

CITY OF LITTLEFIELD, TEXAS

ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED SEPTEMBER 30, 2021

BOLINGER, SEGARS, GILBERT & MOSS, L.L.P.
CERTIFIED PUBLIC ACCOUNTANTS
LUBBOCK, TEXAS

CITY OF LITTLEFIELD, TEXAS

ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED SEPTEMBER 30, 2021

CITY OF LITTLEFIELD, TEXAS
ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED SEPTEMBER 30, 2021

TABLE OF CONTENTS (CONTINUED)

	<u>Statement Identification</u>	<u>Page No.</u>
FINANCIAL SECTION		
Independent Auditor’s Report		1
Basic Financial Statements		
Government-Wide Financial Statements:		
Government-Wide – Statement of Net Position	Exhibit A-1	4
Government-Wide – Statement of Activities	Exhibit A-2	5
Fund Financial Statements:		
Balance Sheet – Governmental Funds	Exhibit A-3	6
Reconciliation of the Governmental Funds		
Balance Sheet to the Statement of Net Position	Exhibit A-4	7
Statement of Revenues, Expenditures, and		
Changes in Fund Balances – Governmental Funds	Exhibit A-5	8
Reconciliation of the Statement of Revenues, Expenditures, and		
Changes in Fund Balances of Governmental Funds to the		
Statement of Activities	Exhibit A-6	9
Statement of Net Position – Proprietary Funds	Exhibit A-7	10
Statement of Revenues, Expenses, and Changes in Fund		
Net Position – Proprietary Funds	Exhibit A-8	11
Statement of Cash Flows – Proprietary Funds	Exhibit A-9	12
Notes to Financial Statements (an Integral Part of the Basic Financial Statements)		13
REQUIRED SUPPLEMENTARY INFORMATION		
Schedule of Changes in Net Pension Liability and		
Related Ratios – TMRS	Exhibit B-1	34
Schedule of Employer Contributions - TMRS	Exhibit B-2	35
Schedule of Changes in the Total OPEB Liability and Related Ratios –		
TMRS	Exhibit B-3	36
Budgetary Comparison Schedule – General Fund	Exhibit B-4	37
Notes to Required Supplementary Information		38

CITY OF LITTLEFIELD, TEXAS
ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED SEPTEMBER 30, 2021

TABLE OF CONTENTS (CONTINUED)

	<u>Statement Identification</u>	<u>Page No.</u>
SUPPLEMENTARY INFORMATION		
Combining Statements as Supplementary Information		
Combining Balance Sheet – Nonmajor Governmental Funds	Exhibit C-1	40
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Nonmajor Governmental Funds	Exhibit C-2	41
OVERALL COMPLIANCE AND INTERNAL CONTROL SECTION		
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>		42

FINANCIAL SECTION

BOLINGER, SEGARS, GILBERT & MOSS, L.L.P.

CERTIFIED PUBLIC ACCOUNTANTS

PHONE: (806) 747-3806

FAX: (806) 747-3815

8215 NASHVILLE AVENUE

LUBBOCK, TEXAS 79423-1954

Independent Auditor's Report

Mayor and City Council
City of Littlefield, Texas
Littlefield, Texas

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Littlefield, Texas (the City), as of and for the fiscal year ended September 30, 2021, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, each major fund, discretely presented component unit, and the aggregate remaining fund information, of the City of Littlefield, Texas, as of September 30, 2021, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Management has omitted management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Other Information

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

The combining statements are the responsibility of management and were derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 22, 2022, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 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 of the City's internal control over financial reporting and compliance.

Bolinger, Segars, Gilbert & Moss LLP

Certified Public Accountants

Lubbock, Texas

March 22, 2022

BASIC FINANCIAL STATEMENTS

CITY OF LITTLEFIELD, TEXAS

EXHIBIT A-1

GOVERNMENT-WIDE - STATEMENT OF NET POSITION
SEPTEMBER 30, 2021

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	Littlefield EDC
ASSETS:				
Cash and Cash Equivalents	\$ 2,812,028	\$ 9,041,079	\$ 11,853,107	\$ 1,492,085
Accounts and Taxes Receivable, Net	488,191	196,141	684,332	
Due from Other Governments	56,108		56,108	56,108
Net Pension Asset	95,634	18,162	113,796	
Capital Assets, Nondepreciable	4,656,789	325,933	4,982,722	
Capital Assets, Depreciable, Net	2,652,930	4,300,454	6,953,384	
Total Assets	<u>\$ 10,761,680</u>	<u>\$ 13,881,769</u>	<u>\$ 24,643,449</u>	<u>\$ 1,548,193</u>
DEFERRED OUTFLOWS OF RESOURCES:				
Pension	\$ 126,862	\$ 24,092	\$ 150,954	\$
OPEB	40,053	7,606	47,659	
Total Deferred Outflows of Resources	<u>\$ 166,915</u>	<u>\$ 31,698</u>	<u>\$ 198,613</u>	<u>\$ 0</u>
LIABILITIES:				
Accounts Payable	\$ 115,751	\$ 31,254	\$ 147,005	\$
Wages Payable	34,294	6,041	40,335	
Other Current Liabilities	38,974		38,974	
Accrued Interest Payable	11,182		11,182	
Customer Deposits		178,725	178,725	
Noncurrent Liabilities				
Due Within One Year	353,099	110,000	463,099	
Due In More Than One Year	4,334,298	651,119	4,985,417	1,810
Total Liabilities	<u>\$ 4,887,598</u>	<u>\$ 977,139</u>	<u>\$ 5,864,737</u>	<u>\$ 1,810</u>
DEFERRED INFLOWS OF RESOURCES:				
Pension	\$ 399,492	\$ 75,868	\$ 475,360	\$
OPEB	18,349	3,485	21,834	
Grants Paid in Advance	723,907		723,907	
Total Deferred Inflows of Resources	<u>\$ 1,141,748</u>	<u>\$ 79,353</u>	<u>\$ 1,221,101</u>	<u>\$ 0</u>
NET POSITION				
Net Investment in Capital Assets	\$ 2,971,620	\$ 3,934,549	\$ 6,906,169	\$
Restricted For:				
Enabling Legislation	20,220		20,220	
Grant Programs	247,352		247,352	
Unrestricted	<u>1,660,057</u>	<u>8,922,426</u>	<u>10,582,483</u>	<u>1,546,383</u>
Total Net Position	<u>\$ 4,899,249</u>	<u>\$ 12,856,975</u>	<u>\$ 17,756,224</u>	<u>\$ 1,546,383</u>

The accompanying notes are an integral part of this statement.

CITY OF LITTLEFIELD, TEXAS

EXHIBIT A-2

GOVERNMENT-WIDE - STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2021

Functions/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Position			Component Unit
	Expenses	Fines, Fees, and Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-Type Activities	Total	Littlefield EDC
PRIMARY GOVERNMENT:							
Governmental Activities:							
Legislative	\$ 21,428	\$	\$	\$ (21,428)	\$	\$ (21,428)	\$
Administrative	213,720	75,141	16,237	(122,342)		(122,342)	
Police	1,010,482			(1,010,482)		(1,010,482)	
Fire	183,618		9,000	(174,618)		(174,618)	
Health	968,270			(968,270)		(968,270)	
Refuse	432,279	887,363		455,084		455,084	
Shared Costs	20,535			(20,535)		(20,535)	
Fleet	923,668			(923,668)		(923,668)	
EMS	283,366	710,234	370,176	797,044		797,044	
Dispatch	79,129			(79,129)		(79,129)	
Economic Development	150,663			(150,663)		(150,663)	
Emergency Management	25,267		7,244	(18,023)		(18,023)	
Residential Collection	273,895			(273,895)		(273,895)	
Public Works	514,219	42,309		(471,910)		(471,910)	
Municipal Court	87,882	49,760		(38,122)		(38,122)	
Acquatics/Pool	48,562			(48,562)		(48,562)	
Parks and Recreation	112,920	86,537		(26,383)		(26,383)	
Blight Elimination	40			(40)		(40)	
Airport	102,549		43,559	(58,990)		(58,990)	
Interest and Bond Issuance Costs on Long-Term Debt	145,205			(145,205)		(145,205)	
Total Governmental Activities	\$ 5,597,697	\$ 1,851,344	\$ 446,216	\$ (3,300,137)	\$ 0	\$ (3,300,137)	\$ 0
Business-Type Activities:							
Water and Sewer	\$ 1,753,285	\$ 3,234,471	\$	\$	\$ 1,481,186	\$ 1,481,186	\$
BCDC	55,000	803,367	250,000		998,367	998,367	
Interest on Long-Term Debt	94,843				(94,843)	(94,843)	
Total Business-Type Activities	\$ 1,903,128	\$ 4,037,838	\$ 250,000	\$ 0	\$ 2,384,710	\$ 2,384,710	\$ 0
Total Primary Government	\$ 7,500,825	\$ 5,889,182	\$ 696,216	\$ (3,300,137)	\$ 2,384,710	\$ (915,427)	\$ 0
Component Unit:							
Littlefield EDC	\$ 185,244	\$	\$ (250,000)				\$ (435,244)
TOTAL COMPONENT UNIT	\$ 185,244	\$ 0	\$ (250,000)				\$ (435,244)
General Revenues:							
Property Taxes and Related Fees				\$ 1,048,589	\$	\$ 1,048,589	\$
Sales and Use Taxes				698,021		698,021	701,179
Gross Receipts Business Tax				335,998		335,998	
Motel Occupancy Taxes				48,435		48,435	
Unrestricted Contributions				94,251		94,251	
Unrestricted Investment Earnings				20,209	587	20,796	
Gain (Loss) on the Sale of Capital Assets and Business Ventures				10,291	(1,651,948)	(1,641,657)	
Miscellaneous				425,096		425,096	
Transfers				1,010,000	(1,010,000)		
Total General Revenue and Transfers				\$ 3,690,890	\$ (2,661,361)	\$ 1,029,529	\$ 701,179
Change in Net Position				\$ 390,753	\$ (276,651)	\$ 114,102	\$ 265,935
Net Position - Beginning				\$ 4,441,498	\$ 13,232,644	\$ 17,674,142	\$ 1,280,448
Prior Period Adjustments				66,998	(99,018)	(32,020)	
Net Position - Beginning Restated				\$ 4,508,496	\$ 13,133,626	\$ 17,642,122	\$ 1,280,448
Net Position - Ending				\$ 4,899,249	\$ 12,856,975	\$ 17,756,224	\$ 1,546,383

The accompanying notes are an integral part of this statement.

CITY OF LITTLEFIELD, TEXAS

EXHIBIT A-3

BALANCE SHEET - GOVERNMENTAL FUNDS
SEPTEMBER 30, 2021

	<u>General Fund</u>	<u>Grant Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS:				
Cash and Cash Equivalents	\$ 1,780,328	\$ 940,964	\$ 90,736	\$ 2,812,028
Accounts Receivable (Net)	383,711	35,183	12,446	431,340
Taxes Receivable (Net)	56,851			56,851
Due from Other Governments	<u>56,108</u>			<u>56,108</u>
Total Assets	<u>\$ 2,276,998</u>	<u>\$ 976,147</u>	<u>\$ 103,182</u>	<u>\$ 3,356,327</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES:				
LIABILITIES:				
Accounts Payable	\$ 86,007	\$ 2,300	\$ 27,444	\$ 115,751
Wages Payable	34,294			34,294
Other Current Liabilities	36,386	2,588		38,974
Total Liabilities	<u>\$ 156,687</u>	<u>\$ 4,888</u>	<u>\$ 27,444</u>	<u>\$ 189,019</u>
DEFERRED INFLOWS OF RESOURCES:				
Property Taxes	\$ 56,851			\$ 56,851
Emergency Medical Services	145,287			145,287
Grants Paid in Advance		723,907		723,907
Total Deferred Inflows of Resources	<u>\$ 202,138</u>	<u>\$ 723,907</u>	<u>\$ 0</u>	<u>\$ 926,045</u>
FUND BALANCES:				
Restricted Fund Balances:				
Restricted for Enabling Legislation	\$	\$	\$ 20,220	\$ 20,220
Restricted for Grant Programs		247,352		247,352
Assigned Fund Balances			55,518	55,518
Unassigned Fund Balance	1,918,173			1,918,173
Total Fund Balances	<u>\$ 1,918,173</u>	<u>\$ 247,352</u>	<u>\$ 75,738</u>	<u>\$ 2,241,263</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 2,276,998</u>	<u>\$ 976,147</u>	<u>\$ 103,182</u>	<u>\$ 3,356,327</u>

The accompanying notes are an integral part of this statement.

CITY OF LITTLEFIELD, TEXAS

EXHIBIT A-4

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
SEPTEMBER 30, 2021

Total Fund Balances - Governmental Funds Balance Sheet	\$	2,241,263
Amounts reported for governmental activities in the Statement of Net Position (SNP) are different because:		
Capital assets used in governmental activities are not reported in the funds.		7,309,719
Property taxes receivable and EMS Receivable unavailable to pay for current period expenditures are deferred in the funds.		202,138
Deferred outflows and inflows of resources related to pensions and OPEB are not reported in the funds.		(250,926)
Payables for bonds and note principal which are not due in the current period are not reported in the funds.		(4,338,099)
Payables for bond and note interest which are not due in the current period are not reported in the funds.		(11,182)
Payables for closure and post closure costs are not recorded in the funds.		(63,636)
Total OPEB Liabilities are not recorded in the funds.		(212,861)
Net pension assets are not reported in the funds.		95,634
Payables for compensated absences which are not reported in the funds.		<u>(72,801)</u>
Net Position of Governmental Activities - Statement of Net Position	\$	<u><u>4,899,249</u></u>

The accompanying notes are an integral part of this statement.

CITY OF LITTLEFIELD, TEXAS

EXHIBIT A-5

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2021

	General Fund	Grant Fund	Nonmajor Governmental Funds	Total Governmental Funds
Revenue:				
Taxes:				
Property Taxes and Related Fees	\$ 1,147,525	\$	\$	\$ 1,147,525
Sales and Use Taxes	698,021			698,021
Gross Receipts Business Tax	335,998			335,998
Motel Occupancy Taxes	48,435			48,435
Intergovernmental Revenue and Grants	41,512	404,704		446,216
Charges for Services	1,535,060		46,096	1,581,156
Fines and Fees	124,901			124,901
Investment Earnings	20,209			20,209
Rents and Royalties			29,262	29,262
Contributions and Donations	94,251			94,251
Other Revenue	395,734		100	395,834
Total Revenues	<u>\$ 4,441,646</u>	<u>\$ 404,704</u>	<u>\$ 75,458</u>	<u>\$ 4,921,808</u>
Expenditures:				
Current:				
Legislative	\$ 21,428	\$	\$	\$ 21,428
Administrative	221,479			221,479
Police	1,028,954			1,028,954
Fire	133,933			133,933
Refuse	779,398			779,398
Shared Costs	606,812	277,690		884,502
Fleet	20,535			20,535
EMS	924,480			924,480
Dispatch	205,364			205,364
Economic Development	92,917			92,917
Licensing and Enforcement	158,135			158,135
Emergency Management	26,236			26,236
Residential Collection	280,348			280,348
Public Works	488,034			488,034
Municipal Court	92,047			92,047
Acquatics/Pool	3,610,041			3,610,041
Parks and Recreation			111,107	111,107
Blight Elimination			40	40
Airport		51,153	51,396	102,549
Debt Service:				
Principal	167,796			167,796
Interest Expense and Related Fees	80,898			80,898
Bond Issuance Costs	53,669			53,669
Total Expenditures	<u>\$ 8,992,504</u>	<u>\$ 328,843</u>	<u>\$ 162,543</u>	<u>\$ 9,483,890</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>\$ (4,550,858)</u>	<u>\$ 75,861</u>	<u>\$ (87,085)</u>	<u>\$ (4,562,082)</u>
Other Financing Sources:				
Transfers In (Out)	\$ 935,701	\$ 59,799	\$ 14,500	\$ 1,010,000
Bond Proceeds	4,335,000			4,335,000
Proceeds from the Sale of Capital Assets			10,291	10,291
Total Other Financing Sources (Uses)	<u>\$ 5,270,701</u>	<u>\$ 59,799</u>	<u>\$ 24,791</u>	<u>\$ 5,355,291</u>
Net Change in Fund Balances	\$ 719,843	\$ 135,660	\$ (62,294)	\$ 793,209
Fund Balances - Beginning	\$ 1,070,348	\$ 111,692	\$ 135,380	\$ 1,317,420
Prior Period Adjustment	127,982		2,652	130,634
Fund Balances - Beginning Restated	<u>\$ 1,198,330</u>	<u>\$ 111,692</u>	<u>\$ 138,032</u>	<u>\$ 1,448,054</u>
Fund Balances - Ending	<u>\$ 1,918,173</u>	<u>\$ 247,352</u>	<u>\$ 75,738</u>	<u>\$ 2,241,263</u>

The accompanying notes are an integral part of this statement.

CITY OF LITTLEFIELD, TEXAS

EXHIBIT A-6

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2021

Net Change in Fund Balances - Total Governmental Funds	\$	793,209
Amounts reported for governmental activities in the Statement Of Activities (SOA) are different because:		
Capital assets are not reported as expenses in the SOA.		4,038,478
The depreciation of capital assets used in governmental activities is not reported in the funds.		(469,203)
Certain revenues are deferred in the funds. This is the change in these amounts this year.		46,351
Repayment of bond and note principal is an expenditure in the funds but is not an expense in the SOA.		167,796
Issuances of bonds are recorded as debt in the SNP.		(4,335,000)
Change in accrued interest from beginning of period to end of period.		(10,638)
Change related to pension assets, total OPEB liabilities, and deferred inflows and outflows is not recorded in the funds.		232,561
Compensated absences are reported as the amount earned in the SOA but as the amount paid in the funds.		<u>(72,801)</u>
Change in Net Position of Governmental Activities - Statement of Activities	\$	<u><u>390,753</u></u>

The accompanying notes are an integral part of this statement.

CITY OF LITTLEFIELD, TEXAS

EXHIBIT A-7

STATEMENT OF NET POSITION
 PROPRIETARY FUNDS
 SEPTEMBER 30, 2021

	<u>Business-Type Activities - Enterprise Funds</u>		
	<u>Water and Sewer Fund</u>	<u>BCDC Fund</u>	<u>Total Proprietary Funds</u>
ASSETS:			
Current Assets			
Cash and Cash Equivalents	\$ 6,582,277	\$ 2,458,802	\$ 9,041,079
Accounts Receivable, Net	196,141		196,141
Total Current Assets	<u>\$ 6,778,418</u>	<u>\$ 2,458,802</u>	<u>\$ 9,237,220</u>
Noncurrent Assets			
Net Pension Asset	\$ 18,162	\$	\$ 18,162
Capital Assets			
Nondepreciable	325,933		325,933
Depreciable, Net	4,300,454		4,300,454
Total Noncurrent Assets	<u>\$ 4,644,549</u>	<u>\$ 0</u>	<u>\$ 4,644,549</u>
Total Assets	<u>\$ 11,422,967</u>	<u>\$ 2,458,802</u>	<u>\$ 13,881,769</u>
DEFERRED OUTFLOWS OF RESOURCES:			
Pension	\$ 24,092	\$	\$ 24,092
OPEB	7,606		7,606
Total Deferred Outflows of Resources	<u>\$ 31,698</u>	<u>\$ 0</u>	<u>\$ 31,698</u>
LIABILITIES:			
Current Liabilities			
Accounts Payable	\$ 31,254	\$	\$ 31,254
Wages Payable	6,041		6,041
Customer Deposits	178,725		178,725
Current Portion of Long Term Liabilities			
Bonds and Certificates of Obligation	110,000		110,000
Total Current Liabilities	<u>\$ 326,020</u>	<u>\$ 0</u>	<u>\$ 326,020</u>
Noncurrent Liabilities			
Accrued Compensated Absences	\$ 10,695	\$	\$ 10,695
Total OPEB Liability	40,424		40,424
Bonds and Certificates of Obligation	600,000		600,000
Total Noncurrent Liabilities	<u>\$ 651,119</u>	<u>\$ 0</u>	<u>\$ 651,119</u>
Total Liabilities	<u>\$ 977,139</u>	<u>\$ 0</u>	<u>\$ 977,139</u>
DEFERRED INFLOWS OF RESOURCES:			
Pension	\$ 75,868	\$	\$ 75,868
OPEB	3,485		3,485
Total Deferred Inflows of Resources	<u>\$ 79,353</u>	<u>\$ 0</u>	<u>\$ 79,353</u>
NET POSITION:			
Net Investment in Capital Assets	\$ 3,916,387	\$	\$ 3,934,549
Unrestricted	6,481,786	2,458,802	8,922,426
Total Net Position	<u>\$ 10,398,173</u>	<u>\$ 2,458,802</u>	<u>\$ 12,856,975</u>

The accompanying notes are an integral part of this statement.

CITY OF LITTLEFIELD, TEXAS

EXHIBIT A-8

STATEMENT OF REVENUES, EXPENSES, AND CHANGES
IN FUND NET POSITION - PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2021

	Business-Type Activities - Enterprise Funds		
	Water and Sewer Fund	BCDC Fund	Total Proprietary Funds
OPERATING REVENUES:			
Charges for Services:	\$ 3,234,471	\$ 790,315	\$ 4,024,786
Levied Revenues		13,052	13,052
Total Operating Revenues	<u>\$ 3,234,471</u>	<u>\$ 803,367</u>	<u>\$ 4,037,838</u>
OPERATING EXPENSES:			
Personnel Services	\$ 451,248	\$	\$ 451,248
Contractual Services	414,266	55,000	469,266
Supplies and Maintenance	629,898		629,898
Depreciation and Amortization	238,728		238,728
Other Expense	19,145		19,145
Total Operating Expenses	<u>\$ 1,753,285</u>	<u>\$ 55,000</u>	<u>\$ 1,808,285</u>
Operating Income (Loss)	<u>\$ 1,481,186</u>	<u>\$ 748,367</u>	<u>\$ 2,229,553</u>
NON-OPERATING REVENUES (EXPENSES):			
Intergovernmental Expenses	\$	\$ 250,000	\$ 250,000
Interest Revenue	64	523	587
Loss on Sale of Business Ventures		(1,651,948)	(1,651,948)
Interest Expense and Paying Agent Fees	(28,259)	(66,584)	(94,843)
Total Non-Operating Revenues (Expenses)	<u>\$ (28,195)</u>	<u>\$ (1,468,009)</u>	<u>\$ (1,496,204)</u>
Income (Loss) Before Transfers	\$ 1,452,991	\$ (719,642)	\$ 733,349
Transfers In (Out)	<u>(1,010,000)</u>		<u>(1,010,000)</u>
Change in Net Position	\$ 442,991	\$ (719,642)	\$ (276,651)
Total Net Position - Beginning	\$ 10,054,200	\$ 3,178,444	\$ 13,232,644
Prior Period Adjustment	(99,018)		(99,018)
Total Net Position - Beginning Restated	<u>\$ 9,955,182</u>	<u>\$ 3,178,444</u>	<u>\$ 13,133,626</u>
Total Net Position - Ending	<u>\$ 10,398,173</u>	<u>\$ 2,458,802</u>	<u>\$ 12,856,975</u>

The accompanying notes are an integral part of this statement.

CITY OF LITTLEFIELD, TEXAS

EXHIBIT A-9

**STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2021**

	Business-Type Activities - Enterprise Funds		
	Water and Sewer Fund	BCDC Fund	Total Proprietary Funds
Cash Flows from Operating Activities:			
Cash Received from Customers	\$ 3,500,813	\$ 874,402	\$ 4,375,215
Cash Payments to Employees and for Benefits	(514,774)		(514,774)
Cash Payments to Other Suppliers for Goods and Services	(1,037,878)	(55,000)	(1,092,878)
Other Operating Cash Receipts		263,052	263,052
Net Cash from Operating Activities	\$ 1,948,161	\$ 1,082,454	\$ 3,030,615
Cash Flows from Non-Capital Financing Activities:			
Cash Transfers from (to) Other Funds	\$ 2,001,760	\$ (3,011,760)	\$ (1,010,000)
Net Cash from Non-Capital Financing Activities	\$ 2,001,760	\$ (3,011,760)	\$ (1,010,000)
Cash Flows from Capital and Related Financing Activities:			
Principal and Interest Paid	\$ (133,259)	\$ (2,466,584)	\$ (2,599,843)
Proceeds from the Sale of Assets		6,000,000	6,000,000
Net Cash from Capital and Related Financing Activities	\$ (133,259)	\$ 3,533,416	\$ 3,400,157
Cash Flows from Investing Activities:			
Interest and Dividends on Investments	\$ 64	\$ 523	\$ 587
Net Cash from Investing Activities	\$ 64	\$ 523	\$ 587
Increase (Decrease) in Cash and Cash Equivalents	\$ 3,816,726	\$ 1,604,633	\$ 5,421,359
Cash and Cash Equivalents - Beginning of Year	2,765,551	854,169	3,619,720
Cash and Cash Equivalents - End of Year	\$ 6,582,277	\$ 2,458,802	\$ 9,041,079
Reconciliation of Operating Income to Net Cash from Operating Activities:			
Operating Income	\$ 1,481,186	\$ 748,367	\$ 2,229,553
Adjustments to Reconcile Operating Income to Net Cash from Operating Activities			
Depreciation and Amortization	\$ 238,728		\$ 238,728
Other Nonoperating Receipts		250,000	250,000
Change in Assets and Liabilities:			
Decrease (Increase) in Accounts Receivable, Net	266,891	84,087	350,978
Increase (Decrease) in Accounts Payable	29,257		29,257
Increase (Decrease) in Wages Payable	6,041		6,041
Increase (Decrease) in Customer Deposits	(549)		(549)
Increase (Decrease) in Other Current Liabilities	(3,826)		(3,826)
Increase (Decrease) in Accrued Compensated Absences	10,695		10,695
Increase (Decrease) in Pension and Related Deferrals	(75,399)		(75,399)
Increase (Decrease) in OPEB and Related Deferrals	(4,863)		(4,863)
Total Adjustments	\$ 466,975	\$ 334,087	\$ 801,062
Net Cash from Operating Activities	\$ 1,948,161	\$ 1,082,454	\$ 3,030,615

The accompanying notes are an integral part of this statement.

CITY OF LITTLEFIELD, TEXAS

NOTES TO FINANCIAL STATEMENTS

Note 1 - Summary of Significant Accounting Policies

The combined financial statements of City of Littlefield, Texas (the City) have been prepared in conformity with accounting principles applicable to governmental units which are generally accepted in the United States of America. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles.

Reporting Entity

The City's financial statements include the accounts of all its operations. The City evaluated whether any other entity should be included in these financial statements. The criteria for including organizations as component units within the City's reporting entity, as set forth in accounting principles generally accepted in the United States of America (GAAP) include whether:

- The organization is legally separate
- The City holds the corporate powers of the organization
- The City appoints a voting majority of the organization board
- The City is able to impose its will on the organization
- The organization has the potential to impose a financial benefit/burden on the City
- There is fiscal dependency by the organization on the City
- Exclusion of the organization would result in misleading or incomplete financial statements.

The City also evaluated any legally separate tax-exempt organizations whose resources are used principally to provide support to the City to determine if its omission from the reporting entity would result in financial statements which are misleading or incomplete. GAAP requires inclusion of such an organization as a component unit when: 1) the economic resources received or held by the organization are entirely or almost entirely for the direct benefit of the City, its component units or its constituents; and 2) the City or its component units are entitled to, or have the ability to otherwise access, a majority of the economic resources received or held by the organization; and 3) such economic resources are significant to the City. Based on these criteria, the City has one component unit, Littlefield Economic Development Corporation – Type A, which is included in these financial statements and is reported as a discretely presented component unit based on the criteria of GASB Statement No. 61. Additionally, the City is not a component unit of any other reporting entity as defined by GAAP.

Basis of Presentation, Basis of Accounting

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 double-counting of internal activities. These statements distinguish between the governmental and business-type activities of the City. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange 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.

CITY OF LITTLEFIELD, TEXAS

NOTES TO FINANCIAL STATEMENTS

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 taxes, are presented as general revenues.

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 and proprietary funds, each displayed in a separate column. All remaining governmental and proprietary funds are aggregated and reported as nonmajor funds.

Proprietary fund 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.

The City reports the following major governmental funds:

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

Grant Fund: This fund is used to account for the governmental activity related grant programs of the City.

The City reports the following major enterprise funds:

Water and Sewer Fund: This fund accounts for the water supply and distribution, sanitary sewer, storm water, and waste water treatment activities of the City.

BCDC Fund: This fund is used to account for revenues and expenses associate with managing a correctional facility. The fund also accounts for the accumulation of resources for, and the payment of, long-term debt principal and interest associated with the facility. During the year end December 31, 2021 the City sold this facility and paid off the related debt.

In addition, the City reports the following fund types:

Special revenue funds: These funds account for specific revenue sources that are legally restricted or deemed as committed for a certain purpose and the related expenditures for those purposes.

CITY OF LITTLEFIELD, TEXAS

NOTES TO FINANCIAL STATEMENTS

Measurement Focus, Basis of Accounting

Government-Wide and Proprietary Fund Financial Statements: These financial statements are reported using the economic resources measurement focus. The government-wide and proprietary fund financial statements are reported using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Non-exchange 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. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

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 60 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 the 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 asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

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.

Financial Statement Amounts

Cash and Cash Equivalents

For purposes of the statement of cash flows, highly liquid investments are considered to be cash equivalents if they have a maturity of three months or less when purchased.

Property Taxes

Property taxes are levied by October 1 on the assessed value listed as of the prior January 1 for all real and business personal property in conformity with Subtitle E, Texas Property Tax Code. Taxes are due on receipt of the tax bill and are delinquent if not paid before February 1 of the year following the year in which imposed. On January 1 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 and are collected.

CITY OF LITTLEFIELD, TEXAS

NOTES TO FINANCIAL STATEMENTS

Allowances for uncollectible tax receivables within the General Fund are based upon historical experience in collecting property taxes. 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.

Capital Assets

Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated capital assets, donated works of art and similar items, and capital assets received in a service concession arrangement are reported at acquisition value. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend 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 following estimated useful lives:

<u>Asset Classes</u>	<u>Estimated Useful Lives (Years)</u>
Buildings and Systems	5-30
Machinery and Equipment	5-20
Furniture and Equipment	5-10

Payable Balances

The City believes that sufficient detail of 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. Details of Receivables are provided in these Notes to Financial Statements.

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position will 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. The City has deferred outflows of resources, included on the proprietary fund financial statements and government wide financial statements, for unspent grant funds, pension related items, and OPEB related items.

Deferred outflows/inflows of resources are separate elements of the financial statements. The City has deferred resources, included on the governmental fund financial statements, for unavailable revenue from property taxes and EMS charges for services. Additionally, the City has deferred inflows of resources, included on the proprietary fund financial statements and government wide financial statements, for pension related items, and OPEB related items.

CITY OF LITTLEFIELD, TEXAS

NOTES TO FINANCIAL STATEMENTS

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 "Interfund Balances" line of the government-wide statement of net position.

Use of Estimates

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

Pension

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the Fiduciary Net Position of the Texas Municipal Retirement System (TMRS) and additions to/deductions from TMRS's Fiduciary Net Position have been determined on the same basis as they are reported by TMRS.

For this purpose, plan contributions are recognized in the period that compensation is reported for the employee, which is when contributions are legally due. Benefit payments and refunds are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

OPEB

The fiduciary net position has been determined using the flow of economic resources measurement focus and full accrual basis of accounting. This includes for purposes of measuring the total OPEB liability, deferred outflows of resources and deferred inflows of resources relating to other post-employment benefits, and OPEB expense. Benefit payments are recognized when due and payable in accordance with the benefit terms.

Fund Balance

Nonspendable - includes amounts that cannot be spent because they are either not spendable in form or are legally or contractually required to be maintained intact. All amounts reported as Nonspendable at September 30, 2021 are nonspendable in form.

CITY OF LITTLEFIELD, TEXAS

NOTES TO FINANCIAL STATEMENTS

Restricted - Constraints placed on the use of these resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors or other governments; or are imposed by law through constitutional provisions or enabling legislation.

Committed - includes amounts that can be used only for the specific purposes as established by the City Council's resolution. The City Council is the City's highest level of decision-making authority; and the formal action that is required to be taken to establish, modify, or rescind a fund balance commitment is a resolution approved by the City's Council at the City Council's board meeting. As of September 30, 2021, the City had no committed funds.

Assigned - includes amounts that are constrained by the City Council, or by another city official or the finance division to which the City has delegated authority, that are to be used for specific purposes but are neither restricted nor committed.

Unassigned - includes amounts that have not been assigned to other funds or restricted, committed or assigned to a specific purpose within the General Fund.

Compensated Absences

The estimated current portion of the liability for vested sick leave and vacation benefits attributable to the City's governmental funds is recorded as an expenditure and liability in the Government-wide financial statements. The non-current amounts attributable to proprietary funds are charged to expense and a corresponding liability is recorded in the applicable funds.

Note 2 – Deposits and Investments

Custodial Credit Risk for Deposits

State law requires governmental entities to contract with financial institutions in which funds will be deposited to secure those deposits with insurance or pledged securities with a fair value equaling or exceeding the amount on deposit at the end of each business day. The pledged securities must be in the name of the governmental entity and held by the entity or its agent. Since the City complied with this law for the year ended September 30, 2021, it had no custodial credit risk for deposits.

Compliance with the Public Funds Investment Act

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.

CITY OF LITTLEFIELD, TEXAS

NOTES TO FINANCIAL STATEMENTS

The Public Funds Investment Act (the Act) requires an annual audit of investment practices. Audit procedures in this area conducted as a part of the audit of the basic financial statements disclosed that in the areas of investment practices, management reports and 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.

The City did not own any investments as of December 31, 2021.

Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. State law and City policy limit investments in local government investment pools to those rated no lower than AAA or an equivalent rating by at least one nationally recognized rating service. As of September 30, 2021, the City had no investments.

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. The City's demand deposits at year end are entirely covered by FDIC insurance and pledged collateral held in the City's name by the City's agent.

Concentration of Credit Risk

The City's investment policy does not limit investments in any one issuer except that the investment portfolio shall be diversified in terms of investment instruments, maturity scheduling, and continuously investing a portion of the portfolio in readily available funds such as local government investment pools.

Interest Rate Risk

This is the risk that changes in interest rates and will adversely affect the fair value of an investment. At year end, the City was not exposed to interest rate risk.

Foreign Currency Risk

This risk relates to adverse effects on the fair value of an investment from changes in exchange rates. At year end the City was not exposed to foreign currency risk.

CITY OF LITTLEFIELD, TEXAS

NOTES TO FINANCIAL STATEMENTS

Note 3 – Receivables

The receivables detailed in the following table are reported net of allowances in the fund financial statements as of September 30, 2021:

	<u>Governmental Funds</u>	<u>Water and Sewer Fund</u>	<u>Total</u>
Receivables:			
Taxes	\$ 178,844	\$	\$ 178,844
Grants	35,183		35,183
Other	12,446		12,446
Accounts	<u>767,075</u>	<u>437,919</u>	<u>1,204,994</u>
Gross Receivables	\$ 993,548	\$ 437,919	\$ 1,431,467
Less: Allowance for Uncollectibles	<u>(505,357)</u>	<u>(241,778)</u>	<u>(747,135)</u>
Net Total Receivables	<u>\$ 488,191</u>	<u>\$ 196,141</u>	<u>\$ 684,332</u>

Note 4 – Interfund Balances and Activity

Transfers to and from other funds:

<u>Transfers In</u>	<u>Transfers Out</u>	<u>Amount</u>	<u>Purpose</u>
Water and Sewer Fund	Governmental Funds	\$ 1,010,000	Budgeted Contributions
Net Transfers		<u>\$ 1,010,000</u>	

CITY OF LITTLEFIELD, TEXAS

NOTES TO FINANCIAL STATEMENTS

Note 5 - Capital Assets

Capital asset activity for the year ended September 30, 2021, was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
Governmental Activities:				
Capital Assets Not Being Depreciated				
Land	\$ 1,095,310			\$ 1,095,310
Construction in Progress		3,561,479		3,561,479
Total Capital Assets Not Being Depreciated	<u>\$ 1,095,310</u>	<u>\$ 3,561,479</u>	<u>\$ 0</u>	<u>\$ 4,656,789</u>
Capital Assets Being Depreciated				
Buildings and Systems	\$ 6,758,896	\$ 15,000		\$ 6,773,896
Machinery and Equipment	5,682,583	461,999		6,144,582
Furniture and Equipment	209,737			209,737
Total Capital Assets Being Depreciated	<u>\$ 12,651,216</u>	<u>\$ 476,999</u>	<u>\$ 0</u>	<u>\$ 13,128,215</u>
Less Accumulated Depreciation for:				
Buildings and Systems	\$ 6,085,918	\$ 46,340		\$ 6,132,258
Machinery and Equipment	3,720,042	419,928		4,139,970
Furniture and Equipment	200,122	2,935		203,057
Total Accumulated Depreciation	<u>\$ 10,006,082</u>	<u>\$ 469,203</u>	<u>\$ 0</u>	<u>\$ 10,475,285</u>
Total Capital Assets Being Depreciated, Net	<u>\$ 2,645,134</u>	<u>\$ 7,796</u>	<u>\$ 0</u>	<u>\$ 2,652,930</u>
Governmental Activities Capital Assets, Net	<u>\$ 3,740,444</u>	<u>\$ 3,569,275</u>	<u>\$ 0</u>	<u>\$ 7,309,719</u>

Depreciation was charged to governmental activities as follows:

Administrative	\$ 39,734
Police	32,828
Fire	53,120
Health	188,872
EMS	111,559
Public Works	41,277
Parks and Recreation	1,813
Total Depreciation Charged to Governmental Activities	<u>\$ 469,203</u>

CITY OF LITTLEFIELD, TEXAS

NOTES TO FINANCIAL STATEMENTS

	Beginning Balances	Increases	Decreases	Ending Balances
Business-Type Activities:				
Capital Assets Not Being Depreciated				
Land	\$ 325,933	\$	\$	\$ 325,933
Total Capital Assets Not Being Depreciated	<u>\$ 325,933</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 325,933</u>
Capital Assets Being Depreciated:				
Buildings and Systems	\$ 20,101,390	\$	\$ 11,497,233	\$ 8,604,157
Machinery and Equipment	4,852,886		139,915	4,712,971
Furniture and Equipment	199,854		49,197	150,657
Total Capital Assets Being Depreciated	<u>\$ 25,154,130</u>	<u>\$ 0</u>	<u>\$ 11,686,345</u>	<u>\$ 13,467,785</u>
Less Accumulated Depreciation for:				
Buildings and Systems	\$ 9,092,643	\$ 150,393	\$ 4,209,620	\$ 5,033,416
Machinery and Equipment	3,972,139	88,335	77,216	3,983,258
Furniture and Equipment	199,854		49,197	150,657
Total Accumulated Depreciation	<u>\$ 13,264,636</u>	<u>\$ 238,728</u>	<u>\$ 4,336,033</u>	<u>\$ 9,167,331</u>
Total Capital Assets Being Depreciated, Net	<u>\$ 11,889,494</u>	<u>\$ (238,728)</u>	<u>\$ 7,350,312</u>	<u>\$ 4,300,454</u>
Business-Type Activities Capital Assets, Net	<u>\$ 12,215,427</u>	<u>\$ (238,728)</u>	<u>\$ 7,350,312</u>	<u>\$ 4,626,387</u>
Depreciation Expense		<u>\$ 238,728</u>		

During the year the City sold the BCDC assets and activities to a third party. As of yearend the remaining assets are un-transferred to other funds.

Note 7 – Long-Term Obligations

Long-term obligations include debt and other long-term liabilities. Changes in long-term obligations for the year ended September 30, 2021, are as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
Governmental Activities:					
Notes Payable	\$ 170,895	\$	\$ 112,796	\$ 58,099	\$ 58,099
Bonds Payable		4,335,000	55,000	4,280,000	295,000
Closure/Postclosure Landfill	63,636			63,636	
Compensated Absences		72,801		72,801	
Total Governmental Activities	<u>\$ 234,531</u>	<u>\$ 4,407,801</u>	<u>\$ 167,796</u>	<u>\$ 4,474,536</u>	<u>\$ 353,099</u>

CITY OF LITTLEFIELD, TEXAS

NOTES TO FINANCIAL STATEMENTS

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>	<u>Amounts Due Within One Year</u>
Business-Type Activities:					
Bonds Payable	\$ 3,215,000	\$	\$ 2,505,000	\$ 710,000	\$ 110,000
Compensated Absences		10,695		10,695	
Total Business-Type Activities	<u>\$ 3,215,000</u>	<u>\$ 10,695</u>	<u>\$ 2,505,000</u>	<u>\$ 720,695</u>	<u>\$ 110,000</u>

The funds typically used to liquidate other long-term liabilities in the past are as follows:

<u>Liability</u>	<u>Activity Type</u>	<u>Fund</u>
Compensated Absences	Governmental	General Fund
Compensated Absences	Business-Type	Enterprise Funds

The General Fund includes funds used to liquidate the liability for accrued landfill closure and post closure costs.

Debt service requirements on long-term debt at September 30, 2021, are as follows:

	<u>Bonds Payable and Notes Payable</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Year Ending September 30,			
2022	\$ 463,099	\$ 111,628	\$ 574,727
2023	415,000	100,433	515,433
2024	425,000	89,791	514,791
2025	375,000	79,429	454,429
2026	385,000	68,258	453,258
2027-2031	1,475,000	233,676	1,708,676
2032-2036	1,510,000	80,256	1,590,256
Totals	<u>\$ 5,048,099</u>	<u>\$ 763,471</u>	<u>\$ 5,811,570</u>

Interest expense incurred on long term debt during the year was \$240,048.

The City Currently has the following debt outstanding:

Certificates of Obligation, Series 2006, which were originally issued for \$1,910,000 in 2006 and carry interest rates from 3.00% to 3.80%.

Certificates of Obligation, Series 2020, which were originally issued for \$4,335,000 in 2021 and carry an interest rate of 2.09%.

Notes Payable issued from AIM bank which were issued in the amount of \$434,000 in 2018 and carries an interest rate of 3.99%.

CITY OF LITTLEFIELD, TEXAS

NOTES TO FINANCIAL STATEMENTS

Note 8 – Employee Retirement Benefits

Texas Municipal Retirement System (TMRS)

Plan Description

The City participates as one of 895 plans in the nontraditional, joint contributory, hybrid defined benefit pension plan administered by the Texas Municipal Retirement System (TMRS). TMRS is an agency created by the State of Texas and administered in accordance with the TMRS Act, Subtitle G, Title 8, Texas Government Code (the TMRS Act) as an agent multiple-employer retirement system for municipal employees in the State of Texas. The TMRS Act places the general administration and management of the System with a six-member Board of Trustees. Although the Governor, with the advice and consent of the Senate, appoints the Board, TMRS is not fiscally dependent on the State of Texas. TMRS's defined benefit pension plan is a tax-qualified plan under Section 401 (a) of the Internal Revenue Code. TMRS issues a publicly available comprehensive annual financial report (CAFR) that can be obtained at www.tmr.com.

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

Benefits Provided

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

At retirement, the benefit is calculated as if the sum of the employee's contributions, with interest, and the city-financed monetary credits with interest were used to purchase an annuity. Members may choose to receive their retirement benefit in one of seven payments options. Members may also choose to receive a portion of their benefit as a Partial Lump Sum Distribution in an amount equal to 12, 24, or 36 monthly payments, which cannot exceed 75.00% of the member's deposits and interest.

Currently the City has adopted the following provisions related to the pension plan:

	<u>December 31, 2020</u>
Employee Deposit Rate	5.00%
Matching Ratio (City to Employee)	2 to 1
Years Required for Vesting	5
Service Requirement Eligibility (Expressed as Age / Years of Service)	60/5,0/20
Updated Service Credit	100% Repeating, Transfers
Annuity Increase (to Retirees)	70% of CPI

CITY OF LITTLEFIELD, TEXAS

NOTES TO FINANCIAL STATEMENTS

Employees Covered by Benefit Terms

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

Inactive Employees or Beneficiaries Currently Receiving Benefits	46
Inactive Employees Entitled to but not Yet Receiving Benefits	58
Active Employees	<u>58</u>
Total Plan Employees	<u><u>162</u></u>

Contributions

The contribution rates for employees in TMRS are either 5.00%, 6.00%, or 7.00% of employee gross earnings, and the city matching percentages are either 100.00%, 150.00%, or 200.00%, both as adopted by the governing body of the City. Under the state law governing TMRS, the contribution rate for each city is determined annually by the actuary, using the Entry Age Normal (EAN) actuarial cost method. The actuarially determined rate is the estimated amount necessary to finance the cost of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability.

Employees for the City were required to contribute 7.00% of their annual gross earnings during the fiscal year. The required contribution rates for the City were 8.93% and 7.89% in calendar years 2020 and 2021, respectively. The City's contribution to TMRS for the year ended September 30, 2021, was \$202,264 and was equal to the required contribution.

Net Pension Liability

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

Actuarial Assumptions

Inflation	2.50% per year
Overall Payroll Growth	2.75% per year
Investment Rate of Return	6.75%, net of pension plan investment expense, including inflation
Amortization Period	25 years

CITY OF LITTLEFIELD, TEXAS

NOTES TO FINANCIAL STATEMENTS

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

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

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

The target allocation and best estimates of 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 Real Rate of Return (Arithmetic)</u>
Global Equity	30.00%	5.30%
Core Fixed Income	10.00%	1.25%
Non-Core Fixed Income	20.00%	4.14%
Real Return	10.00%	3.85%
Real Estate	10.00%	4.00%
Absolute Return	10.00%	3.48%
Private Equity	10.00%	7.75%

CITY OF LITTLEFIELD, TEXAS

NOTES TO FINANCIAL STATEMENTS

Discount Rate

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

Changes in Net Pension Liability

	<u>Total Pension Liability</u>	<u>Plan Fiduciary Net Position</u>	<u>Net Pension Asset (Liability)</u>
Balance 12/31/2019	\$ 8,948,836	\$ 8,732,123	\$ (216,713)
Service Cost	277,169		(277,169)
Interest (on the Total Pension Liability)	600,758		(600,758)
Difference Between Expected and Actual Experience	(211,526)		211,526
Contributions - Employer		217,689	217,689
Contributions - Employee		121,886	121,886
Net Investment Income		661,791	661,791
Benefit Payments	(374,594)	(374,594)	
Administrative Expense		(4,289)	(4,289)
Other		(167)	(167)
Balance 12/31/2020	<u>\$ 9,240,643</u>	<u>\$ 9,354,439</u>	<u>\$ 113,796</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:

<u>1% Decrease</u>	<u>Current Rate Assumption</u>	<u>1% Increase</u>
\$ (1,236,719)	\$ 113,796	\$ 1,205,550

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's Fiduciary Net Position is available in a separately-issued TMRS financial report. That report may be obtained on the Internet at www.tmrs.com.

CITY OF LITTLEFIELD, TEXAS

NOTES TO FINANCIAL STATEMENTS

Pension Expense, Deferred Outflows, and Deferred Inflows Related to Pensions

For the year ended September 30, 2021, the City recognized pension income of \$132,191 and calculated as shown below:

Total Service Cost	\$	277,169
Interest on the Total Pension Liability		600,758
Employee Contributions (Reduction of Expense)		(121,886)
Projected Earnings on Plan Investments (Reduction of Expense)		(589,418)
Administrative Expense		4,289
Other Changes in Fiduciary Net Position		167
Recognition of Current Year Outflow (Inflow) of Resources-Liabilities		(212,575)
Recognition of Current Year Outflow (Inflow) of Resources-Assets		<u>(90,695)</u>
Total Pension Expense (Income)	\$	<u><u>(132,191)</u></u>

At September 30, 2021, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

<u>Pension Plan Adjustments</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$	\$ 228,820
Changes in Assumptions		4,402
Difference between projected and actual investment earnings		242,138
Contributions Subsequent to the Measurement Date	150,954	
	<u>\$ 150,954</u>	<u>\$ 475,360</u>

\$150,954 of employer contribution deferral will be fully amortized in fiscal year 2022. Total amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Plan Year</u>	<u>Amortization of Deferred Outflows</u>
2021	\$ (248,151)
2022	(66,407)
2023	(146,329)
2024	<u>(14,473)</u>
	<u>\$ (475,360)</u>

CITY OF LITTLEFIELD, TEXAS

NOTES TO FINANCIAL STATEMENTS

Note 9 – Other Postemployment Benefits (TMRS)

Texas Municipal Retirement System (TMRS) administers a defined benefit group-term life insurance plan known as the Supplemental Death Benefits Fund (SDBF). This is a voluntary program in which participating member cities may elect, by ordinance, to provide group-term life insurance coverage for their active members, including or not including retirees. The death benefit for active employees provides a lump-sum payment approximately equal to the employee’s annual salary (calculated based on the employee’s actual earnings, for the 12-month period preceding the month of death). The death benefit for retirees is considered an OPEB and is a fixed amount of \$7,500. As the SDBF covers both active and retiree participants, with no segregation of assets, the SDBF is considered to be an unfunded OPEB plan.

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

Benefits Provided:

The plan provides a \$7,500 post-retirement death benefit to beneficiaries of service retirees and disability retirees of employers that have elected participation in the SDBF. The OPEB benefit is a fixed \$7,500 lump-sum benefit and no future increases are assumed in the benefit amount.

The SDBF fund does not meet the requirements of a trust under Paragraph 4b of GASBS No. 75, as the assets of the SDBF can be used to pay active SDBF benefits which are not part of the OPEB plan. The contributions for retiree SDBF coverage are assigned to the OPEB plan under GASB 75 and are used to determine the benefit payments shown in the changes in the total OPEB liability.

Benefit terms are established under the TMRS Act. Participation in the retiree SDBF is optional and the employer may elect to opt out of (or opt into) coverage as of Jan. 1 each year. The City’s contribution rate for the retiree SDBF program is calculated annually on an actuarial basis, and is equal to the cost of providing a one-year death benefit equal to \$7,500.

Employees Covered by Benefit Terms:

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

Inactive Employees or Beneficiaries Currently Receiving Benefits	30
Inactive Employees Entitled to but not Yet Receiving Benefits	10
Active Employees	58
Total Plan Employees	<u>98</u>

CITY OF LITTLEFIELD, TEXAS

NOTES TO FINANCIAL STATEMENTS

Total OPEB Liability:

The City's total OPEB liability of \$253,285 was measured as of December 31, 2020, and was determined by an actuarial valuation as of that date.

Balance as of December 31, 2019	\$	225,668
Changes for the year:		
Service Cost		10,726
Interest on Total OPEB Liability		6,316
Experience Differences		(18,112)
Effect of Assumptions Changes or Inputs		31,368
Benefit Payments		<u>(2,681)</u>
Balance as of December 31, 2020	\$	<u>253,285</u>

Actuarial Assumptions:

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

Actuarial Cost Method	Individual Entry Age
Discount Rate	2.00% as of December 31, 2020 - Assumption Change
Inflation	2.50%
Salary Increases	3.50% to 11.50% including inflation
Mortality rates – General	General: For healthy retirees, the gender-distinct 2019 Municipal Retirees of Texas mortality tables are used. The rates are projected on a fully generational basis using the ultimate mortality improvement rates in the MP tables to account for future mortality improvements

The TMRS SDBF is treated as unfunded OPEB plan because the SDBF trust covers both actives and retirees and the assets are not segregated for these groups. Under GASBS No. 75 (paragraph 155), the discount rate for an unfunded OPEB plan should be based on 20-year tax-exempt AA or higher Municipal Bonds. Therefore, a discount rate of 2.00% based on the Fidelity Index's "20-Year Municipal GO AA Index" rate as of December 31, 2020.

CITY OF LITTLEFIELD, TEXAS

NOTES TO FINANCIAL STATEMENTS

Annuity Purchase Rates:

Annuity purchase rates are used to determine the amount of the monthly benefit at the time of retirement for both healthy and disabled annuitants, the annuity purchase rates (APRs) for 2014 are based on the UP-1984 Table with an age setback of two years for retirees and an age setback of eight years for beneficiaries. Beginning in 2027, the APRs will be based on a unisex blend of the RP-2000 Combined Healthy Mortality Tables with Blue Collar Adjustment for males and females with both male and female rates multiplied by 107.5% and projected on a fully generational basis with scale BB. For members, a unisex blend of 70% of the males table and 30% of the female table is used, while 30% of the male table and 70% of the female table is used for beneficiaries. From 2015 through 2026, the fully generational APRs will be phased into.

Experience Studies:

Actuarial assumptions were developed primarily from the actuarial investigation of the experience of TMRS over the four year period from December 31, 2014 to December 31, 2018. They were adopted in 2019 and first used in the December 31, 2020 actuarial valuation. For determining the amount of the monthly benefit at the time of retirement for both healthy and disabled annuitants, the annuity purchase rates (APRs) until 2027 are based on a mortality study performed in 2013. TMRS uses the experience studies as a basis for determining assumptions, except where required to be treated different by GASB 75.

Changes in the Total OPEB Liability:

Changes of assumptions or other inputs reflect a change in the discount rate from 2020 to 2021.

There were no changes of benefit terms that affected measurement during the measurement period.

Sensitivity Analysis:

The following presents the Total OPEB Liability of the employer, calculated using the discount rate of 2.00%, as well as what the Total OPEB Liability would be if it were calculated using a discount rate that is 1 percentage point lower (1.00%) or 1 percentage point higher (3.00%) than the current rate. Note that the healthcare cost trend rate does not affect the Total OPEB Liability, so sensitivity to the healthcare cost trend rate is not shown.

	1% Decrease in Discount Rate (1.00%)	Discount Rate (2.00%)	1% Increase in Discount Rate (3.00%)
Total OPEB Liability	\$ <u>(305,789)</u>	\$ <u>(253,285)</u>	\$ <u>(212,698)</u>

CITY OF LITTLEFIELD, TEXAS

NOTES TO FINANCIAL STATEMENTS

OPEB Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to OPEB:

For the year ended September 30, 2021, the City recognized OPEB expense of \$24,826.

At September 30, 2021, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Employer Contribution Deferral	\$ 5,357	\$
Experience Differences		21,834
Changes in Assumptions	<u>42,302</u>	<u></u>
	<u>\$ 47,659</u>	<u>\$ 21,834</u>

Amounts currently reported as deferred outflows of resources and deferred inflows of resources related to OPEB benefits will be recognized in OPEB expense as follows:

	<u>Amortization of Deferred Resources</u>
2022	\$ 12,836
2023	5,243
2024	6,326
2025	1,420
2026	0
Thereafter	<u>0</u>
	<u>\$ 25,825</u>

Note 11 – Prior Period Adjustments

The City decreased beginning Net Position in the Governmental Funds and Governmental Activities because the utility billing sub-ledgers did not tie out to the general ledger at the beginning of fiscal year 2021. The impact was to reduce beginning Net Position by \$99,018

The City reduced beginning Net Position in the Proprietary Funds and Business-Type Activities because the utility billing sub-ledgers did not tie out to the general ledger at the beginning of fiscal year 2021. The impact was to reduce beginning Net Position by \$99,018.

CITY OF LITTLEFIELD, TEXAS

NOTES TO FINANCIAL STATEMENTS

Note 12 – Contingencies and Litigation

Contingencies

The City participates in grant programs which are governed by various regulations and rules of the grantor agencies. Costs charged to the respective grant programs are subject to audit and adjustment by the grantor agencies; therefore, to the extent that the City has not complied with the rules and regulations governing the grants, refunds of any money received may be required and the collectability of any related receivable may be impaired. In the opinion of the City, there are no significant contingent liabilities relating to the compliance with the rules and regulations governing the respective grants; therefore, no provision has been recorded in the accompanying basic financial statements for such contingencies.

Note 13 – Closure and Post Closure Care

State and federal laws and regulations require the City to place a final cover on its City of Littlefield Municipal Solid Waste Landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for thirty years after closure. Although closure and postclosure care costs will be paid only near or after the date that the landfill stops accepting waste, the City reports a portion of these closure and postclosure care costs as an operating expense in each period based on landfill capacity used as of each balance sheet date.

The \$63,636 reported as landfill closure and postclosure care liability as of September 30, 2021, represents the cumulative amount reported to date based on the use of 20.00% of the estimated capacity of the landfill. The City will recognize the remaining estimated cost of closure and postclosure of \$233,267 as the remaining estimated capacity is filled. These amounts are based on what it would cost to perform all closure and postclosure care in 2021. Actual cost may be higher due to inflation, changes in technology, or changes in regulations.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF LITTLEFIELD, TEXAS

EXHIBIT B-1

SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
TEXAS MUNICIPAL RETIREMENT SYSTEM
FOR THE YEAR ENDED SEPTEMBER 30, 2021

REQUIRED SUPPLEMENTARY INFORMATION

	12/31/2014	12/31/2015	12/31/2016	12/31/2017	12/31/2018	12/31/2019	12/31/2020
	Total Pension Liability						
Service Cost	\$ 184,328	\$ 230,612	\$ 230,269	\$ 240,820	\$ 252,541	\$ 268,928	\$ 277,169
Interest	472,991	503,147	517,311	547,395	567,142	583,430	600,758
Benefit Payments	(348,455)	(337,368)	(291,176)	(318,847)	(482,984)	(352,137)	(374,594)
Changes in Assumptions		(1,534)				(12,126)	
Differences between Expected and Actual Experience	93,249	58,267	(2,145)	(100,615)	(169,018)	(224,268)	(211,526)
Net Change	\$ 402,113	\$ 453,124	\$ 454,259	\$ 368,753	\$ 167,681	\$ 263,827	\$ 291,807
Beginning Balance	6,839,079	7,241,192	7,694,316	8,148,575	8,517,328	8,685,009	8,948,836
Ending Balance	<u>\$ 7,241,192</u>	<u>\$ 7,694,316</u>	<u>\$ 8,148,575</u>	<u>\$ 8,517,328</u>	<u>\$ 8,685,009</u>	<u>\$ 8,948,836</u>	<u>\$ 9,240,643</u>
	Fiduciary Net Position						
Employee Contributions	\$ 102,161	\$ 104,919	\$ 101,173	\$ 106,652	\$ 111,350	\$ 117,129	\$ 121,886
Employer Contributions	199,809	203,056	184,134	202,425	215,794	216,687	217,689
Net Investment Income	360,871	9,765	445,436	973,744	(238,995)	1,171,329	661,791
Benefit Payments	(348,455)	(337,368)	(291,176)	(318,847)	(482,984)	(352,137)	(374,594)
Administration Expenses	(3,768)	(5,948)	(5,032)	(5,047)	(4,622)	(6,627)	(4,289)
Other	(310)	(294)	(271)	(256)	(242)	(199)	(167)
Net Change	\$ 310,308	\$ (25,870)	\$ 434,264	\$ 958,671	\$ (399,699)	\$ 1,146,182	\$ 622,316
Beginning Balance	6,308,267	6,618,575	6,592,705	7,026,969	7,985,640	7,585,941	8,732,123
Ending Balance	<u>\$ 6,618,575</u>	<u>\$ 6,592,705</u>	<u>\$ 7,026,969</u>	<u>\$ 7,985,640</u>	<u>\$ 7,585,941</u>	<u>\$ 8,732,123</u>	<u>\$ 9,354,439</u>
Net Pension Liability (Asset)	\$ 622,617	\$ 1,101,611	\$ 1,121,606	\$ 531,688	\$ 1,099,068	\$ 216,713	\$ (113,796)
Fiduciary Net Position as a Percentage of Total Pension Liability (Asset)	91.40%	85.68%	86.24%	93.76%	87.35%	97.58%	101.23%
Covered Payroll	\$ 2,043,228	\$ 2,098,377	\$ 2,023,455	\$ 2,133,041	\$ 2,226,993	\$ 2,342,580	\$ 2,437,724
Net Pension Liability (Asset) as a Percentage of Covered Payroll	30.47%	52.50%	55.43%	24.93%	49.35%	9.25%	-4.67%

Note: Only seven years of GASB 68 data available as of 12/31/2020. The remaining three years of data will be built on a go forward basis. The accompanying notes are an integral part of this statement.

-35-
CITY OF LITTLEFIELD, TEXAS

EXHIBIT B-2

**SCHEDULE OF EMPLOYER CONTRIBUTIONS
TEXAS MUNICIPAL RETIREMENT SYSTEM
FOR THE YEAR ENDED SEPTEMBER 30, 2021**

REQUIRED SUPPLEMENTARY INFORMATION

	<u>9/30/2015</u>	<u>9/30/2016</u>	<u>9/30/2017</u>	<u>9/30/2018</u>	<u>9/30/2019</u>	<u>9/30/2020</u>	<u>9/30/2021</u>
Actuarially Determined Contribution	\$ 210,788	\$ 187,758	\$ 196,404	\$ 213,403	\$ 225,636	\$ 216,727	\$ 202,264
Actual Contributions	210,788	187,758	196,404	213,403	225,636	216,727	202,264
Contribution Deficiency (Excess)	<u>\$ 0</u>						
Covered Payroll	\$ 2,114,861	\$ 2,028,967	\$ 2,092,686	\$ 2,217,516	\$ 2,410,195	\$ 2,407,443	\$ 2,487,809
Contributions as a Percentage of Covered Payroll	9.97%	9.25%	9.39%	9.62%	9.36%	9.00%	8.13%

Note: Only seven years of GASB 68 data available as of 09/30/2021. The remaining three years of data will be built on a go forward basis.

The accompanying notes are an integral part of this statement.

CITY OF LITTLEFIELD, TEXAS

EXHIBIT B-3

SCHEDULE OF CHANGES IN THE TOTAL OPEB LIABILITY AND RELATED RATIOS
TMRS
FOR THE YEAR ENDED SEPTEMBER 30, 2021

REQUIRED SUPPLEMENTARY INFORMATION

	<u>12/31/2017</u> Total OPEB Liability	<u>12/31/2018</u> Total OPEB Liability	<u>12/31/2019</u> Total OPEB Liability	<u>12/31/2020</u> Total OPEB Liability
Service Cost	\$ 7,252	\$ 8,463	\$ 8,199	\$ 10,726
Interest	6,337	6,400	7,253	6,316
Differences between Expected and Actual Experience		1,865	(14,527)	(18,112)
Benefit Payments	(1,920)	(2,227)	(2,343)	(2,681)
Changes in Assumptions	<u>13,560</u>	<u>(12,158)</u>	<u>34,522</u>	<u>31,368</u>
Net Change	\$ 25,229	\$ 2,343	\$ 33,104	\$ 27,617
Beginning Balance	<u>164,992</u>	<u>190,221</u>	<u>192,564</u>	<u>225,668</u>
Ending Balance	\$ <u>190,221</u>	\$ <u>192,564</u>	\$ <u>225,668</u>	\$ <u>253,285</u>
Total OPEB Liability	\$ <u><u>190,221</u></u>	\$ <u><u>192,564</u></u>	\$ <u><u>225,668</u></u>	\$ <u><u>253,285</u></u>
Covered Payroll	\$ 2,133,041	\$ 2,226,993	\$ 2,342,580	\$ 2,437,724
Total OPEB Liability as a Percentage of Covered Payroll	8.92%	8.65%	9.63%	10.39%

Note: Only four years of GASB 75 data available as of 12/31/2020. The remaining six years of data will be built on a go forward basis.

Notes to RSI:

1. This plan does not have assets accumulated in a trust that meets the criteria in GASBS No. 75.
2. Changes in Assumptions are due to updating discount rate based on the requirements of GASBS No. 75.

The accompanying notes are an integral part of this statement.

CITY OF LITTLEFIELD, TEXAS

EXHIBIT B-4

GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED SEPTEMBER 30, 2021

REQUIRED SUPPLEMENTARY INFORMATION - BUDGETARY BASIS (UNAUDITED)

	Original	Final	Actual	Variance with Final Budget Positive (Negative)
Revenue:				
Taxes:				
Property Taxes and Related Fees	\$ 1,108,000	\$ 1,108,000	\$ 1,147,525	\$ 39,525
Sales and Use Taxes	760,000	760,000	698,021	(61,979)
Gross Receipts Business Tax	315,000	315,000	335,998	20,998
Motel Occupancy Taxes	34,500	34,500	48,435	13,935
Intergovernmental Revenue and Grants	43,000	43,000	41,512	(1,488)
Charges for Services	1,930,200	1,930,200	1,535,060	(395,140)
Fines and Fees	96,150	96,150	124,901	28,751
Investment Earnings	24,000	24,000	20,209	(3,791)
Contributions and Donations	153,918	153,918	94,251	(59,667)
Other Revenue	227,600	227,600	395,734	168,134
	<u>\$ 4,692,368</u>	<u>\$ 4,692,368</u>	<u>\$ 4,441,646</u>	<u>\$ (250,722)</u>
Expenditures:				
Current:				
Legislative	\$ 31,734	\$ 31,734	\$ 21,428	\$ 10,306
Administrative	232,396	232,396	221,479	10,917
Police	1,023,572	1,023,572	1,028,954	(5,382)
Fire	157,504	157,504	133,933	23,571
Refuse	911,356	911,356	897,339	14,017
Shared Costs	581,795	581,795	606,812	(25,017)
Fleet	61,656	61,656	20,535	41,121
EMS	934,341	934,341	924,480	9,861
Dispatch	225,189	225,189	205,364	19,825
Economic Development	128,918	128,918	92,917	36,001
Licensing and Enforcement	142,768	142,768	158,135	(15,367)
Emergency Management	27,045	27,045	26,236	809
Residential Collection	401,575	401,575	280,348	121,227
Public Works	619,619	619,619	488,034	131,585
Municipal Court	105,339	105,339	92,047	13,292
Aquatics/Pool	4,479,478	4,479,478	3,740,794	738,684
Total Expenditures	<u>\$ 10,064,285</u>	<u>\$ 10,064,285</u>	<u>\$ 8,938,835</u>	<u>\$ 1,125,450</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>\$ (5,371,917)</u>	<u>\$ (5,371,917)</u>	<u>\$ (4,497,189)</u>	<u>\$ 874,728</u>
Other Financing Sources (Uses):				
Transfers In (Out)	\$ 995,500	\$ 995,500	\$ 935,701	\$ (59,799)
Bonds Proceeds	4,281,000	4,281,000	4,281,331	331
Total Other Financing Sources	<u>\$ 5,276,500</u>	<u>\$ 5,276,500</u>	<u>\$ 5,217,032</u>	<u>\$ (59,468)</u>
Net Change in Fund Balances	<u>\$ (95,417)</u>	<u>\$ (95,417)</u>	<u>\$ 719,843</u>	<u>\$ 815,260</u>
Fund Balances - Beginning	<u>1,198,330</u>	<u>1,198,330</u>	<u>1,198,330</u>	
Fund Balances - Ending	<u>\$ 1,102,913</u>	<u>\$ 1,102,913</u>	<u>\$ 1,918,173</u>	

The accompanying notes are an integral part of this statement.

CITY OF LITTLEFIELD, TEXAS

TEXAS MUNICIPAL RETIREMENT SYSTEM PENSION PLAN
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

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	25 years
Asset Valuation Method	10 Year smoothed market; 12% soft corridor
Inflation	2.50%
Salary Increases	3.50% to 11.50% 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:

Changes in Assumptions: There were no changes in assumptions during the year.
Benefits Changes: There were no benefit changes during the year.

CITY OF LITTLEFIELD, TEXAS

**GENERAL FUND BUDGETARY COMPARISON SCHEDULE
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
SEPTEMBER 30, 2021**

BUDGETARY DATA

The following procedures are followed in establishing the budgetary data reflected in the basic financial statements:

- a. Prior to the beginning of the fiscal year, the City prepares a budget for the next succeeding fiscal year. The operating budget includes proposed expenditures and the means of financing them.
- b. A meeting of the City Council is then called for the purpose of adopting the proposed budget. At least 10 days public notice of the meeting must have been given.
- c. Prior to the start of the fiscal year, the budget is legally enacted through passage of a resolution by the City Council.

Once a budget is approved, it can be amended only by approval of a majority of the members of the City Council. As required by law, such amendments are made before the fact, are reflected in the official minutes of the City Council and are not made after fiscal year end. The legal level of control is at the department level. During the year, the budget was amended as necessary. All budget appropriations lapse at year end.

The budget is presented on a basis consistent with accounting principles generally accepted in the United States of America (GAAP).

**COMBINING STATEMENTS
AS SUPPLEMENTARY INFORMATION**

CITY OF LITTLEFIELD, TEXAS

EXHIBIT C-1

COMBINING BALANCE SHEET
NONMAJOR SPECIAL GOVERNMENTAL FUNDS
SEPTEMBER 30, 2021

	Special Revenue				Total Nonmajor Governmental Funds (See Exhibit A-3)
	Narcotics Fund	Parks and Recreation Fund	Blight Elimination Fund	Airport Fund	
Assets:					
Cash and Cash Equivalents	\$ 2,574	\$ 70,516	\$ 17,646	\$	\$ 90,736
Accounts Receivable (Net)		6,638		5,808	12,446
Total Assets	\$ 2,574	\$ 77,154	\$ 17,646	\$ 5,808	\$ 103,182
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts Payable	\$	\$	\$	\$ 27,444	\$ 27,444
Total Liabilities	\$ 0	\$ 0	\$ 0	\$ 27,444	\$ 27,444
Restricted for:					
Enabling Legislation	\$ 2,574	\$	\$ 17,646	\$	\$ 20,220
Assigned		77,154		(21,636)	55,518
Total Fund Balances	\$ 2,574	\$ 77,154	\$ 17,646	\$ (21,636)	\$ 75,738
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 2,574	\$ 77,154	\$ 17,646	\$ 5,808	\$ 103,182

CITY OF LITTLEFIELD, TEXAS

EXHIBIT C-2

COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2021

	Special Revenue				Total Nonmajor Governmental Funds (See Exhibit A-5)
	Narcotics Fund	Parks and Recreation Fund	Blight Elimination Fund	Airport Fund	
Revenue:					
Charges for Services	\$	\$ 46,096	\$	\$	\$ 46,096
Rents and Royalties				29,262	29,262
Other Revenue		100			100
Total Revenue	\$ 0	\$ 46,196	\$ 0	\$ 29,262	\$ 75,458
Expenditures:					
Current					
Parks and Recreation	\$	\$ 111,107	\$	\$	\$ 111,107
Blight Elimination			40		40
Airport				51,396	51,396
Total Expenditures	\$ 0	\$ 111,107	\$ 40	\$ 51,396	\$ 162,543
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ 0	\$ (64,911)	\$ (40)	\$ (22,134)	\$ (87,085)
Other Financing Sources (Uses):					
Transfers In (Out)	\$	\$	\$	\$ 14,500	\$ 14,500
Proceeds from the Sale of Capital Assets			10,291		10,291
Total Other Financing Sources (Uses)	\$ 0	\$ 0	\$ 10,291	\$ 14,500	\$ 24,791
Net Change in Fund Balances	\$ 0	\$ (64,911)	\$ 10,251	\$ (7,634)	\$ (62,294)
Fund Balances - Beginning	\$ 2,574	\$ 139,413	\$ 7,395	\$ (14,002)	\$ 135,380
Prior Period Adjustment		2,652			2,652
Fund Balances - Beginning Restated	\$ 2,574	\$ 142,065	\$ 7,395	\$ (14,002)	\$ 138,032
Fund Balances - Ending	\$ 2,574	\$ 77,154	\$ 17,646	\$ (21,636)	\$ 75,738

OVERALL COMPLIANCE AND INTERNAL CONTROL SECTION

BOLINGER, SEGARS, GILBERT & MOSS, L.L.P.

CERTIFIED PUBLIC ACCOUNTANTS

PHONE: (806) 747-3806

FAX: (806) 747-3815

8215 NASHVILLE AVENUE

LUBBOCK, TEXAS 79423-1954

**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**

Independent Auditor's Report

City Council
City of Littlefield, Texas
Littlefield, Texas

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Littlefield, Texas (the City), as of and for the year ended September 30, 2021, and the related notes to the financial statements, which collectively comprise City of Littlefield, Texas' basic financial statements, and have issued our report thereon dated March 22, 2022.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) 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's internal control.

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

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

However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the 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.

Bolinger, Segars, Gilbert & Moss LLP

Certified Public Accountants

Lubbock, Texas

March 22, 2022