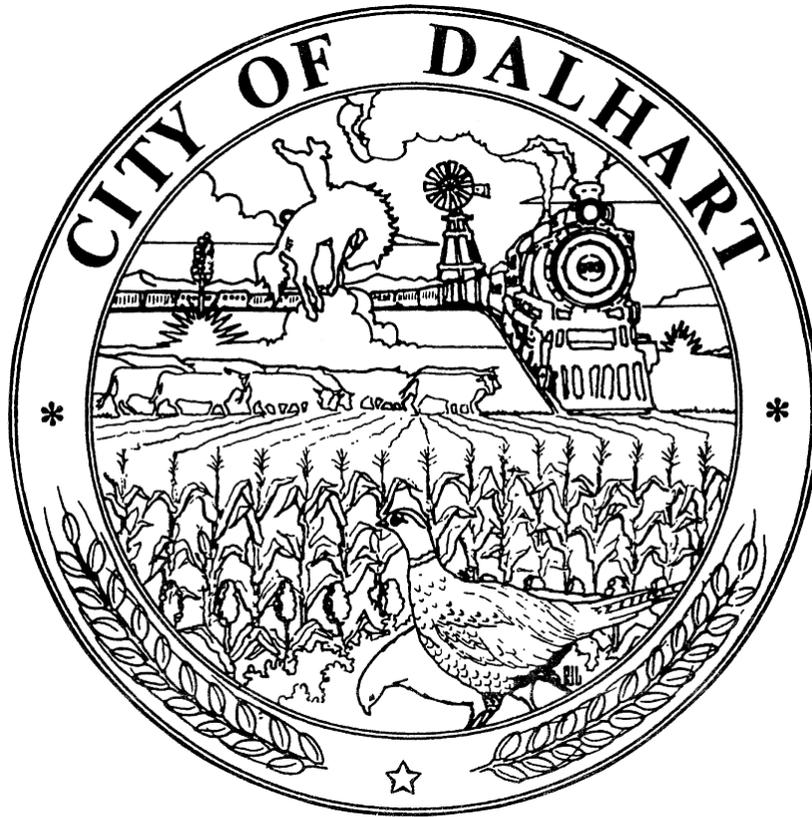


CITY OF DALHART, TEXAS

**Comprehensive
Annual Financial
Report**

**For the Year Ended
September 30, 2021**



**Prepared by:
The Finance Department
Acting Director of Finance, Sarah Cooley**

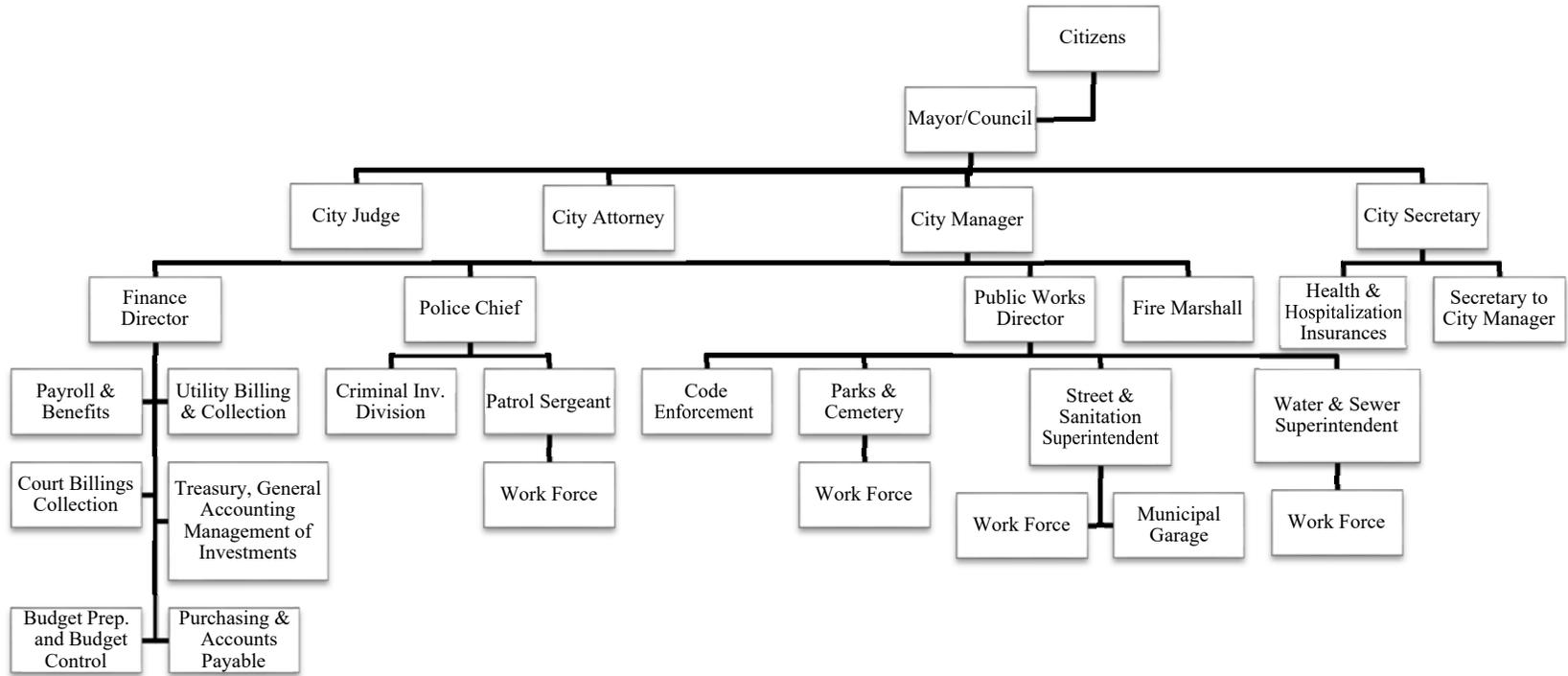
**CITY OF DALHART, TEXAS
ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED SEPTEMBER 30, 2021**

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INTRODUCTORY SECTION

**CITY OF DALHART, TEXAS
ORGANIZATIONAL STRUCTURE AND
CHARTS OF AREAS OF RELATED WORK**



**City of Dalhart, Texas
Principal Officials
September 30, 2021**

ELECTED OFFICIALS

Justin Moore	Mayor
Ian Van Den Heever	Council Member
Dwayne Smith	Council Member
Ginger Cleavinger	Council Member
Parker Noel	Council Member
Bryan Brewer	Council Member
John Loeppky	Council Member
Sherri Haschke	Council Member
Tim Yee	Council Member

APPOINTED OFFICIALS

James Stroud	City Manager
Wendy Kleynhans	City Secretary
Brent Walker	Finance Director
David Conner	Police Chief
Curtis Brown	Fire Marshall
Gilbert Ramirez	Parks & Cemetery Superintendent
Dennis Rojas	Public Works Director
Mike Olvera	Water & Sewer Superintendent
Curtis Green	Street/Sanitation/Landfill Superintendent
James Perez	Fleet Superintendent
Greg Oelke	City Attorney
Rhonda Reyna	Municipal Court Judge

FINANCIAL SECTION



3444 N 1st, Suite 404
Abilene, Texas 79603
Phone 325.268.1033

INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor and City Council
of the City of Dalhart, Texas:

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Dalhart, Texas (the "City"), as of and for the 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.

Opinions

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

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.

Auditors' 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 auditors' 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 City'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 City'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.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that management's discussion and analysis and the required supplementary 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.

Other Information

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued a report dated November 28, 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* and should be considered in assessing the results of our audit.

Fullerton & Associates, PLLC

Fullerton & Associates, PLLC

November 28, 2022

**CITY OF DALHART, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
AS OF AND FOR THE YEAR ENDED SEPTEMBER 30, 2021**

As management of the City of Dalhart, we offer readers of the City of Dalhart, Texas' financial statements this narrative overview and analysis of the financial activities of the City of Dalhart, Texas for the fiscal year ended September 30, 2021.

FINANCIAL HIGHLIGHTS

Government-Wide Financial Statements

- The assets of the City of Dalhart exceeded its liabilities at the close of the 2021 fiscal year by \$24,434,424 (net position).
- As of September 30, 2021, \$7,317,954 (unrestricted) may be used to meet the government's ongoing obligations to citizens. \$16,252,766 is invested in capital assets, and \$863,704 is restricted to spending for specific purposes only.
- The City's total assets increased by \$2,531,021 during the 2021 fiscal year, primarily due to the spending of debt proceeds from the City's issuance of the 2021 Refunding Bond.
- The net position of the City increased by \$1,992,072 during the 2021 fiscal year.

Fund Financial Statements

- As of the close of the current fiscal year, the City of Dalhart's General Fund reported an ending unassigned fund balance of \$6,384,065 which reflects a decrease of \$674,449 in unassigned fund balances for the year ended September 30, 2021.
- Cumulatively, the non-major special revenue funds reported ending fund balances totaling of \$2,090,483 which reflects a decrease of \$168,603 for the year ended September 30, 2021, all of which is nonspendable, restricted, committed or assigned for each special revenue funds' specific purpose.
- The City's Water & Sewer Fund had a decrease of \$18,494 in its net position during the 2021 fiscal year, resulting in an ending fund balance of \$6,693,253, \$7,104,801 of which is invested in capital assets.
- The City's Airport Fund had a decrease of \$376,760 in its net position during the 2021 fiscal year, resulting in an ending fund balance of \$3,307,369, \$2,706,423 of which is invested in capital assets.
- The City's Fiduciary funds hold a net position for scholarship benefits of \$970,843 as of September 30, 2021.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the City of Dalhart's basic financial statements. The City of Dalhart's basic financial statements comprise three components:

- 1) government- wide financial statements,
- 2) fund financial statements, and
- 3) notes to the financial statements.

This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-Wide Financial Statements

The statement of net position presents information on all the City of Dalhart's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City of Dalhart is improving or deteriorating.

The statement of activities presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes).

**CITY OF DALHART, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
AS OF AND FOR THE YEAR ENDED SEPTEMBER 30, 2021**

The government-wide financial statements reflect functions of the City of Dalhart that are principally supported by taxes and intergovernmental revenues (governmental activities). The governmental activities of the City of Dalhart include general government, public safety (comprised of police, fire, and ambulance activities), judicial, street, sanitation, garage, and culture and recreation (comprised of swimming pool, parks and cemetery, and promotion and tourism activities). The government-wide financial statements can be found on pages 11 and 12 of this report.

Fund Financial Statements

A fund is a grouping of related accounts that are used to maintain control over resources that have been segregated for specific activities or objectives. The City of Dalhart, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City of Dalhart can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus on governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenue, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The City of Dalhart maintains ten governmental funds. Information is presented in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, which is considered to be a major fund and the nine non-major special revenue funds which are combined on the fund financial statements but are broken out in the supplementary information found on pages 54 and 55 of this report. The governmental fund financial statements can be found on pages 13-16 of this report.

Proprietary funds. When the City charges customers for the services it provides, these services are generally reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the Statement of Net Position and the Statement of Activities. In fact, the City's enterprise funds are the same as the business-type activities reported in the government-wide financial statements, but the proprietary fund statements provide more detail and additional information, such as cash flows, for the proprietary fund. The City utilizes two proprietary funds, the Water & Sewer fund and the Airport fund. The proprietary fund statements can be found on pages 17-19 of this report.

Fiduciary funds. The City is the trustee, or fiduciary, for certain funds. It is also responsible for other assets that, because of a trust arrangement, can be used only for the trust beneficiaries. The City is responsible for ensuring that the assets reported in these funds are used for their intended purposes. All the City fiduciary activities are reported in a separate statement of fiduciary net position. We exclude these activities from the City's government-wide financial statements because the City cannot use these assets to finance its operation. The fiduciary fund financial statements can be found on page 20 of this report, and their combining statements on page 56.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 21-44 of this report.

**CITY OF DALHART, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
AS OF AND FOR THE YEAR ENDED SEPTEMBER 30, 2021**

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City of Dalhart, assets exceeded liabilities by \$24,434,424 at the end of 2021. As of September 30, 2021, \$16,252,766 of the City of Dalhart's net position (67%) reflects its investment in capital assets (e.g., buildings, equipment, infrastructure, and road improvements). The City of Dalhart uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending.

City of Dalhart's Net Position—Comparative Schedules

	Governmental Activities		Business-Type Activities		Total	
	2021	2020	2021	2020	2021	2020
Current and other assets	\$ 9,958,603	\$ 10,409,945	\$ 1,189,183	\$ 1,919,473	\$ 11,147,786	\$ 12,329,418
Capital assets (net of depreciation)	8,945,064	6,440,330	16,262,728	16,236,441	25,207,792	22,676,771
Total assets	18,903,667	16,850,275	17,451,911	18,155,914	36,355,578	35,006,189
Total deferred outflows	152,735	134,454	27,103	20,204	179,838	154,658
Total internal balances	-	(213,283)	-	213,283	-	-
Current and other liabilities	679,620	593,622	1,864,594	1,527,846	2,544,214	2,121,468
Long-term liabilities	3,430,717	3,668,011	5,484,297	6,357,713	8,915,014	10,025,724
Total liabilities	4,110,337	4,261,633	7,348,891	7,885,559	11,459,228	12,147,192
Total deferred inflows of resources	512,263	463,337	129,501	107,966	641,764	571,303
Net position:						
Net investment in capital assets	6,441,542	6,770,111	9,811,224	9,638,441	16,252,766	16,408,552
Restricted	863,704	917,478	-	-	863,704	917,478
Unrestricted	7,128,556	4,358,887	189,398	757,435	7,317,954	5,116,322
Total net position	\$ 14,433,802	\$ 12,046,476	\$ 10,000,622	\$ 10,395,876	\$ 24,434,424	\$ 22,442,352

**CITY OF DALHART, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
AS OF AND FOR THE YEAR ENDED SEPTEMBER 30, 2021**

City of Dalhart's Changes in Net Position—Comparative Schedules

	Governmental Activities		Business-Type Activities		Total	
	2021	2020	2021	2020	2021	2020
Program Revenues						
Fees, fines, and charges for services	\$ 1,947,300	\$ 1,862,233	\$ 3,382,248	\$ 3,481,592	\$ 5,329,548	\$ 5,343,825
Operating grants and contributions	1,132,771	170,463	-	-	1,132,771	170,463
General Revenues						
Taxes	6,033,807	5,077,744	-	-	6,033,807	5,077,744
Investment earnings	15,700	71,214	875	12,235	16,575	83,449
Miscellaneous	485,193	95,802	7,987	2,734	493,180	98,536
Total Revenues	<u>9,614,771</u>	<u>7,277,456</u>	<u>3,391,110</u>	<u>3,496,561</u>	<u>13,005,881</u>	<u>10,774,017</u>
Expenditures						
General administrative	1,569,670	1,472,335	-	-	1,569,670	1,472,335
Public safety	1,778,499	1,792,383	-	-	1,778,499	1,792,383
Judicial	33,854	31,325	-	-	33,854	31,325
Street	1,089,699	698,269	-	-	1,089,699	698,269
Sanitation	879,854	856,081	-	-	879,854	856,081
Garage	363,828	238,872	-	-	363,828	238,872
Culture and recreation	1,709,807	993,027	-	-	1,709,807	993,027
Water and sewer	-	-	3,193,851	2,512,885	3,193,851	2,512,885
Airport	-	-	404,747	372,017	404,747	372,017
Total expenditures	<u>7,425,211</u>	<u>6,082,292</u>	<u>3,598,598</u>	<u>2,884,902</u>	<u>11,023,809</u>	<u>8,967,194</u>
Transfers In	197,766	199,000	-	-	197,766	199,000
Transfers Out	-	-	(187,766)	(189,000)	(187,766)	(189,000)
Other financing sources (uses)	-	(136,279)	-	465,208	-	328,929
Total other financing sources (uses)	<u>197,766</u>	<u>62,721</u>	<u>(187,766)</u>	<u>276,208</u>	<u>10,000</u>	<u>338,929</u>
Change in net position	2,387,326	1,257,885	(395,254)	887,867	1,992,072	2,145,752
Net position, beginning - as restated	12,046,476	10,788,591	10,395,876	9,508,009	22,442,352	20,296,600
Net position, ending	<u>\$ 14,433,802</u>	<u>\$ 12,046,476</u>	<u>\$ 10,000,622</u>	<u>\$ 10,395,876</u>	<u>\$ 24,434,424</u>	<u>\$ 22,442,352</u>

**CITY OF DALHART, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
AS OF AND FOR THE YEAR ENDED SEPTEMBER 30, 2021**

FINANCIAL ANALYSIS OF THE GOVERNMENTS FUNDS

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

As of the end of Fiscal Year 2021, the City of Dalhart's governmental General Fund reported an ending fund balance of \$6,384,065, \$5,760,499 of which was unassigned and available for spending at the City's discretion. This represents approximately eight months of operating equity based on fiscal year 2021 General fund expenditures.

CAPITAL ASSETS

The City of Dalhart's investment in capital assets for its governmental activities amounts to (net of accumulated depreciation) as of September 30, 2021, and its investment in capital assets for its business-type activities amounts to (net of accumulated depreciation). These investments in capital assets includes city land, buildings, water, sewer and sanitation facilities, airport facilities, as well as city vehicles and equipment. See detailed comparative schedules of the City's capital asset balances on the following page.

Additional information on the City of Dalhart's capital assets can be found in Note 4 on pages 30 and 31 of this report.

DEBT ADMINISTRATION

At September 30, 2021, the City had in outstanding long-term liabilities, comprised of long term debt, capital leases, compensated absence accruals, long term retirement obligations and the City's landfill remediation liability. See detailed comparative schedules of the City's long-term liabilities on the following page.

Additional information on the City of Dalhart's debt can be found in Note 6 on pages 32 through 35 of this report.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the City of Dalhart's finances for those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the City Secretary, City of Dalhart, PO Box 2005, Dalhart, Texas 79022.

**CITY OF DALHART, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
AS OF AND FOR THE YEAR ENDED SEPTEMBER 30, 2021**

City of Dalhart's Capital Assets—Comparative Schedules

	Governmental Activities		Business-Type Activities		Total	
	2021	2020	2021	2020	2021	2020
	2021	2020	2021	2020	2021	2020
Land	\$ 255,694	\$ 255,694	\$ 229,507	\$ 229,507	\$ 485,201	\$ 485,201
Construction in progress	2,390,851	-	1,372,171	-	3,763,022	-
Buildings and improvements	2,624,896	2,778,710	2,537,597	2,887,928	5,162,493	5,666,638
Machinery, vehicles and equipment	3,293,987	2,991,519	1,121,534	1,147,739	4,415,521	4,139,258
Infrastructure	379,636	414,407	11,001,919	11,971,267	11,381,555	12,385,674
	<u>\$ 8,945,064</u>	<u>\$ 6,440,330</u>	<u>\$ 16,262,728</u>	<u>\$ 16,236,441</u>	<u>\$ 25,207,792</u>	<u>\$ 22,676,771</u>

City of Dalhart's Long-Term Liabilities—Comparative Schedules

	Governmental Activities		Business-Type Activities		Total	
	2021	2020	2021	2020	2021	2020
	2021	2020	2021	2020	2021	2020
Landfill remediation liability	\$ 623,376	\$ 595,262	-	-	\$ 623,376	\$ 595,262
Compensated absences	72,260	101,226	11,905	16,506	84,165	117,732
Total OPEB liability	218,204	157,742	5,888	35,207	224,092	192,949
Net pension liability	25,821	83,336	-	-	25,821	83,336
Capital leases payable	189,578	265,481	-	-	189,578	265,481
Unamortized premium on debt	-	115,847	621,504	-	621,504	115,847
Certificates and bond obligations	2,425,000	2,450,000	5,830,000	7,333,000	8,255,000	9,783,000
	<u>\$ 3,554,239</u>	<u>\$ 3,768,894</u>	<u>\$ 6,469,297</u>	<u>\$ 7,384,713</u>	<u>\$ 10,023,536</u>	<u>\$ 11,153,607</u>

BASIC FINANCIAL STATEMENTS

CITY OF DALHART, TEXAS
STATEMENT OF NET POSITION
SEPTEMBER 30, 2021

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	Economic Development Corporation
ASSETS				
Pooled cash and cash equivalents	\$ 2,120,325	\$ 593,506	\$ 2,713,831	\$ 484,318
Investments	5,843,650	105,679	5,949,329	2,829,922
Receivables (net of allowance for uncollectible)	1,360,176	258,747	1,618,923	118,338
Inventories	190	-	190	-
Restricted assets: Cash and equivalents	23,140	172,739	195,879	-
Capital assets:				
Land	255,694	229,507	485,201	48,379
Construction in progress	2,390,851	1,372,171	3,763,022	-
Infrastructure	5,307,551	22,000,320	27,307,871	-
Buildings and improvements	6,311,163	9,819,389	16,130,552	-
Machinery, vehicles, and equipment	10,336,890	5,245,666	15,582,556	-
Less: accumulated depreciation	(15,657,085)	(22,404,325)	(38,061,410)	-
Intangible assets:				
Deferred charge on bond refunding, (net of accumulated amortization)		3,667	3,667	-
Net pension asset (TMRS)	611,122	54,845	665,967	-
Total assets	<u>18,903,667</u>	<u>17,451,911</u>	<u>36,355,578</u>	<u>3,480,957</u>
DEFERRED OUTFLOWS OF RESOURCES				
Deferred outflows - OPEB	39,157	8,935	48,092	-
Deferred outflows - pension	113,578	18,168	131,746	-
Total deferred outflows of resources	<u>152,735</u>	<u>27,103</u>	<u>179,838</u>	<u>-</u>
LIABILITIES				
Accounts payable	431,886	271,631	703,517	-
Overdraft payable	-	408,024	408,024	-
Accrued wages and payroll expenses	61,842	5,245	67,087	-
Deposits payable	23,140	172,739	195,879	-
Accrued interest	39,230	21,955	61,185	-
Current portion of long-term liabilities	123,522	985,000	1,108,522	-
Noncurrent liabilities				
Compensated absences payable	72,260	11,905	84,165	-
Total OPEB liability	218,204	5,888	224,092	-
Net pension liability (TESRS)	25,821	-	25,821	-
Certificates of obligation and bonds payable	2,380,000	4,845,000	7,225,000	-
Unamortized premium on bonds		621,504	621,504	-
Capital leases payable	111,056	-	111,056	-
Landfill remediation liability	623,376	-	623,376	-
Total liabilities	<u>4,110,337</u>	<u>7,348,891</u>	<u>11,459,228</u>	<u>-</u>
DEFERRED INFLOWS OF RESOURCES				
Deferred inflows - OPEB	13,763	3,182	16,945	-
Deferred inflows - pension	498,500	126,319	624,819	-
Total deferred inflows of resources	<u>512,263</u>	<u>129,501</u>	<u>641,764</u>	<u>-</u>
NET POSITION				
Net investment in capital assets	6,441,542	9,811,224	16,252,766	-
Restricted for public safety	42,051	-	42,051	-
Restricted for tourism and community development	280,859	-	280,859	-
Restricted for Cemetery - expendable	275,137	-	275,137	-
Restricted for Cemetery - non-expendable	265,657	-	265,657	-
Unrestricted	7,128,556	189,398	7,317,954	3,480,957
Total net position	<u>\$ 14,433,802</u>	<u>\$ 10,000,622</u>	<u>\$ 24,434,424</u>	<u>\$ 3,480,957</u>

The notes to the financial statements are an integral part of this statement.

**CITY OF DALHART, TEXAS
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2021**

PRIMARY GOVERNMENT FUNCTIONS/PROGRAMS	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position			Component Unit Economic Development Corporation
		Charges for Services	Grants and Contributions	Governmental Activities	Business-Type Activities	Total	
GOVERNMENTAL ACTIVITIES							
General administrative	\$ 1,569,670	\$ 90,812	\$ 1,089,296	\$ (389,562)	\$ -	\$ (389,562)	-
Judicial	33,854	76,322	-	42,468	-	42,468	-
Public safety: Police	1,370,607	2,290	-	(1,368,317)	-	(1,368,317)	-
Fire	369,183	282,890	-	(86,293)	-	(86,293)	-
Ambulance	38,709	-	-	(38,709)	-	(38,709)	-
Street	1,089,699	44,648	-	(1,045,051)	-	(1,045,051)	-
Sanitation	879,854	1,198,116	-	318,262	-	318,262	-
Garage	363,828	-	-	(363,828)	-	(363,828)	-
Culture and recreation: Swimming pool	110,506	28,888	-	(81,618)	-	(81,618)	-
Parks and cemetery	542,746	222,178	288	(320,280)	-	(320,280)	-
Promotion and tourism	1,056,555	1,156	43,187	(1,012,212)	-	(1,012,212)	-
Total governmental activities	7,425,211	1,947,300	1,132,771	(4,345,140)	-	(4,345,140)	-
BUSINESS-TYPE ACTIVITIES							
Water and sewer	3,193,851	3,356,378	-	-	162,527	162,527	-
Airport	404,747	25,870	-	-	(378,877)	(378,877)	-
Total business-type activities	3,598,598	3,382,248	-	-	(216,350)	(216,350)	-
TOTAL PRIMARY GOVERNMENT	\$ 11,023,809	\$ 5,329,548	\$ 1,132,771	(4,345,140)	(216,350)	(4,561,490)	\$ -
COMPONENT UNIT							
Economic Development Corporation	\$ 553,181		\$ 36,000				\$ (517,181)
General revenues:							
Property taxes				2,218,560	-	2,218,560	-
Sales and use taxes				2,174,288	-	2,174,288	726,096
Franchise taxes				469,884	-	469,884	-
CRP & Hotel/Motel occupancy taxes				1,159,925	-	1,159,925	-
Alcoholic beverage taxes				11,150	-	11,150	-
Investment earnings				15,700	875	16,575	2,489
Miscellaneous				485,193	7,987	493,180	-
Gain/(Loss) on disposal of fixed assets				-	-	-	209,000
Transfers				197,766	(187,766)	10,000	(10,000)
Total general revenues and transfers				6,732,466	(178,904)	6,553,562	927,585
CHANGE IN NET POSITION				2,387,326	(395,254)	1,992,072	410,404
BEGINNING NET POSITION				12,046,476	10,395,876	22,442,352	3,070,553
PRIOR PERIOD ADJUSTMENT				-	-	-	-
BEGINNING NET POSITION, AS RESTATED				12,046,476	10,395,876	22,442,352	3,070,553
NET POSITION AT END OF YEAR				\$ 14,433,802	\$ 10,000,622	\$ 24,434,424	\$ 3,480,957

The notes to the financial statements are an integral part of this statement.

**CITY OF DALHART, TEXAS
BALANCE SHEET – GOVERNMENTAL FUNDS
SEPTEMBER 30, 2021**

	General Fund	Total Non-major Funds	Total Governmental Funds
	<u> </u>	<u> </u>	<u> </u>
ASSETS			
Cash and cash equivalents	\$ 961,995	\$ 1,181,470	\$ 2,143,465
Investments	5,048,194	795,456	5,843,650
Taxes receivables (net of allowances)	520,635	75,074	595,709
Intergovernmental receivable	447,675	-	447,675
Interest receivable	4,523	1,440	5,963
Other receivables (net of allowances)	305,513	5,316	310,829
Due from other funds	-	500,000	500,000
Inventories	190	-	190
	<u> </u>	<u> </u>	<u> </u>
Total assets	<u>\$ 7,288,725</u>	<u>\$ 2,558,756</u>	<u>\$ 9,847,481</u>
LIABILITIES			
Accounts payable	\$ 277,806	\$ 154,080	\$ 431,886
Accrued payroll liabilities	57,223	4,619	61,842
Deposits payable	4,926	18,214	23,140
Due to other funds	494,573	5,427	500,000
	<u> </u>	<u> </u>	<u> </u>
Total liabilities	834,528	182,340	1,016,868
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue - community development	-	285,933	285,933
Unavailable revenue - property taxes	46,327	-	46,327
Unavailable revenue - other receivables	23,805	-	23,805
	<u> </u>	<u> </u>	<u> </u>
Total deferred inflows of resources	70,132	285,933	356,065
FUND BALANCES			
Nonspendable fund balance:			
Cemetery perpetual care	-	265,657	265,657
Inventories	190	-	190
Restricted fund balance:			
Cemetery perpetual care	-	275,137	275,137
Police department state training funds	-	4,480	4,480
Drug seizure	-	4,400	4,400
Municipal court technology	-	33,171	33,171
Tourism advertising and promotion	-	(5,074)	(5,074)
Committed fund balance:			
Landfill assurance	623,376	-	623,376
Assigned fund balance:			
Community development	-	157,727	157,727
Rita Blanca Park	-	55,716	55,716
Fleet	-	1,299,269	1,299,269
Unassigned fund balance	5,760,499	-	5,760,499
	<u> </u>	<u> </u>	<u> </u>
Total fund balances	<u>6,384,065</u>	<u>2,090,483</u>	<u>8,474,548</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES			
	<u>\$ 7,288,725</u>	<u>\$ 2,558,756</u>	<u>\$ 9,847,481</u>

The notes to the financial statements are an integral part of this statement.

**CITY OF DALHART, TEXAS
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
SEPTEMBER 30, 2021**

Total Fund Balances - Governmental Funds Balance Sheet	\$ 8,474,548
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds balance sheet. The net effect is to increase net position.	8,945,064
Long-term liabilities, including debt, compensated absences, the City's net pension and total OPEB liabilities, and landfill remediation liabilities, are not due and payable in the current period and, therefore, are not reported in the governmental funds. The net effect is a decrease in net position.	(3,349,444)
Certain assets, such as taxes receivable and imposed fines receivable, are not available to pay for current-period expenditures and are not recognized as revenue in the governmental funds. Deferred inflows of resources recognized in the government-wide financial statements results in a net increase to net position.	356,065
Included in the items related to long-term liabilities is the recognition of the County's deferred outflow of resources, and deferred inflow of resources relating to its pension liability.	<u>7,569</u>
Net Position of Governmental Activities - Statement of Net Position	<u><u>\$ 14,433,802</u></u>

The notes to the financial statements are an integral part of this statement.

CITY OF DALHART, TEXAS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE—GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2021

	General Fund	Total Non-major Funds	Total Governmental Funds
REVENUES			
Taxes			
Property	\$ 2,218,560	\$ -	\$ 2,218,560
Sales and use	2,174,288	-	2,174,288
Franchise	469,884	-	469,884
Mixed beverage	11,150	-	11,150
Hotel/motel occupancy		885,038	885,038
Licenses and permits	49,514	-	49,514
Fines and forfeitures	71,587	7,025	78,612
Intergovernmental	282,890	797,010	1,079,900
Charges for services	1,379,502	83,800	1,463,302
Investment earnings	14,788	912	15,700
Grants and contributions	1,089,296	43,475	1,132,771
Miscellaneous	397,071	98,064	495,135
	8,158,530	1,915,324	10,073,854
EXPENDITURES			
Current:			
General administrative	1,114,584	-	1,114,584
Judicial	35,226	-	35,226
Public safety:			
Police	1,701,421	2,030	1,703,451
Fire	376,155	-	376,155
Ambulance	38,709	-	38,709
Street	1,187,174	-	1,187,174
Garage	375,567	-	375,567
Sanitation	1,086,409	-	1,086,409
Culture and recreation:			
Swimming pool	82,242	-	82,242
Parks and cemetery	292,772	269,577	562,349
Promotion and tourism	-	1,056,555	1,056,555
Capital Outlay	2,552,223	730,008	3,282,231
Debt service:			
Principal	25,000	85,168	110,168
Interest and fiscal charges	103,852	-	103,852
	8,971,334	2,143,338	11,114,672
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES	(812,804)	(228,014)	(1,040,818)
OTHER FINANCING SOURCES (USES)			
Transfers in (out)	138,355	59,411	197,766
Total other financing sources (uses)	138,355	59,411	197,766
NET CHANGE IN FUND BALANCES	(674,449)	(168,603)	(843,052)
FUND BALANCES AT BEGINNING OF YEAR	7,058,514	2,259,086	9,317,600
FUND BALANCES AT END OF YEAR	\$ 6,384,065	\$ 2,090,483	\$ 8,474,548

The notes to the financial statements are an integral part of this statement.

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

Net Change in Fund Balances - Total Governmental Funds	\$	(843,052)
Amounts reported for governmental activities in the statement of activities are different because:		
Current year capital outlays are expenditures in the fund financial statements, but they are shown as increases in capital assets in the government-wide financial statements. The net effect of including capital outlays is to increase net position.		3,282,231
Depreciation expense is not reflected in the governmental funds but is recorded in the government-wide financial statements as an expense and an increase to accumulated depreciation. The net effect of recording current year depreciation expense is to decrease net position.		(777,497)
Gains or losses on disposal of fixed assets are not reflected in the fund financial statements but are recorded in the government-wide financial statements as the difference between the net book value of assets disposed off and any compensation received for the assets. The current year's loss is a decrease to net position.		-
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the governmental funds. The current year increase in revenue recognized in the government-wide financial statements results in a increase in net position.		145,869
Proceeds from long-term debt and capital leases are recorded as revenues in the fund financial statements, but are reflected as liabilities in the government-wide financial statements. The effect is a decrease to net position.		-
Current year long-term debt principal payments on long-term debt are expenditures in the fund financial statements but are shown as reductions in long-term debt in the government-wide financial statements. This results in an increase in net position.		110,168
The net decrease in compensated absences payable results in an increase to net position.		28,966
Governmental funds report the effect of increasing the landfill remediation liability when the estimate is first adjusted. These amounts are deferred and amortized in the statement of activities which results in a decrease in net position.		(28,114)
Interest payable on long-term debt is accrued in the government-wide financial statements, whereas, in the fund financial statements, interest expense is reported when due. This is a net decrease in accrual and to net position.		(39,230)
Certain expenditures for the pension that are recorded to the fund financial statements must be recorded as deferred outflows of resources. Contributions made after the measurement date caused the change in net position to increase. The City's unrecognized deferred inflows and outflows for TMRS and TESRS as of the measurement date must be amortized and the City's share of pension expense must be recognized.		507,985
Change in Net Position of Governmental Activities - Statement of Activities	\$	<u>2,387,326</u>

The notes to the financial statements are an integral part of this statement.

CITY OF DALHART, TEXAS
STATEMENT OF NET POSITION—PROPRIETARY FUNDS
SEPTEMBER 30, 2021

	Water and Sewer Fund	Airport Fund	Total Enterprise Funds
ASSETS			
Current assets:			
Cash and cash equivalents	\$ -	\$ 593,506	\$ 593,506
Investments	97,947	7,732	105,679
Receivables (net of allowances)	258,747		258,747
Restricted assets:			
Restricted cash- deposits	172,259	480	172,739
Total current assets	528,953	601,718	1,130,671
Noncurrent assets:			
Capital assets:			
Land	46,695	182,812	229,507
Construction in progress	1,372,171	-	1,372,171
Buildings and improvements	361,642	9,457,747	9,819,389
Machinery, vehicles and equipment	5,093,947	151,719	5,245,666
Infrastructure	22,000,320	-	22,000,320
Less accumulated depreciation	(15,318,470)	(7,085,855)	(22,404,325)
Capital assets, net of depreciation	13,556,305	2,706,423	16,262,728
Intangible assets:			
Deferred charge on bond refunding	55,000	-	55,000
Less accumulated amortization	(51,333)	-	(51,333)
Intangible assets, net of amortization	3,667	-	3,667
Net pension asset	54,845	-	54,845
Total noncurrent assets	13,614,817	2,706,423	16,321,240
Total assets	14,143,770	3,308,141	17,451,911
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows related to OPEB	8,935	-	8,935
Deferred outflows related to pensions	18,168	-	18,168
Total deferred outflows of resources	27,103	-	27,103
LIABILITIES			
Current liabilities:			
Accounts payable	271,339	292	271,631
Overdraft payable	408,024	-	408,024
Accrued payroll liabilities	5,245	-	5,245
Accrued interest payable	21,955	-	21,955
Bonds payable- current	985,000	-	985,000
Deposits payable- restricted assets	172,259	480	172,739
Total current liabilities	1,863,822	772	1,864,594
Noncurrent liabilities:			
Total OPEB liability	5,888	-	5,888
Compensated absences	11,905	-	11,905
Bonds payable	4,845,000	-	4,845,000
Unamortized premium on bonds	621,504	-	621,504
Total noncurrent liabilities	5,484,297	-	5,484,297
Total liabilities	7,348,119	772	7,348,891
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows related to OPEB	3,182	-	3,182
Deferred inflows related to pensions	126,319	-	126,319
Total deferred inflows of resources	129,501	-	129,501
NET POSITION			
Net invested in capital assets	7,104,801	2,706,423	9,811,224
Unrestricted	(411,548)	600,946	189,398
TOTAL NET POSITION	\$ 6,693,253	\$ 3,307,369	\$ 10,000,622
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION	14,170,873	3,308,141	17,479,014

The notes to the financial statements are an integral part of this statement.

CITY OF DALHART, TEXAS
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION—PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2021

	Water and Sewer Fund	Airport Fund	Total Enterprise Funds
OPERATING REVENUES			
Charges for Sales and Services			
Water sales	\$ 2,559,230	\$ -	\$ 2,559,230
Sewer charges	710,011	-	710,011
Water service charges	26,928	-	26,928
Tap fees and penalties	60,209	-	60,209
Fuel and oil commissions	-	9,501	9,501
Lease rentals	-	16,369	16,369
Total operating revenues	<u>3,356,378</u>	<u>25,870</u>	<u>3,382,248</u>
OPERATING EXPENSES			
Personnel services	599,404	-	599,404
Material and supplies	1,180,801	60,294	1,241,095
Contracted services	60,000	-	60,000
Amortization	5,500	-	5,500
Depreciation	1,045,902	344,453	1,390,355
Total operating expenses	<u>2,891,607</u>	<u>404,747</u>	<u>3,296,354</u>
OPERATING INCOME (LOSS)	<u>464,771</u>	<u>(378,877)</u>	<u>85,894</u>
NON-OPERATING REVENUES (EXPENSES)			
Investment earnings	848	27	875
Miscellaneous revenues	5,897	2,090	7,987
Interest expense	(302,244)	-	(302,244)
Net non- operating revenues (expenses)	<u>(295,499)</u>	<u>2,117</u>	<u>(293,382)</u>
INCOME BEFORE TRANSFERS	169,272	(376,760)	(207,488)
TRANSFERS OUT (IN)	<u>(187,766)</u>	<u>-</u>	<u>(187,766)</u>
CHANGE IN NET POSITION	<u>(18,494)</u>	<u>(376,760)</u>	<u>(395,254)</u>
BEGINNING NET POSITION	6,711,747	3,684,129	10,395,876
BEGINNING NET POSITION, AS RESTATED	<u>6,711,747</u>	<u>3,684,129</u>	<u>10,395,876</u>
ENDING NET POSITION	<u>\$ 6,693,253</u>	<u>\$ 3,307,369</u>	<u>\$ 10,000,622</u>

The notes to the financial statements are an integral part of this statement.

CITY OF DALHART, TEXAS
STATEMENT OF CASH FLOWS—PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2021

	Water and Sewer	Airport	Total Enterprise Funds
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash received from customers	\$ 3,504,458	\$ 25,870	\$ 3,530,328
Payments to employees for salaries and benefits	(658,801)	-	(658,801)
Payments to suppliers and service providers	(843,161)	(60,190)	(903,351)
Net cash provided by (used in) operating activities	2,002,496	(34,320)	1,968,176
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES			
Transfers to other funds	(187,766)	-	(187,766)
Advances to other funds	57,627	155,656	213,283
Net cash provided by non-capital financing activities	(130,139)	155,656	25,517
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Interest paid on capital debt	(302,419)	-	(302,419)
Principal paid on capital debt	(881,496)	-	(881,496)
Acquisition or construction of capital assets	(1,416,642)	-	(1,416,642)
Net cash provided by (used in) capital and related financing activities	(2,600,557)	-	(2,600,557)
CASH FLOWS FROM INVESTING ACTIVITIES			
Investment earnings	848	24	872
Proceeds from sale of investments	718,464	-	718,464
Miscellaneous revenues	5,897	2,090	7,987
Net cash provided by investing activities	725,209	2,114	727,323
NET INCREASE/ (DECREASE) IN CASH AND CASH EQUIVALENTS			
	(2,991)	123,450	120,459
CASH AND EQUIVALENTS, BEGINNING			
	175,250	470,536	645,786
CASH AND EQUIVALENTS, ENDING			
	\$ 172,259	\$ 593,986	\$ 766,245
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES			
Operating income (loss)	\$ 464,771	\$ (378,877)	\$ 85,894
Adjustments to reconcile operating income to net cash flows from operating activities:			
Depreciation	1,045,902	344,453	1,390,355
Changes in operating assets:			
Receivables and due from other funds	145,561	-	145,561
Pension deferred outflow/inflow and obligations	(33,456)	-	(33,456)
Changes in operating liabilities:			
Accounts payable	403,140	104	403,244
Accrued liabilities and payroll	(25,941)	-	(25,941)
Customer deposits	2,519	-	2,519
Net cash used in operating activities	\$ 2,002,496	\$ (34,320)	\$ 1,968,176

The notes to the financial statements are an integral part of this statement.

CITY OF DALHART, TEXAS
STATEMENT OF FIDUCIARY NET POSITION – FIDUCIARY FUNDS
SEPTEMBER 30, 2021

		Private-Purpose Trust Funds
ASSETS		
Pooled cash and cash equivalents	\$	77,448
Investments		891,256
Interest receivable		2,139
Total assets	\$	970,843
NET POSITION		
Net position held for scholarship benefits	\$	970,843
Total net position	\$	970,843

The notes to the financial statements are an integral part of this statement.

CITY OF DALHART, TEXAS
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION – FIDUCIARY FUNDS
SEPTEMBER 30, 2021

		Private-Purpose Trust Funds
ADDITIONS		
Investment earnings		
Interest	\$	3,134
Total additions		3,134
DEDUCTIONS		
Scholarship grants		3,500
Bank charges		0
Total deductions		3,500
CHANGE IN NET POSITION		(366)
NET POSITION, BEGINNING		971,209
NET POSITION, ENDING	\$	970,843

The notes to the financial statements are an integral part of this statement.

CITY OF DALHART, TEXAS
STATEMENT OF FIDUCIARY NET POSITION – FIDUCIARY FUNDS
SEPTEMBER 30, 2021

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

General Description of Reporting Entity

The City of Dalhart (the “City”) operates under a charter adopted May 17, 1960, and it prescribes the “Council - Manager” form of government. The City is governed by a mayor, mayor pro-tem, and an eight-member council. The principle services accounted for as primary governmental functions include public safety, streets, sanitation, cultural and recreation, tourism, and general administrative services. In addition, the City maintains the water and sewer system and the airport facility, the operations of which are accounted for as enterprise funds.

The Dalhart Economic Development Corporation (the Corporation) is a “discretely presented component unit,” of the City. The Corporation was organized to act on behalf of the City for the purpose of promotion, and development of industrial, manufacturing, and other economic enterprises in and around the City. Since the City has significant influence over the Corporation, it is discretely presented in the City’s Annual Financial Report. Examples of significant influence are as follows: 1) The governing body of the Corporation is appointed by the City’s Council; 2) The assets of the Corporation are managed by City employees; and 3) The Corporation’s budget is approved by the City’s Council. Complete financial statements for the Corporation may be obtained at the City’s administrative offices.

Basis of Presentation – Government-wide Financial Statements

The statement of net position and the statement of activities include the financial activities of the overall government. The government activities column incorporates data from governmental funds, while business-type activities incorporate data from the government’s enterprise funds. Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements.

As discussed earlier, the government has one discretely presented component unit. While it is not considered to be a major component unit, it is nevertheless shown in a separate column in the government-wide financial statements.

As a general rule, the effect on inter-fund activity has been eliminated from the government-wide financial statements. An exception to this general rule would be charges between the enterprise funds and the various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

These statements distinguish between the governmental and business-type activities of the City. Governmental activities generally are financed through taxes, inter-governmental revenues, and other non-exchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties.

The statement of activities presents a comparison between direct expenses and program revenues for the different business-type activities of the City and for each function of the City’s governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. The City does not allocate indirect expenses in the statement of activities. Program revenues include (a) charges paid by the recipients of goods or services offered by the programs, fees, fines, 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.

The fund financial statements provide information about the City’s funds. Separate statements are presented for each fund category; governmental, proprietary, and fiduciary. The emphasis of governmental fund financial statements is on the major governmental fund. All remaining governmental funds are aggregated and reported as non-major funds. The City reports the following major governmental fund:

The General Fund is the City’s only major governmental fund and is its primary operating fund. It accounts for and reports all financial resources of the City except those required to be accounted for and reported in another fund.

CITY OF DALHART, TEXAS
STATEMENT OF FIDUCIARY NET POSITION – FIDUCIARY FUNDS
SEPTEMBER 30, 2021

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES—Continued

Basis of Presentation – Government-wide Financial Statements—Continued

The City reports the following enterprise funds:

The Water and Sewer Fund is to account for the provisions of water and sewer services to residents and commercial enterprises of the City and approximate area and is considered a major fund. The City maintains this fund to account for water and sewer billing and collection, maintenance and operations, extension and improvements, consumer deposits and debt service, all of which are intended to be self-supporting through user charges.

The Airport Fund is to account for the operation of the Dalhart Airport, and is considered a major fund. In addition to providing runways and related facilities, the Airport includes improvements built by the Federal government for an Air Force Base, which were returned to the City during the 1940's. These facilities, together with later additions, are leased to commercial tenants for warehousing.

In addition, the City reports the following fund types:

Special Revenue Funds: These funds are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditures for specified purposes other than debt service or capital projects.

Permanent Fund: The Cemetery Care Fund accounts for and reports sales of lots and contributions received and held in trust for perpetual care of the cemetery grounds.

Private Purpose Trust Funds: The Bonnie Dejarnett Scholarship Fund account for and report funds received from the Bonnie Dejarnett Estate that are being held in trust to be used for advancing higher education for the citizens of Dallam and Hartley Counties.

During the course of operations, the government has activity between funds for various purposes. Any residual balances outstanding at year end are reported as due to/from other funds. While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Balances between funds included in governmental activities are eliminated so that only the net amount is included as internal balances in the governmental activities column. Similarly, balances between the funds included in business-type activities are eliminated so that only the net amount is included as internal balances in the business-type activities column.

Further, certain activity occurs during the year involving transfers of resources between funds. In fund financial statements these amounts are reported at gross amounts as transfers in/out. While reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Transfers between the funds included in government activities are eliminated so that only the net amount is included as transfers in the government activities column. Similarly, balances between the funds included in business-type activities are eliminated so that only the net amount is included as transfers in the business-type activities column.

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as current financial resources or economic resources. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

The government-wide financial statements are reported using the economic resources measurement focus and 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. Property taxes are recognized as revenues in the year for which they are levied. Grants, entitlements, and donations are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

CITY OF DALHART, TEXAS
STATEMENT OF FIDUCIARY NET POSITION – FIDUCIARY FUNDS
SEPTEMBER 30, 2021

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

Basis of Presentation – Government-wide Financial Statements – Continued

The governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as they are both measurable and available. The City considers all revenues reported in the governmental funds to be available if the revenues are collected within sixty days after year-end. Revenues from local sources consist primarily of property taxes. Property tax revenues and revenues received from the State are recognized under the susceptible-to-accrual concept. Miscellaneous revenues are recorded as revenue when received in cash because they generally are not measurable until actually received. Investment earnings are recorded as earned, since they are both measurable and available.

Expenditures are recorded when the related 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 are due. 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.

The proprietary, permanent trust, and private-purpose trust funds are reported using the economic resources measurement focus and the accrual basis of accounting.

Budgetary Information

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for all funds. The appropriated budget is prepared by fund and department, which is the legal level of budgetary control.

Appropriations in all budgeted funds lapse at the end of the fiscal year even if they have related encumbrances. Encumbrances are commitments related to unperformed contracts for goods and services. Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. While all appropriations and encumbrances lapse at year end, valid outstanding encumbrances (those for which performance under the executory contract is expected in the next year) are re-appropriated and become part of the subsequent year's budget.

For the fiscal year, the budgeted change in General Fund Balance for the year was a decrease of \$902,681, and actual results were a decrease of \$759,617. This was primarily the result of receiving grant funds that were not budgeted for, especially in capital outlay which was under budget by \$2,309,703.

The following departments' expenditures did exceed appropriations: General administrative (\$19,977), garage (\$142,581), parks and cemetery (\$21,742), and debt service (\$189,020). This overspending was covered by the underspending of most other departments within the General Fund.

Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance

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.

CITY OF DALHART, TEXAS
STATEMENT OF FIDUCIARY NET POSITION – FIDUCIARY FUNDS
SEPTEMBER 30, 2021

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance – Continued

Investments

Investments in certificate of deposit are valued at cost as they are nonparticipating investments in which the value does not vary with market interest rate changes. City funds are invested in external pools which are established under the authority of the Inter-local Cooperative Act, Chapter 791 of the Texas Government Code. The City's investments in these pooled funds use amortized cost to value portfolio assets and follow the criteria for GASB Statement NO. 79.

Receivables and Payables

Amounts are aggregated into a single receivable (net of allowances for uncollectible) line for certain funds and aggregated columns. The allowance is based on historical experiences.

Payables consist of vendor obligations for goods and services.

Inventories and Prepaid Items

All inventories are valued at cost using the first-in/first-out (FIFO) method and consist of expendable supplies, vehicle repair parts, and fuel. The cost of such inventories is recorded as expenditures/expenses when consumed rather than when purchased.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g. roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Vehicles and machinery and equipment related assets are defined by the government as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of two years. Buildings and improvements are defined by the government as assets with an initial, individual cost of more than \$25,000 and an estimated useful life in excess of two years. Infrastructure assets are defined by the government as assets with an initial, individual cost of more than \$50,000 and an estimated useful life in excess of two years.

Land is not depreciated. The other property, plant, equipment, and infrastructure of the primary government are depreciated using the straight-line method over the following estimated useful lives:

<u>Asset Class</u>	<u>Estimated Useful Lives</u>
Buildings and improvements	6-50 years
Vehicles	3-15 years
Machinery and other equipment	3-20 years
Infrastructure	10-50 years

Inter-fund activity

Inter-fund activity results from loans, services provided, reimbursements or transfers between funds. Loans are reported as inter-fund receivables and payables as appropriate and are subject to elimination upon consolidation in the government wide statements. 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 benefitting fund and reduces its related cost as a reimbursement. All other inter-fund transactions are treated as transfers. Transfers In and Transfers Out are netted and presented as a single "Transfers" line on government-wide statement of activities. Similarly, inter-fund receivables and payables are netted and presented as a single "Internal Balances" line of government-wide statement of net position.

CITY OF DALHART, TEXAS
STATEMENT OF FIDUCIARY NET POSITION – FIDUCIARY FUNDS
SEPTEMBER 30, 2021

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

**Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance—
Continued**

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Debt Issuance Costs

The costs of issuing bonded debt or certificates of obligation for proprietary fund types are expensed as incurred.

Deferred Outflows/Inflows of Resources

The statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City reports a deferred charge on refunding as well as the applicable amounts related to the implementation of GASB 68 on the statement of net position.

The statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City has several types of receivables that are not typically collected within sixty days after fiscal yearend and are therefore unavailable. Accordingly, unavailable revenue is reported only in the governmental funds balance sheet.

Pensions

For purposes of measuring the net pension asset or liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the City's Texas Municipal Retirement System (TMRS) Plan and additions to/deductions from the Plan's fiduciary net position have been determined on the same basis as they are reported by the Plan. The same goes for the Texas Emergency Services Retirement System (TESRS) Plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Net Position

In government-wide financial statements, net position is classified and displayed in three categories:

Net Investment in Capital Assets – this amount consists of capital assets net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvements of those assets, and adding back unspent proceeds.

Restricted – this amount is restricted by external creditors, grantors, contributors, laws or regulations of other governments, enabling legislation, or constitutional provisions.

Unrestricted – this amount includes all amounts that comprise net position that do not meet the definition of “net investment in capital assets” or “restricted”.

At times, the City will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted – net position and unrestricted – net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the government's policy to consider restricted – net position to have been depleted before unrestricted – net position is applied.

CITY OF DALHART, TEXAS
STATEMENT OF FIDUCIARY NET POSITION – FIDUCIARY FUNDS
SEPTEMBER 30, 2021

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

**Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance—
Continued**

Fund Balance

Fund balance is reported in five classifications based primarily on the extent to which the City is bound to observe constraints imposed upon the use of the resources in the governmental funds. The classifications are as follows:

Non-spendable fund balance – (inherently not spendable)

Includes amounts that will never convert to cash or will not convert to cash in the current period, such as inventory, supplies, long-term portion of loans and non-financial assets held for resale or principal of an endowment.

Restricted fund balance – (externally enforceable limitations on use)

Includes amounts that can be spent only for specific purposes stipulated by external resource providers such as grantors, contributors, laws and regulations of other governments, enabling legislation or constitutional provisions.

Committed fund balance – (self-imposed limitations)

Includes amounts that can be used for the specific purposes determined by a formal action of the City Council in form of a resolution. Commitments may be changed or lifted only by taking the same formal action that imposed the constraints originally.

Assigned fund balance – (limitation resulting from management's intended use)

Comprises amounts intended to be used for a specific purpose, as expressed by City Council, by a designated official or committee. By adopting this policy, the City Council has hereby authorized the City Manager as the official to assign fund balance to a specific purpose. In governmental funds other than the general fund, assigned fund balance represents the amount that is not restricted or committed, as it is intended to be used for the purpose of that fund.

Unassigned fund balance – (residual net resources)

This is the excess of total fund balance over non-spendable, restricted, committed, and assigned fund balance. Unassigned amounts are technically available for any purpose.

Order of Expenditure of Funds: When multiple categories of fund balances are available for expenditure (for example, a construction project is funded partly by grant money, funds set aside by the City Council, and unassigned fund balance) the City will start with the most restricted category first until depleted before moving to the next category with available funds. Spendable fund categories in order of most restricted to least restricted are: Restricted, Committed, Assigned, and Unassigned.

Unassigned Fund Balance: It is the goal of the City of Dalhart to achieve and maintain a minimum unassigned fund balance in the General Fund to ensure that there will be adequate liquid resources in the event of unanticipated circumstances and events. The minimum unassigned fund balance is set at 25% of

Designated Circumstances:

The minimum unassigned fund balance may be spent under these extreme circumstances:

1. Natural disasters, including but not limited to tornados, fire or flood.
2. Opportunities for a grant in which the matching portion may require a portion of the minimum unassigned fund balance.
3. Shortfall in the budgeted revenue in excess of 20%
4. Unforeseeable expenditures in excess of 20% over budget.
5. When unforeseen circumstances or emergencies in another fund require a fund transfer from the general fund.

CITY OF DALHART, TEXAS
STATEMENT OF FIDUCIARY NET POSITION – FIDUCIARY FUNDS
SEPTEMBER 30, 2021

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance—Continued

Fund Balance—Continued

Replenishment of Minimum Unassigned Fund Balance:

1. When designated circumstances have reduced the unassigned fund balance below the targeted minimum level, the replenishment is to occur within 12 months.
2. Depending on the severity of the reduction of the minimum unassigned fund balance the following measures will be taken to replenish the minimum unassigned fund balance:
 - a. Should calculations reveal that the minimum unassigned fund balance will be replenished through normal activity within the next 12 months no action is necessary
 - b. Reduction of expenditures
 - c. Delay of capital purchases
 - d. Increase in fees and/or taxes
 - e. Salary freeze
 - f. Hiring freeze

Revenues and Expenditures/Expenses

Program Revenues

Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or program and 2) grants and contributions that are restricted to meeting operational or capital requirements of a particular function or program. All taxes are reported as general revenues rather than as program revenues.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Water and Sewer Fund and the Airport Fund are charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administration, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

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 (1) when they become due or past due and receivable within the current period and (2) when they are expected to be collected during a 60-day period after the close of the fiscal year.

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.

Compensated Absences

The City provides its full-time employees paid vacation, sick days, and other personal days off, depending on length of service and other factors. Employees with one to nine years of service receive annual leave of two weeks; more than ten year, three weeks, and more than twenty year, four weeks. Only forty hours maybe carried over from one calendar year to the next. Additional vacation hours maybe granted for accumulated sick leave hours over sixty-four hours. Full-time employees may accumulate sick leave of ninety-six hours per year, and may accumulate up to seven hundred and twenty hours.

CITY OF DALHART, TEXAS
STATEMENT OF FIDUCIARY NET POSITION – FIDUCIARY FUNDS
SEPTEMBER 30, 2021

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

Compliance and Accountability

Finance-Related Legal and Contractual Provisions

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

Violation: As noted in the Budgetary Information section above, several general fund departments had actual expenditures exceed the budget.

Action Taken: The over expenditures were covered by additional revenues received and using accumulated fund balance. The city council will monitor expenditures to make necessary budget amendment.

NOTE 2 – DEPOSITS AND INVESTMENTS

The following is a reconciliation of the City's cash and investment balances as of September 30, 2021:

Cash and deposit balances consist of:

Petty cash funds	\$ 1,675
Bank deposits (interest rate 0.1%)	3,469,550
Certificates of deposit (interest rates 1-1.75%)	750,000
Temporary investments - TexPool (interest rate 1.0151%)	1,930,277
Temporary investments - Texas LOGIC (interest rate 1.2827%)	6,970,323
Temporary investments - TexSTAR (interest rate 1.0384%)	<u>20,158</u>
Total	<u>\$ 13,141,983</u>

Cash and deposits are reported in the basic financial statements as follows:

Government-wide Statement of Net Position:

Unrestricted	\$ 7,995,335
Restricted	<u>863,704</u>
Total primary government	8,859,039
Component unit	3,314,240
Fiduciary Funds Statement of Net Position	<u>968,704</u>
Total	<u>\$ 13,141,983</u>

Custodial Credit Risk – Deposits

During the normal course of operations, with the City's routine deposit and check writing structure, the City may, at times, carry bank balances that exceed federally insured limits. The City has pledged securities to eliminate any risk. City management does not consider bank balances to have any significant risk to the City.

Interest rate risk is the risk that adverse changes in interest rates will result in an adverse effect on the fair value of an investment. The City manages its exposure to interest rate risk by limiting the weighted average maturity of its investment portfolio to three years or less.

Credit risk is the risk that an insurer or other counterparty to an investment will not fulfill its obligations. State law and City policy limit investments in local government pools to those rated no lower than AAA or an equivalent rating by at least on nationally recognized rating service.

Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. As of September 30, 2021, 68% of the City's carrying value of cash was deposited in pooled investment accounts and 6% of the City's investments were comprised of certificates of deposits that are deposited with the City's banks and financial institutions.

CITY OF DALHART, TEXAS
STATEMENT OF FIDUCIARY NET POSITION – FIDUCIARY FUNDS
SEPTEMBER 30, 2021

NOTE 2 – DEPOSITS AND INVESTMENTS—Continued

Investment Accounting Policy

All investments are reported at fair value unless a legal contract exists which guarantees a higher value. The term “short- term” refers to investments which have a remaining term of one year or less at time of purchase. The term “nonparticipating” means that the investment’s value does not vary with market interest rate changes. Nonnegotiable certificates of deposit are examples of nonparticipating interest earning investment contracts.

Public Funds Investment Pools

Public funds investment pools in Texas (“Pools”) are established under the authority of the Inter-local Cooperative Act, Chapter 791 of the Texas Government Code, and are subject to the provisions of the **Public Funds Investment Act** (the “Act”), Chapter 2256 of the Texas Government Code. In addition to other provisions of the Act designed to promote liquidity and safety of principal, the Act requires Pools to: 1) have an advisory board composed of participants in the pool and other persons who do not have a business relationship with the pool and are qualified to advise the pool; 2) maintain a continuous rating of no lower AAA or AAA-m or an equivalent rating by at least one nationally recognized rating service; and 3) maintain the fair value of its underlying investment portfolio within one half of one percent of the value of its shares.

The City’s investments in Pools use amortized cost to value portfolio assets and follows the criteria for GASB Statement No. 79 for use of amortized cost. These Pools do not place any limitations or restrictions such as notice periods or maximum transaction amounts on withdrawals. The Pools have a credit rating of AAA-m from Standard & Poor’s Financial Services. Local government investment pools in this rating category meet the highest standards for credit quality, conservative investment policies, and safety principle. The Pools each invest in a quality portfolio of debt securities that are legally permissible for local governments in the state.

NOTE 3 – RECEIVABLES

Receivables for the governmental (general and non-major funds) and business-type activities (water and sewer, airport funds) in the aggregate including the applicable allowance for uncollectible accounts as follows:

	Governmental		Business-type	
	General	Non-major	Water & Sewer	Total
Receivables				
Accounts	\$ 241,564	\$ 5,316	\$ 308,890	\$ 555,770
Fire services agreements	447,675	-	-	447,675
Property taxes	46,382	-	-	46,382
Sales taxes	355,013	-	-	355,013
Franchise taxes	130,209	-	-	130,209
Hotel/motel occupancy taxes	-	75,074	-	75,074
Paving assessment	117,313	-	-	117,313
Interest	4,523	1,440.00	-	5,963
Total gross receivables	<u>1,342,679</u>	<u>81,830</u>	<u>308,890</u>	<u>1,733,399</u>
Less: Allowance for uncollectibles				
Utility services accounts	(25,857)	-	(50,143)	(76,000)
Taxes	(10,969)	-	-	(10,969)
Paving assessment	<u>(27,507)</u>	<u>-</u>	<u>-</u>	<u>(27,507)</u>
Net total receivables	<u>\$ 1,278,346</u>	<u>\$ 81,830</u>	<u>\$ 258,747</u>	<u>\$ 1,618,923</u>

CITY OF DALHART, TEXAS
STATEMENT OF FIDUCIARY NET POSITION – FIDUCIARY FUNDS
SEPTEMBER 30, 2021

NOTE 4 – CAPITAL ASSETS

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

	Beginning Balances	Increases	Decreases	Ending Balances
Governmental Activities				
Capital assets not being depreciated:				
Land	\$ 255,694	\$ -	\$ -	\$ 255,694
Construction in progress	-	2,390,851	-	2,390,851
Total capital assets not being depreciated	255,694	2,390,851	-	2,646,545
Capital assets being depreciated				
Buildings and improvements	6,261,190	49,973	-	6,311,163
Machinery, vehicles and equipment	9,619,009	806,460	(88,579)	10,336,890
Infrastructure	5,272,604	34,947	-	5,307,551
Total capital assets being depreciated	21,152,803	891,380	(88,579)	21,955,604
Less accumulated depreciation for:				
Buildings and improvements	(3,482,480)	(203,787)	-	(3,686,267)
Machinery, vehicles and equipment	(6,627,490)	(503,992)	88,579	(7,042,903)
Infrastructure	(4,858,197)	(69,718)	-	(4,927,915)
Total accumulated depreciation	(14,968,167)	(777,497)	88,579	(15,657,085)
Total capital assets being depreciated, net	6,184,636	113,883	-	6,298,519
Governmental activities capital assets, net	<u>\$ 6,440,330</u>	<u>\$ 2,504,734</u>	<u>\$ -</u>	<u>\$ 8,945,064</u>

Depreciation expense was charged to the departments of the governmental activities of the primary government as follows:

Governmental activities:	
General	\$ 31,129
Judicial	1,847
Public safety:	
Fire	20,146
Police	35,850
Street	113,229
Sanitation	60,641
Garage	1,057
Culture and recreation:	
Parks and cemetery	13,769
Swimming pool	28,264
Special revenue funds:	
Rita Blanca Park	77,248
Fleet	394,317
	<u>\$ 777,497</u>

CITY OF DALHART, TEXAS
STATEMENT OF FIDUCIARY NET POSITION – FIDUCIARY FUNDS
SEPTEMBER 30, 2021

NOTE 4 – CAPITAL ASSETS—Continued

Capital asset activity for business-type activities for the year ended September 30, 2021, was as follows:

	Beginning Balances	Increases	Decreases	Reclassifications/ Transfers	Ending Balances
Business-type					
Capital assets not being depreciated:					
Land	\$ 229,507	\$ -	\$ -	\$ -	\$ 229,507
Construction in progress	-	1,372,171	-	-	1,372,171
Total capital assets not being depreciated	<u>229,507</u>	<u>1,372,171</u>	<u>-</u>	<u>-</u>	<u>1,601,678</u>
Capital assets being depreciated					
Buildings and improvements	9,819,389	-	-	-	9,819,389
Machinery, vehicles and equipment	5,151,365	234,096	(139,795)	-	5,245,666
Infrastructure	22,199,925	-	(199,605)	-	22,000,320
Total capital assets being depreciated	<u>37,170,679</u>	<u>234,096</u>	<u>(339,400)</u>	<u>-</u>	<u>37,065,375</u>
Less accumulated depreciation for:					
Buildings and improvements	(6,931,461)	(350,331)	-	-	(7,281,792)
Machinery, vehicles and equipment	(4,003,626)	(260,301)	139,795	-	(4,124,132)
Infrastructure	(10,228,658)	(779,723)	9,980	-	(10,998,401)
Total accumulated depreciation	<u>(21,163,745)</u>	<u>(1,390,355)</u>	<u>149,775</u>	<u>-</u>	<u>(22,404,325)</u>
Total capital assets being depreciated, net	<u>16,006,934</u>	<u>(1,156,259)</u>	<u>(189,625)</u>	<u>-</u>	<u>14,661,050</u>
Governmental activities capital assets, net	<u>\$ 16,236,441</u>	<u>\$ 215,912</u>	<u>\$ (189,625)</u>	<u>\$ -</u>	<u>\$ 16,262,728</u>

Depreciation expense was charged to the Enterprise funds as follows:

Business-type activities:	
Water- Distribution	\$ 643,985
Sewer	401,917
Airport	344,453
	<u>\$ 1,390,355</u>

NOTE 5 – INTER-FUND RECEIVABLES, PAYABLES AND TRANSFERS

The primary purpose of inter-fund receivables and payables is the loaning of resources between various funds for the purpose of meeting current year expenditures. Additionally, because the City utilizes pooled cash for its operations, individual funds' "cash equity" balances can sometimes be negative. To avoid a negative cash position on the face of the financial statements, interfund receivables and payables are established to essentially cover the negative fund's cash balance.

Details of the interfund receivables and payables as of September 30, 2021 are as follows:

Fund	Interfund Receivables	Interfund Payables	Net due (to)/from
General fund	\$ 5,427	\$ 500,000	\$ (494,573)
Special Revenue funds:			
Rita Blanca Park		5,427	(5,427)
Fleet	500,000	-	500,000
Total	<u>\$ 505,427</u>	<u>\$ 505,427</u>	<u>\$ -</u>

CITY OF DALHART, TEXAS
STATEMENT OF FIDUCIARY NET POSITION – FIDUCIARY FUNDS
SEPTEMBER 30, 2021

NOTE 5 – INTER-FUND RECEIVABLES, PAYABLES AND TRANSFERS—Continued

The primary purpose for inter-fund transfers is to supplement various funds' resources depending on the budgeted goals of the City and the current need. Details of the interfund transfers from the year ended September 30, 2021 are as follows:

Fund	Interfund Transfers In	Interfund Transfers Out	Net transfer in/(out)
General fund	\$ 219,466	\$ 81,111	\$ 138,355
Proprietary Funds:			
Water and Sewer	-	187,766	(187,766)
Special Revenue Funds:			
Rita Blanca Park	81,111	-	81,111
Permanent Fund:			
Cemetery	-	21,700	(21,700)
Discretely presented component unit:			
EDC		10,000	(10,000)
	<u>\$ 300,577</u>	<u>\$ 300,577</u>	<u>\$ -</u>

NOTE 6 – LONG-TERM LIABILITIES

GOVERNMENTAL FUNDS

Changes to Governmental type long-term liabilities balances for the year ended September 30, 2021 were as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Due Within One Year
Governmental activities					
Certificates of Obligation, Series 2020	\$ 2,450,000	\$ -	\$ (25,000)	\$ 2,425,000	\$ 45,000
Capital Lease Payable	265,461	-	(75,883)	189,578	78,522
Governmental activity long-term liabilities	<u>\$ 2,715,461</u>	<u>\$ -</u>	<u>\$ (100,883)</u>	<u>\$ 2,614,578</u>	<u>\$ 123,522</u>

Certificates of Obligation, Series 2020

In fiscal year ending September 30, 2020, the City issued \$2,450,000 in Combination Tax and Revenue Certificates of Obligation, Series 2020, with an interest rate of 5%. The proceeds were used for construction of a transfer station at the municipal solid waste landfill, and for a new tractor-trailer to transport waste overages to nearby landfills. The certificates will be repaid from ad valorem tax levied and revenue from the utility fund.

Future debt service requirements for the 2020 Certificates of obligation fall on the following page:

CITY OF DALHART, TEXAS
STATEMENT OF FIDUCIARY NET POSITION – FIDUCIARY FUNDS
SEPTEMBER 30, 2021

NOTE 6 – LONG-TERM LIABILITIES - Continued

Year Ending September 30,	Combination Tax and Revenue Certificates of Obligation Series 2020		
	Principal	Interest	Total
	2022	45,000	82,075
2023	50,000	79,700	129,700
2024	50,000	77,200	127,200
2025	55,000	74,575	129,575
2026-2030	315,000	331,025	646,025
2031-2035	370,000	271,501	641,501
2036-2040	435,000	207,735	642,735
2041-2045	510,000	133,907	643,907
2046-2050	595,000	47,734	642,734
Totals	\$ 2,425,000	\$ 1,305,452	\$ 3,730,452

Capital Lease – John Deere

In fiscal year ending September 30, 2020, the City's Fleet fund entered into a three-year capital lease agreement for a loader from John Deere. The lease obligation bears interest at 3.45%, and matures October 23, 2022, when the City will have the option to buy the equipment out right for a final payment of \$115,000.

Future minimum lease payments to John Deere are as follows:

Year Ending September 30,	John Deere Capital Lease Payable		
	Principal	Interest	Total
2022	78,522	6,647	85,169
2023	186,959	(71,959)	115,000
Totals	\$ 265,481	\$ (65,312)	\$ 200,169

BUSINESS-TYPE FUNDS

General Obligation Refunding Bonds, Series 2012

In fiscal year ended September 30, 2012, the City issued \$3,455,000 in General Obligation Refunding Bonds with interest rates ranging from 1.0% to 2.0%. The proceeds were used to advance refund \$3,370,000 of outstanding Certificates of Obligation, Series 2002 which had an interest rate at 3.07%. The refunding charge of \$55,000 is being amortized over the life of the bond and is reported as a deferred outflow of resources on the statement of net position. The balance in the General Obligation Refunding Bonds, Series 2012, is \$370,000 at September 30, 2021.

Certificates of Obligation, Series 2014

In fiscal year ended September 30, 2014, the City issued \$9,673,000 in Combination Tax and Revenue Certificates of Obligation, Series 2014 with an interest rate of 2.49%. The proceeds were used for construction improvements to the water and sewer infrastructure. The certificates will be repaid from ad valorem tax levied and revenue from the utility fund. For fiscal year ended September 30, 2021, the Certificates of Obligation, Series 2014, were fully refunded by the General Obligation Refunding Bonds, Series 2021.

CITY OF DALHART, TEXAS
STATEMENT OF FIDUCIARY NET POSITION – FIDUCIARY FUNDS
SEPTEMBER 30, 2021

NOTE 6 – LONG-TERM LIABILITIES – Continued

BUSINESS-TYPE FUNDS - Continued

General Obligation Refunding Bonds, Series 2021

In 2021, the City issued \$5,460,000 in General Obligation Refunding Bonds, Series 2021 with an interest rate of 3%. The proceeds will be used to refund Certificates of Obligation, Series 2014 in their entirety. For fiscal year ended September 30, 2021, there were no debt service payments required on this obligation.

Upon the issuance of this obligation, the City recognized a premium on the issuance of debt in the amount of \$621,504, where they were given \$621,504 more proceeds than the \$5,460,000 face value of the bonds. This is equal to the present value of the excess interest expense, or “premium” the City will pay to the certificate holder for the issuance.

Savings between the old debt service and new debt service is shown below:

SAVINGS FROM REFUNDING			
	New D/S	Old D/S	Savings
3/4/2021			
9/30/2021	72,835	73,889	1,054
9/30/2022	769,575	818,325	48,750
9/30/2023	765,900	818,206	52,306
9/30/2024	766,700	818,652	51,952
9/30/2025	766,900	818,649	51,749
9/30/2026	766,500	818,198	51,698
9/30/2027	770,425	818,287	47,862
9/30/2028	768,675	817,902	49,227
9/30/2029	766,325	816,928	50,603
	6,213,835	6,619,037	405,201

Changes to the business-type long term liabilities for the year ended September 30, 2021 are as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Due Within One Year
Business-type activities					
<u>Bonds payable</u>					
General Obligation Refunding Bonds, Series 2012	\$ 735,000	\$ -	\$ (365,000)	\$ 370,000	\$ 370,000
Certificates of Obligation, Series 2014	6,598,000	-	(6,598,000)	-	-
General Obligation Refunding Bonds, Series 2021		5,460,000		5,460,000	615,000
Businesses-type activities					
long-term liabilities	\$ 7,333,000	\$ 5,460,000	\$ (6,963,000)	\$ 5,830,000	\$ 985,000

CITY OF DALHART, TEXAS
STATEMENT OF FIDUCIARY NET POSITION – FIDUCIARY FUNDS
SEPTEMBER 30, 2021

NOTE 6 – LONG-TERM LIABILITIES—Continued

Future debt service requirements for the 2012 Certificates of obligation is:

Year Ending September 30,	General Obligation Refunding Bonds Series 2012		
	Principal	Interest	Total
2022	370,000	3,700	373,700
Totals	\$ 370,000	\$ 3,700	\$ 373,700

Future debt service requirements for the 2021 General Obligation Refunding Bond is:

Year Ending September 30,	General Obligation Refunding Bonds Series 2021		
	Principal	Interest	Total
2022	\$ 615,000	\$ 154,575	\$ 769,575
2023	630,000	135,900	765,900
2024	650,000	116,700	766,700
2025	670,000	96,900	766,900
2026	690,000	76,500	766,500
2027-2029	2,205,000	100,425	2,305,425
Totals	\$ 5,460,000	\$ 681,000	\$ 6,141,000

NOTE 7 – PENSION PLANS

Texas Municipal Retirement System (TMRS)

All eligible non-fire department employees of the City must participate in the TMRS Plan. Disclosures regarding the City’s liabilities, deferred inflows, and deferred outflows related to the plan required by GASB Statement No. 68 – Pension Reporting Requirements, are as follows:

Plan Description.

The City participates as one of 888 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 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.

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% of the member’s deposits and interest.

CITY OF DALHART, TEXAS
STATEMENT OF FIDUCIARY NET POSITION – FIDUCIARY FUNDS
SEPTEMBER 30, 2021

NOTE 7 – PENSION PLANS—Continued

Texas Municipal Retirement System (TMRS)—Continued

Contributions

Employees for the City of Dalhart were required to contribute 5.00% of their annual gross earnings during the fiscal year. The contribution rates for the City were 4.98% and 5.26% in calendar years 2020 and 2021, respectively. The City's contributions to TMRS for the year ended September 30, 2021 were \$152,057 and were equal to the required contributions.

Net Pension Liability

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balance at 12/31/19	\$ 8,827,037	\$ 9,017,840	\$ (190,803)
Changes for the year:			
Service cost	280,250		280,250
Interest	587,602		587,602
Change in benefit terms	-		-
Diff between expected/actual experience	(473,663)		(473,663)
Changes of assumptions	-		-
Contributions - employer		136,693	(136,693)
Contributions - employee		142,984	(142,984)
Net investment income		681,903	(681,903)
Benefit payments, including refunds of employee contributions	(523,890)	(523,890)	-
Administrative expenses		(4,429)	4,429
Other charges		(173)	173
Net changes	(129,701)	433,088	(562,789)
Balance at 12/31/20	\$ 8,697,336	\$ 9,450,928	\$ (753,592)

Sensitivity of the Net Pension Liability to changes in 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 have been if it were calculated using a discount rate that is 1 percentage point lower (5.75%) or 1 percentage point higher (7.75%) than the current rate.

	1% Decrease in Discount Rate (5.75%)	Discount Rate (6.75%)	1% Increase in Discount Rate (7.75%)
City's net pension liability	\$ 348,940	\$ (753,592)	\$ (1,664,367)

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

For the year ended September 30, 2021 the City recognized pension expense in the amount of \$107,438. At September 30, 2021 the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

**CITY OF DALHART, TEXAS
STATEMENT OF FIDUCIARY NET POSITION – FIDUCIARY FUNDS
SEPTEMBER 30, 2021**

NOTE 7 – PENSION PLANS—Continued

Texas Municipal Retirement System (TMRS)—Continued

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience (net of current year amortization)	\$ 2,776	\$ 325,065
Changes in actuarial assumptions	\$ 14,743	-
Differences between projected and actual investment earnings (net of current year amortization)	-	\$ 258,506
Contributions subsequent to the measurement date	111,590	
Total	\$ 129,109	\$ 583,571

\$111,590 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability for the year ending September 30, 2022. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Fiscal Year Ending September 30,	
2022	\$ (235,800)
2023	\$ (135,570)
2024	\$ (180,043)
2025	\$ (14,639)
2026	-
Thereafter	-

Texas Emergency Services Retirement System (TESRS)

Plan Description

The Texas Emergency Services Retirement System (the System) is an agency of the State of Texas and its financial records comply with state statutes and regulations. The nine-member Board of Trustees, appointed by the Governor, establishes policy for the administration of the Texas Emergency Services Retirement System. The Texas Emergency Services Retirement Fund (Fund) was created by TSESRA and is a trust fund for providing retirement, disability, and death benefits to eligible members and their surviving spouses.

The System was created as a standalone agency by the 83rd Legislature via the passage of SB 220, effective September 1, 2013, to assume the functions of the abolished Office of the Fire Fighters' Pension Commissioner. While the agency is new, the System has been in existence since 1977. The System, which is under the authority of Title 8, Subtitle H, Chapters 861-865 of the Texas Government Code, provides death and disability benefits to active volunteer fire fighters and first responders, and a pension to members with vested service, as well as to their survivor/beneficiaries. For financial reporting purposes, the State of Texas is considered the primary reporting government.

CITY OF DALHART, TEXAS
STATEMENT OF FIDUCIARY NET POSITION – FIDUCIARY FUNDS
SEPTEMBER 30, 2021

NOTE 7 – PENSION PLANS—Continued

Texas Emergency Services Retirement System (TESRS)—Continued

Plan Description - Continued

Financial Report, which includes financial statements, notes, and required supplementary information, which can be obtained at www.tesrs.org. The separately issued actuarial valuations which may be of interest are also available at the same link.

Eligible participants include volunteer emergency services personnel who are members in good standing of a participating department.

Net Pension Liability

The City's net pension liability was measured as of August 31, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of August 31, 2021. Changes to the net pension liability for the year ended August 31, 2021 are:

Changes in Net Pension Liability / (Asset)	Increase (Decrease)			
	Total Pension Liability (a)	Total Pension Liability (a)	Fiduciary Net Position (b)	Net Pension (a) - (b)
Balances as of August 31, 2020	\$ 398,875	\$ 381,274	\$ 314,374	\$ 66,900
Changes for the year:				
Service cost	4,576	5,486	-	5,486
Interest on total pension liability	32,696	31,025	-	31,025
Change in benefit terms	-	-	-	-
Difference between expected and actual	-	-	-	-
Change in assumptions	-	-	-	-
Benefit payments, including refunds of	(15,778)	(18,910)	(18,910)	-
Employer contributions	-	-	10,233	(10,233)
State contributions	-	-	3,908	(3,908)
Net investment income	-	-	3,353	(3,353)
Administrative expenses	-	-	(667)	667
Other	-	-	3,248	(3,248)
Balances as of August 31, 2021	<u>\$ 420,369</u>	<u>\$ 398,875</u>	<u>\$ 315,539</u>	<u>\$ 83,336</u>
Plan fiduciary net position as a percentage of the total pension liability				79.11%
Covered payroll			\$	93,302
Net pension liability as a percentage of covered payroll				89.32%

CITY OF DALHART, TEXAS
STATEMENT OF FIDUCIARY NET POSITION – FIDUCIARY FUNDS
SEPTEMBER 30, 2021

NOTE 7 – PENSION PLANS—Continued

Texas Emergency Services Retirement System (TESRS)—Continued

Pension Expense/ (Income)

The following shows a schedule of the pension expense recognized by the City through its adjustments to net pension liability:

	<u>Year Ended August 31, 2021</u>
Service cost	\$ 4,576
Interest	32,696
Projected earnings on pension plan investments	(27,197)
Amortization of differences between projected and actual earnings on plan investments	(8,464)
Amortization of changes of assumptions	(78)
Amortization of differences between expected and actual experience	(2,284)
Pension plan administrative expense	<u>789</u>
Pension expense (income)	<u>\$ 37</u>

Deferred Inflows/ Outflows of Resources

Deferred inflows and outflows on the accompanying financial statements related to TESRS plan are made up of the following:

	<u>Deferred Inflow of Resources</u>	<u>Deferred Outflow of Resources</u>
Differences between expected and actual experience	\$ -	\$ 1,246
Changes of assumptions	-	43
Net difference between projected and actual investment earnings on pension plan investments	-	<u>29,497</u>
	<u>\$ -</u>	<u>\$ 30,786</u>

Net Inflow/Outflow for future years

Amounts currently reported as deferred outflows of resources and deferred inflows of resources related to pensions, excluding contributions made subsequent to the measurement date, will be recognized in pension expense as follows:

<u>Fiscal Year ended August 31,</u>	<u>Net Deferred Outflows of Resources</u>
2022	\$ (8,320)
2023	(5,124)
2024	(9,669)
2025	<u>(7,673)</u>
	<u>\$ (30,786)</u>

All assumptions for the August 31, 2021 pension disclosure are contained in the August 31, 2021 Audited Annual Financial Reports of Texas Emergency Services Retirement System, copies of which may be obtained at www.tesrs.texas.gov.

**CITY OF DALHART, TEXAS
STATEMENT OF FIDUCIARY NET POSITION – FIDUCIARY FUNDS
SEPTEMBER 30, 2021**

NOTE 8: POST EMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)

Plan Description

The City of Dalhart voluntarily participates in the Texas Municipal Retirement System Supplemental Death Benefits Fund (TMRS SDBF). The SDBF is a defined benefit group-term life insurance Other Postemployment Benefit (OPEB) plan as defined by GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75. It is established and administered in accordance with the TMRS Act identically to the City’s pension plan.

Benefits Provided

The SDBF provides group-term life insurance to City employees who are active members in TMRS, including or not including retirees. The City Council opted into this system via an ordinance, and may terminate coverage under, and discontinue participation in, the SDBF by adopting an ordinance before November 1st of any year to be effective the following January 1st. Payments from this fund are similar to group-term life insurance benefits, and are paid to the designated beneficiaries upon the receipt of an approved application for payment. 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 “other postemployment benefit” (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.

Contributions

Employees for the City of Dalhart were required to contribute 0.17% of their annual gross earnings during the fiscal year. The contribution rates for the City were 0.20% and 0.27% in calendar 2020 and 2021, respectively. The City’s employees contributions to OPEB for the year ended September 30, 2021 were equal to the required contributions.

Total OPEB Liability

	Increase (Decrease)
	Total OPEB Liability (a)
Balance at 12/31/19	\$ 192,949
Changes for the year:	
Service cost	9,151
Interest	5,412
Change in benefit terms	-
Diff between expected/actual experience	(10,934)
Changes of assumptions	28,944
Contributions - employer	
Contributions - employee	
Net investment income	
Benefit payments, including refunds of employee contributions	(1,430)
Administrative expenses	
Other charges	
Net changes	31,143
Balance at 12/31/20	\$ 224,092

**CITY OF DALHART, TEXAS
STATEMENT OF FIDUCIARY NET POSITION – FIDUCIARY FUNDS
SEPTEMBER 30, 2021**

NOTE 8: POST EMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) - Continued

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate

The following presents the total OPEB liability of the City, calculated using the discount rate of 2.00%, as well as what the City's total OPEB liability would have been if it were calculated using a discount rate that is 1 percentage point lower (1.00%) or 1 percentage point higher (3.00%) than the current rate.

	Discount Rate (1.00%)	Discount Rate (2.00%)	Discount Rate (3.00%)
City's total OPEB liability	\$ 273,069	\$ 224,092	\$ 186,671

OPEB Expense and Deferred Outflows and Inflows of Resources Related to OPEBs

For the year ended September 30, 2021 the City recognized OPEB expense in the amount of \$21,909. At September 30, 2021 the City reported deferred outflows of resources and deferred inflows of resources related to OPEBs from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience (net of current year amortization)	\$ -	\$ 11,619
Changes in actuarial assumptions	\$ 48,092	\$ 5,326
Differences between projected and actual investment earnings (net of current year amortization)	\$ -	\$ -
Contributions subsequent to the measurement date	-	
Total	\$ 48,092	\$ 16,945

\$48,092 was reported as deferred outflows of resources related to OPEBs resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability for the year ending September 30, 2022. Other amounts reported as deferred outflows and inflows of resources related to OPEBs will be recognized in OPEB expense as follows:

Fiscal Year Ending September 30,	
2022	\$ 7,369
2023	\$ 7,369
2024	\$ 5,934
2025	\$ 6,947
2026	\$ 3,528
Thereafter	\$ -

CITY OF DALHART, TEXAS
STATEMENT OF FIDUCIARY NET POSITION – FIDUCIARY FUNDS
SEPTEMBER 30, 2021

NOTE 9 – RISK OF LOSS

The City is exposed to risks of loss from destruction of City property and from general liability incurred as a part of performing the City's normal operations. The City is protected from these risks through insurance through the Texas Municipal Intergovernmental Risk Pool. The City's loss exposure is limited to deductibles of \$1,000 to \$5,000 within specified aggregate limits. All claims exceeding the specified deductibles are the responsibility of Texas Municipal Intergovernmental Risk Pool and not the City. There have been no reductions in insurance coverage from coverage in the prior year. Settlement amounts have not exceeded insurance coverage for the current year or the three prior years.

The City's employees are covered under the Texas Municipal Intergovernmental Risk Pool. The City has no liability under the plan over and above normal premium contributions.

Health insurance is provided for City employees under a traditional plan through the Texas Municipal League. Any portion of health insurance premiums for employee's spouses or dependents are paid for by the employee.

NOTE 10 – ACCOUNTING FOR MUNICIPAL SOLID WASTE LANDFILL CLOSURE AND POST-CLOSURE CARE COSTS

State and federal laws and regulations require that most cities place a final cover on their landfill when closed and perform certain maintenance and monitoring functions at the landfill site for thirty years after closure as required under subtitle D.

The Texas Natural Resource Conservation Commission and the EPA granted an Arid Exemption to qualifying landfills that extended the deadline for compliance with subtitle D until October 9, 1997. Arid exempt landfills were encouraged to cease operations prior to the October 9, 1997 deadline, therefore avoiding the costly requirements of subtitle D relating to the 30-year post-closure monitoring and maintenance. The City of Dalhart is a qualified Arid exempt landfill and by September 30, 1997, had designated the portion of their landfill used to that date closed and placed the final cover over that area. The City believes that the closed area of their landfill is not subject to the subtitle D post-closure requirements.

CITY OF DALHART, TEXAS
STATEMENT OF FIDUCIARY NET POSITION – FIDUCIARY FUNDS
SEPTEMBER 30, 2021

NOTE 10 – ACCOUNTING FOR MUNICIPAL SOLID WASTE LANDFILL CLOSURE AND POST-CLOSURE CARE COSTS—Continued

The remaining capacity of the City's landfill is estimated at 1,058,805.3 cubic yards. This remaining capacity will continue to be operated by the City as a Municipal Solid Waste Landfill and will subject to the subtitle D requirements and should have a life of approximately 39 years. In addition to operating expenditures related to current activities of the landfill, a related liability is recognized based on estimated future closure and post-closure care costs that will be incurred near or after the date that the landfill no longer accepts solid waste. The estimated total current cost of the landfill closure and post-closure care of \$1,348,540 is based on the amount that would be paid if all equipment, facilities, and services required to close, monitor, and maintain the landfill were acquired as of September 30, 2021. The estimated liability for closure and post-closure cost accrued on the City's books for the year ended September 30, 2021 was \$623,376, which is based on accumulated usage of the 76.86-acre landfill area. It is estimated that an additional \$738,811 will be recognized as closure and post-closure costs between the balance sheet date and the date that the landfill is filled to capacity. However, the actual cost of closure and post-closure care is subject to change due to inflation, change in technology, or changes in landfill laws and regulations. As of September 30, 2021, the City has used approximately 46% of the available landfill capacity. It is estimated that the landfill has a remaining life of 39 years.

The City recognized \$28,114 in Landfill remediation expense through the Sanitation department of the General fund for the year ended September 30, 2021, based on adjusting the total closure and post closure costs for inflation.

The City of Dalhart demonstrates financial assurance for closure and post-closure care cost associated with the landfill by using the financial test specified in Subchapter K of 31 Texas Administrative Code 330,285(g). The City believes that it meets all of the objectives of the financial test, and that no further action will be necessary to prove financial assurance.

NOTE 11 – DEFERRED COMPENSATION PLAN

The City offers its employees an option to participate in a Deferred Compensation Program (Plan) created in accordance with Internal Revenue Code (IRC Section 457). Previously, IRC Section 457 had required that all amounts deferred by the Plan's participants remain solely the property and rights of the sponsoring municipality, subject only to the claims of the municipality's general creditors. As such, the assets of the Plan were reflected at market value within an agency fund.

IRC Section 457 was amended in 1996. The amendments require that in order to be considered an eligible plan, all assets and income of the Plan must be held in trust for the exclusive benefit of the participants and their beneficiaries. To comply with this requirement, the Plan entered into a trust and custody agreement with a third party to provide custodial services with respect to the assets of the Plan. Pursuant to GASB Statement No. 32, Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans, the assets of the Plan are no longer required to be reflected within an agency fund of the participating municipality. Accordingly, these assets are not reflected in the financial statements.

CITY OF DALHART, TEXAS
STATEMENT OF FIDUCIARY NET POSITION – FIDUCIARY FUNDS
SEPTEMBER 30, 2021

NOTE 12 – RESTRICTED NET POSITION

Net Position is restricted for the following purposes in these amounts as of September 30, 2021:

• Public Safety:	<u>\$42,051</u>	
○ Police department state training funds:		\$4,800
○ Drug seizure funds:		\$4,400
○ Municipal court technology funds:		\$33,171
• Tourism and community development:	<u>\$427,858</u>	
○ Hotel/Motel Occupancy tax funds:		\$427,858
• Cemetery endowment fund:	<u>\$540,794</u>	
○ Non-expendable (original investment):		\$265,657
○ Expendable:		\$275,137

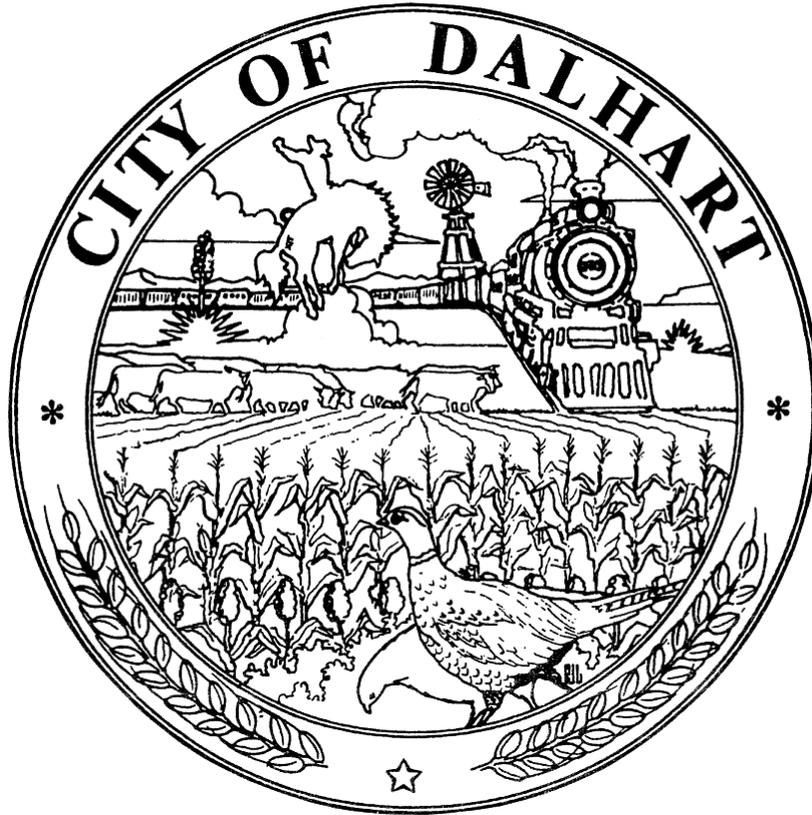
NOTE 13—RECLASSIFICATIONS

Certain line items in the financial statements as of and for the year ended September 30, 2021 have been reclassified as compared to the year ended September 30, 2020. These reclassifications had no effect on the change in net position or fund balances of the City in either fiscal year.

NOTE 14– SUBSEQUENT EVENTS

We have considered all events and transactions between the fiscal yearend of September 30, 2021 and the date this report was available to be issued, November 28, 2022, and found the following noteworthy:

- The Covid-19 pandemic has made an impact on the City of Dalhart. Because the City has a drive-up window for business or utility bills, the negative effects have been limited. The public use of the Dalhart Coliseum has declined due to the limitations on large gatherings.



REQUIRED SUPPLEMENTARY INFORMATION

Required supplementary information includes financial information and disclosures required by the Governmental Accounting Standards Board but not considered a part of the basic financial statements.

CITY OF DALHART, TEXAS
GENERAL FUND SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
FOR THE YEAR ENDED SEPTEMBER 30, 2021

	Budgeted	Actual	Variance
	Results	Results	From Budget
			Favorable/ (Unfavorable)
REVENUES			
Taxes			
Property	\$ 2,245,233	\$ 2,218,560	\$ (26,673)
Sales and use	1,990,000	2,174,288	184,288
Franchise	441,000	469,884	28,884
Mixed beverage	8,500	11,150	2,650
Licenses and permits	30,400	49,514	19,114
Fines and forfeitures	80,800	71,587	(9,213)
Intergovernmental	204,800	282,890	78,090
Charges for services	1,331,350	1,379,502	48,152
Investment earnings	45,000	14,788	(30,212)
Grants and contributions	-	1,089,296	1,089,296
Miscellaneous	34,000	397,071	363,071
Total revenues	<u>6,411,083</u>	<u>8,158,530</u>	<u>1,747,447</u>
EXPENDITURES			
Current:			
General administrative	1,094,607	1,114,584	(19,977)
Judicial	36,600	35,226	1,374
Public safety:			
Police	1,816,780	1,701,421	115,359
Fire	402,833	376,155	26,678
Ambulance	40,000	38,709	1,291
Street	1,124,541	1,187,174	(62,633)
Garage	232,986	375,567	(142,581)
Sanitation	1,160,696	1,086,409	74,287
Culture and recreation:			
Swimming pool	88,780	82,242	6,538
Parks and cemetery	271,030	292,772	(21,742)
Promotion and tourism	-	-	
Capital Outlay	242,520	2,552,223	(2,309,703)
Debt service:			
Principal	25,000	100,862	(75,862)
Interest and fiscal charges	-	113,158	(113,158)
Total expenditures	<u>6,536,373</u>	<u>9,056,502</u>	<u>(2,520,129)</u>
EXCESS (DEFICIENCY) OF REVENUE			
OVER EXPENDITURES	<u>(125,290)</u>	<u>(897,972)</u>	<u>(772,682)</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	<u>268,354</u>	<u>138,355</u>	<u>(129,999)</u>
Total other financing sources (uses)	<u>268,354</u>	<u>138,355</u>	<u>(129,999)</u>
NET CHANGE IN FUND BALANCES	<u>\$ 143,064</u>	<u>\$ (759,617)</u>	<u>\$ (902,681)</u>

CITY OF DALHART, TEXAS
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
FOR THE YEAR ENDED SEPTEMBER 30, 2021
LAST 10 YEARS (WILL ULTIMATELY BE DISPLAYED, AS AVAILABLE)

	Plan Year Ended December 31,						
	2020	2019	2018	2017	2016	2015	2014
Total Pension Liability							
Service cost	\$ 280,250	\$ 277,667	\$ 269,758	\$ 261,179	\$ 247,878	\$ 220,984	\$ 182,792
Interest (on the total pension liability)	587,602	568,610	547,554	518,460	500,833	490,089	462,911
Changes of benefit terms	-	-	-	-	-	-	-
Difference between expected and actual experience	(473,663)	(3,081)	19,429	48,237	(62,125)	169,542	-
Change of assumptions	-	35,077	-	-	-	(84,135)	40,531
Benefit payments, including refunds of employee contributions	(523,890)	(672,505)	(385,018)	(417,268)	(446,900)	(336,022)	(298,123)
Net Change in Total Pension Liability	(129,701)	205,768	451,723	410,608	239,686	460,458	388,111
Total Pension Liability - Beginning	8,827,037	8,621,269	8,169,546	7,758,938	7,519,252	7,058,794	6,670,683
Total Pension Liability - Ending (a)	\$ 8,697,336	\$ 8,827,037	\$ 8,621,269	\$ 8,169,546	\$ 7,758,938	\$ 7,519,252	\$ 7,058,794
Plan Fiduciary Net Position							
Contributions - employer	\$ 136,693	\$ 135,222	\$ 129,997	\$ 127,351	\$ 97,495	\$ 94,173	\$ 99,158
Contributions - employee	142,984	144,468	139,482	134,906	133,555	124,568	113,454
Net investment income	681,903	1,257,909	(254,889)	1,056,246	496,933	11,030	409,471
Benefit payments, including refunds of employee contributions	(523,890)	(672,505)	(385,018)	(417,268)	(446,900)	(336,022)	(298,123)
Administrative expense	(4,429)	(7,128)	(4,942)	(5,488)	(5,621)	(6,721)	(4,276)
Other	(173)	(213)	(258)	(278)	(303)	(332)	(352)
Net Change in Plan Fiduciary Net Position	433,088	857,753	(375,628)	895,469	275,159	(113,304)	319,332
Plan Fiduciary Net Position - Beginning	9,017,840	8,160,087	8,535,715	7,640,246	7,365,087	7,478,391	7,159,059
Plan Fiduciary Net Position - Ending (b)	\$ 9,450,928	\$ 9,017,840	\$ 8,160,087	\$ 8,535,715	\$ 7,640,246	\$ 7,365,087	\$ 7,478,391
Net Pension Liability - Ending (a) - (b)	\$ (753,592)	\$ (190,803)	\$ 461,182	\$ (366,169)	\$ 118,692	\$ 154,165	\$ (419,597)
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	108.66%	102.16%	94.65%	104.48%	98.47%	97.95%	105.94%
Covered Payroll	\$ 2,859,689	\$ 2,889,357	\$ 2,789,643	\$ 2,698,125	\$ 2,555,448	\$ 2,491,364	\$ 2,269,071
Net Pension Liability as a Percentage of Covered Payroll	-26.35%	-6.60%	16.53%	-13.57%	4.64%	6.19%	-18.49%

**CITY OF DALHART, TEXAS
SCHEDULE OF PENSION CONTRIBUTIONS
FOR THE YEAR ENDED SEPTEMBER 30, 2021
LAST 10 YEARS (WILL ULTIMATELY BE DISPLAYED, AS AVAILABLE)**

	Fiscal Year Ended September 30,						
	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Actuarially determined contribution	\$ 152,057	\$ 135,222	\$ 129,997	\$ 127,351	\$ 97,495	\$ 94,173	\$ 99,158
Contributions in relation to actuarially determined contributi	<u>(152,057)</u>	<u>135,222</u>	<u>129,997</u>	<u>127,351</u>	<u>97,495</u>	<u>94,173</u>	<u>99,158</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ 270,444</u>	<u>\$ 259,994</u>	<u>\$ 254,702</u>	<u>\$ 194,990</u>	<u>\$ 188,346</u>	<u>\$ 198,316</u>
Covered payroll	\$ 2,859,689	\$ 2,889,357	\$ 2,789,643	\$ 2,698,125	\$ 2,555,448	\$ 2,491,364	\$ 2,269,071
Contributions as a percentage of covered payroll	5.18%	-4.68%	-4.66%	-4.72%	-3.82%	-3.78%	-4.37%

**CITY OF DALHART, TEXAS
TEXAS MUNICIPAL RETIREMENT SYSTEM
NOTES TO SCHEDULE OF PENSION CONTRIBUTIONS**

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

Methods and Assumptions Used to Determine Contribution Rates:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percentage of Payroll, Closed
Remaining Amortization Period	14 years
Asset Valuation Method	10 Year smoothed market; 12% soft corridor
Inflation	2.5%
Salary Increases	3.5% to 11.5% including inflation
Investment Rate of Return	6.75%
Retirement Age	Experience-based table based on 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(1) mortality tables, with the Public Safety table used for males and the General Employee table used for females. The rates are projected on a fully generational basis with scale UMP.

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

CITY OF DALHART, TEXAS
TEXAS EMERGENCY SERVICES RETIREMENT SYSTEM
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
LAST 10 YEARS (WILL ULTIMATELY BE DISPLAYED, AS AVAILABLE)

	For the Year Ended August 31,						
	2021	2020	2019	2018	2017	2016	2015
Total Pension Liability:							
Service Cost	\$ 4,576	\$ 5,486	\$ 4,924	\$ 3,968	\$ 4,829	\$ 4,100	\$ 4,880
Interest on total pension liability	32,696	31,025	30,604	23,576	25,371	20,499	21,497
Effect of plan changes	-	-	8,730	-	2,058	-	-
Effect of assumption changes or inputs	-	-	(280)	-	184	-	-
Effect of economic/demographic (gains) or losses	-	-	-	-	2,537	-	-
Benefit payments/ refunds of contributions	(15,778)	(18,910)	(18,044)	(12,530)	(13,400)	(10,887)	(11,130)
Change in allocation percentage	-	-	-	(10,488)	49,674	(27,463)	-
Net change in total pension liability	21,494	17,601	25,934	4,526	71,253	(13,751)	15,247
Total pension liability, beginning	398,875	381,274	355,340	350,814	279,561	293,312	278,065
Total pension liability, ending (a)	<u>\$ 420,369</u>	<u>\$ 398,875</u>	<u>\$ 381,274</u>	<u>\$ 355,340</u>	<u>\$ 350,814</u>	<u>\$ 279,561</u>	<u>\$ 293,312</u>
Fiduciary Net Position:							
Employer contributions	10,208	10,233	12,665	12,480	9,871	8,508	11,153
State contributions	3,908	3,908	4,107	3,944	4,514	3,962	4,086
Investment income net of investment expenses	78,212	3,353	34,960	24,343	14,127	(7,969)	31,795
Benefit payments/ refunds of contributions	(15,778)	(18,910)	(18,044)	(12,530)	(13,400)	(10,887)	(11,130)
Administrative expenses	(789)	(667)	(489)	(459)	(475)	(522)	(442)
Other	3,248	3,248	-	-	-	-	-
Change in allocation percentage	-	-	(14,401)	-	38,196	(22,921)	-
Net change in fiduciary net position	79,009	1,165	18,798	27,778	52,833	(29,829)	35,462
Fiduciary net position, beginning	315,539	314,374	295,576	267,798	214,965	244,794	209,332
Fiduciary net position, ending (b)	<u>\$ 394,548</u>	<u>\$ 315,539</u>	<u>\$ 314,374</u>	<u>\$ 295,576</u>	<u>\$ 267,798</u>	<u>\$ 214,965</u>	<u>\$ 244,794</u>
Net pension liability (asset) ending (a) - (b)	<u>\$ 25,821</u>	<u>\$ 83,336</u>	<u>\$ 66,900</u>	<u>\$ 59,764</u>	<u>\$ 83,016</u>	<u>\$ 64,596</u>	<u>\$ 48,518</u>
Fiduciary net position as a % of total pension liability	93.86%	79.11%	82.45%	83.18%	76.34%	76.89%	83.46%
Number of active members	11	11	11	31	31	30	30
Net pension liability per active member	\$ 2,347	\$ 7,576	\$ 6,082	\$ 1,928	\$ 2,678	\$ 2,153	\$ 1,617

**CITY OF DALHART, TEXAS
 TEXAS EMERGENCY SERVICES RETIREMENT SYSTEM
 SCHEDULE OF EMPLOYER CONTRIBUTIONS
 LAST 10 YEARS (WILL ULTIMATELY BE DISPLAYED, AS AVAILABLE)**

Year Ending August 31,	Determined Contribution	Employer Contribution	Contribution Deficiency (Excess)	Pensionable Covered Payroll
2015	\$ 18,444	\$ 18,444	\$ -	\$ 82,414
2016	6,974	6,974	-	88,067
2017	13,250	13,250	-	88,798
2018	22,823	22,823	-	93,302
2019	18,122	18,122	-	93,302
2020	13,154	13,154	-	98,597

NOTES TO SCHEDULE OF EMPLOYER CONTRIBUTIONS

The schedule is presented to illustrate the requirement to show information for ten years. However, until a full ten-year trend is compiled, only available information is shown. The money-weighted rate of return expresses investment performance, net of investment expenses, reflecting the changing amounts actually invested during the year.

**CITY OF DALHART, TEXAS
TEXAS MUNICIPAL RETIREMENT SYSTEM
SCHEDULE OF CHANGES IN OPEB LIABILITY AND RELATED RATIOS
LAST 10 YEARS (WILL ULTIMATELY BE DISPLAYED, AS AVAILABLE)**

	Plan Year Ended December 31,			
	2020	2019	2018	2017
Total OPEB Liability				
Service cost	\$ 9,151	\$ 6,357	\$ 6,695	\$ 5,666
Interest (on the total OPEB liability)	5,412	5,823	5,276	5,202
Changes of benefit terms	-	-	-	-
Difference between expected and actual experience	(10,934)	(1,688)	(2,815)	-
Change of assumptions	28,944	29,395	(10,141)	11,620
Benefit payments, including refunds of employee contributions	(1,430)	(1,445)	(1,116)	(1,349)
Net Change in Total OPEB Liability	31,143	38,442	(2,101)	21,139
Total OPEB Liability - Beginning	192,949	154,507	156,608	135,469
Total OPEB Liability - Ending	<u>\$ 224,092</u>	<u>\$ 192,949</u>	<u>\$ 154,507</u>	<u>\$ 156,608</u>
Covered Payroll	\$ 2,859,689	\$ 2,889,357	\$ 2,789,643	\$ 2,698,125
Total OPEB Liability as a Percentage of Covered Payroll	7.84%	6.68%	5.54%	5.80%

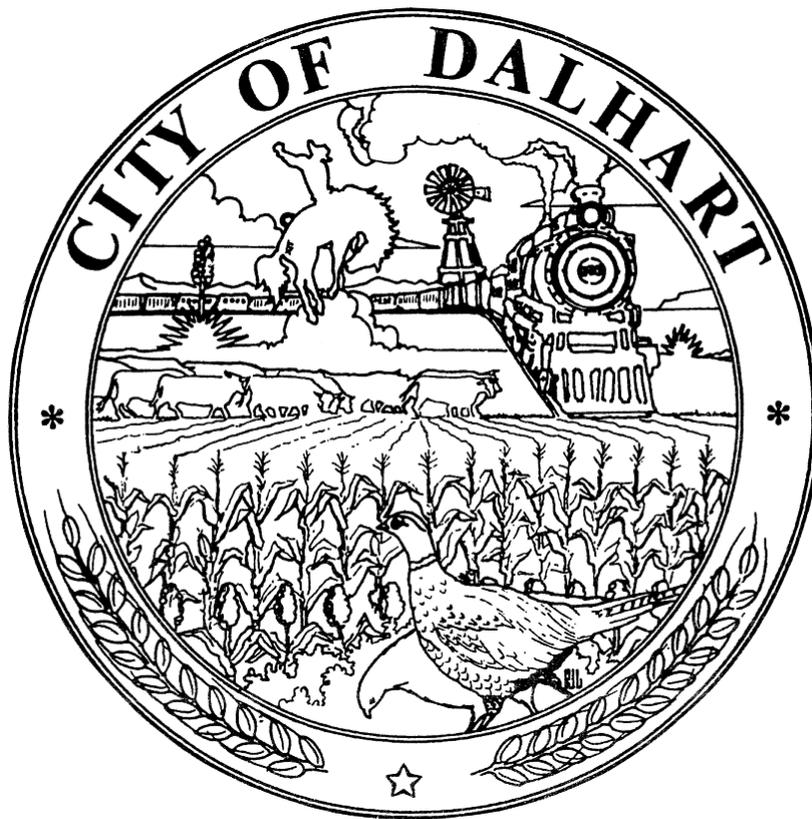
**CITY OF DALHART, TEXAS
NOTES TO SCHEDULE OF OPEB CONTRIBUTIONS**

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

Methods and Assumptions Used to Determine Contribution Rates:

Actuarial Cost Method	N/A
Amortization Method	N/A
Remaining Amortization Period	N/A
Asset Valuation Method	N/A
Inflation	2.50%
Salary Increases	3.50% to 11.50% including inflation
Investment Rate of Return	2.00%
Retirement Age	N/A
Mortality	Service retirees: 2019 Municipal Retirees of Texas Mortality Tables. The rates are projected on a fully generational basis with scale UMP. Disabled retirees: 2019 Municipal Retirees of Texas Mortality Tables with a 4 year set-forward for males and a 3 year set-forward for females. In addition, a 3.5% and 3% minimum mortality rate will be applied to reflect the impairment for younger members who become disabled for males and females, respectively. The rates are projected on a fully generational basis by Scale UMP to account for future mortality improvements subject to the floor.

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



COMBINING STATEMENTS INDIVIDUAL FUND FINANCIAL STATEMENTS AS SUPPLEMENTARY INFORMATION

This supplementary information includes financial statements and schedules not required by the Governmental Accounting Standard Board, nor a part of the basic financial statements, but are presented for purposes of additional analysis.

NON-MAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

Hotel/Motel Occupancy Tax Fund – To account for and report revenues derived from a 5% tax levied on gross hotel/motel receipts. Under City policy, such funds are used for the purposes of advertising and promoting tourist travel conventions to the City of Dalhart.

Community Development Fund – To account for and report revenues derived from a voluntary \$1.00 Community Development fee per water customer. Under City policy, such funds are used for the purpose of promoting community activities and assisting with community projects.

Rita Blanca Park Fund – To account for and report operations of the Rita Blanca Lake area. This area was contributed to the City by Hartley and Dallam Counties.

Drug Seizure Fund – To account for assets confiscated in drug related cases. The assets are to be used for law enforcement purposes such as equipment and training.

Police Department State Training Fund – To account for and report revenue derived from state grants.

Municipal Court Technology Fund – To account for and report revenues from technology fees collected by the court from defendants convicted of a misdemeanor offense. The revenues may be used only to finance the purchase of technology enhancements for a municipal court.

Fleet Fund – To account for and report financial activity for the purchase and maintenance of all vehicles and heavy equipment of the City. Ownership of such assets, and the related depreciation expenses for Government Wide financial reporting purpose, belong to the Fleet fund.

PERMANENT FUND

Cemetery Fund – This fund is used to account for and report principal trust amounts received and related interest income. The interest portion of the trust can be used to maintain the community cemetery.

**CITY OF DALHART, TEXAS
COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
SEPTEMBER 30, 2021**

	Hotel/Motel Occupancy Tax	Community Development	Rita Blanca Park	Drug Seizure	Police Department State Training	Municipal Court Tech	Fleet	Total Nonmajor Special Revenue Funds	Cemetery Care	Total Nonmajor Governmental Funds
ASSETS										
Cash and cash equivalents	\$ 351,962	\$ 117,546	\$ 88,472	\$ 4,400	\$ 4,480	\$ 33,171	\$ 515,490	\$ 1,115,521	\$ 65,949	\$ 1,181,470
Investments	-	36,021	2,251	-	-	-	283,779	322,051	473,405	795,456
Receivables	75,074	5,316	-	-	-	-	-	80,390	-	80,390
Interest Receivable	-	-	-	-	-	-	-	-	1,440	1,440
Due from other funds	-	-	-	-	-	-	500,000	500,000	-	500,000
Total assets	\$ 427,036	\$ 158,883	\$ 90,723	\$ 4,400	\$ 4,480	\$ 33,171	\$ 1,299,269	\$ 2,017,962	\$ 540,794	\$ 2,558,756
LIABILITIES										
Accounts payable	\$ 147,333	\$ -	\$ 6,747	\$ -	\$ -	\$ -	\$ -	\$ 154,080	\$ -	\$ 154,080
Accrued payroll liabilities	-	-	4,619	-	-	-	-	4,619	-	4,619
Customer deposits	-	-	18,214	-	-	-	-	18,214	-	18,214
Due to other funds	-	-	5,427	-	-	-	-	5,427	-	5,427
Deferred revenue	284,777	1,156	-	-	-	-	-	285,933	-	285,933
Total liabilities	432,110	1,156	35,007	-	-	-	-	468,273	-	468,273
FUND BALANCES										
Restricted	(5,074)	-	-	4,400	4,480	33,171	-	36,977	540,794	577,771
Assigned	-	157,727	55,716	-	-	-	1,299,269	1,512,712	-	1,512,712
Total fund balance	(5,074)	157,727	55,716	4,400	4,480	33,171	1,299,269	1,549,689	540,794	2,090,483
TOTAL LIABILITIES AND FUND BALANCES	\$ 427,036	\$ 158,883	\$ 90,723	\$ 4,400	\$ 4,480	\$ 33,171	\$ 1,299,269	\$ 2,017,962	\$ 540,794	\$ 2,558,756

CITY OF DALHART, TEXAS
COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NON-MAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2021

	Hotel/Motel Occupancy Tax	Community Development	Rita Blanca Park	Drug Seizure	Police Department State Training	Municipal Court Tech	Fleet	Total Nonmajor Special Revenue Funds	Cemetery Care	Total Nonmajor Governmental Funds
REVENUES										
Taxes	\$ 885,038	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 885,038	\$ -	\$ 885,038
Charges for services	-	-	63,163	-	-	-	-	63,163	20,637	83,800
Fines and forfeitures	-	-	-	-	-	7,025	-	7,025	-	7,025
Intergovernmental	-	-	115,000	-	-	-	682,010	797,010	-	797,010
Investment earnings	47	65	120	-	2	-	277	511	401	912
Grants and contributions	-	43,187	-	-	-	-	-	43,187	288	43,475
Miscellaneous	-	-	96,682	-	1,382	-	-	98,064	-	98,064
Total revenues	885,085	43,252	274,965	-	1,384	7,025	682,287	1,893,998	21,326	1,915,324
EXPENDITURES										
Police	-	-	-	2,030	-	-	-	2,030	-	2,030
Culture and recreation										
Parks and cemetery	-	-	269,577	-	-	-	-	269,577	-	269,577
Promotion and tourism	1,030,107	26,448	-	-	-	-	-	1,056,555	-	1,056,555
Capital outlay	-	-	-	-	-	-	730,008	730,008	-	730,008
Debt service	-	-	-	-	-	-	85,168	85,168	-	85,168
Total expenditures	1,030,107	26,448	269,577	2,030	-	-	815,176	2,143,338	-	2,143,338
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(145,022)	16,804	5,388	(2,030)	1,384	7,025	(132,889)	(249,340)	21,326	(228,014)
OTHER FINANCING SOURCES										
Transfers in (out)	-	-	81,111	-	-	-	-	81,111	(21,700)	59,411
Total other financing sources (uses)	-	-	81,111	-	-	-	-	81,111	(21,700)	59,411
NET CHANGE IN FUND BALANCES	(145,022)	16,804	86,499	(2,030)	1,384	7,025	(132,889)	(168,229)	(374)	(168,603)
FUND BALANCES AT BEGINNING OF YEAR	139,948	140,923	(30,783)	6,430	3,096	26,146	1,432,158	1,717,918	541,168	2,259,086
FUND BALANCES AT END OF YEAR	\$ (5,074)	\$ 157,727	\$ 55,716	\$ 4,400	\$ 4,480	\$ 33,171	\$ 1,299,269	\$ 1,549,689	\$ 540,794	\$ 2,090,483

FIDUCIARY FUNDS

PRIVATE-PURPOSE TRUST FUNDS

Bonnie Dejarnett Scholarship Fund—To account for a bequest of funds and for additional contributions to provide scholarships for higher education for young people in Dallam and Hartley Counties, Texas.

**CITY OF DALHART, TEXAS
COMBINING SCHEDULE OF FIDUCIARY NET POSITION – FIDUCIARY FUNDS
SEPTEMBER 30, 2021**

	Bonnie Dejarnett Scholarship Fund	Total Private-Purpose Trust Funds
ASSETS		
Pooled cash and cash equivalents	\$ 77,448	\$ 77,448
Investments	891,256	891,256
Interest receivable	2,139	2,139
Total assets	<u>\$ 970,843</u>	<u>\$ 970,843</u>
NET POSITION		
Net position held for scholarship benefits	<u>\$ 970,843</u>	<u>\$ 970,843</u>
Total net position	<u>\$ 970,843</u>	<u>\$ 970,843</u>

**CITY OF DALHART, TEXAS
COMBINING SCHEDULE OF CHANGES IN FIDUCIARY NET POSITION – FIDUCIARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2021**

	Bonnie Dejarnett Scholarship Fund	Total Private-Purpose Trust Funds
ADDITIONS		
Contributions	\$ -	\$ -
Investment earnings		
Interest	3,134	3,134
Total additions	<u>3,134</u>	<u>3,134</u>
DEDUCTIONS		
Scholarship grants	3,500	3,500
Total deductions	<u>3,500</u>	<u>3,500</u>
CHANGE IN NET POSITION	(366)	(366)
NET POSITION, BEGINNING	<u>971,209</u>	<u>971,209</u>
NET POSITION, ENDING	<u>\$ 970,843</u>	<u>\$ 970,843</u>

COMPLIANCE AND INTERNAL CONTROL SECTION



3444 North First Street, Suite 404
Abilene, Texas 79603
325-268-1033

To the Honorable Mayor and City
Council of the City of Dalhart, Texas

INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

We have audited, 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, the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund and the aggregate remaining fund information of the City of Dalhart, Texas (The City) as of and for the year ended September 30, 2021, and the related notes to the financial statements, which collectively comprise the City of Dalhart, Texas' basic financial statements, and have issued our report thereon dated November 28, 2022.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City of Dalhart, Texas' internal control over financial reporting to determine the 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 of Dalhart, Texas' internal control. Accordingly, we do not express an opinion on the effectiveness of the City of Dalhart, Texas' 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 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 the 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 City of Dalhart, Texas' financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City of Dalhart, Texas' 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 of Dalhart, Texas' internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Fullerton & Associates, PLLC

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November 28, 2022