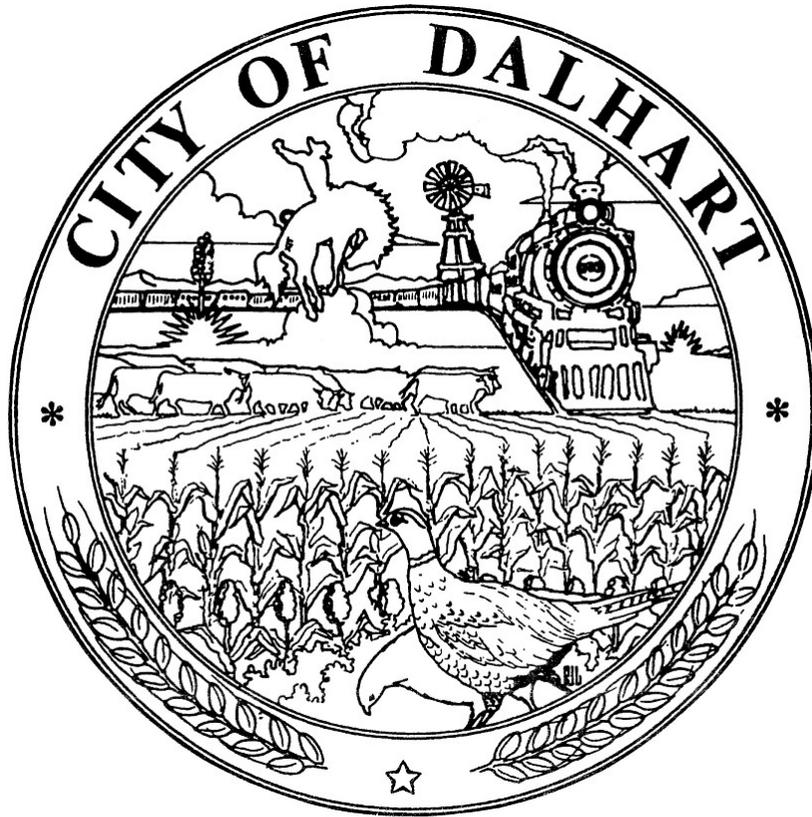


**CITY OF DALHART, TEXAS**

**Comprehensive  
Annual Financial  
Report**

**For the Year Ended  
September 30, 2023**



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

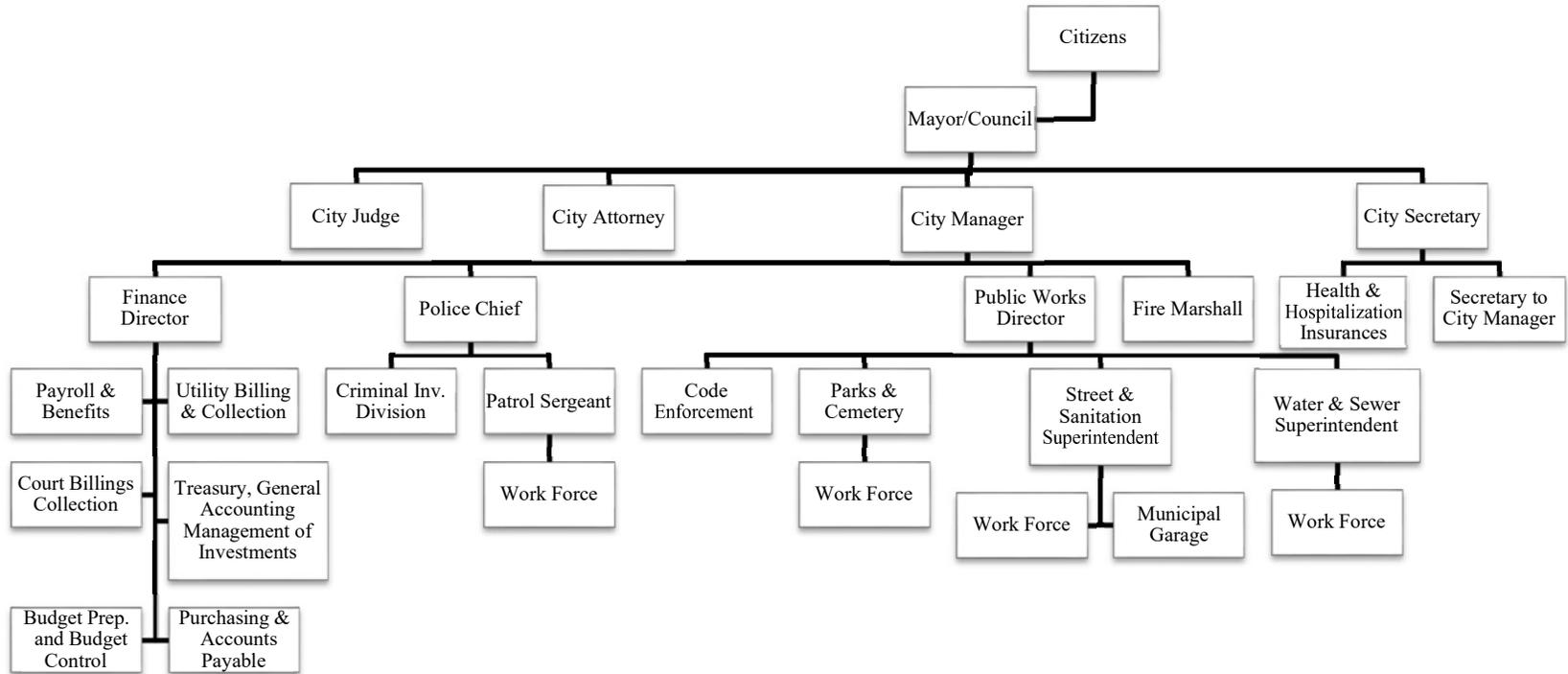
**CITY OF DALHART, TEXAS  
ANNUAL FINANCIAL REPORT  
FOR THE YEAR ENDED SEPTEMBER 30, 2023**

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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, 2023**

ELECTED OFFICIALS

James Stroud	Mayor
Roger Fleming	Council Member-Ward 1
Terry Stegall	Council Member-Ward 1
Clinton Hale	Council Member-Ward 2
Gary Schniederjan	Council Member-Ward 2
Bruno DeMots	Council Member-Ward 3
Dennis Rojas	Council Member-Ward 3
Gary Messer	Council Member-Ward 4
Ty Hancock	Council Member-Ward 4

APPOINTED OFFICIALS

Stacey Norris	City Manager
Wendy Kleynhans	City Secretary
Sarah Cooley	Finance Director
Tommy Hughes	Police Chief
David Jones	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**



CAROLINE McLANE  
CPA

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

### 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, 2023, 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.

(325) 829-4529

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1169 FM 2404 Abilene, TX 79601

## **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 December 23, 2024, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

*Caroline McLane, CPA*

Caroline McLane, CPA  
December 23, 2024

**CITY OF DALHART, TEXAS  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
AS OF AND FOR THE YEAR ENDED SEPTEMBER 30, 2023**

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, 2023.

**FINANCIAL HIGHLIGHTS**

Government-Wide Financial Statements

- The assets of the City of Dalhart exceeded its liabilities at the close of the 2023 fiscal year by \$33,984,231 (net position).
- As of September 30, 2023, \$15,217,605 (unrestricted) may be used to meet the government's ongoing obligations to citizens. \$17,408,575 is invested in capital assets, and \$1,358,051 is restricted to spending for specific purposes only.
- The net position of the City increased by \$5,854,612 during the 2023 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 \$10,925,027 which reflects an increase of \$4,276,814 in unassigned fund balances for the year ended September 30, 2023.
- Cumulatively, the non-major special revenue funds reported ending fund balances totaling of \$2,407,246 which reflects an increase of \$768,712 for the year ended September 30, 2023, all of which is nonspendable, restricted, committed or assigned for each special revenue funds' specific purpose.
- The City's Water & Sewer Fund increased \$687,869 in its net position during the 2023 fiscal year, resulting in an ending fund balance of \$7,828,716, 46% of which is invested in capital assets of net of related debt.
- The City's Airport Fund decreased its net position during the 2023 fiscal year, resulting in an ending fund balance of \$2,855,027, a decrease in net position of \$445,204, leaving net position invested in capital assets of \$2,227,349.
- The City's Fiduciary funds hold a net position for scholarship benefits of \$1,002,942 as of September 30, 2023.

**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, 2023**

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 53 and 54 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 21-43 of this report.

**CITY OF DALHART, TEXAS  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
AS OF AND FOR THE YEAR ENDED SEPTEMBER 30, 2023**

**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 \$33,984,231 at the end of 2023. As of September 30, 2023, \$17,408,575 of the City of Dalhart's net position (51%) 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**

	<b>Governmental Activities</b>		<b>Business-Type Activities</b>		<b>Total</b>	
	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
Current and other assets	\$ 14,860,087	\$ 10,862,164	\$ 1,604,792	\$ 1,482,535	\$ 16,464,879	\$ 12,344,699
Capital assets (net of depreciation)	13,671,461	11,576,843	14,237,800	15,613,771	27,909,261	27,190,614
<b>Total assets</b>	<b>28,531,548</b>	<b>22,439,007</b>	<b>15,842,592</b>	<b>17,096,306</b>	<b>44,374,140</b>	<b>39,535,313</b>
Total deferred outflows	1,222,500	199,605	248,400	42,030	1,470,900	241,635
Total internal balances	-	-	-	-	-	-
Current and other liabilities	590,684	1,070,446	1,774,476	2,362,818	2,365,160	3,433,264
Long-term liabilities	5,742,409	3,368,922	3,607,591	4,226,905	9,350,000	7,595,827
<b>Total liabilities</b>	<b>6,333,093</b>	<b>4,439,368</b>	<b>5,382,067</b>	<b>6,589,723</b>	<b>11,715,160</b>	<b>11,029,091</b>
Total deferred inflows of resources	120,467	510,702	25,182	107,536	145,649	618,238
Net position:						
Net investment in capital assets	11,600,775	9,997,790	5,807,800	10,768,771	17,408,575	20,766,561
Restricted	1,358,051	894,558	-	-	1,358,051	894,558
Unrestricted	10,341,662	6,796,194	4,875,943	(327,694)	15,217,605	6,468,500
<b>Total net position</b>	<b>\$ 23,300,488</b>	<b>\$ 17,688,542</b>	<b>\$ 10,683,743</b>	<b>\$ 10,441,077</b>	<b>\$ 33,984,231</b>	<b>\$ 28,129,619</b>

**CITY OF DALHART, TEXAS  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
AS OF AND FOR THE YEAR ENDED SEPTEMBER 30, 2023**

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

	<b>Governmental Activities</b>		<b>Business-Type Activities</b>		<b>Total</b>	
	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
Program Revenues						
Fees, fines, and charges for services	\$ 2,016,244	\$ 2,017,038	\$ 3,341,283	\$ 3,604,974	\$ 5,357,527	\$ 5,622,012
Operating grants and contributions	3,722,936	2,562,933	-	-	3,722,936	2,562,933
General Revenues						
Taxes	6,308,388	6,397,904	-	-	6,308,388	6,397,904
Investment earnings	432,082	41,091	19,735	3,575	451,817	44,666
Miscellaneous	168,741	202,771	100,152	13,240	268,893	216,011
Total Revenues	<u>12,648,391</u>	<u>11,221,737</u>	<u>3,461,170</u>	<u>3,621,789</u>	<u>16,109,561</u>	<u>14,843,526</u>
Expenditures						
General administrative	2,053,240	1,959,016	-	-	2,053,240	1,959,016
Public safety	1,861,152	1,915,435	-	-	1,861,152	1,915,435
Judicial	37,758	35,185	-	-	37,758	35,185
Street	671,102	793,989	-	-	671,102	793,989
Sanitation	811,080	812,790	-	-	811,080	812,790
Garage	355,384	511,438	-	-	355,384	511,438
Culture and recreation	1,059,292	1,742,858	-	-	1,059,292	1,742,858
Water and sewer	-	-	3,319,443	3,030,429	3,319,443	3,030,429
Airport	-	-	404,362	362,464	404,362	362,464
Total expenditures	<u>6,849,009</u>	<u>7,770,711</u>	<u>3,723,805</u>	<u>3,392,893</u>	<u>10,572,814</u>	<u>11,163,604</u>
Transfers In	(131,676)	(190,000)	-	-	(131,676)	(190,000)
Transfers Out	-	-	505,300	200,000	505,300	200,000
Other financing sources (uses)	(55,760)	(6,286)	-	11,560	(55,760)	5,274
Total other financing sources (uses)	<u>(187,436)</u>	<u>(196,286)</u>	<u>505,300</u>	<u>211,560</u>	<u>317,864</u>	<u>15,274</u>
Change in net position	5,611,946	3,254,740	242,665	440,456	5,854,611	3,695,196
Net position, beginning - as restated	<u>17,688,542</u>	<u>14,433,802</u>	<u>10,441,078</u>	<u>10,000,622</u>	<u>28,129,620</u>	<u>24,434,424</u>
Net position, ending	<u>\$ 23,300,488</u>	<u>\$ 17,688,542</u>	<u>\$ 10,683,743</u>	<u>\$ 10,441,078</u>	<u>\$ 33,984,231</u>	<u>\$ 28,129,620</u>

**CITY OF DALHART, TEXAS  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
AS OF AND FOR THE YEAR ENDED SEPTEMBER 30, 2023**

**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 2023, the City of Dalhart's governmental General Fund reported an ending fund balance of \$10,925,027, \$10,202,782 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 2023 General fund expenditures.

**CAPITAL ASSETS**

The City of Dalhart's investment in capital assets for its governmental activities amounts to \$13,671,461 (net of accumulated depreciation) as of September 30, 2023, and its investment in capital assets for its business-type activities amounts to \$14,237,800 (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, 2023, the City had \$8,636,504 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, 2023**

**City of Dalhart's Capital Assets—Comparative Schedules**

	<b>Governmental Activities</b>		<b>Business-Type Activities</b>		<b>Total</b>	
	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
Land	\$ 518,057	\$ 541,457	\$ 228,179	\$ 463,603	\$ 746,236	\$ 1,005,060
Construction in progress	7,255,448	4,651,478	1,951,829	1,951,829	9,207,277	6,603,307
Buildings and improvements	3,467,146	3,700,924	1,884,012	2,187,266	5,351,158	5,888,190
Machinery, vehicles and equipment	1,883,177	2,278,815	744,743	787,404	2,627,920	3,066,219
Infrastructure	547,633	404,169	9,429,037	10,223,669	9,976,670	10,627,838
	<u>\$ 13,671,461</u>	<u>\$ 11,576,843</u>	<u>\$ 14,237,800</u>	<u>\$ 15,613,771</u>	<u>\$ 27,909,261</u>	<u>\$ 27,190,614</u>

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

	<b>Governmental Activities</b>		<b>Business-Type Activities</b>		<b>Total</b>	
	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
Landfill remediation liability	\$ 722,056	\$ 623,376	\$ -	\$ -	\$ 722,056	\$ 623,376
Compensated absences	72,260	72,260	11,905	11,905	84,165	84,165
Total OPEB liability	146,978	206,409	30,686	-	177,664	206,409
Net pension liability	116,115	25,821	-	-	116,115	25,821
Capital leases payable	-	111,076	-	-	-	111,076
Unamortized premium on debt	-	-	621,504	621,504	621,504	621,504
Certificates and bond obligations	2,330,000	2,380,000	4,585,000	5,215,000	6,915,000	7,595,000
	<u>\$ 3,387,409</u>	<u>\$ 3,418,942</u>	<u>\$ 5,249,095</u>	<u>\$ 5,848,409</u>	<u>\$ 8,636,504</u>	<u>\$ 9,267,351</u>

# **BASIC FINANCIAL STATEMENTS**

**CITY OF DALHART, TEXAS**  
**STATEMENT OF NET POSITION**  
**SEPTEMBER 30, 2023**

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	Economic Development Corporation
<b>ASSETS</b>				
Pooled cash and cash equivalents	\$ 3,266,048	\$ 218,527	\$ 3,484,575	\$ 491,650
Investments	9,806,202	518,007	10,324,209	2,990,980
Receivables (net of allowance for uncollectible)	1,584,262	648,638	2,232,900	158,869
Inventories	190	-	190	-
Restricted assets: Cash and equivalents	32,848	183,711	216,559	-
Capital assets:				
Land	518,057	228,179	746,236	1,136,712
Construction in progress	7,255,448	1,951,829	9,207,277	-
Infrastructure	5,648,708	22,052,808	27,701,516	-
Buildings and improvements	7,439,358	9,862,889	17,302,247	-
Machinery, vehicles, and equipment	10,394,675	5,071,387	15,466,062	-
Less: accumulated depreciation	(17,584,785)	(24,929,292)	(42,514,077)	-
Intangible assets:				
Deferred charge on bond refunding, (net of accumulated amortization)				-
Net pension asset (TMRS)	170,537	35,909	206,446	-
Total assets	<u>28,531,548</u>	<u>15,842,592</u>	<u>44,374,140</u>	<u>4,778,211</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Deferred outflows - OPEB	1,061	222	1,283	-
Deferred outflows - pension	1,221,439	248,178	1,469,617	-
Total deferred outflows of resources	<u>1,222,500</u>	<u>248,400</u>	<u>1,470,900</u>	<u>-</u>
<b>INTERNAL BALANCES</b>				
Due (to)/from other funds		-	-	-
<b>LIABILITIES</b>				
Accounts payable	387,431	483,948	871,379	107,192
Overdraft payable	-	444,231	444,231	-
Accrued wages and payroll expenses	24,468	(5,583)	18,885	-
Deposits payable	32,848	183,711	216,559	-
Accrued interest	50,937	18,169	69,106	-
Current portion of long-term liabilities	95,000	650,000	745,000	-
Noncurrent liabilities				
Compensated absences payable	72,260	11,905	84,165	-
Total OPEB liability	146,978	30,686	177,664	-
Net pension liability (TESRS)	116,115	-	116,115	-
Certificates of obligation and bonds payable	4,685,000	3,565,000	8,250,000	-
Capital leases payable	-	-	-	-
Landfill remediation liability	722,056	-	722,056	-
Total liabilities	<u>6,333,093</u>	<u>5,382,067</u>	<u>11,715,160</u>	<u>107,192</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Deferred inflows - OPEB	34,685	7,242	41,927	-
Deferred inflows - pension	85,782	17,940	103,722	-
Total deferred inflows of resources	<u>120,467</u>	<u>25,182</u>	<u>145,649</u>	<u>-</u>
<b>NET POSITION</b>				
Net investment in capital assets	11,600,775	5,807,800	17,408,575	-
Restricted for public safety	56,449	-	56,449	-
Restricted for tourism and community development	745,241	-	745,241	-
Restricted for Cemetery - expendable	290,704	-	290,704	-
Restricted for Cemetery - non-expendable	265,657	-	265,657	-
Unrestricted	10,341,662	4,875,943	15,217,605	4,150,749
Total net position	<u>\$ 23,300,488</u>	<u>\$ 10,683,743</u>	<u>\$ 33,984,231</u>	<u>\$ 4,150,749</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, 2023**

PRIMARY GOVERNMENT FUNCTIONS/PROGRAMS	Net (Expense) Revenue and Changes in Net Position						
	Expenses	Program Revenues		Primary Government			Component Unit
		Charges for Services	Grants and Contributions	Governmental Activities	Business-Type Activities	Total	Economic Development Corporation
<b>GOVERNMENTAL ACTIVITIES</b>							
General administrative	\$ 2,053,240	\$ 67,476	\$ 3,676,409	\$ 1,690,645	\$ -	\$ 1,690,645	\$ -
Judicial	37,758	115,226	-	77,468	-	77,468	-
Public safety: Police	1,463,878	3,286	-	(1,460,592)	-	(1,460,592)	-
Fire	350,753	255,091	-	(95,662)	-	(95,662)	-
Ambulance	46,521	-	-	(46,521)	-	(46,521)	-
Street	671,102	2,518	-	(668,584)	-	(668,584)	-
Sanitation	811,080	1,280,679	-	469,599	-	469,599	-
Garage	355,384	-	-	(355,384)	-	(355,384)	-
Culture and recreation: Swimming pool	163,062	16,938	-	(146,124)	-	(146,124)	-
Parks and cemetery	486,265	275,030	203	(211,032)	-	(211,032)	-
Promotion and tourism	409,965	-	46,324	(363,641)	-	(363,641)	-
Total governmental activities	<u>6,849,009</u>	<u>2,016,244</u>	<u>3,722,936</u>	<u>(1,109,829)</u>	<u>-</u>	<u>(1,109,829)</u>	<u>-</u>
<b>BUSINESS-TYPE ACTIVITIES</b>							
Water and sewer	3,319,443	3,255,326	-	-	(64,117)	(64,117)	-
Airport	404,362	85,957	-	-	(318,405)	(318,405)	-
Total business-type activities	<u>3,723,805</u>	<u>3,341,283</u>	<u>-</u>	<u>-</u>	<u>(382,522)</u>	<u>(382,522)</u>	<u>-</u>
<b>TOTAL PRIMARY GOVERNMENT</b>	<u>\$ 10,572,814</u>	<u>\$ 5,357,527</u>	<u>\$ 3,722,936</u>	<u>(1,109,829)</u>	<u>(382,522)</u>	<u>(1,492,351)</u>	<u>\$ -</u>
<b>COMPONENT UNIT</b>							
Economic Development Corporation	\$ 477,536	\$ -	\$ 24,133				\$ (453,403)
General revenues:							
Property taxes				2,513,355	-	2,513,355	-
Sales and use taxes				2,686,558	-	2,686,558	846,739
Franchise taxes				697,990	-	697,990	-
CRP & Hotel/Motel occupancy taxes				396,007	-	396,007	-
Alcoholic beverage taxes				14,478	-	14,478	-
Investment earnings				432,082	19,735	451,817	171,142
Miscellaneous				168,741	100,152	268,893	-
Gain/(Loss) on disposal of fixed assets				(55,760)	-	(55,760)	(203,164)
Transfers				(131,676)	505,300	373,624	(373,624)
Total general revenues and transfers				<u>6,721,775</u>	<u>625,187</u>	<u>7,346,962</u>	<u>441,093</u>
CHANGE IN NET POSITION				5,611,946	242,665	5,854,611	(12,310)
BEGINNING NET POSITION				17,688,542	10,441,078	28,129,620	4,163,059
PRIOR PERIOD ADJUSTMENT				-	-	-	-
BEGINNING NET POSITION, AS RESTATED				17,688,542	10,441,078	28,129,620	4,163,059
NET POSITION AT END OF YEAR				<u>\$ 23,300,488</u>	<u>\$ 10,683,743</u>	<u>\$ 33,984,231</u>	<u>\$ 4,150,749</u>

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

**CITY OF DALHART, TEXAS  
BALANCE SHEET – GOVERNMENTAL FUNDS  
SEPTEMBER 30, 2023**

	General Fund	Total Non-major Funds	Total Governmental Funds
<b>ASSETS</b>			
Cash and cash equivalents	\$ 1,820,481	\$ 1,478,415	\$ 3,298,896
Investments	8,193,260	1,612,942	9,806,202
Taxes receivables (net of allowances)	630,637	75,074	705,711
Intergovernmental receivable	247,675	-	247,675
Interest receivable	-	-	-
Other receivables (net of allowances)	331,883	6,246	338,129
Due from other funds	5,427	-	5,427
Inventories	190	-	190
Total assets	<u>\$ 11,229,553</u>	<u>\$ 3,172,677</u>	<u>\$ 14,402,230</u>
<b>LIABILITIES</b>			
Accounts payable	\$ 254,007	\$ 133,424	\$ 387,431
Accrued payroll liabilities	21,787	2,681	24,468
Deposits payable	4,926	27,922	32,848
Due to other funds	-	5,427	5,427
Total liabilities	<u>280,720</u>	<u>169,454</u>	<u>450,174</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Unavailable revenue - community development	-	595,977	595,977
Unavailable revenue - property taxes	-	-	-
Unavailable revenue - other receivables	23,806	-	23,806
Total deferred inflows of resources	<u>23,806</u>	<u>595,977</u>	<u>619,783</u>
<b>FUND BALANCES</b>			
Nonspendable fund balance:			
Cemetery perpetual care	-	265,657	265,657
Inventories	190	-	190
Restricted fund balance:			
Cemetery perpetual care	-	290,704	290,704
Police department state training funds	-	1,454	1,454
Drug seizure	-	4,100	4,100
Municipal court technology	-	50,895	50,895
Tourism advertising and promotion	-	149,264	149,264
Committed fund balance:			
Landfill assurance	722,055	-	722,055
Assigned fund balance:			
Community development	-	181,732	181,732
Rita Blanca Park	-	95,714	95,714
Fleet	-	1,367,726	1,367,726
Unassigned fund balance	<u>10,202,782</u>	<u>-</u>	<u>10,202,782</u>
Total fund balances	<u>10,925,027</u>	<u>2,407,246</u>	<u>13,332,273</u>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>			
	<u>\$ 11,229,553</u>	<u>\$ 3,172,677</u>	<u>\$ 14,402,230</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, 2023**

Total Fund Balances - Governmental Funds Balance Sheet	\$ 13,332,273
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.	13,704,964
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.	(5,583,072)
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.	619,783
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>1,226,540</u>
Net Position of Governmental Activities - Statement of Net Position	<u>\$ 23,300,488</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, 2023**

	General Fund	Total Non-major Funds	Total Governmental Funds
<b>REVENUES</b>			
Taxes			
Property	\$ 2,550,993	\$ -	\$ 2,550,993
Sales and use	2,686,558	-	2,686,558
Franchise	697,990	-	697,990
Mixed beverage	14,478	-	14,478
Hotel/motel occupancy	-	395,963	395,963
Licenses and permits	42,634	-	42,634
Fines and forfeitures	106,622	11,889	118,511
Intergovernmental	370,598	1,778,456	2,149,054
Charges for services	1,347,492	142,521	1,490,013
Investment earnings	355,628	76,454	432,082
Grants and contributions	3,676,409	46,527	3,722,936
Miscellaneous	1,215,735	116,869	1,332,604
	-	-	-
<b>Total revenues</b>	<b>13,065,137</b>	<b>2,568,679</b>	<b>15,633,816</b>
<b>EXPENDITURES</b>			
Current:			
General administrative	1,468,077	52,784	1,520,861
Judicial	39,598	-	39,598
Public safety:			
Police	1,816,526	7,609	1,824,135
Fire	371,928	-	371,928
Ambulance	46,521	-	46,521
Street	852,736	-	852,736
Garage	395,665	-	395,665
Sanitation	1,060,458	-	1,060,458
Culture and recreation:			
Swimming pool	132,886	-	132,886
Parks and cemetery	117,658	413,999	531,657
Promotion and tourism	-	409,965	409,965
Capital Outlay	2,978,519	51,416	3,029,935
Debt service:			
Principal	-	120,474	120,474
Interest and fiscal charges	115,121	4,674	119,795
<b>Total expenditures</b>	<b>9,395,693</b>	<b>1,060,921</b>	<b>10,456,614</b>
<b>EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES</b>	<b>3,669,444</b>	<b>1,507,758</b>	<b>5,177,202</b>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in (out)	607,370	(739,046)	(131,676)
<b>Total other financing sources (uses)</b>	<b>607,370</b>	<b>(739,046)</b>	<b>(131,676)</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>4,276,814</b>	<b>768,712</b>	<b>5,045,526</b>
<b>FUND BALANCES AT BEGINNING OF YEAR</b>	<b>5,648,213</b>	<b>2,638,534</b>	<b>8,286,747</b>
<b>PRIOR PERIOD ADJUSTMENT</b>	<b>1,000,000</b>	<b>(1,000,000)</b>	<b>-</b>
<b>FUND BALANCES AT BEGINNING OF YEAR, AS RESTATED</b>	<b>6,648,213</b>	<b>1,638,534</b>	<b>8,286,747</b>
<b>FUND BALANCES AT END OF YEAR</b>	<b>\$ 10,925,027</b>	<b>\$ 2,407,246</b>	<b>\$ 13,332,273</b>

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, 2023**

Net Change in Fund Balances - Total Governmental Funds \$ 5,045,526

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. 3,029,938

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. (879,557)

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. (55,760)

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. 263,717

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. (2,402,500)

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. 111,076

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. 591,823

Change in Net Position of Governmental Activities - Statement of Activities \$ 5,611,946

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, 2023**

	Water and Sewer Fund	Airport Fund	Total Enterprise Funds
<b>ASSETS</b>			
Current assets:			
Cash and cash equivalents	\$ -	\$ 218,527	\$ 218,527
Investments	102,353	415,654	518,007
Receivables (net of allowances)	648,638	-	648,638
Restricted assets:			
Restricted cash- deposits	183,231	480	183,711
Total current assets	<u>934,222</u>	<u>634,661</u>	<u>1,568,883</u>
Noncurrent assets:			
Capital assets:			
Land	228,179	-	228,179
Construction in progress	1,951,829	-	1,951,829
Buildings and improvements	405,142	9,457,747	9,862,889
Machinery, vehicles and equipment	4,876,860	194,527	5,071,387
Infrastructure	22,052,808	-	22,052,808
Less accumulated depreciation	(17,504,367)	(7,424,925)	(24,929,292)
Capital assets, net of depreciation	<u>12,010,451</u>	<u>2,227,349</u>	<u>14,237,800</u>
Intangible assets:			
Deferred charge on bond refunding	55,000	-	55,000
Less accumulated amortization	(55,000)	-	(55,000)
Intangible assets, net of amortization	<u>-</u>	<u>-</u>	<u>-</u>
Net pension asset	35,909	-	35,909
Total noncurrent assets	<u>12,046,360</u>	<u>2,227,349</u>	<u>14,273,709</u>
Total assets	<u>12,980,582</u>	<u>2,862,010</u>	<u>15,842,592</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred outflows related to OPEB	222	-	222
Deferred outflows related to pensions	248,178	-	248,178
Total deferred outflows of resources	<u>248,400</u>	<u>-</u>	<u>248,400</u>
<b>LIABILITIES</b>			
Current liabilities:			
Accounts payable	477,445	6,503	483,948
Overdraft payable	444,231	-	444,231
Accrued payroll liabilities	(5,583)	-	(5,583)
Accrued interest payable	18,169	-	18,169
Bonds payable- current	650,000	-	650,000
Due to other funds	-	-	-
Unearned revenue	-	-	-
Deposits payable- restricted assets	183,231	480	183,711
Total current liabilities	<u>1,767,493</u>	<u>6,983</u>	<u>1,774,476</u>
Noncurrent liabilities:			
Total OPEB liability	30,686	-	30,686
Compensated absences	11,905	-	11,905
Bonds payable	3,565,000	-	3,565,000
Unamortized premium on bonds	-	-	-
Total noncurrent liabilities	<u>3,607,591</u>	<u>-</u>	<u>3,607,591</u>
Total liabilities	<u>5,375,084</u>	<u>6,983</u>	<u>5,382,067</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred inflows related to OPEB	7,242	-	7,242
Deferred inflows related to pensions	17,940	-	17,940
Total deferred inflows of resources	<u>25,182</u>	<u>-</u>	<u>25,182</u>
<b>NET POSITION</b>			
Net invested in capital assets	3,580,451	2,227,349	5,807,800
Unrestricted	4,248,265	627,678	4,875,943
<b>TOTAL NET POSITION</b>	<u>\$ 7,828,716</u>	<u>\$ 2,855,027</u>	<u>\$ 10,683,743</u>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION</b>	<u>13,228,982</u>	<u>2,862,010</u>	<u>16,090,992</u>

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, 2023**

	<u>Water and Sewer Fund</u>	<u>Airport Fund</u>	<u>Total Enterprise Funds</u>
<b>OPERATING REVENUES</b>			
Charges for Sales and Services			
Water sales	\$ 2,432,914	\$ -	\$ 2,432,914
Sewer charges	747,993	-	747,993
Water service charges	24,857	-	24,857
Tap fees and penalties	49,562	-	49,562
Fuel and oil commissions	-	29,017	29,017
Lease rentals	-	56,940	56,940
	<u>3,255,326</u>	<u>85,957</u>	<u>3,341,283</u>
Total operating revenues			
<b>OPERATING EXPENSES</b>			
Personnel services	950,512	-	950,512
Material and supplies	1,382,922	30,184	1,413,106
Contracted services	65,000	35,108	100,108
Depreciation	921,009	339,070	1,260,079
	<u>3,319,443</u>	<u>404,362</u>	<u>3,723,805</u>
Total operating expenses			
OPERATING INCOME (LOSS)	<u>(64,117)</u>	<u>(318,405)</u>	<u>(382,522)</u>
<b>NON-OPERATING REVENUES (EXPENSES)</b>			
Investment earnings	11,110	8,625	19,735
Miscellaneous revenues	152	100,000	100,152
Grant revenue	-	-	-
Interest expense	-	-	-
	<u>11,262</u>	<u>108,625</u>	<u>119,887</u>
Net non- operating revenues (expenses)			
INCOME BEFORE TRANSFERS	(52,855)	(209,780)	(262,635)
Transfer out to bond debt			-
Transfer in from other funds			-
Transfer in/(out) all others	740,724	(235,424)	505,300
	<u>740,724</u>	<u>(235,424)</u>	<u>505,300</u>
CHANGE IN NET POSITION	<u>687,869</u>	<u>(445,204)</u>	<u>242,665</u>
BEGINNING NET POSITION	<u>7,140,847</u>	<u>3,300,231</u>	<u>10,441,078</u>
ENDING NET POSITION	\$ <u>7,828,716</u>	\$ <u>2,855,027</u>	\$ <u>10,683,743</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, 2023**

	Water and Sewer	Airport	Total Enterprise Funds
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash received from customers	\$ 2,978,161	\$ 85,957	\$ 3,064,118
Payments to employees for salaries and benefits	(1,009,913)	-	(1,009,913)
Payments to suppliers and service providers	(1,441,426)	(105,162)	(1,546,588)
Net cash provided by (used in) operating activities	526,822	(19,205)	507,617
<b>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES</b>			
Transfers to other funds	740,724	-	740,724
Advances to other funds	-	(235,424)	(235,424)
Net cash provided by non-capital financing activities	740,724	(235,424)	505,300
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>			
Interest paid on capital debt	-	-	-
Principal paid on capital debt	(630,000)	-	(630,000)
Acquisition or construction of capital assets	(70,210)	(186,102)	(256,312)
Net cash provided by (used in) capital and related financing activities	(700,210)	(186,102)	(886,312)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Investment earnings	11,110	8,625	19,735
Purchase of investments	(3,717)	-	(3,717)
Miscellaneous revenues	152	64,337	64,489
Net cash provided by investing activities	7,545	72,962	80,507
<b>NET INCREASE/ (DECREASE) IN CASH AND CASH EQUIVALENTS</b>			
	574,881	(367,769)	207,112
<b>CASH AND EQUIVALENTS, BEGINNING</b>			
	(391,650)	586,776	195,126
<b>CASH AND EQUIVALENTS, ENDING</b>			
	\$ 183,231	\$ 219,007	\$ 402,238
<b>RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES</b>			
Operating income (loss)	\$ (64,117)	\$ (318,405)	\$ (382,522)
Adjustments to reconcile operating income to net cash flows from operating activities:			
Depreciation	921,009	339,070	1,260,079
Changes in operating assets			
Receivables and due from other funds	(283,877)	-	(283,877)
Pension deferred outflow/inflow and obligations	(45,890)	-	(45,890)
Changes in operating liabilities			
Accounts payable	6,496	(39,870)	(33,374)
Accrued liabilities and payroll	(13,511)	-	(13,511)
Customer deposits	6,712	-	6,712
Net cash used in operating activities	\$ 526,822	\$ (19,205)	\$ 507,617

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, 2023**

	<u>Private-Purpose Trust Funds</u>
<b>ASSETS</b>	
Pooled cash and cash equivalents	\$ 77,094
Investments	923,141
Interest receivable	2,707
Total assets	<u>\$ 1,002,942</u>
<b>NET POSITION</b>	
Net position held for scholarship benefits	<u>\$ 1,002,942</u>
Total net position	<u>\$ 1,002,942</u>

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, 2023**

	<u>Private-Purpose Trust Funds</u>
<b>ADDITIONS</b>	
Contributions	\$ -
Investment earnings	
Interest	27,260
Total additions	<u>27,260</u>
<b>DEDUCTIONS</b>	
Scholarship grants	3,500
Bank charges	-
Donations to Frank Philips College, Dalhart branch	-
Total deductions	<u>3,500</u>
CHANGE IN NET POSITION	23,760
NET POSITION, BEGINNING	<u>979,182</u>
NET POSITION, ENDING	<u>\$ 1,002,942</u>

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

**CITY OF DALHART, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2023**

**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**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2023**

**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**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2023**

**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 General Fund received \$5,158,226 more in revenues than budgeted. Most of this was due to grants and contribution, which was \$3,676,409. The City also received \$717,413 less in property taxes than it expected. The City expended \$1,172,100 more than budgeted for the current fiscal year. Most of the excess expenditure was in capital outlay.

The following departments' expenditures exceeded appropriations: Judicial \$39,598; Police -\$3,867; Fire - \$73,726; ambulance \$9,321; swimming pool \$8,816; parks and cemetery -\$222,923; capital outlay \$2,978,519, and debt service \$115,121.

**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**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2023**

**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>
Vehicles	3-15 years
Machinery and other equipment	3-20 years
Buildings and improvements	6-50 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**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2023**

**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**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2023**

**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**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2023**

**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**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2023**

**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, 2023:

Cash and deposit balances consist of:

Petty cash funds	\$ 1,525
Bank deposits (interest rate 2.28%)	4,267,500
Certificates of deposit (interest rates 0.35%-2.75%)	749,748
Temporary investments - TexPool (interest rate 1.0151%)	2,441,455
Temporary investments - Texas LOGIC (interest rate 5.5168%)	11,026,750
Temporary investments - TexSTAR (interest rate 4.4919%)	21,229
<b>Total</b>	<b>\$ 18,508,208</b>

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

Government-wide Statement of Net Position:

Unrestricted	\$ 13,808,784
Restricted	216,559
<b>Total primary government</b>	<b>14,025,343</b>
Component unit	3,482,630
Fiduciary Funds Statement of Net Position	1,000,235
<b>Total</b>	<b>\$ 18,508,208</b>

**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, 2023, 73% 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**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2023**

**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	Total
	General	Non-major	Water & Sewer	
Receivables				
Accounts	\$ 269,688	\$ 6,246	\$ 731,781	\$ 1,007,715
Fire services agreements	247,675	-	-	247,675
Property taxes	27,196	-	-	27,196
Sales taxes	476,606	-	-	476,606
Franchise taxes	130,209	-	-	130,209
Hotel/motel occupancy taxes	-	75,074	-	75,074
Paving assessment	115,792	-	-	115,792
Interest	(235)	-	-	(235)
Total gross receivables	1,266,931	81,320	731,781	2,080,032
Less: Allowance for uncollectibles				
Utility services accounts	(25,857)	-	(83,143)	(109,000)
Taxes	(3,374)	-	-	(3,374)
Paving assessment	(27,505)	-	-	(27,505)
Net total receivables	\$ 1,210,195	\$ 81,320	\$ 648,638	\$ 1,940,153

**CITY OF DALHART, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2023**

**NOTE 4 – CAPITAL ASSETS**

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

	<u>Beginning Balances</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balances</u>
<b>Governmental Activities</b>				
Capital assets not being depreciated:				
Land	\$ 541,457	\$ -	\$ (23,400)	\$ 518,057
Construction in progress	4,651,478	2,603,970	-	7,255,448
Total capital assets not being depreciated	<u>5,192,935</u>	<u>2,603,970</u>	<u>(23,400)</u>	<u>7,773,505</u>
Capital assets being depreciated				
Buildings and improvements	7,673,872	23,153	(257,667)	7,439,358
Machinery, vehicles and equipment	10,313,312	152,910	(71,547)	10,394,675
Infrastructure	5,398,806	249,902	-	5,648,708
Total capital assets being depreciated	<u>23,385,990</u>	<u>425,965</u>	<u>(329,214)</u>	<u>23,482,741</u>
Less accumulated depreciation for:				
Buildings and improvements	(3,972,948)	(224,571)	225,307	(3,972,212)
Machinery, vehicles and equipment	(8,034,497)	(548,548)	71,547	(8,511,498)
Infrastructure	(4,994,637)	(106,438)	-	(5,101,075)
Total accumulated depreciation	<u>(17,002,082)</u>	<u>(879,557)</u>	<u>296,854</u>	<u>(17,584,785)</u>
Total capital assets being depreciated, net	<u>6,383,908</u>	<u>(453,591)</u>	<u>(32,360)</u>	<u>5,897,956</u>
Governmental activities capital assets, net	<u>\$ 11,576,843</u>	<u>\$ 2,150,378</u>	<u>\$ (55,760)</u>	<u>\$ 13,671,461</u>

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

Governmental activities:	
General	\$ 74,483
Judicial	1,789
Public safety:	
Fire	15,249
Police	22,749
Street	107,760
Sanitation	76,434
Garage	551
Culture and recreation:	
Parks and cemetery	11,156
Swimming pool	30,176
Special revenue funds:	
Rita Blanca Park	73,055
Fleet	466,155
	<u>\$ 879,557</u>

**CITY OF DALHART, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2023**

**NOTE 4 – CAPITAL ASSETS—Continued**

Capital asset activity for business-type activities for the year ended September 30, 2023, was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
<b>Business-type</b>				
Capital assets not being depreciated:				
Land	\$ 463,603	\$ -	\$ (235,424)	\$ 228,179
Construction in progress	1,951,829	-	-	1,951,829
Total capital assets not being depreciated	<u>2,415,432</u>	<u>-</u>	<u>(235,424)</u>	<u>2,180,008</u>
Capital assets being depreciated				
Buildings and improvements	9,819,389	43,500	-	9,862,889
Machinery, vehicles and equipment	5,011,570	59,817	-	5,071,387
Infrastructure	22,036,593	16,215	-	22,052,808
Total capital assets being depreciated	<u>36,867,552</u>	<u>119,532</u>	<u>-</u>	<u>36,987,084</u>
Less accumulated depreciation for:				
Buildings and improvements	(7,632,123)	(346,754)	-	(7,978,877)
Machinery, vehicles and equipment	(4,224,166)	(102,478)	-	(4,326,644)
Infrastructure	(11,812,924)	(810,847)	-	(12,623,771)
Total accumulated depreciation	<u>(23,669,213)</u>	<u>(1,260,079)</u>	<u>-</u>	<u>(24,929,292)</u>
Total capital assets being depreciated, net	<u>13,198,339</u>	<u>(1,140,547)</u>	<u>-</u>	<u>12,057,792</u>
Governmental activities capital assets, net	<u>\$ 15,613,771</u>	<u>\$ (1,140,547)</u>	<u>\$ (235,424)</u>	<u>\$ 14,237,800</u>

Depreciation expense was charged to the Enterprise funds as follows:

Business-type activities:

Water- Administrative	\$ -
Water- Distribution	544,451
Sewer	376,558
Airport	339,070
	<u>\$ 1,260,079</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, 2023, are as follows:

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

**CITY OF DALHART, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2023**

**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, 2023, are as follows:

Fund	Interfund Transfers In	Interfund Transfers Out	Net transfer in/(out)
General fund	\$ 607,370	\$	\$ 607,370
Proprietary Funds:			
Water and Sewer	-	(740,724)	740,724
Airport		235,424	(235,424)
Special Revenue Funds:			
Rita Blanca Park	114,382	-	114,382
Permanent Fund:			
Cemetery	-	21,700	(21,700)
Discretely presented component unit:			
EDC	(373,624)		(373,624)
	<u>\$ 348,128</u>	<u>\$ (483,600)</u>	<u>\$ 831,728.00</u>

**NOTE 6 – LONG-TERM LIABILITIES**

GOVERNMENTAL FUNDS

Changes to Governmental type long-term liabilities balances for the year ended September 30, 2023, were as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Due Within One Year
<b>Governmental activities</b>					
Certificates of Obligation, Series 2023	\$ -	\$ 2,450,000	\$ -	\$ 2,450,000	45,000
Certificates of Obligation, Series 2020	2,380,000	-	(50,000)	2,330,000	50,000
Capital Lease Payable	111,076	-	(111,076)	-	-
Governmental activity long-term liabilities	<u>\$ 2,491,076</u>	<u>\$ 2,450,000</u>	<u>\$ (161,076)</u>	<u>\$ 4,780,000</u>	<u>\$ 95,000</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**  
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**SEPTEMBER 30, 2023**

**NOTE 6 – LONG-TERM LIABILITIES - Continued**

Year Ending September 30,	Combination Tax and Revenue Certificates of Obligation Series 2020		
	Principal	Interest	Total
	2024	50,000	77,200
2025	55,000	74,575	129,575
2026	55,000	71,825	126,825
2027	60,000	68,950	128,950
2028	65,000	65,825	130,825
2029-2033	350,000	294,556	644,556
2034-2038	405,000	234,181	639,181
2039-2043	480,000	164,844	644,844
2044-2048	560,000	83,906	643,906
2049-2050	250,000	7,813	257,813
Totals	\$ 2,330,000	\$ 1,143,675	\$ 3,473,675

**Combination Tax and Revenue Certificates of Obligation, Series 2023**

In 2023, the City issued \$2,450,000 in Combination Tax and Revenue Certificates of Obligation, Series 2023 with an average coupon rate of 4.14%. The proceeds will be used to fund new public facilities, including an emergency response center, and to pay the costs of issuance. Dalhart’s GO bonds are to be payable from the proceeds of an annual ad valorem tax levied on all taxable property within the city, within the limits prescribed by law.

Future debt service requirements for the 2023 Certificates of obligation are as follows:

Year Ending September 30,	Combination Tax and Revenue Certificates of Obligation Series 2023		
	Principal	Interest	Total
	2024	\$ 45,000	\$ 134,407
2025	80,000	102,513	182,513
2026	85,000	97,975	182,975
2027	90,000	93,163	183,163
2028	95,000	88,075	183,075
2029-2033	550,000	354,738	904,738
2034-2038	685,000	216,925	901,925
2039-2043	820,000	82,394	902,394
	\$ 2,450,000	\$ 1,170,189	\$ 3,620,189

**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.

The capital lease was paid off in fiscal year ending September 30, 2023.

**CITY OF DALHART, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2023**

**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.

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.

Changes to the business-type long term liabilities for the year ended September 30, 2023, are as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Due Within One Year
<b>Business-type activities</b>					
General Obligation Refunding Bonds, Series 2021	\$ 4,845,000	\$ -	\$ (630,000)	\$ 4,215,000	\$ 650,000
Businesses-type activities long-term liabilities	\$ 4,845,000	\$ -	\$ (630,000)	\$ 4,215,000	\$ 650,000

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

Year Ending September 30,	General Obligation Refunding Bonds Series 2021		
	Principal	Interest	Total
2024	650,000	116,700	766,700
2025	670,000	96,900	766,900
2026	690,000	76,500	766,500
2027	715,000	55,425	770,425
2028	735,000	33,675	768,675
2029	755,000	11,325	766,325
Totals	\$ 4,215,000	\$ 390,525	\$ 4,605,525

**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.

**CITY OF DALHART, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2023**

**NOTE 7 – PENSION PLANS—Continued**

**Texas Municipal Retirement System (TMRS)—Continued**

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.tmrs.com](http://www.tmrs.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.

**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 4.90% in calendar years 2021 and 2022, respectively. The City's contributions to TMRS for the year ended September 30, 2023, were \$247,401 and were equal to the required contributions.

**Net Pension Liability**

Changes in Net Pension Liability / (Asset)	Total Pension Liability (a)	Fiduciary Net Position (b)	(a) - (b)
Balances as of December 31, 2021	\$ 9,090,743	\$ 10,516,844	\$ (1,426,101)
Changes for the year:			
Service cost	277,236	-	277,236
Interest on total pension liability	604,092	-	604,092
Change in benefit terms	-	-	-
Difference between expected and actual experience	(164,167)	-	(164,167)
Change in assumptions	-	-	-
Benefit payments, including refunds on employee contributions	-	-	-
employee contributions	(559,698)	(559,698)	-
Employer contributions	-	119,420	(119,420)
State contributions	-	141,159	(141,159)
Net investment income	-	(764,357)	764,357
Administrative expenses	-	(6,643)	6,643
Other	-	7,927	(7,927)
Balances as of December 31, 2022	\$ 9,248,206	\$ 9,454,652	\$ (206,446)

**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.

**CITY OF DALHART, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2023**

**NOTE 7 – PENSION PLANS—Continued**  
**Texas Municipal Retirement System (TMRS)—Continued**

1% Decrease (5.75%)	Current Discount Rate (6.75%)	1% Increase (7.75%)
\$ 962,100	\$ (206,446)	\$ (1,166,946)

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

For the year ended September 30, 2023, the City recognized pension expense in the amount of \$793. At September 30, 2023, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Inflow of Resources	Deferred Outflow of Resources
Differences between expected and actual experience	\$ (103,138)	\$
Changes of assumptions	-	
Difference in projected and actual earnings on pension plan investments [actuarial (gains) or losses]		1,179,395
Amounts paid subsequent to TMRS measurement date	-	247,401
	\$ (103,138)	\$ 1,426,796

Fiscal Year ended August 31,	Net Deferred Outflows of Resources
2023	\$ (72,678)
2024	119,908
2025	177,000
2026	294,848
	\$ 519,078

\$247,401 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, 2023.

**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**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2023**

**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](http://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, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of August 31, 2022. Changes to the net pension liability for the year ended August 31, 2022, are:

Changes in Net Pension Liability / (Asset)	Total Pension Liability (a)	Fiduciary Net Position (b)	(a) - (b)
Balances as of August 31, 2021	\$ 420,369	\$ 394,548	\$ 25,821
Changes for the year:			
Service cost	4,404	-	4,404
Interest on total pension liability	32,530	-	32,530
Change in benefit terms	6,875	-	6,875
Difference between expected and actual experience	7,051	-	7,051
Change in assumptions benefit payments, including returns on employee contributions	(931)	-	(931)
employee contributions	(22,501)	(22,501)	-
Employer contributions	-	11,459	(11,459)
State contributions	-	3,574	(3,574)
Net investment income	-	(50,214)	50,214
Administrative expenses	-	(683)	683
Other	-	-	-
Balances as of August 31, 2022	\$ <u>447,797</u>	\$ <u>336,182</u>	\$ <u>111,615</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**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2023**

**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</u> <u>August 31, 2022</u>
Service cost	\$ 4,404
Interest on total pension liability	32,530
Projected earnings on pension plan investments	(30,344)
Amortization between projected and actual	9,343
Amortization of changes of assumptions	(389)
Amortization of expected and actual experience	1,432
Pension plan administrative expense	683
Changes in benefit provisions	<u>6,875</u>
Pension expense (income)	<u>\$ 24,535</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</u> <u>Inflow of</u> <u>Resources</u>	<u>Deferred</u> <u>Outflow of</u> <u>Resources</u>
Differences between expected and actual experience	\$ -	\$ 4,420
Changes of assumptions	-	584
Net difference between projected and actual investment earnings on pension plan investments	<u>-</u>	<u>42,878</u>
	<u>\$ -</u>	<u>\$ 47,882</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

<u>Fiscal Year ended</u> <u>August 31,</u>	<u>Net Deferred</u> <u>Outflows of</u> <u>Resources</u>
2023	\$ 13,463
2024	8,357
2025	8,726
2026	<u>16,112</u>
	<u>\$ 46,658</u>

expense as follows:

All assumptions for the August 31, 2022 pension disclosure are contained in the August 31, 2022 Audited Annual Financial Reports of Texas Emergency Services Retirement System, copies of which may be obtained at [www.tesrs.texas.gov](http://www.tesrs.texas.gov).

**CITY OF DALHART, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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**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 2021 and 2022, respectively. The City's employees contributions to OPEB for the year ended September 30, 2023, were equal to the required contributions.

**Total OPEB Liability**

Changes for the year:	
Service cost	\$ 12,140
Interest on total OPEB liability	4,665
Changes in benefit terms including TMRS plan part	-
Employer administrative costs	-
Recognition of deferred outflows/inflows of resources:	
Differences between expected and actual expense	(390)
Changes in assumptions or other inputs	(6,896)
Total OPEB expense	\$ 9,519

**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 4.05%, 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 (3.05%) or 1 percentage point higher (5.05%) than the current rate.

	1% Decrease (3.05%)	Current Discount Rate (4.05%)	1% Increase (5.05%)
Net pension liability	\$ 210,877	\$ 177,664	\$ 151,947

**CITY OF DALHART, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2023**

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

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

For the year ended September 30, 2023, the City recognized OPEB expense in the amount of \$9,519. At September 30, 2023, the City reported deferred outflows of resources and deferred inflows of resources related to OPEBs from the following sources:

	Deferred Inflows of Resources	Deferred Outflows of Resources
Changes in assumptions and other inputs	\$ (69,540)	\$ -
Differences between expected and actual experience		2,944
Totals	\$ (69,540)	\$ 2,944

Other amounts reported as deferred outflows and inflows of resources related to OPEBs will be recognized in OPEB expense as follows:

Year ended December 31:	
2023	\$ (8,721)
2024	(7,547)
2025	(11,104)
2026	(13,272)
2027	-
Thereafter	-
Total	\$ (40,644)

**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.

**CITY OF DALHART, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2023**

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

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.

The remaining capacity of the City's landfill is estimated at 995,454.30 cubic yards. This remaining capacity will continue to be operated by the City as a Municipal Solid Waste Landfill and will be subject to the subtitle D requirements and should have a life of approximately 35 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 \$1,416,675 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, 2023. The estimated liability for closure and post-closure cost accrued on the City's books for the year ended September 30, 2023, was \$722,056, which is based on accumulated usage of the 76.86-acre landfill area. It is estimated that an additional \$751,286 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, 2023, the City has used approximately 49% of the available landfill capacity.

The City recognized \$51,499 in Landfill remediation expense through the Sanitation department of the General fund for the year ended September 30, 2023, 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**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2023**

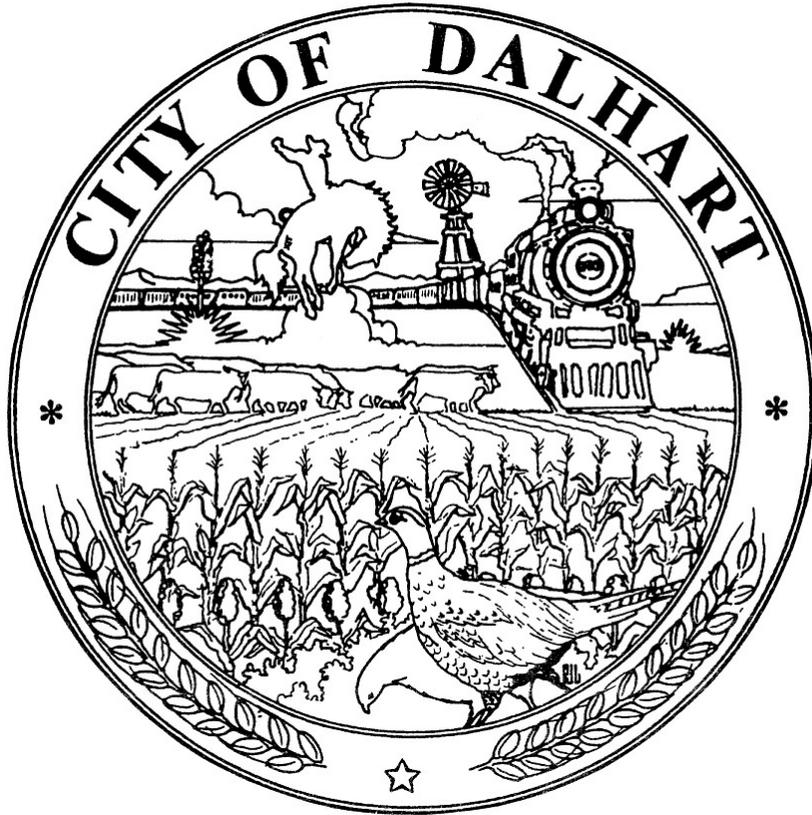
**NOTE 12- PRIOR PERIOD ADJUSTMENT**

In prior fiscal years, previous management inadvertently posted a journal entry to Fund 20, Fleet Services, in the amount of \$500,000 for an asset, Due from the General fund and a corresponding liability in the General Fund. This entry was made in error. The error carried through several fiscal periods. Current financial management corrected the error at the beginning of the current year. Beginning balances were corrected to reflect a liability of \$500,000 (Due to) in the Fleet Services Fund, payable to the General Fund. The prior period adjustment corrects the error and records the correct receivable and liability in the Fleet Fund.

**NOTE 13- SUBSEQUENT EVENTS**

We have considered all events and transactions between the fiscal year end of September 30, 2023, and the date this report was available to be issued, December 23, 2024, and found the following noteworthy:

- The City hired a new City Manager in July 2024.



## **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 REVEUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2023**

	Original Budget	Final Budget	Actual Results	From Budget Favorable/ (Unfavorable)
<b>REVENUES</b>				
Taxes				
Property	\$ 3,268,406	\$ 3,268,406	\$ 2,550,993	\$ (717,413)
Sales and use	2,310,000	2,310,000	2,686,558	376,558
Franchise	591,100	591,100	697,990	106,890
Mixed beverage	11,000	11,000	14,478	3,478
Hotel/motel occupancy			-	-
Licenses and permits	41,400	41,400	42,634	1,234
Fines and forfeitures	67,780	67,780	106,622	38,842
Intergovernmental	275,000	275,000	370,598	95,598
Charges for services	1,275,000	1,275,000	1,347,492	72,492
Investment earnings	40,000	40,000	355,628	315,628
Grants and contributions	0		3,676,409	3,676,409
Miscellaneous	27,225	27,225	1,215,735	1,188,510
<b>Total revenues</b>	<b>7,906,911</b>	<b>7,906,911</b>	<b>13,065,137</b>	<b>5,158,226</b>
<b>EXPENDITURES</b>				
Current:				
General administrative	2,551,925	2,551,925	1,468,077	1,083,848
Judicial	-	-	39,598	(39,598)
Public safety:				
Police	1,820,393	1,820,393	1,816,526	3,867
Fire	445,654	445,654	371,928	73,726
Ambulance	37,200	37,200	46,521	(9,321)
Street	1,223,751	1,223,751	852,736	371,015
Garage	487,251	487,251	395,665	91,586
Sanitation	1,192,768	1,192,768	1,060,458	132,310
Culture and recreation:				
Swimming pool	124,070	124,070	132,886	(8,816)
Parks and cemetery	340,581	340,581	117,658	222,923
Promotion and tourism	-	-	-	
Capital Outlay			2,978,519	(2,978,519)
Debt service:				
Principal			-	-
Interest and fiscal charges			115,121	(115,121)
<b>Total expenditures</b>	<b>8,223,593</b>	<b>8,223,593</b>	<b>9,395,693</b>	<b>(1,172,100)</b>
<b>EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES</b>	<b>(316,682)</b>	<b>(316,682)</b>	<b>3,669,444</b>	<b>3,986,126</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	316,682	316,682	607,370	290,688
<b>Total other financing sources (uses)</b>	<b>316,682</b>	<b>316,682</b>	<b>772,491</b>	<b>455,809</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 4,441,935</b>	<b>\$ 4,441,935</b>

**CITY OF DALHART, TEXAS**  
**SCHEDULE OF PENSION CONTRIBUTIONS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2023**  
**LAST 10 YEARS (WILL ULTIMATELY BE DISPLAYED, AS AVAILABLE)**

	For the Year Ended August 31,									
	2022	2021	2020	2019	2018	2017	2016	2015	2014	
<b>Total Pension Liability:</b>										
Service Cost	\$ 277,236	\$ 285,245	\$ 280,250	\$ 277,667	\$ 269,758	\$ 261,179	\$ 247,878	\$ 220,984	\$ 182,792	
Interest on total pension liability	604,092	581,601	587,602	568,610	547,554	518,460	500,833	490,089	462,911	
Changes of benefit terms	-	-	-	-	-	-	-	-	-	
Difference between expected & actual experience	(164,167)	(26,154)	(473,663)	(3,081)	19,429	48,237	(62,125)	169,542	-	
Change of assumptions	-	-	-	35,077	-	-	-	(84,135)	40,531	
Benefit payments/ refunds of contributions	(559,698)	(447,285)	(523,890)	(672,505)	(385,018)	(417,268)	(446,900)	(336,022)	(298,123)	
Net change in total pension liability	157,463	393,407	(129,701)	205,768	451,723	410,608	239,686	460,458	388,111	
Total pension liability, beginning	9,090,743	8,697,336	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)	\$ 9,248,206	\$ 9,090,743	\$ 8,697,336	\$ 8,827,037	\$ 8,621,269	\$ 8,169,546	\$ 7,758,938	\$ 7,519,252	\$ 7,058,794	
<b>Fiduciary Net Position:</b>										
Contributions - employer	119,420	145,690	136,693	135,222	129,997	127,351	97,495	94,173	99,158	
Contributions - employee	141,159	145,980	142,984	144,468	139,482	134,906	133,555	124,568	113,454	
Net investment income	(764,357)	1,227,191	681,903	1,257,909	(254,889)	1,056,246	496,933	11,030	409,471	
Benefit payments/ refunds of contributions	(559,698)	(447,285)	(523,890)	(672,505)	(385,018)	(417,268)	(446,900)	(336,022)	(298,123)	
Administrative expenses	(6,643)	(5,701)	(4,429)	(7,128)	(4,942)	(5,488)	(5,621)	(6,721)	(4,276)	
Other	7,927	39	(173)	(213)	(258)	(278)	(303)	(332)	(352)	
Net change in fiduciary net position	(1,062,192)	1,065,914	433,088	857,753	(375,628)	895,469	275,159	(113,304)	319,332	
Fiduciary net position, beginning	10,516,842	9,450,928	9,017,840	8,160,087	8,535,715	7,640,246	7,365,087	7,478,391	7,159,059	
Fiduciary net position, ending (b)	\$ 9,454,650	\$ 10,516,842	\$ 9,450,928	\$ 9,017,840	\$ 8,160,087	\$ 8,535,715	\$ 7,640,246	\$ 7,365,087	\$ 7,478,391	
<b>Net pension liability (asset) ending (a) - (b)</b>	\$ (206,444)	\$ (1,426,099)	\$ (753,592)	\$ (190,803)	\$ 461,182	\$ (366,169)	\$ 118,692	\$ 154,165	\$ (419,597)	
<b>Fiduciary net position as a % of total pension liability</b>	102.23%	115.69%	108.66%	102.16%	94.65%	104.48%	98.47%	97.95%	105.94%	
<b>Covered Payroll</b>	\$ 2,823,180	\$ 2,919,605	\$ 2,859,689	\$ 2,889,357	\$ 2,789,643	\$ 2,698,125	\$ 2,555,448	\$ 2,491,364	\$ 2,269,071	
<b>Net Pension Liability as a Percentage of Covered Payroll</b>	-7.31%	-48.85%	-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, 2023  
LAST 10 YEARS (WILL ULTIMATELY BE DISPLAYED, AS AVAILABLE)**

Year Ending August 31,	Determined Contribution	Employer Contribution	Contribution Deficiency (Excess)	Contribution Deficiency (Excess)
2014	\$ 99,158	\$ 99,158	-	-
2015	94,173	94,173	-	-
2016	97,495	97,495	-	-
2017	127,351	127,351	-	-
2018	129,997	129,997	-	-
2019	135,222	135,222	-	-
2020	136,693	136,693	-	-
2021	145,690	145,690	-	-
2022	119,420	119,420	-	-

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

**Valuation Date:**

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

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

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percentage of Payroll, Closed
Remaining Amortization Period	N/A
Asset Valuation Method	10 Year smoothed market; 12% soft corridor
Inflation	2.50%
Salary Increases	3.50% to 11.50% including inflation
Investment Rate of Return	6.75%
Retirement Age	Experience-based table of rates that are specific to the City's plan of benefits. Last updated for the 2019 valuation pursuant to an experience study of the period 2014 - 2018.
Mortality	Post-retirement: 2019 Municipal Retirees of Texas Mortality Tables. The rates are projected on a fully generational basis with scale UMP. Pre-retirement: PUB(10) mortality tables, with the Public Safety table used for males and the General Employee table used for females. The rates are projected on a fully generational basis with scale UMP.

**Other Information:**

Notes 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,								
	2022	2021	2020	2019	2018	2017	2016	2015	
<b>Total Pension Liability:</b>									
Service Cost	\$ 4,404	\$ 4,576	\$ 5,486	\$ 4,924	\$ 3,968	\$ 4,829	\$ 4,100	\$ 4,880	
Interest on total pension liability	32,530	32,696	31,025	30,604	23,576	25,371	20,499	21,497	
Effect of plan changes	6,875	-	-	8,730	-	2,058	-	-	
Effect of assumption changes or inputs	7,051	-	-	(280)	-	184	-	-	
Effect of economic/demographic (gains) or losses	(931)	-	-	-	-	2,537	-	-	
Benefit payments/ refunds of contributions	(22,501)	(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	27,428	21,494	17,601	25,934	4,526	71,253	(13,751)	15,247	
Total pension liability, beginning	420,369	398,875	381,274	355,340	350,814	279,561	293,312	278,065	
Total pension liability, ending (a)	\$ 447,797	\$ 420,369	\$ 398,875	\$ 381,274	\$ 355,340	\$ 350,814	\$ 279,561	\$ 293,312	
<b>Fiduciary Net Position:</b>									
Employer contributions	11,459	10,208	10,233	12,665	12,480	9,871	8,508	11,153	
State contributions	3,574	3,908	3,908	4,107	3,944	4,514	3,962	4,086	
Investment income net of investment expenses	(50,214)	78,212	3,353	34,960	24,343	14,127	(7,969)	31,795	
Benefit payments/ refunds of contributions	(22,501)	(15,778)	(18,910)	(18,044)	(12,530)	(13,400)	(10,887)	(11,130)	
Administrative expenses	(683)	(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	(58,366)	79,009	1,165	18,798	27,778	52,833	(29,829)	35,462	
Fiduciary net position, beginning	394,548	315,539	314,374	295,576	267,798	214,965	244,794	209,332	
Fiduciary net position, ending (b)	\$ 336,182	\$ 394,548	\$ 315,539	\$ 314,374	\$ 295,576	\$ 267,798	\$ 214,965	\$ 244,794	
<b>Net pension liability (asset) ending (a) - (b)</b>	\$ 111,615	\$ 25,821	\$ 83,336	\$ 66,900	\$ 59,764	\$ 83,016	\$ 64,596	\$ 48,518	
<b>Fiduciary net position as a % of total pension liability</b>	75.07%	93.86%	79.11%	82.45%	83.18%	76.34%	76.89%	83.46%	
<b>Number of active members</b>	9	11	11	11	31	31	30	30	
<b>Net pension liability per active member</b>	\$ 12,402	\$ 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
2021	10,233	10,233	-	104,141
2022	19,257	19,257	-	106,172

**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)**

	Fiscal Year Ended September 30,							
	2022	2021	2020	2019	2018	2017	2016	2015
Actuarially determined contribution	\$ 154,507	\$ 152,057	\$ 135,222	\$ 129,997	\$ 127,351	\$ 97,495	\$ 94,173	\$ 99,158
Contributions in relation to actuarially determined contrib	<u>(154,507)</u>	<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>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 2,823,180	\$ 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	5.47%	5.18%	-4.68%	-4.66%	-4.72%	-3.82%	-3.78%	-4.37%

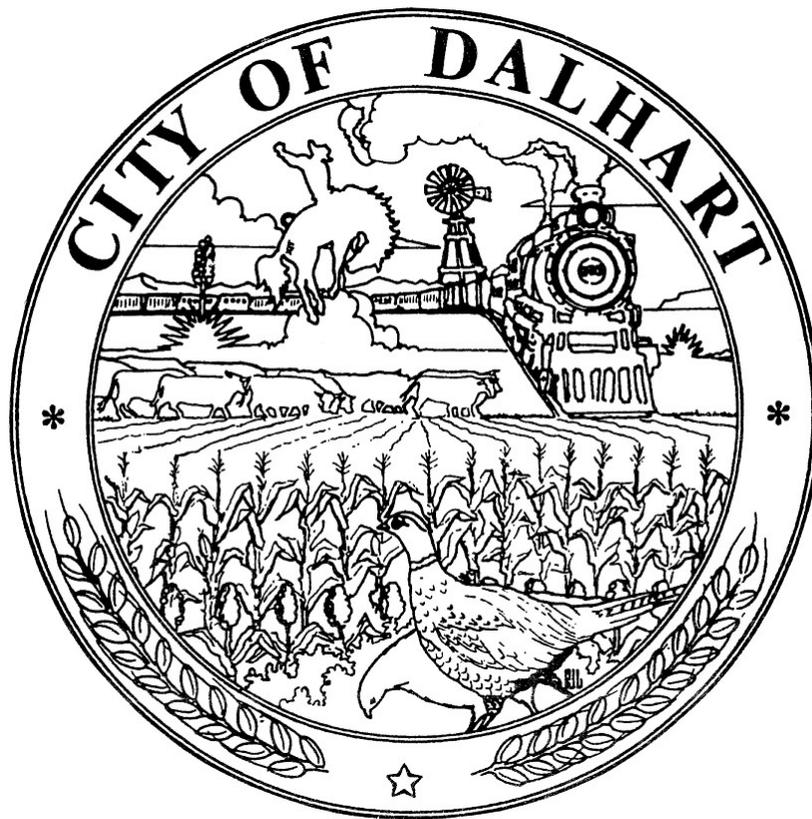
**CITY OF DALHART, TEXAS  
NOTES TO SCHEDULE OF OPEB CONTRIBUTIONS**

**Summary of Actuarial Assumptions**

Inflation	2.50%
Salary increases	3.50% to 11.50% including inflation
Discount rate*	4.05%
Retirees' share of benefit-related costs	\$0
Administrative expenses	All administrative expenses are paid through the Pension Trust and accounted for under reporting requirements of GASB Statement No. 68
Mortality rates - service retirees	2019 Municipal Retirees of Texas Mortality Tables. The rates are projected on a fully generational basis with scale UMP.
Mortality rates-disabled retirees	2019 Municipal Retirees of Texas Mortality Tables with a 4 year set-forward for males and a 3 year set-forward for females. In addition, a 3.5% and 3% minimum mortality rate will be applied to reflect the impairment for younger members who become disabled for males and females, respectively. The rates are projected on a fully generational basis by Scale UMP to account for future mortality improvements subject to the floor.

\*The discount rate was based on the Fidelity Index's "20-Year Municipal GO AA Index" rate as of December 31, 2022.

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



# **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, 2023**

	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
<b>ASSETS</b>										
Cash and cash equivalents	\$ 793,575	\$ 138,686	\$ 138,232	\$ 4,100	\$ 1,454	\$ 50,895	\$ 293,943	\$ 1,420,885	\$ 57,530	\$ 1,478,415
Investments		37,956	2,372	-	-	-	1,073,783	1,114,111	498,831	1,612,942
Receivables	75,074	6,246	-	-	-	-	-	81,320	-	81,320
Interest Receivable	-	-	-	-	-	-	-	-	-	-
Due from other funds	-	-	-	-	-	-	-	-	-	-
Pooled cash and cash equivalents										
<b>Total assets</b>	<b>\$ 868,649</b>	<b>\$ 182,888</b>	<b>\$ 140,604</b>	<b>\$ 4,100</b>	<b>\$ 1,454</b>	<b>\$ 50,895</b>	<b>\$ 1,367,726</b>	<b>\$ 2,616,316</b>	<b>\$ 556,361</b>	<b>\$ 3,172,677</b>
<b>LIABILITIES</b>										
Accounts payable	\$ 124,564	\$ -	\$ 8,860	\$ -	\$ -	\$ -	\$ -	\$ 133,424	\$ -	\$ 133,424
Accrued payroll liabilities	-	-	2,681	-	-	-	-	2,681	-	2,681
Customer deposits	-	-	27,922	-	-	-	-	27,922	-	27,922
Due to other funds	-	-	5,427	-	-	-	-	5,427	-	5,427
Deferred revenue	594,821	1,156	-	-	-	-	-	595,977	-	595,977
<b>Total liabilities</b>	<b>719,385</b>	<b>1,156</b>	<b>44,890</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>765,431</b>	<b>-</b>	<b>765,431</b>
<b>FUND BALANCES</b>										
Restricted	149,264	-	-	4,100	1,454	50,895	-	205,713	556,361	762,074
Assigned	-	181,732	95,714	-	-	-	1,367,726	1,645,172	-	1,645,172
<b>Total fund balance</b>	<b>149,264</b>	<b>181,732</b>	<b>95,714</b>	<b>4,100</b>	<b>1,454</b>	<b>50,895</b>	<b>1,367,726</b>	<b>1,850,885</b>	<b>556,361</b>	<b>2,407,246</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 868,649</b>	<b>\$ 182,888</b>	<b>\$ 140,604</b>	<b>\$ 4,100</b>	<b>\$ 1,454</b>	<b>\$ 50,895</b>	<b>\$ 1,367,726</b>	<b>\$ 2,616,316</b>	<b>\$ 556,361</b>	<b>\$ 3,172,677</b>

**CITY OF DALHART, TEXAS**  
**COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**NON-MAJOR GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2022**

	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
<b>REVENUES</b>										
Taxes	\$ 395,963	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 395,963	\$ -	\$ 395,963
Charges for services	-	-	128,318	-	-	-	-	128,318	14,203	142,521
Fines and forfeitures	-	-	-	-	-	11,889	-	11,889	-	11,889
Intergovernmental	-	-	115,000	-	-	-	1,663,456	1,778,456	-	1,778,456
Investment earnings	7,073	3,198	5,019	-	91	-	37,791	53,172	23,282	76,454
Grants and contributions	-	46,324	-	-	-	-	-	46,324	203	46,527
Miscellaneous	-	-	34,799	-	1,197	-	80,873	116,869	-	116,869
<b>Total revenues</b>	<b>403,036</b>	<b>49,522</b>	<b>283,136</b>	<b>-</b>	<b>1,288</b>	<b>11,889</b>	<b>1,782,120</b>	<b>2,530,991</b>	<b>37,688</b>	<b>2,568,679</b>
<b>EXPENDITURES</b>										
Current										
General government	52,784	-	-	-	-	-	-	52,784	-	52,784
Police	-	-	-	-	5,519	2,090	-	7,609	-	7,609
Culture and recreation										
Parks and cemetery	-	-	413,999	-	-	-	-	413,999	-	413,999
Promotion and tourism	389,289	20,676	-	-	-	-	-	409,965	-	409,965
Capital outlay	-	-	-	-	-	-	51,416	51,416	-	51,416
Debt service	-	-	-	-	-	-	120,474	120,474	-	120,474
Miscellaneous	-	-	-	-	-	-	3,499	3,499	1,175	4,674
<b>Total expenditures</b>	<b>442,073</b>	<b>20,676</b>	<b>413,999</b>	<b>-</b>	<b>5,519</b>	<b>2,090</b>	<b>175,389</b>	<b>1,059,746</b>	<b>1,175</b>	<b>1,060,921</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(39,037)</b>	<b>28,846</b>	<b>(130,863)</b>	<b>-</b>	<b>(4,231)</b>	<b>9,799</b>	<b>1,606,731</b>	<b>1,471,245</b>	<b>36,513</b>	<b>1,507,758</b>
<b>OTHER FINANCING SOURCES</b>										
Transfers in (out)	-	-	114,382	-	-	-	(831,728)	(717,346)	(21,700)	(739,046)
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>114,382</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(831,728)</b>	<b>(717,346)</b>	<b>(21,700)</b>	<b>(739,046)</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>(39,037)</b>	<b>28,846</b>	<b>(16,481)</b>	<b>-</b>	<b>(4,231)</b>	<b>9,799</b>	<b>775,003</b>	<b>753,899</b>	<b>14,813</b>	<b>768,712</b>
<b>FUND BALANCES AT BEGINNING OF YEAR</b>	<b>188,301</b>	<b>152,886</b>	<b>112,195</b>	<b>4,100</b>	<b>5,685</b>	<b>41,096</b>	<b>1,592,723</b>	<b>2,096,986</b>	<b>541,548</b>	<b>2,638,534</b>
<b>PRIOR PERIOD ADJUSTMENT</b>							<b>(1,000,000)</b>	<b>(1,000,000)</b>		<b>(1,000,000)</b>

**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, 2023**

	Bonnie Dejarnett Scholarship Fund	Total Private-Purpose Trust Funds
<b>ASSETS</b>		
Pooled cash and cash equivalents	\$ 77,094	\$ 77,094
Investments	923,141	923,141
Interest receivable	2,707	2,707
Total assets	<u>\$ 1,002,942</u>	<u>\$ 1,002,942</u>
<b>NET POSITION</b>		
Net position held for scholarship benefits	<u>\$ 1,002,942</u>	<u>\$ 1,002,942</u>
Total net position	<u>\$ 1,002,942</u>	<u>\$ 1,002,942</u>

**CITY OF DALHART, TEXAS  
COMBINING SCHEDULE OF CHANGES IN FIDUCIARY NET POSITION – FIDUCIARY FUNDS  
FOR THE YEAR ENDED SEPTEMBER 30, 2023**

	Bonnie Dejarnett Scholarship Fund	Total Private-Purpose Trust Funds
<b>ADDITIONS</b>		
Contributions	\$	\$ -
Investment earnings		
Interest	27,260	27,260
Total additions	<u>27,260</u>	<u>27,260</u>
<b>DEDUCTIONS</b>		
Scholarship grants	3,500	3,500
Total deductions	<u>3,500</u>	<u>3,500</u>
CHANGE IN NET POSITION	23,760	23,760
NET POSITION, BEGINNING	<u>979,182</u>	<u>979,182</u>
NET POSITION, ENDING	<u>\$ 1,002,942</u>	<u>\$ 1,002,942</u>

# **COMPLIANCE AND INTERNAL CONTROL SECTION**



CAROLINE McLANE  
CPA

**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**

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

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, 2023, 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 December 23, 2024.

**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*.

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**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.

*Caroline McLane, CPA*

Caroline McLane, CPA  
December 23, 2024