

CITY OF LITTLEFIELD, TEXAS

ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED SEPTEMBER 30, 2023

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, 2023

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FINANCIAL SECTION

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CERTIFIED PUBLIC ACCOUNTANTS

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LUBBOCK, TEXAS 79423-1954

Independent Auditor's Report

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

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Littlefield, Texas, as of and for the fiscal year ended September 30, 2023, and the related notes to the financial statements, which collectively comprise the City of Littlefield, Texas' basic financial statements as listed in the table of contents.

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

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the schedule 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.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The 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 and budgetary comparison schedules 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 January 16, 2024, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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

January 16, 2024

BASIC FINANCIAL STATEMENTS

CITY OF LITTLEFIELD, TEXAS

EXHIBIT A-1

GOVERNMENT-WIDE - STATEMENT OF NET POSITION
SEPTEMBER 30, 2023

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	Littlefield EDC
ASSETS:				
Cash and Cash Equivalents	\$ 5,582,838	\$ 5,316,078	\$ 10,898,916	\$ 1,812,494
Accounts and Taxes Receivable, Net	452,144	238,852	690,996	
Due from Other Governments	70,621		70,621	70,621
Capital Assets, Nondepreciable	1,095,310	325,933	1,421,243	
Capital Assets, Depreciable, Net	7,699,077	6,524,172	14,223,249	
Total Assets	<u>\$ 14,899,990</u>	<u>\$ 12,405,035</u>	<u>\$ 27,305,025</u>	<u>\$ 1,883,115</u>
DEFERRED OUTFLOWS OF RESOURCES:				
Pension	\$ 673,246	\$ 128,906	\$ 802,152	\$
OPEB	2,335	447	2,782	
Total Deferred Outflows of Resources	<u>\$ 675,581</u>	<u>\$ 129,353</u>	<u>\$ 804,934</u>	<u>\$ 0</u>
LIABILITIES:				
Accounts Payable	\$ 132,261	\$ 101,729	\$ 233,990	\$
Wages Payable	54,126	9,795	63,921	
Other Current Liabilities	32,881	467	33,348	
Accrued Interest Payable	10,586		10,586	
Customer Deposits		181,760	181,760	
Noncurrent Liabilities				
Due Within One Year	371,945	120,000	491,945	
Due In More Than One Year	4,096,039	492,735	4,588,774	
Total Liabilities	<u>\$ 4,697,838</u>	<u>\$ 906,486</u>	<u>\$ 5,604,324</u>	<u>\$ 0</u>
DEFERRED INFLOWS OF RESOURCES:				
Pension	\$ 79,326	\$ 15,189	\$ 94,515	\$
OPEB	52,077	9,971	62,048	
Total Deferred Inflows of Resources	<u>\$ 131,403</u>	<u>\$ 25,160</u>	<u>\$ 156,563</u>	<u>\$ 0</u>
NET POSITION				
Net Investment in Capital Assets	\$ 5,042,442	\$ 6,365,105	\$ 11,407,547	\$
Restricted For:				
Enabling Legislation	239,094		239,094	
Debt Service	127,850		127,850	
Grant Programs	229,395		229,395	
Unrestricted	<u>5,107,549</u>	<u>5,237,637</u>	<u>10,345,186</u>	<u>1,883,115</u>
Total Net Position	<u>\$ 10,746,330</u>	<u>\$ 11,602,742</u>	<u>\$ 22,349,072</u>	<u>\$ 1,883,115</u>

The accompanying notes are an integral part of this statement.

**GOVERNMENT-WIDE - STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2023**

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	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total	Littlefield EDC
PRIMARY GOVERNMENT:								
Governmental Activities:								
Legislative	\$ 17,543				\$ (17,543)		\$ (17,543)	\$
Administrative	275,420	30,203	2,536		(242,681)		(242,681)	
Police	982,616				(982,616)		(982,616)	
Fire	230,203	31,870	17,343	19,971	(161,019)		(161,019)	
Refuse	391,617	82,935			(308,682)		(308,682)	
Shared Costs	657,592				(657,592)		(657,592)	
Fleet	52,292				(52,292)		(52,292)	
EMS	1,000,962	802,057	53,723	169,879	24,697		24,697	
Dispatch	217,842				(217,842)		(217,842)	
Economic Development	88,192				(88,192)		(88,192)	
Licensing and Enforcement	177,934				(177,934)		(177,934)	
Emergency Management	20,853				(20,853)		(20,853)	
Residential Collection	401,524	965,678			564,154		564,154	
Public Works	1,090,022	39,898			(1,050,124)		(1,050,124)	
Municipal Court	88,519	37,107			(51,412)		(51,412)	
Parks and Recreation	378,388	60,152	250,000		(68,236)		(68,236)	
Blight Elimination	7,950				(7,950)		(7,950)	
Airport	92,340		44,000		(48,340)		(48,340)	
Interest and Bond Issuance Costs on Long-Term Debt	82,972				(82,972)		(82,972)	
Total Governmental Activities	<u>\$ 6,254,781</u>	<u>\$ 2,049,900</u>	<u>\$ 367,602</u>	<u>\$ 189,850</u>	<u>\$ (3,647,429)</u>	<u>\$ 0</u>	<u>\$ (3,647,429)</u>	<u>\$ 0</u>
Business-Type Activities:								
Water and Sewer	\$ 1,752,838	\$ 3,528,287	\$	\$	\$	\$ 1,775,449	\$ 1,775,449	\$
Interest on Long-Term Debt	20,281					(20,281)	(20,281)	
Total Business-Type Activities	<u>\$ 1,773,119</u>	<u>\$ 3,528,287</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 1,755,168</u>	<u>\$ 1,755,168</u>	<u>\$ 0</u>
Total Primary Government	<u>\$ 8,027,900</u>	<u>\$ 5,578,187</u>	<u>\$ 367,602</u>	<u>\$ 189,850</u>	<u>\$ (3,647,429)</u>	<u>\$ 1,755,168</u>	<u>\$ (1,892,261)</u>	<u>\$ 0</u>
Component Unit:								
Littlefield EDC	<u>\$ 195,276</u>	<u>\$</u>	<u>\$ (250,000)</u>					<u>\$ (445,276)</u>
TOTAL COMPONENT UNIT	<u>\$ 195,276</u>	<u>\$ 0</u>	<u>\$ (250,000)</u>					<u>\$ (445,276)</u>
General Revenues:								
Property Taxes and Related Fees					\$ 1,289,970	\$	\$ 1,289,970	\$
Sales and Use Taxes					812,229		812,229	870,307
Gross Receipts Business Tax					424,959		424,959	
Motel Occupancy Taxes					7,647		7,647	
Unrestricted Contributions					99,528		99,528	
Unrestricted Investment Earnings					531,200	3,735	534,935	
Gain on the Sale of Capital Assets					51,960		51,960	
Miscellaneous					342,772	27,593	370,365	120
Transfers					2,084,639	(2,084,639)		
Total General Revenue and Transfers					<u>\$ 5,644,904</u>	<u>\$ (2,053,311)</u>	<u>\$ 3,591,593</u>	<u>\$ 870,427</u>
Change in Net Position					\$ 1,997,475	\$ (298,143)	\$ 1,699,332	\$ 425,151
Net Position - Beginning					<u>\$ 8,748,855</u>	<u>\$ 11,900,885</u>	<u>\$ 20,649,740</u>	<u>\$ 1,457,964</u>
Net Position - Ending					<u>\$ 10,746,330</u>	<u>\$ 11,602,742</u>	<u>\$ 22,349,072</u>	<u>\$ 1,883,115</u>

The accompanying notes are an integral part of this statement.

CITY OF LITTLEFIELD, TEXAS

EXHIBIT A-3

BALANCE SHEET - GOVERNMENTAL FUNDS
SEPTEMBER 30, 2023

	General Fund	Grant Fund	Nonmajor Governmental Funds	Total Governmental Funds
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
ASSETS:				
Cash and Cash Equivalents	\$ 5,202,202	\$ 231,377	\$ 149,259	\$ 5,582,838
Accounts Receivable (Net)	356,520		12,477	368,997
Taxes Receivable (Net)	83,147			83,147
Due from Other Governments	<u>70,621</u>			<u>70,621</u>
 Total Assets	 <u>\$ 5,712,490</u>	 <u>\$ 231,377</u>	 <u>\$ 161,736</u>	 <u>\$ 6,105,603</u>
 LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES:				
LIABILITIES:				
Accounts Payable	\$ 91,638	\$	\$ 40,623	\$ 132,261
Wages Payable	53,946		180	54,126
Other Current Liabilities	30,899	1,982		32,881
Total Liabilities	<u>\$ 176,483</u>	<u>\$ 1,982</u>	<u>\$ 40,803</u>	<u>\$ 219,268</u>
 DEFERRED INFLOWS OF RESOURCES:				
Property Taxes	\$ 83,147	\$	\$	\$ 83,147
Emergency Medical Services	93,766			93,766
Total Deferred Inflows of Resources	<u>\$ 176,913</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 176,913</u>
 FUND BALANCES:				
Restricted Fund Balances:				
Restricted for Enabling Legislation	\$ 168,563	\$	\$ 70,531	\$ 239,094
Restricted for Debt Service	127,850			127,850
Restricted for Grant Programs		229,395		229,395
Assigned Fund Balances			50,402	50,402
Unassigned Fund Balance	<u>5,062,681</u>			<u>5,062,681</u>
Total Fund Balances	<u>\$ 5,359,094</u>	<u>\$ 229,395</u>	<u>\$ 120,933</u>	<u>\$ 5,709,422</u>
 Total Liabilities, Deferred Inflows of Resources, and Fund Balances	 <u>\$ 5,712,490</u>	 <u>\$ 231,377</u>	 <u>\$ 161,736</u>	 <u>\$ 6,105,603</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, 2023

Total Fund Balances - Governmental Funds Balance Sheet	\$	5,709,422
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.		8,794,387
Property taxes receivable and EMS Receivable unavailable to pay for current period expenditures are deferred in the funds.		176,913
Deferred outflows and inflows of resources related to pensions and OPEB are not reported in the funds.		544,178
Payables for notes payable which are not due in the current period are not reported in the funds.		(3,751,945)
Payables for bond and note interest which are not due in the current period are not reported in the funds.		(10,586)
Payables for closure and post closure costs are not recorded in the funds.		(75,767)
Total OPEB Liabilities are not recorded in the funds.		(155,747)
Net pension Liabilities are not reported in the funds.		(377,012)
Payables for compensated absences which are not reported in the funds.		<u>(107,513)</u>
Net Position of Governmental Activities - Statement of Net Position	\$	<u><u>10,746,330</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, 2023

	General Fund	Grant Fund	Nonmajor Governmental Funds	Total Governmental Funds
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Revenue:				
Taxes:				
Property Taxes and Related Fees	\$ 1,267,767	\$	\$	\$ 1,267,767
Sales and Use Taxes	812,229			812,229
Gross Receipts Business Tax	424,959			424,959
Motel Occupancy Taxes	7,647			7,647
Intergovernmental Revenue and Grants	323,601	189,850	44,000	557,451
Charges for Services	1,872,264	31,870	45,588	1,949,722
Fines and Fees	100,180			100,180
Investment Earnings	531,200			531,200
Rents and Royalties			30,897	30,897
Contributions and Donations	99,528			99,528
Other Revenue	311,875			311,875
Total Revenues	<u>\$ 5,751,250</u>	<u>\$ 221,720</u>	<u>\$ 120,485</u>	<u>\$ 6,093,455</u>
Expenditures:				
Current:				
Legislative	\$ 17,543	\$	\$	\$ 17,543
Administrative	241,503			241,503
Police	1,172,004			1,172,004
Fire	135,462	19,971		155,433
Refuse	257,375			257,375
Shared Costs	657,592			657,592
Fleet	53,024			53,024
EMS	890,515	289,881		1,180,396
Dispatch	219,785			219,785
Economic Development	88,848			88,848
Licensing and Enforcement	178,511			178,511
Emergency Management	20,853			20,853
Residential Collection	401,585			401,585
Public Works	1,037,750			1,037,750
Municipal Court	89,419			89,419
Parks and Recreation	140,050			140,050
Blight Elimination			7,950	7,950
Airport			92,340	92,340
Debt Service:				
Principal	367,196			367,196
Interest Expense and Related Fees	83,752			83,752
Total Expenditures	<u>\$ 6,052,767</u>	<u>\$ 309,852</u>	<u>\$ 100,290</u>	<u>\$ 6,462,909</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>\$ (301,517)</u>	<u>\$ (88,132)</u>	<u>\$ 20,195</u>	<u>\$ (369,454)</u>
Other Financing Sources:				
Transfers In (Out)	\$ 1,977,503	\$ 87,136	\$ 20,000	\$ 2,084,639
Proceeds from the Sale of Capital Assets	10,000		41,960	51,960
Total Other Financing Sources (Uses)	<u>\$ 1,987,503</u>	<u>\$ 87,136</u>	<u>\$ 61,960</u>	<u>\$ 2,136,599</u>
Net Change in Fund Balances	\$ 1,685,986	\$ (996)	\$ 82,155	\$ 1,767,145
Fund Balances - Beginning	<u>3,673,108</u>	<u>230,391</u>	<u>38,778</u>	<u>3,942,277</u>
Fund Balances - Ending	<u>\$ 5,359,094</u>	<u>\$ 229,395</u>	<u>\$ 120,933</u>	<u>\$ 5,709,422</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, 2023

Net Change in Fund Balances - Total Governmental Funds	\$	1,767,145
Amounts reported for governmental activities in the Statement Of Activities (SOA) are different because:		
Capital assets are not reported as expenses in the SOA.		652,794
The depreciation of capital assets used in governmental activities is not reported in the funds.		(839,110)
Certain revenues are deferred in the funds. This is the change in these amounts this year.		22,202
Repayment of debt principal is an expenditure in the funds but is not an expense in the SOA.		367,196
Long Term Liabilities for closure and post closure costs are not recorded in the funds.		(8,960)
Change in accrued interest from beginning of period to end of period.		780
Change related to pension liabilities, total OPEB liabilities, and deferred inflows and outflows is not recorded in the funds.		36,410
Compensated absences are reported as the amount earned in the SOA but as the amount paid in the funds.		<u>(982)</u>
Change in Net Position of Governmental Activities - Statement of Activities	\$	<u><u>1,997,475</u></u>

The accompanying notes are an integral part of this statement.

CITY OF LITTLEFIELD, TEXAS

EXHIBIT A-7

STATEMENT OF NET POSITION
PROPRIETARY FUND
SEPTEMBER 30, 2023

	Major Enterprise Fund <u>Water and Sewer</u>
ASSETS:	
Current Assets	
Cash and Cash Equivalents	\$ 5,316,078
Accounts Receivable, Net	238,852
Total Current Assets	<u>\$ 5,554,930</u>
Noncurrent Assets	
Capital Assets	\$
Nondepreciable	325,933
Depreciable, Net	6,524,172
Total Noncurrent Assets	<u>\$ 6,850,105</u>
Total Assets	<u>\$ 12,405,035</u>
DEFERRED OUTFLOWS OF RESOURCES:	
Pension	\$ 128,906
OPEB	447
Total Deferred Outflows of Resources	<u>\$ 129,353</u>
LIABILITIES:	
Current Liabilities	
Accounts Payable	\$ 101,729
Wages Payable	9,795
Other Current Liabilities	467
Customer Deposits	181,760
Current Portion of Long Term Liabilities	
Bonds and Certificates of Obligation	120,000
Total Current Liabilities	<u>\$ 413,751</u>
Noncurrent Liabilities	
Accrued Compensated Absences	\$ 25,728
Net Pension Liability	72,186
Total OPEB Liability	29,821
Bonds and Certificates of Obligation	365,000
Total Noncurrent Liabilities	<u>\$ 492,735</u>
Total Liabilities	<u>\$ 906,486</u>
DEFERRED INFLOWS OF RESOURCES:	
Pension	\$ 15,189
OPEB	9,971
Total Deferred Inflows of Resources	<u>\$ 25,160</u>
NET POSITION:	
Net Investment in Capital Assets	\$ 6,365,105
Unrestricted	5,237,637
Total Net Position	<u><u>\$ 11,602,742</u></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, 2023

	Major Enterprise Fund Water and Sewer Fund
OPERATING REVENUES:	
Charges for Services:	\$ 3,528,287
Total Operating Revenues	<u>\$ 3,528,287</u>
OPERATING EXPENSES:	
Personnel Services	\$ 546,126
Contractual Services	584,052
Supplies and Maintenance	242,595
Depreciation and Amortization	380,065
Total Operating Expenses	<u>\$ 1,752,838</u>
Operating Income (Loss)	<u>\$ 1,775,449</u>
NON-OPERATING REVENUES (EXPENSES):	
Non-Operating Revenue	\$ 27,593
Interest Revenue	3,735
Interest Expense and Paying Agent Fees	<u>(20,281)</u>
Total Non-Operating Revenues (Expenses)	<u>\$ 11,047</u>
Income (Loss) Before Transfers	\$ 1,786,496
Transfers In (Out)	<u>(2,084,639)</u>
Change in Net Position	\$ (298,143)
Total Net Position - Beginning	<u>\$ 11,900,885</u>
Total Net Position - Ending	<u><u>\$ 11,602,742</u></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, 2023

	<u>Major Enterprise Fund Water and Sewer Fund</u>
Cash Flows from Operating Activities:	
Cash Received from Customers	\$ 3,515,737
Cash Payments to Employees and for Benefits	(539,235)
Cash Payments to Other Suppliers for Goods and Services	<u>(761,878)</u>
Net Cash from Operating Activities	<u>\$ 2,214,624</u>
Cash Flows from Non-Capital Financing Activities:	
Various Reimbursements	\$ 27,593
Cash Transfers from (to) Other Funds	<u>(2,084,639)</u>
Net Cash from Non-Capital Financing Activities	<u>\$ (2,057,046)</u>
Cash Flows from Capital and Related Financing Activities:	
Principal and Interest Paid	\$ (135,281)
Capital Asset Acquisitions	<u>(485,161)</u>
Net Cash from Capital and Related Financing Activities	<u>\$ (620,442)</u>
Cash Flows from Investing Activities:	
Interest and Dividends on Investments	\$ 3,735
Net Cash from Investing Activities	<u>\$ 3,735</u>
Increase (Decrease) in Cash and Cash Equivalents	\$ (459,129)
Cash and Cash Equivalents - Beginning of Year	<u>5,775,207</u>
Cash and Cash Equivalents - End of Year	<u><u>\$ 5,316,078</u></u>
Reconciliation of Operating Income to Net Cash from Operating Activities:	
Operating Income	<u>\$ 1,775,449</u>
Adjustments to Reconcile Operating Income to Net Cash from Operating Activities	
Depreciation and Amortization	\$ 380,065
Change in Assets and Liabilities:	
Decrease (Increase) in Accounts Receivable, Net	(14,075)
Increase (Decrease) in Accounts Payable	64,769
Increase (Decrease) in Wages Payable	2,681
Increase (Decrease) in Customer Deposits	1,525
Increase (Decrease) in Accrued Compensated Absences	11,306
Increase (Decrease) in Pension and Related Deferrals	(5,930)
Increase (Decrease) in OPEB and Related Deferrals	<u>(1,166)</u>
Total Adjustments	<u>\$ 439,175</u>
Net Cash from Operating Activities	<u><u>\$ 2,214,624</u></u>

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 fund:

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.

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 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 asset/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.

CITY OF LITTLEFIELD, TEXAS

NOTES TO FINANCIAL STATEMENTS

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. There were no amounts reported as Nonspendable at September 30, 2023.

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, 2023, the City had no committed fund balances.

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, 2023, it had no custodial credit risk for deposits.

CITY OF LITTLEFIELD, TEXAS

NOTES TO FINANCIAL STATEMENTS

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.

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 September 30, 2023.

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, 2023, 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.

CITY OF LITTLEFIELD, TEXAS

NOTES TO FINANCIAL STATEMENTS

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.

Note 3 – Receivables

The receivables detailed in the following table are reported net of allowances in the fund financial statements as of September 30, 2023:

	<u>Governmental Funds</u>	<u>Water and Sewer Fund</u>	<u>Total</u>
Receivables:			
Taxes	\$ 211,492	\$	\$ 211,492
Other	12,477		12,477
Accounts	<u>770,920</u>	<u>505,530</u>	<u>1,276,450</u>
Gross Receivables	\$ 994,889	\$ 505,530	\$ 1,500,419
Less: Allowance for Uncollectibles	<u>(542,745)</u>	<u>(266,678)</u>	<u>(809,423)</u>
Net Total Receivables	<u>\$ 452,144</u>	<u>\$ 238,852</u>	<u>\$ 690,996</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	\$ 2,084,639	Budgeted Contributions
Net Transfers		<u>\$ 2,084,639</u>	

CITY OF LITTLEFIELD, TEXAS

NOTES TO FINANCIAL STATEMENTS

Note 5 - Capital Assets

Capital asset activity for the year ended September 30, 2023, was as follows:

	<u>Beginning Balances</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balances</u>
Governmental Activities:				
Capital Assets Not Being Depreciated				
Land	\$ 1,095,310	\$ _____	\$ _____	\$ 1,095,310
Total Capital Assets Not Being Depreciated	<u>\$ 1,095,310</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 1,095,310</u>
Capital Assets Being Depreciated				
Buildings and Systems	\$ 11,456,608	\$ _____	\$ _____	\$ 11,456,608
Machinery and Equipment	7,506,210	652,794	85,182	8,073,822
Furniture and Equipment	222,393	_____	_____	222,393
Total Capital Assets Being Depreciated	<u>\$ 19,185,211</u>	<u>\$ 652,794</u>	<u>\$ 85,182</u>	<u>\$ 19,752,823</u>
Less Accumulated Depreciation for:				
Buildings and Systems	\$ 6,416,826	\$ 284,020	\$ _____	\$ 6,700,846
Machinery and Equipment	4,675,226	550,759	85,182	5,140,803
Furniture and Equipment	207,766	4,331	_____	212,097
Total Accumulated Depreciation	<u>\$ 11,299,818</u>	<u>\$ 839,110</u>	<u>\$ 85,182</u>	<u>\$ 12,053,746</u>
Total Capital Assets Being Depreciated, Net	<u>\$ 7,885,393</u>	<u>\$ (186,316)</u>	<u>\$ 0</u>	<u>\$ 7,699,077</u>
Governmental Activities Capital Assets, Net	<u>\$ 8,980,703</u>	<u>\$ (186,316)</u>	<u>\$ 0</u>	<u>\$ 8,794,387</u>

Depreciation was charged to governmental activities as follows:

Administrative	\$ 37,510
Police	7,722
Fire	81,386
Refuse	320,664
EMS	101,858
Public Works	51,632
Parks and Recreation	238,338
Total Depreciation Charged to Governmental Activities	<u>\$ 839,110</u>

CITY OF LITTLEFIELD, TEXAS

NOTES TO FINANCIAL STATEMENTS

	<u>Beginning Balances</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balances</u>
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	\$ 10,867,315	\$ 82,697	\$	\$ 10,950,012
Machinery and Equipment	4,847,925	402,464		5,250,389
Furniture and Equipment	150,657			150,657
Total Capital Assets Being Depreciated	<u>\$ 15,865,897</u>	<u>\$ 485,161</u>	<u>\$ 0</u>	<u>\$ 16,351,058</u>
Less Accumulated Depreciation for:				
Buildings and Systems	\$ 5,219,719	\$ 228,573	\$	\$ 5,448,292
Machinery and Equipment	4,076,445	151,492		4,227,937
Furniture and Equipment	150,657			150,657
Total Accumulated Depreciation	<u>\$ 9,446,821</u>	<u>\$ 380,065</u>	<u>\$ 0</u>	<u>\$ 9,826,886</u>
Total Capital Assets Being Depreciated, Net	<u>\$ 6,419,076</u>	<u>\$ 105,096</u>	<u>\$ 0</u>	<u>\$ 6,524,172</u>
Business-Type Activities Capital Assets, Net	<u>\$ 6,745,009</u>	<u>\$ 105,096</u>	<u>\$ 0</u>	<u>\$ 6,850,105</u>
Depreciation Expense		<u>\$ 380,065</u>		

Note 6 – Long-Term Obligations

Long-term obligations include debt and other long-term liabilities. Changes in long-term obligations for the year ended September 30, 2023, are as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>	<u>Amounts Due Within One Year</u>
Governmental Activities:					
Notes Payable	\$ 134,141	\$	\$ 67,196	\$ 66,945	\$ 66,945
Bonds Payable	3,985,000		300,000	3,685,000	305,000
Closure/Postclosure Landfill	66,807	8,960		75,767	
Compensated Absences	106,531	982		107,513	
Total Governmental Activities	<u>\$ 4,292,479</u>	<u>\$ 9,942</u>	<u>\$ 367,196</u>	<u>\$ 3,935,225</u>	<u>\$ 371,945</u>
Business-Type Activities:					
Bonds Payable	\$ 600,000	\$	\$ 115,000	\$ 485,000	\$ 120,000
Compensated Absences	14,422	11,306		25,728	
Total Business-Type Activities	<u>\$ 614,422</u>	<u>\$ 11,306</u>	<u>\$ 115,000</u>	<u>\$ 510,728</u>	<u>\$ 120,000</u>

CITY OF LITTLEFIELD, TEXAS

NOTES TO FINANCIAL STATEMENTS

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, 2023, are as follows:

Year Ending September 30,	<u>Bonds Payable and Notes Payable</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 491,945	\$ 93,534	\$ 585,479
2025	375,000	79,429	454,429
2026	385,000	68,258	453,258
2027	370,000	60,572	430,572
2028	265,000	51,884	316,884
2029-2033	1,425,000	172,164	1,597,164
2034-2036	925,000	29,312	954,312
Totals	<u>\$ 4,236,945</u>	<u>\$ 555,153</u>	<u>\$ 4,792,098</u>

Interest expense incurred on long term debt during the year was \$104,033.

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 First National Bank for \$201,361 for the purchase of a wheel loader and the note carries an interest rate of 2.65%.

CITY OF LITTLEFIELD, TEXAS

NOTES TO FINANCIAL STATEMENTS

Note 7 – Employee Retirement Benefits

Texas Municipal Retirement System (TMRS)

Plan Description

The City participates as one of 919 plans in the nontraditional, joint contributory, hybrid defined benefit pension plan administered by the Texas Municipal Retirement System. 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 annual comprehensive financial report (ACFR) 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, 2022</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, 2022 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	65
Active Employees	<u>59</u>
Total Plan Employees	<u><u>170</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 5.00% of their annual gross earnings during the fiscal year. The required contribution rates for the City were 7.02% and 6.48% in calendar years 2022 and 2023, respectively. The City's contribution to TMRS for the year ended September 30, 2023, was \$172,613 and was equal to the required contribution.

Net Pension Liability

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

Actuarial Assumptions

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

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	35.00%	7.70%
Core Fixed Income	6.00%	4.90%
Non-Core Fixed Income	20.00%	8.70%
Other Public and Private Markets	12.00%	8.10%
Real Estate	12.00%	5.80%
Hedge Funds	5.00%	6.90%
Private Equity	10.00%	11.80%

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 12/31/2021	\$ 9,688,674	\$ 10,539,424	\$ 850,750
Service Cost	290,897		(290,897)
Interest (on the Total Pension Liability)	644,444		(644,444)
Difference Between Expected and Actual Experience	(98,170)		98,170
Contributions - Employer		177,707	177,707
Contributions - Employee		126,571	126,571
Net Investment Income		(768,342)	(768,342)
Benefit Payments	(573,603)	(573,603)	
Administrative Expense		(6,657)	(6,657)
Other		7,944	7,944
Balance 12/31/2022	<u>\$ 9,952,242</u>	<u>\$ 9,503,044</u>	<u>\$ (449,198)</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>
\$ (1,875,215)	\$ (449,198)	\$ 704,957

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, 2023, the City recognized pension income of 133,637 and calculated as shown below:

Total Service Cost	\$	290,897
Interest on the Total Pension Liability		644,444
Employee Contributions (Reduction of Expense)		(126,571)
Projected Earnings on Plan Investments (Reduction of Expense)		(711,411)
Administrative Expense		6,657
Other Changes in Fiduciary Net Position		(7,944)
Recognition of Current Year Outflow (Inflow) of Resources-Liabilities		(150,363)
Recognition of Current Year Outflow (Inflow) of Resources-Assets		<u>187,928</u>
Total Pension Expense (Income)	\$	<u><u>133,637</u></u>

At September 30, 2023, 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	\$	\$ 94,515
Differences between projected and actual investment earnings	671,110	
Contributions Subsequent to the Measurement Date	<u>131,042</u>	
	\$ <u><u>802,152</u></u>	\$ <u><u>94,515</u></u>

\$131,042 of employer contribution deferral will be fully amortized in fiscal year 2024. 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>
2023	\$ (37,010)
2024	139,001
2025	178,655
2026	<u>295,949</u>
	\$ <u><u>576,595</u></u>

CITY OF LITTLEFIELD, TEXAS

NOTES TO FINANCIAL STATEMENTS

Note 8 – 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, 2022 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive Employees or Beneficiaries Currently Receiving Benefits	28
Inactive Employees Entitled to but not Yet Receiving Benefits	15
Active Employees	59
Total Plan Employees	<u>102</u>

CITY OF LITTLEFIELD, TEXAS

NOTES TO FINANCIAL STATEMENTS

Total OPEB Liability:

The City's total OPEB liability of \$185,568 was measured as of December 31, 2022, and was determined by an actuarial valuation as of that date.

Balance as of December 31, 2021	\$	257,525
Changes for the year:		
Service Cost		14,924
Interest on Total OPEB Liability		4,813
Experience Differences		3,313
Effect of Assumptions Changes or Inputs		(88,177)
Benefit Payments		<u>(6,830)</u>
Balance as of December 31, 2022	\$	<u>185,568</u>

Actuarial Assumptions:

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

Actuarial Cost Method	Entry Age Normal
Discount Rate	4.05% as of December 31, 2022 - 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 4.05% based on the Fidelity Index's "20-Year Municipal GO AA Index" rate as of December 31, 2022.

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 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 2022 to 2023.

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 4.05%, as well as what the Total OPEB Liability would be if it were calculated using a discount rate that is 1 percentage point lower (3.05%) or 1 percentage point higher (5.05%) than the current rate. 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 (3.05%)	Discount Rate (4.05%)	1% Increase in Discount Rate (5.05%)
Total OPEB Liability	\$ <u>219,289</u>	\$ <u>185,568</u>	\$ <u>159,125</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, 2023, the City recognized OPEB expense of \$4,083.

At September 30, 2023, 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	\$ 2,782	\$
Experience Differences		14,529
Changes in Assumptions		<u>47,519</u>
	<u>\$ 2,782</u>	<u>\$ 62,048</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>Plan Year</u>	<u>Amortization of Deferred Resources</u>
2023	\$ (14,571)
2024	(19,477)
2025	(20,460)
2026	(7,540)
2027	0
Thereafter	<u>0</u>
	<u>\$ (62,048)</u>

Note 9 – 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.

CITY OF LITTLEFIELD, TEXAS

NOTES TO FINANCIAL STATEMENTS

Note 10 – 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 \$75,767 reported as landfill closure and postclosure care liability as of September 30, 2023, represents the cumulative amount reported to date based on the use of 22% of the estimated capacity of the landfill. The City will recognize the remaining estimated cost of closure and postclosure of \$271,824 as the remaining estimated capacity is filled. These amounts are based on what it would cost to perform all closure and postclosure care in 2023. Actual cost may be higher due to inflation, changes in technology, or changes in regulations.

REQUIRED SUPPLEMENTARY INFORMATION

**SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
TEXAS MUNICIPAL RETIREMENT SYSTEM
FOR THE YEAR ENDED SEPTEMBER 30, 2023
REQUIRED SUPPLEMENTARY INFORMATION**

	12/31/2014	12/31/2015	12/31/2016	12/31/2017	12/31/2018	12/31/2019	12/31/2020	12/31/2021	12/31/2022
	Total Pension Liability								
Service Cost	\$ 184,328	\$ 230,612	\$ 230,269	\$ 240,820	\$ 252,541	\$ 268,928	\$ 277,169	\$ 285,308	\$ 290,897
Interest	472,991	503,147	517,311	547,395	567,142	583,430	600,758	621,572	644,444
Benefit Payments	(348,455)	(337,368)	(291,176)	(318,847)	(482,984)	(352,137)	(374,594)	(349,635)	(573,603)
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)	(109,214)	(98,170)
Net Change	\$ 402,113	\$ 453,124	\$ 454,259	\$ 368,753	\$ 167,681	\$ 263,827	\$ 291,807	\$ 448,031	\$ 263,568
Beginning Balance	6,839,079	7,241,192	7,694,316	8,148,575	8,517,328	8,685,009	8,948,836	9,240,643	9,688,674
Ending Balance	\$ 7,241,192	\$ 7,694,316	\$ 8,148,575	\$ 8,517,328	\$ 8,685,009	\$ 8,948,836	\$ 9,240,643	\$ 9,688,674	\$ 9,952,242
	Fiduciary Net Position								
Employee Contributions	\$ 102,161	\$ 104,919	\$ 101,173	\$ 106,652	\$ 111,350	\$ 117,129	\$ 121,886	\$ 125,026	\$ 126,571
Employer Contributions	199,809	203,056	184,134	202,425	215,794	216,687	217,689	197,290	177,707
Net Investment Income	360,871	9,765	445,436	973,744	(238,995)	1,171,329	661,791	1,217,909	(768,342)
Benefit Payments	(348,455)	(337,368)	(291,176)	(318,847)	(482,984)	(352,137)	(374,594)	(349,635)	(573,603)
Administration Expenses	(3,768)	(5,948)	(5,032)	(5,047)	(4,622)	(6,627)	(4,289)	(5,643)	(6,657)
Other	(310)	(294)	(271)	(256)	(242)	(199)	(167)	38	7,944
Net Change	\$ 310,308	\$ (25,870)	\$ 434,264	\$ 958,671	\$ (399,699)	\$ 1,146,182	\$ 622,316	\$ 1,184,985	\$ (1,036,380)
Beginning Balance	6,308,267	6,618,575	6,592,705	7,026,969	7,985,640	7,585,941	8,732,123	9,354,439	10,539,424
Ending Balance	\$ 6,618,575	\$ 6,592,705	\$ 7,026,969	\$ 7,985,640	\$ 7,585,941	\$ 8,732,123	\$ 9,354,439	\$ 10,539,424	\$ 9,503,044
Net Pension Liability (Asset)	\$ 622,617	\$ 1,101,611	\$ 1,121,606	\$ 531,688	\$ 1,099,068	\$ 216,713	\$ (113,796)	\$ (850,750)	\$ 449,198
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%	108.78%	95.49%
Covered Payroll	\$ 2,043,228	\$ 2,098,377	\$ 2,023,455	\$ 2,133,041	\$ 2,226,993	\$ 2,342,580	\$ 2,437,724	\$ 2,500,510	\$ 2,529,543
Net Pension Liability (Asset) as a Percentage of Covered Payroll	30.47%	52.50%	55.43%	24.93%	49.35%	9.25%	-4.67%	-34.02%	17.76%

Note: Only nine years of GASB 68 data available as of 12/31/2022. The remaining one year of data will be built on a go forward basis.

The accompanying notes are an integral part of this statement.

**SCHEDULE OF EMPLOYER CONTRIBUTIONS
TEXAS MUNICIPAL RETIREMENT SYSTEM
FOR THE YEAR ENDED SEPTEMBER 30, 2023**

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>	<u>9/30/2022</u>	<u>9/30/2023</u>
Actuarially Determined Contribution	\$ 210,788	\$ 187,758	\$ 196,404	\$ 213,403	\$ 225,636	\$ 216,727	\$ 202,264	\$ 179,822	\$ 172,613
Actual Contributions	<u>210,788</u>	<u>187,758</u>	<u>196,404</u>	<u>213,403</u>	<u>225,636</u>	<u>216,727</u>	<u>202,264</u>	<u>179,822</u>	<u>172,613</u>
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	\$ 2,488,789	\$ 2,614,426
Contributions as a Percentage of Covered Payroll	9.97%	9.25%	9.39%	9.62%	9.36%	9.00%	8.13%	7.23%	6.60%

Note: Only nine years of GASB 68 data available as of 09/30/2023. The remaining one year of data will be built on a go forward basis.

The accompanying notes are an integral part of this statement.

**SCHEDULE OF CHANGES IN THE TOTAL OPEB LIABILITY AND RELATED RATIOS
TEXAS MUNICIPAL RETIREMENT SYSTEM
FOR THE YEAR ENDED SEPTEMBER 30, 2023**

REQUIRED SUPPLEMENTARY INFORMATION

	12/31/2017	12/31/2018	12/31/2019	12/31/2020	12/31/2021	12/31/2022
	Total OPEB Liability					
Service Cost	\$ 7,252	\$ 8,463	\$ 8,199	\$ 10,726	\$ 13,503	\$ 14,924
Interest	6,337	6,400	7,253	6,316	5,131	4,813
Differences between Expected and Actual Experience		1,865	(14,527)	(18,112)	(15,023)	3,313
Benefit Payments	(1,920)	(2,227)	(2,343)	(2,681)	(7,001)	(6,830)
Changes in Assumptions	13,560	(12,158)	34,522	31,368	7,630	(88,177)
Net Change	\$ 25,229	\$ 2,343	\$ 33,104	\$ 27,617	\$ 4,240	\$ (71,957)
Beginning Balance	164,992	190,221	192,564	225,668	253,285	257,525
Ending Balance	<u>\$ 190,221</u>	<u>\$ 192,564</u>	<u>\$ 225,668</u>	<u>\$ 253,285</u>	<u>\$ 257,525</u>	<u>\$ 185,568</u>
Total OPEB Liability	\$ 190,221	\$ 192,564	\$ 225,668	\$ 253,285	\$ 257,525	\$ 185,568
Covered Payroll	\$ 2,133,041	\$ 2,226,993	\$ 2,342,580	\$ 2,437,724	\$ 2,500,510	\$ 2,529,543
Total OPEB Liability as a Percentage of Covered Payroll	8.92%	8.65%	9.63%	10.39%	10.30%	7.34%

Note: Only six years of GASB 75 data available as of 12/31/2022. The remaining four 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, 2023

REQUIRED SUPPLEMENTARY INFORMATION - BUDGETARY BASIS (UNAUDITED)

	Original	Final	Actual	Variance with Final Budget Positive (Negative)
Revenue:				
Taxes:				
Property Taxes and Related Fees	\$ 1,270,000	\$ 1,270,000	\$ 1,267,767	\$ (2,233)
Sales and Use Taxes	625,000	625,000	812,229	187,229
Gross Receipts Business Tax	327,000	327,000	424,959	97,959
Motel Occupancy Taxes	34,500	34,500	7,647	(26,853)
Intergovernmental Revenue and Grants	66,622	66,622	323,601	256,979
Charges for Services	1,780,932	1,780,932	1,872,264	91,332
Fines and Fees	86,100	86,100	100,180	14,080
Investment Earnings	18,500	488,500	531,200	42,700
Contributions and Donations	124,347	124,347	99,528	(24,819)
Other Revenue	74,000	262,000	311,875	49,875
Total Revenues	<u>\$ 4,407,001</u>	<u>\$ 5,065,001</u>	<u>\$ 5,751,250</u>	<u>\$ 686,249</u>
Expenditures:				
Current:				
Legislative	\$ 75,735	\$ 75,735	\$ 17,543	\$ 58,192
Administrative	274,856	274,856	241,503	33,353
Police	1,174,254	1,263,254	1,172,004	91,250
Fire	172,311	175,664	135,462	40,202
Refuse	270,108	285,108	257,375	27,733
Shared Costs	663,224	721,524	657,592	63,932
Fleet	67,508	67,508	53,024	14,484
EMS	1,019,799	1,019,799	890,515	129,284
Dispatch	230,613	230,613	219,785	10,828
Economic Development	99,347	99,347	88,848	10,499
Licensing and Enforcement	193,260	195,760	178,511	17,249
Emergency Management	27,994	27,994	20,853	7,141
Residential Collection	447,981	447,981	401,585	46,396
Public Works	1,319,120	1,330,120	1,037,750	292,370
Municipal Court	109,052	109,052	89,419	19,633
Aquatics/Pool	492,892	522,892	140,050	382,842
Debt Service:				
Principal			367,196	(367,196)
Interest Expense and Related Fees			83,752	(83,752)
Total Expenditures	<u>\$ 6,638,054</u>	<u>\$ 6,847,207</u>	<u>\$ 6,052,767</u>	<u>\$ 794,440</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>\$ (2,231,053)</u>	<u>\$ (1,782,206)</u>	<u>\$ (301,517)</u>	<u>\$ 1,480,689</u>
Other Financing Sources (Uses):				
Transfers In (Out)	\$ 2,360,152	\$ 2,360,152	\$ 1,977,503	\$ (382,649)
Proceeds from the Sale of Capital Assets			10,000	10,000
Total Other Financing Sources	<u>\$ 2,360,152</u>	<u>\$ 2,360,152</u>	<u>\$ 1,987,503</u>	<u>\$ (372,649)</u>
Net Change in Fund Balances	\$ 129,099	\$ 577,946	\$ 1,685,986	<u>\$ 1,108,040</u>
Fund Balances - Beginning	<u>3,673,108</u>	<u>3,673,108</u>	<u>3,673,108</u>	
Fund Balances - Ending	<u>\$ 3,802,207</u>	<u>\$ 4,251,054</u>	<u>\$ 5,359,094</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	N/A
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, 2023**

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, 2023

	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	\$ 78,728	\$ 67,957	\$	\$ 149,259
Accounts Receivable (Net)		7,153		5,324	12,477
Total Assets	\$ 2,574	\$ 85,881	\$ 67,957	\$ 5,324	\$ 161,736
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts Payable	\$	\$	\$	\$ 40,623	\$ 40,623
Wages Payable				180	180
Total Liabilities	\$ 0	\$ 0	\$ 0	\$ 40,803	\$ 40,803
Restricted for:					
Enabling Legislation	\$ 2,574	\$	\$ 67,957	\$	\$ 70,531
Assigned		85,881		(35,479)	50,402
Total Fund Balances	\$ 2,574	\$ 85,881	\$ 67,957	\$ (35,479)	\$ 120,933
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 2,574	\$ 85,881	\$ 67,957	\$ 5,324	\$ 161,736

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, 2023

Special Revenue

	Narcotics Fund	Parks and Recreation Fund	Blight Elimination Fund	Airport Fund	Total Nonmajor Governmental Funds (See Exhibit A-5)
Revenue:					
Intergovernmental Revenue and Grants	\$	\$	\$	\$ 44,000	\$ 44,000
Charges for Services		45,588			45,588
Rents and Royalties				30,897	30,897
Total Revenue	\$ 0	\$ 45,588	\$ 0	\$ 74,897	\$ 120,485
Expenditures:					
Current					
Blight Elimination	\$	\$	\$ 7,950	\$	\$ 7,950
Airport				92,340	92,340
Total Expenditures	\$ 0	\$ 0	\$ 7,950	\$ 92,340	\$ 100,290
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ 0	\$ 45,588	\$ (7,950)	\$ (17,443)	\$ 20,195
Other Financing Sources (Uses):					
Transfers In (Out)	\$	\$	\$	\$ 20,000	\$ 20,000
Proceeds from the Sale of Capital Assets			41,960		41,960
Total Other Financing Sources (Uses)	\$ 0	\$ 0	\$ 41,960	\$ 20,000	\$ 61,960
Net Change in Fund Balances	\$ 0	\$ 45,588	\$ 34,010	\$ 2,557	\$ 82,155
Fund Balances - Beginning	\$ 2,574	\$ 40,293	\$ 33,947	\$ (38,036)	\$ 38,778
Fund Balances - Ending	\$ 2,574	\$ 85,881	\$ 67,957	\$ (35,479)	\$ 120,933

OVERALL COMPLIANCE AND INTERNAL CONTROL SECTION

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

CERTIFIED PUBLIC ACCOUNTANTS

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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, the aggregate discretely presented component unit, 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, 2023, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated January 16, 2024.

Report on 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 and significant deficiencies may exist that have not been identified.

Report on 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 City's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Bolinger, Segars, Gilbert & Moss LLP

Certified Public Accountants

Lubbock, Texas

January 16, 2024