions. The 79th 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, 2023

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 members). This is referred to as a Part One contribution, which is the legacy portion of the System contribution that directly impacts future retiree annuities.

According to state law, 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, 2022 actuarial valuation, the 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, 2023

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 are set by board rule, and there is no maximum contribution rate. For the fiscal year ending August 31, 2022, total contributions of \$4,049,093 were paid into TESRS by the political subdivisions served by the member volunteer emergency services personnel. The state appropriated \$1,262,763 for the fiscal year ending August 31, 2022. The City contributed \$6,732 to the System during its fiscal year ending March 31, 2023.

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, 2022 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, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of August 31, 2022.

	<u>System</u>	<u>City of Crosbyton</u>
Total pension liability	\$ 165,375,669	\$ 208,373
Plan fiduciary net position	\$ 124,345,593	\$ 156,675
Net pension liability	\$ 41,030,076	\$ 51,698
Fiduciary net position as a percentage of the total pension liability	75.19%	75.19%

Actuarial Assumptions

The total pension liability in the August 31, 2022 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, 2023

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 4.61%) 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%	6.17%
Emerging Markets	5.00%	7.36%
Global infrastructure	5.00%	6.61%
Real Estate	10.00%	4.48%
Multi asset income	5.00%	3.86%
Fixed Income	30.00%	1.95%
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, 2022 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, 2023

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	\$	64,365,050	\$	41,030,076	\$ 22,133,739
City's net pension liability	\$	81,100	\$	51,698	\$ 27,889

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.

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

\$6,732 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, 2024. 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:	
2023	\$ 5,995
2024	3,722
2025	3,885
2026	7,172
2027	-
Thereafter	-
Total	\$ 20,774

CITY OF CROSBYTON
Crosbyton, Texas

NOTES TO FINANCIAL STATEMENTS, Page 25
March 31, 2023

Note I: TESRS-Pension (continued)

Change in Net Pension Liability

	Measurement Date August 31, 2022	
	System	City of Crosbyton (allocation 0.126%)
Total Pension Liability		
Service cost	1,556,329	1,961
Interest	11,494,844	14,484
Change of benefit terms	2,429,311	3,061
Difference between expected and actual experience	2,491,556	3,139
Changes of assumptions	(329,107)	(415)
Change in Proportionate Share of Pension Liability	-	14,012
Benefit payments	(7,951,029)	(10,018)
Net change in total pension liability	9,691,904	26,224
Total pension liability - beginning	155,683,765	182,150
Total pension liability - ending	\$ 165,375,669	\$ 208,374
 Plan Fiduciary Net Position		
Contributions for members	4,049,093	5,102
Contributions by the State	1,262,763	1,591
Net investment income	(17,743,365)	(22,357)
Benefit payments	(7,951,029)	(10,018)
Administrative expense	(241,482)	(304)
Change in Proportionate Share	-	13,048
Net change in fiduciary net position	(20,624,020)	(12,938)
Plan fiduciary net position - beginning	144,969,613	169,614
Plan fiduciary net position - ending	\$ 124,345,593	\$ 156,676
Net pension liability - ending	\$ 41,030,076	\$ 51,698
Plan fiduciary net position as a percentage of the total pension liability	75.19%	75.19%

Schedule of Investment Returns

<u>Fiscal Year Ending</u>	<u>Annual Money-Weighted Net Real Rate of Return</u>
August 31, 2022	(12.41)%
August 31, 2021	18.08%
August 31, 2020	10.74%
August 31, 2019	1.00%
August 31, 2018	10.86%
August 31, 2017	10.32%
August 31, 2016	5.57%
August 31, 2015	(3.58)%
August 31, 2014	14.92%

CITY OF CROSBYTON
Crosbyton, Texas

NOTES TO FINANCIAL STATEMENTS, Page 26
March 31, 2023

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 800 participating cities as of December 31, 2022.

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 tmrs.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 retirees is considered 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, 2022 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>10</u>
Total	21

4. Contributions

The City contributes to the SDBF monthly based on the payroll of their covered members at an annually actuarially determined rate. There is a one-year delay between the actuarial valuation that serves as the basis for the city's contribution rate and the calendar year when the rate goes into effect.

TMRS pools the SDBF contributions with those of the Pension Trust Fund for investment purposes. The SDBF's funding policy assures that adequate resources are available to meet all death benefit payments for the upcoming year. The SDBF is a pay-as-you-go fund, and any excess contributions are available for future SDBF benefits.

CITY OF CROSBYTON
Crosbyton, Texas

NOTES TO THE FINANCIAL STATEMENTS, Page 27
March 31, 2023

Note J: Supplemental Death Benefits Plan (continued)

City	<u>Contribution Rates</u>	
	<u>2022</u>	<u>2023</u>
	1.11%	0.95%
Current Fiscal Year Employer Contributions	\$ 3,858	

5. Actuarial Assumptions

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

Summary of Actuarial Methods and Assumptions

Valuation Date	December 31, 2022
Actuarial Cost Method	Entry Age Normal
Inflation	2.50%
Salary increases	3.50% to 11.5% including inflation
Discount Rate*	4.05%*
Retirees' share of benefit-related costs	\$0
Administrative expenses	All administrative expenses are paid through the Pension Trust and accounted for under reporting requirements under GASB Statement No. 68
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, 2022.

The actuarial assumptions used in the December 31, 2022 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, 2023

Note J: Supplemental Death Benefits Plan (continued)

6. Discount Rate

As of December 31, 2022, the discount rate used in the development of the Total OPEB Liability was 4.05% compared to 1.84% as of December 31, 2021. 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, 2022.

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 (3.05%)	Discount Rate (4.05%)	1% Increase in Discount Rate (5.05%)
Total OPEB Liability	\$ 59,446	\$ 52,926	\$ 47,557

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

At March 31, 2023, the City reported a liability of \$52,926 for total OPEB liability. The total OPEB liability was measured as of December 31, 2022 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, 2022, the discount rate used in the development of the Total OPEB Liability was 4.05% compared to 1.84% as of December 31, 2021. 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, 2023, the City recognized OPEB expense of \$(5,474).

CITY OF CROSBYTON
Crosbyton, Texas

NOTES TO THE FINANCIAL STATEMENTS, Page 29
March 31, 2023

Note J: Supplemental Death Benefits Plan (continued)

Change in the Total OPEB Liability

	Total OPEB Liability (a)
Balance at 12/31/21	\$ 68,479
Changes for the year:	
Service cost	1,654
Interest	1,244
Change of benefit terms	
Difference between expected and actual experience	1,226
Changes of assumptions	(16,333)
Benefit payments, including refunds of employee contributions	(3,344)
Other changes	
Net changes	<u>(15,553)</u>
Balance at 12/31/22	<u>\$ 52,926</u>

At March 31, 2023, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual actuarial experiences	\$ 984	\$ 5,230
Changes in actuarial assumptions	\$ 738	\$ 13,117
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, 2022 measurement date	\$ 1,722	\$ 18,347
Contributions paid to TRS subsequent to the measurement date	\$ 849	\$ -
Total as of fiscal year-end	<u>\$ 2,571</u>	<u>\$ 18,347</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>
2023	\$ (5,253)
2024	(5,187)
2025	(2,974)
2026	(2,974)
2027	(237)
Thereafter	-

CITY OF CROSBYTON
Crosbyton, Texas

NOTES TO FINANCIAL STATEMENTS, Page 30
March 31, 2023

Note K: Litigation

There is no reportable litigation at March 31, 2023.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF CROSBYTON
Crosbyton, Texas

BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
For the Fiscal Year Ended March 31, 2023

	General Fund			
	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
<u>Revenues</u>				
Property Taxes (Including Penalty & Interest)	\$ 284,000	\$ 284,000	\$ 294,302	\$ 10,302
Sales Taxes	135,000	150,743	150,743	-
Franchise Taxes	125,000	110,000	109,861	(139)
Other Taxes	3,600	3,600	4,473	873
Fees and Fines	34,000	43,497	43,476	(21)
Licenses and Permits	2,200	3,027	3,162	135
Charges for Services	264,200	264,200	282,116	17,916
Rents and Concessions	24,582	24,582	24,373	(209)
Cemetery Lot Sales	6,000	13,500	13,500	-
Investment Income	5,000	5,000	21,418	16,418
Intergovernmental	10,000	10,000	26,200	16,200
Grants	-	451,341	319,756	(131,585)
Donations	3,000	4,000	6,511	2,511
Property Management	7,000	7,000	15,267	8,267
Miscellaneous	20,000	20,363	24,774	4,411
<u>Total Revenues</u>	<u>923,582</u>	<u>1,394,853</u>	<u>1,339,932</u>	<u>(54,921)</u>
<u>Expenditures</u>				
Current				
General Government	286,424	346,517	345,331	1,186
Public Safety	252,481	610,387	609,061	1,326
Streets	40,100	21,471	12,457	9,014
Sanitation	252,785	297,153	295,658	1,495
Health and Welfare	30,600	31,875	31,041	834
Culture and Recreation	89,092	108,989	94,995	13,994
Community Technology and Economic Development Center	10,000	10,000	10,000	-
Capital Outlay	37,000	37,000	27,660	9,340
<u>Total Expenditures</u>	<u>998,482</u>	<u>1,463,392</u>	<u>1,426,203</u>	<u>37,189</u>
<u>Other Financing Sources (Uses)</u>				
Transfer In/(Out)	75,000	75,000	60,348	(14,652)
Sale of Property	-	-	-	-
<u>Total Other Financing Sources (Uses)</u>	<u>75,000</u>	<u>75,000</u>	<u>60,348</u>	<u>(14,652)</u>
<u>Net Change in Fund Balances</u>	<u>100</u>	<u>6,461</u>	<u>(25,923)</u>	<u>(32,384)</u>
Fund Balance, Beginning of Year	633,723	633,723	633,723	-
<u>Fund Balance, End of Year</u>	<u>\$ 633,823</u>	<u>\$ 640,184</u>	<u>\$ 607,800</u>	<u>\$ (32,384)</u>

CITY OF CROSBYTON
Crosbyton, Texas

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

	December 31, 2022	December 31, 2021	December 31, 2020	December 31, 2019	December 31, 2018	December 31, 2017	December 31, 2016	December 31, 2015
Total Pension Liability								
Service Cost	\$ 41,198	\$ 46,696	\$ 44,914	\$ 41,057	\$ 38,181	\$ 36,039	\$ 39,263	\$ 35,735
Interest (on the Total Pension Liability)	80,001	84,912	90,561	97,508	96,056	93,616	96,340	100,974
Changes of benefit terms	-	-	-	-	-	-	-	-
Difference between expected and actual experience	(15,692)	(90,620)	(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	(130,781)	(91,183)	(120,071)	(139,186)	(113,642)	(119,497)	(151,051)	(180,430)
Net change in Total Pension Liability	(25,274)	(50,195)	(99,029)	(114,404)	32,843	32,155	(54,528)	(31,672)
Total Pension Liability - Beginning	1,229,997	1,280,192	1,379,221	1,493,625	1,460,782	1,428,627	1,483,155	1,514,827
Total Pension Liability - Ending (a)	<u>\$ 1,204,723</u>	<u>\$ 1,229,997</u>	<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>
Plan Fiduciary Net Position								
Contributions - employer	10,070	16,925	19,283	17,493	15,410	14,804	13,910	11,528
Contributions - employee	22,050	24,470	23,052	21,552	19,447	18,466	20,361	19,707
Net investment income	(128,664)	209,228	118,802	223,287	(47,084)	202,175	99,834	2,400
Benefit payments, including refunds of employee contributions	(130,781)	(91,183)	(120,071)	(139,186)	(113,642)	(119,497)	(151,051)	(180,430)
Administrative expense	(1,118)	(972)	(771)	(1,265)	(912)	(1,049)	(1,129)	(1,462)
Other	1,336	7	(32)	(38)	(48)	(54)	(61)	(72)
Net Change in Plan Fiduciary Net Position	(227,107)	158,475	40,263	121,843	(126,829)	114,845	(18,136)	(148,329)
Plan Fiduciary Net Position - Beginning	1,769,175	1,610,700	1,570,437	1,448,594	1,575,423	1,460,578	1,478,714	1,627,043
Plan Fiduciary Net Position - Ending (b)	<u>\$ 1,542,068</u>	<u>\$ 1,769,175</u>	<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>
Net Pension Liability/(Asset) - Ending (a) - (b)	\$ (337,345)	\$ (539,178)	\$ (330,508)	\$ (191,216)	\$ 45,031	\$ (114,641)	\$ (31,951)	\$ 4,441
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	128.00%	143.84%	125.82%	113.86%	96.99%	107.85%	102.24%	99.70%
Covered Employee Payroll	\$ 367,507	\$ 407,827	\$ 384,205	\$ 359,201	\$ 324,116	\$ 307,764	\$ 339,348	\$ 328,449
Net Pension Liability/(Asset) as a Percentage of Covered Payroll	-91.79%	-132.21%	-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, 2022	August 31, 2021	August 31, 2020	August 31, 2019	August 31, 2018	August 31, 2017	August 31, 2016	August 31, 2015
Total Pension Liability								
Service Cost	\$ 1,961	\$ 1,821	\$ 2,426	\$ 2,556	\$ 1,880	\$ 1,912	\$ 2,491	\$ 2,846
Interest (on the Total Pension Liability)	14,484	13,012	14,299	14,457	11,687	11,362	13,086	14,231
Changes of benefit terms	3,061	-	3,886	-	3,334	-	1,061	-
Difference between expected and actual experience	3,139	-	(2,555)	-	(107)	-	95	-
Change of assumptions	(415)	-	(88)	-	-	-	1,308	-
Change in Proportionate Share of Pension Liability	14,012	(19,558)	(10,045)	26,128	(2,582)	(57,493)	-	-
Benefit payments, including refunds of employee contributions	(10,018)	(8,698)	(8,946)	(8,812)	(6,891)	(6,039)	(6,912)	(7,558)
Net change in Total Pension Liability	26,224	(13,423)	(1,023)	34,329	7,321	(50,258)	11,129	9,519
Total Pension Liability - Beginning	182,150	195,573	196,596	162,267	154,946	205,204	194,075	184,556
Total Pension Liability - Ending (a)	\$ 208,374	\$ 182,150	\$ 195,573	\$ 196,596	\$ 162,267	\$ 154,946	\$ 205,204	\$ 194,075
Plan Fiduciary Net Position								
Contributions - employer	5,102	4,462	4,882	4,768	4,837	6,015	5,091	5,906
Contributions - State	1,591	1,555	1,728	1,821	1,568	1,901	2,328	2,751
Net investment income	(22,357)	26,090	15,849	1,563	13,350	11,732	7,286	(5,532)
Benefit payments, including refunds of employee contributions	(10,018)	(8,698)	(8,946)	(8,812)	(6,891)	(6,039)	(6,912)	(7,558)
Administrative expense	(304)	(314)	(417)	(311)	(187)	(221)	(245)	(363)
Change in Proportionate Share of Plan Fiduciary Net Position	13,048	(16,280)	12,984	22,015	(2,102)	(49,630)	-	-
Other	-	-	-	-	-	-	5,606	-
Net Change in Plan Fiduciary Net Position	(12,938)	6,815	26,080	21,044	10,575	(36,242)	13,154	(4,796)
Plan Fiduciary Net Position - Beginning	169,614	162,799	136,719	136,719	126,144	162,386	149,232	154,028
Plan Fiduciary Net Position - Ending (b)	\$ 156,676	\$ 169,614	\$ 162,799	\$ 157,763	\$ 136,719	\$ 126,144	\$ 162,386	\$ 149,232
Net Pension Liability/(Asset) - Ending (a) - (b)	\$ 51,698	\$ 12,536	\$ 32,774	\$ 38,833	\$ 25,548	\$ 28,802	\$ 42,818	\$ 44,843
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	75.19%	93.12%	83.24%	80.25%	84.26%	81.41%	79.13%	76.89%
Number of Active Members	11	10	12	13	11	12	14	17
Net Pension Liability/(Asset) Per Active Member	\$ 4,700	\$ 1,254	\$ 2,731	\$ 2,987	\$ 2,323	\$ 2,400	\$ 3,058	\$ 2,638

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				
	2022	2021	2020	2019	2018
Total OPEB Liability					
Service Cost	\$ 1,654	\$ 3,426	\$ 2,997	\$ 1,904	\$ 2,334
Interest (on the Total OPEB Liability)	1,244	1,543	2,436	3,068	2,744
Changes of benefit terms	-	-	-	-	-
Difference between expected and actual experience	1,226	(10,540)	(19,857)	(6,962)	(94)
Change of assumptions	(16,333)	1,490	6,538	9,138	(3,455)
Benefit payments, including refunds of employee contributions	(3,344)	(5,750)	(1,806)	(1,760)	(1,296)
Net change in Total OPEB Liability	(15,553)	(9,831)	(9,692)	5,388	233
Total OPEB Liability - Beginning	68,479	78,310	88,002	82,614	82,381
Total OPEB Liability - Ending	<u>\$ 52,926</u>	<u>\$ 68,479</u>	<u>\$ 78,310</u>	<u>\$ 88,002</u>	<u>\$ 82,614</u>
 Covered Employee Payroll	 \$ 367,507	 \$ 407,827	 \$ 384,205	 \$ 359,201	 \$ 324,116
 Total OPEB Liability/(Asset) as a Percentage of Covered Payroll	 14.40%	 16.79%	 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 3/31/2023</u>	<u>FYE 3/31/2022</u>	<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	\$ 12,750	\$ 15,428	\$ 18,760	\$ 17,448	\$ 15,917	\$ 16,725	\$ 14,135	\$ 13,549
Contributions in relation to the actuarially determined contribution	<u>12,750</u>	<u>15,428</u>	<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)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered employee payroll	\$ 361,008	\$ 405,197	\$ 391,503	\$ 363,312	\$ 334,905	\$ 309,533	\$ 331,356	\$ 330,894
Contributions as a percentage of covered employee payroll	3.53%	3.81%	4.79%	4.80%	4.75%	5.40%	4.27%	4.09%

SCHEDULE OF CONTRIBUTIONS - TESRS
(unaudited)

	<u>FYE 3/31/2023</u>	<u>FYE 3/31/2022</u>	<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	\$ 6,732	\$ 5,616	\$ 6,368	\$ 6,588	\$ 5,236	\$ 7,331	\$ 6,480	\$ 5,616
Contributions in relation to the actuarially determined contribution	<u>6,732</u>	<u>5,616</u>	<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)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

The accompanying notes are an integral part of this statement.

CITY OF CROSBYTON
Crosbyton, Texas

SCHEDULE OF OPEB CONTRIBUTIONS - TMRS
(unaudited)

	<u>FYE 3/31/2023</u>	<u>FYE 3/31/2022</u>	<u>FYE 3/31/2021</u>	<u>FYE 3/31/2020</u>	<u>FYE 3/31/2019</u>
Actuarially Determined Contribution	\$ 3,855	\$ 6,063	\$ 3,888	\$ 2,879	\$ 2,677
Contributions in relation to the actuarially determined contribution	<u>3,855</u>	<u>6,063</u>	<u>3,888</u>	<u>2,879</u>	<u>2,677</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered employee payroll	\$ 361,008	\$ 405,197	\$ 391,503	\$ 363,312	\$ 334,905
Contributions as a percentage of covered employee payroll	1.07%	1.50%	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, 2023

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, 2023

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*	4.05%
Retirees' share of benefit-related costs	0\$
Administrative expenses	All administrative expenses are paid through the Pension Trust and accounted for under reporting requirements under GASB Statement No. 68
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, 2022.

Note: The actuarial assumptions used in the December 31, 2022 valuation were based on the results of an actuarial experience study for the period December 31, 2014 to December 31, 2018.

OTHER SUPPLEMENTARY INFORMATION

CITY OF CROSBYTON
Crosbyton, Texas

COMBINING BALANCE SHEET -- NONMAJOR SPECIAL REVENUE FUNDS
March 31, 2023

	Airport Fund	Municipal Court Technology Fee Fund	Community Technology & Economic Development Center	Total
ASSETS				
Cash	\$ 48,803	\$ 1,637	\$ 17,083	\$ 67,523
Due from Other Funds	4,077	-	-	4,077
<u>TOTAL ASSETS</u>	<u>\$ 52,880</u>	<u>\$ 1,637</u>	<u>\$ 17,083</u>	<u>\$ 71,600</u>
LIABILITIES				
Current Liabilities				
Accounts Payable	\$ 124	-	-	\$ 124
Accrued Wages	-	-	-	-
Due to Other Funds	-	-	4,118	4,118
<u>Total Liabilities</u>	<u>124</u>	<u>-</u>	<u>4,118</u>	<u>4,242</u>
FUND BALANCES:				
Restricted for:				
Court Technology	-	1,637	-	1,637
Committed for:				
Airport	52,756	-	-	52,756
Community Technology & EDC	-	-	12,965	12,965
Unassigned	-	-	-	-
<u>Total Fund Equities</u>	<u>52,756</u>	<u>1,637</u>	<u>12,965</u>	<u>67,358</u>
<u>TOTAL LIABILITIES & FUND EQUITIES</u>	<u>\$ 52,880</u>	<u>\$ 1,637</u>	<u>\$ 17,083</u>	<u>\$ 71,600</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, 2023

	Airport Fund	Municipal Court Technology Fee Fund	Community Technology & Economic Development Center	Total
REVENUES:				
Rents	\$ 6,000	\$ -	\$ -	\$ 6,000
Fees	-	872	-	872
Intergovernmental	-	-	28,000	28,000
Investment Income	-	1	-	1
Grants	-	-	-	-
<u>Total Revenues</u>	<u>6,000</u>	<u>873</u>	<u>28,000</u>	<u>34,873</u>
EXPENDITURES				
Current				
Public Safety	-	-	-	-
Community Technology and Economic Development Center	-	-	25,836	25,836
Airport	3,718	-	-	3,718
Capital Outlay	-	-	-	-
<u>Total Expenditures</u>	<u>3,718</u>	<u>-</u>	<u>25,836</u>	<u>29,554</u>
Excess of Revenues Over (Under) Expenditures	2,282	873	2,164	5,319
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	2,282	873	2,164	5,319
Fund Balance--Beginning of Year	50,474	764	10,801	62,039
<u>Fund Balance--End of Year</u>	<u>\$ 52,756</u>	<u>\$ 1,637</u>	<u>\$ 12,965</u>	<u>\$ 67,358</u>

CITY OF CROSBYTON
Crosbyton, Texas

PIONEER MEMORIAL MUSEUM - COMPONENT UNIT
BALANCE SHEET
March 31, 2023

	<u>Endowment Fund</u>
ASSETS	
Cash in Bank	\$ 858,097
Accrued Interest Receivable	<u>954</u>
 <u>TOTAL ASSETS</u>	 <u>\$ 859,051</u>
 LIABILITIES	
Current Liabilities	
Accounts Payable	\$ 3,415
Accrued Wages	-
Due to City of Crosbyton - General Fund	<u>11,425</u>
<u>Total Liabilities</u>	<u>14,840</u>
 FUND EQUITIES:	
Unassigned	<u>844,211</u>
<u>Total Fund Equities</u>	<u>844,211</u>
 <u>TOTAL LIABILITIES & FUND EQUITIES</u>	 <u>\$ 859,051</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, 2023

	Endowment Fund
REVENUES:	
Interest	\$ 2,382
Grants and Contributions	418,150
Rents	14,875
Miscellaneous	-
<u>Total Revenues</u>	<u>435,407</u>
EXPENDITURES	
Current:	
Salaries	60,138
Contract Labor	4,763
Retirement	1,748
Employee Insurance	8,105
Payroll Taxes	4,600
Legal and Accounting	3,360
Dues	2,475
Office Supplies	1,653
Repairs and Supplies	49,528
Printing	1,755
Utilities	26,311
Travel & Training	716
Insurance	10,000
Farming and Ranching Center	31,240
Other	3,961
Community Technology and Economic Development Center	6,000
Capital Outlay	38,945
<u>Total Expenditures</u>	<u>255,298</u>
Excess of Revenues Over (Under) Expenditures	180,109
Fund Balance--Beginning of Year	664,102
<u>Fund Balance--End of Year</u>	<u>\$ 844,211</u>

CITY OF CROSBYTON
Crosbyton, Texas

SCHEDULE OF DELINQUENT TAXES RECEIVABLE
For the Year Ended March 31, 2023

Years Ended March 31	Tax Rate Per \$100 Value	Assessed/Appraised Value for Tax Purposes	Balance 04/01/22	Add: Current Levy	Less: Collections	Total Year's Adjustments	Balance 03/31/23
2014 and Prior	\$ --	\$ --	\$ 13,294	\$ -	\$ 123	\$ (4,270)	\$ 8,901
2015	0.7472	35,313,437	1,717	-	44	(241)	1,432
2016	0.7776	35,135,159	2,000	-	5	(250)	1,745
2017	0.7841	34,858,054	1,970	-	168	(198)	1,604
2018	0.7758	35,674,787	3,116	-	349	(391)	2,376
2019	0.7711	36,073,142	5,113	-	1,086	(388)	3,639
2020	0.7182	38,975,773	8,854	-	3,556	(381)	4,917
2021	0.6925	38,757,978	15,880	-	6,541	(702)	8,637
2022	0.6900	40,085,649	34,240	-	23,258	(1,142)	9,840
2023	0.6535	44,037,479	-	287,777	247,718	-	40,059
		<u>Totals</u>	<u>\$ 86,184</u>	<u>\$ 287,777</u>	<u>\$ 282,848</u>	<u>\$ (7,963)</u>	<u>\$ 83,150</u>

Terry & King, CPAs, P.C.

5707 114th Street
P.O. Box 93550
Lubbock, TX 79493-3550

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

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, 2023, 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 August 14, 2023.

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.



Independent Auditors' Report
Page 2

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 or significant deficiencies may exist that were not identified.

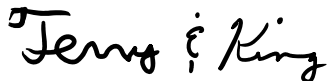
Report on Compliance and Other Matters

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
August 14, 2023