

**CITY OF WOLFFORTH, TEXAS**

**ANNUAL FINANCIAL REPORT**

**FOR THE YEAR ENDED SEPTEMBER 30, 2023**

**AND**

**REPORT OF CERTIFIED PUBLIC ACCOUNTANTS**

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

**CITY OF WOLFFORTH, TEXAS**

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**ANNUAL FINANCIAL REPORT**  
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**FINANCIAL SECTION**

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

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LUBBOCK, TEXAS 79423-1954

**Independent Auditor's Report**

Mayor and City Council  
City of Wolfforth, Texas  
Wolfforth, Texas

**Report on the Audit of the Financial Statements**

**Opinions**

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

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

***Basis for Opinions***

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

***Responsibilities of Management for the Financial Statements***

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

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

### ***Auditor's Responsibilities for the Audit of the Financial Statements***

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

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

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

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

### **Required Supplementary Information**

Accounting principles generally accepted in the United States of America require that management's discussion and analysis, schedules of changes in net pension liability and related ratios, schedules of employer contributions, schedule of changes in the total OPEB liability and related ratios, and budgetary information as listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context.

We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### **Supplementary Information**

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

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

### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated March 13, 2024, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering of the City's internal control over financial reporting and compliance.

*Bolinger, Segars, Gilbert & Moss LLP*

Certified Public Accountants

Lubbock, Texas

March 13, 2024



**MANAGEMENT'S DISCUSSION AND ANALYSIS**

**CITY OF WOLFFORTH, TEXAS  
MANAGEMENT'S DISCUSSION AND ANALYSIS**

City Council Members and Citizens of the City of Wolfforth, Texas (the City).

This section of the City's annual financial report presents our discussion and analysis of the City of Wolfforth's financial performance during the fiscal year that ended on September 30, 2023. Please read it in conjunction with the City's financial statements and independent auditor's report.

**FINANCIAL HIGHLIGHTS**

The assets of the City exceeded its liabilities at the close of the most recent fiscal year by \$8,521,059 (net position) as compared to \$9,718,742 in the previous year.

During the years ended September 30, 2023 and 2022, the City's expenses were \$16,559,068 and \$11,921,269, respectively, compared to \$15,189,496 and \$13,106,241 generated in taxes and other revenues.

The balance of cash and investments at September 30, 2023 and 2022 were \$9,090,155 and \$11,678,081, respectively.

**Expenditures**

Total fund expenditures for the year ending September 30, 2023, compared with the year ending September 30, 2022, are as follows:

<b>Expenditures</b>			
<u>Fund</u>	<u>2022-2023</u>	<u>2021-2022</u>	<u>Change</u>
General Fund	\$ 6,805,515	\$ 5,685,618	\$ 1,119,897
Proprietary Funds	8,643,990	5,010,395	3,633,595
Other Governmental Funds	1,666,857	1,996,109	(329,252)
Total	<u>\$ 17,116,362</u>	<u>\$ 12,692,122</u>	<u>\$ 4,424,240</u>

**Revenues**

Total fund revenues for the year ending September 30, 2023, compared with the year ending September 30, 2022, are as follows:

<b>Revenues</b>			
<u>Fund</u>	<u>2022-2023</u>	<u>2021-2022</u>	<u>Change</u>
General Fund	\$ 6,919,421	\$ 6,429,981	\$ 489,440
Proprietary Funds	6,329,739	5,294,234	1,035,505
Other Governmental Funds	1,901,825	883,109	1,018,716
Total	<u>\$ 15,150,985</u>	<u>\$ 12,607,324</u>	<u>\$ 2,543,661</u>

## **OVERVIEW OF THE FINANCIAL STATEMENTS**

This annual report consists of a series of financial statements and notes to those statements. The statements are organized so the reader can understand the City as a whole and then proceed to provide an increasingly detailed look at specific financial activities.

The government-wide financial statements include the Statement of Net Position and the Statement of Activities. These provide information about the activities of the City as a whole and present a longer-term view of the City's property and debt obligations and other financial matters. They reflect the flow of total economic resources in a manner similar to the financial reports of a business enterprise.

Fund financial statements report the City's operations in more detail than the government-wide statements by providing information about the City's most significant funds. For governmental activities, these statements tell how services were financed in the short-term, as well as what resources remain for future spending. They reflect the flow of current financial resources and supply the basis for tax levies and the appropriations budget.

The notes to the financial statements provide narrative explanations and additional data needed for full disclosure in the government-wide statements and the fund financial statements.

### **Reporting the City as a Whole**

#### ***Government-Wide Financial Statements***

The analysis of the City's overall financial condition and operations is presented in the Statement of Net Position and the Statement of Activities. Its primary purpose is to show whether the City is better or worse off as a result of the year's activities. The Statement of Net Position includes all the City's assets and liabilities at the end of the year while the Statement of Activities includes all the revenues and expenses generated by the City's operations during the year. These statements apply the accrual basis of accounting which is the basis used by private sector companies.

All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid. All the City's assets are reported whether they serve the current year or future years. Liabilities are considered regardless of whether they must be paid in the current or future years.

These two statements report the City's net position and changes in them. The City's net position (the difference between assets and liabilities) provide one measure of the City's financial health, or financial position. Over time, increases or decreases in the City's net position are one indicator of whether its financial health is improving or deteriorating. To fully assess the overall health of the City, however, you should consider non-financial factors as well, such as changes in the City's infrastructure, its property tax base and the condition of the City's facilities.

In the Statement of Net Position and the Statement of Activities, the City is reporting its governmental activities units as defined in the GASB Statement No. 34.

The government-wide financial statements include not only the City itself (known as the primary government), but also three component units, Wolforth Economic Development Corporation, Public Improvement District, and Community Development Corporation. Financial information for the component units are reported separately from the financial information presented for the primary government.

## **Reporting the City's Funds**

### ***Fund Financial Statements***

The fund financial statements provide detailed information about the most significant funds – not the City as a whole. Laws and contracts require the City to establish some funds. The City's administration establishes many other funds to help it control and manage money for particular purposes. The City's two fund types – governmental and proprietary – use different accounting approaches.

- Governmental funds – Most of the City's basic services are included in governmental funds. These use modified accrual accounting (a method that measures the receipt and disbursement of cash and all other financial assets that can be readily converted to cash) and report balances that are available for future spending. The governmental fund statements provide a detailed short-term view of the City's general operations and the basic services it provides. We describe the differences between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds in reconciliation schedules following the fund financial statements.
- Proprietary funds – The City's business activities such as water sales and sewer services and sanitation are included in proprietary funds. These statements provide the same type of information found in the government-wide financial statements, but in more detail.

### **Government-Wide Analysis**

Our analysis focuses on the net position (Table 1) and changes in net position (Table 2) of the City's governmental activities and business-type activities.

### **Changes in Net Position**

Net position of the City's governmental and business-type activities decreased from \$9,718,742 to \$8,521,059.

Below is the comparative government-wide condensed financial statement information from fiscal years 2022-2023:

**Table I**  
**City of Wolfforth, Texas**  
**NET POSITION**

	September 30,	
	2023	2022
Current and Other Assets	\$ 10,704,365	\$ 12,965,832
Capital Assets	24,681,855	24,071,007
Total Assets	<u>\$ 35,386,220</u>	<u>\$ 37,036,839</u>
Deferred Outflows of Resources	\$ 945,881	\$ 638,099
Current Liabilities	\$ 1,870,684	\$ 1,384,014
Long-Term Liabilities	24,560,457	24,906,982
Total Liabilities	<u>\$ 26,431,141</u>	<u>\$ 26,290,996</u>
Deferred Inflows of Resources	\$ 1,379,901	\$ 1,665,200
Net Assets:		
Invested in Capital Assets	\$ 1,896,491	\$ 5,845,399
Restricted	988,667	537,936
Unrestricted	5,635,901	3,335,407
Total Net Position	<u><u>\$ 8,521,059</u></u>	<u><u>\$ 9,718,742</u></u>

**Table II**  
**City of Wolfforth, Texas**  
**CHANGES IN NET POSITION**

	September 30,	
	2023	2022
Revenues:		
Program Revenues:		
Charges for Services	\$ 7,512,498	\$ 7,035,248
Operating Grants and Contributions	988,728	109,817
General Revenues:		
Property Taxes	4,337,485	3,722,798
Other Taxes	1,942,656	1,606,152
Unrestricted Contributions	17,951	13,772
Investment Earnings	179,739	103,787
Gain on Sale of Assets	37,168	
Capital Contributions	57,467	57,394
Miscellaneous	115,804	457,273
Total Revenue	\$ 15,189,496	\$ 13,106,241
Expenses:		
Primary Government:		
General Administration	\$ 1,184,016	\$ 930,529
Municipal Court	285,872	145,473
Financial Administration	379,123	611,134
Buildings and Grounds	127,695	276,776
Police Department	1,851,977	1,538,800
Fire and EMS Department	2,083,535	1,343,649
Emergency Management	53,314	85,852
Other Public Services	7,692	10,276
Library	399,661	341,617
Streets and Paving	462,309	25,592
Parks Department	127,920	75,235
Planning and Development	791,749	890,012
Economic Development	35,939	177,098
Interest on Long Term Debt	124,276	457,071
Business-Type Activities:		
Water and Sewer	8,041,881	4,554,412
Interest on Long Term Debt	602,109	457,743
Total Expenses	\$ 16,559,068	\$ 11,921,269
Increase (Decrease) in Net Position	\$ (1,369,572)	\$ 1,184,972
Net Position at October 1	9,718,742	8,446,374
Prior Period Adjustment	171,889	87,396
Net Position at September 30	\$ 8,521,059	\$ 9,718,742

The City's total revenues increased from \$13,106,241 in 2022 to \$15,189,496 in 2023, an increase of \$2,083,255. Property tax revenues increased due to an increase in values. Sales taxes increased due to population growth in the City. Water, sewer, and sanitation rates were all increased during the current fiscal year. This led to an increase in charges for service revenues.

Expenses are higher due to the new water interconnection fee with the City of Lubbock.

### **Fund Balances**

The City's total Governmental Funds fund balance at September 30, 2023 and 2022, was \$3,617,278 and \$3,007,194, respectively. This fund balance is reported in the General Fund, Debt Service Fund, Special Revenue CLFRF Grant Fund and other Non-Major Governmental Funds.

## **CAPITAL AND RIGHT TO USE ASSETS AND DEBT ADMINISTRATION**

### **Capital and Right to Use Assets**

At the end of 2023, the City had \$24,681,855 of capital and right to use assets, net of accumulated depreciation and amortization. Note 5 of the Notes to the Financial Statements discloses the capital asset activity of the City for the fiscal year ending September 30, 2023.

### **Debt**

At the end of 2023, the City had \$22,877,536 of total debt outstanding, of which \$2,998,111 of this is due within one year. Notes 6 of the Notes to the Financial Statements discloses the debt activity of the City for the fiscal year ending September 30, 2023.

## **ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES**

Wolfforth remains one of the fastest-growing cities in Texas and stands as *the* fastest-growing city in all of West Texas. Our population in 2010 was officially 3600. Today our population is estimated at 7665, which is an average annual growth rate since 2010 of 9.3%. There are no cities west of the I-35 corridor that come close to this degree of population explosion. Wolfforth benefits from having the Frenship Independent School District – one of the most desirable in Texas - call us home. Wolfforth is a community of people with good jobs (the median household income in Wolfforth in 2022 was \$100,703, compared to \$61,911 in Lubbock County and \$73,035 in Texas) who enjoy a lower cost of living than in many other parts of Texas (the median price of owner-occupied housing in Wolfforth is \$215,800, compared to the State of Texas figure of \$238,000).

In FY 2023, we issued Building Permits for 356 new homes, compared to 343 in FY 2022 and 195 in FY 2021. The estimated value of those 356 new homes is over \$70 million. In 2022 we added roughly \$50 million in new property to our tax roll, and we anticipate this trend to continue. Despite the higher interest rates, our growth continues.

Another indicator of our economic condition is sales tax collections. In FY 2023, total sales taxes collected was \$2,015,196. To illustrate the growth, here are the previous five years' collections:

- FY 2022 - \$1,788,607
- FY 2021 - \$1,387,540
- FY 2020 - \$1,188,690
- FY 2019 - \$1,024,947
- FY 2018 - \$ 893,396

From these figures, one can see that our sales tax collections have increased by 225% since 2018. We are continuously in conversations with potential businesses, and we anticipate several new commercial projects in FY 2025.

With all the growth we're experiencing, Wolfforth has a significant amount of infrastructure to build. We currently have improvements underway to our water distribution and water treatment systems. In the future, we'll be issuing debt to fund an impressive Capital Improvements Plan that will include the construction of a new elevated storage tank, the addition of a water treatment plant, two new ground storage tanks, more water distribution expansion, water supply, and wastewater treatment. The cost of these projects will be partially borne by the developments themselves through the implementation of Impact Fees, which is expected to occur in FY 2024. A water rate increase was approved and implemented in June 2023, intended to generate revenue adequate to fund the Capital Improvements Plan in conjunction with the Impact Fees.

In FY 2022, there were substantial personnel and policy changes that were initiated and some of those changes are still ongoing. At the beginning of FY 2023, we still had one major vacancy in our personnel, that being the position of Director of Development Services. In the summer of 2023, we were able to fill that role and since then have enjoyed a notable level of continuity in our staff. We also increased police pay which has already resulted in an ability to broaden our recruitment ability. Many changes have been implemented from day-to-day operational techniques to financial management strategies and software. Wolfforth enjoys the vision of a strong City Council with a commitment to service and excellence.

Looking toward the creation of the budget for FY 2025, the City of Wolfforth will budget conservatively and responsibly, with the knowledge that growth brings not only additional revenue, but additional duty. In the past, it has been Wolfforth's strategy to attempt to keep the property tax rate the same from year to year. However, with the level of growth we have experienced, and limited by the effect of SB2 (2019), the property tax rate for 2023 was actually lowered. It is anticipated this same effect may be seen again in 2024. Interestingly, as a City grows, the additional property tax revenue associated with new properties and increased property values does not necessarily offset the additional need for and cost of services. It will be our strategy to adopt a tax rate that maximizes revenue and avoids triggering a mandatory election. This will allow for a continued commitment to priorities such as public safety, employees, and service.

## **CONTACTING THE CITY'S FINANCIAL MANAGEMENT**

This Financial Report is designed to provide our citizens, taxpayers, customers, investors, and creditors with a general overview of the City's finances and to show the City's accountability for the money it receives. If you have questions about this Report or need additional financial information, contact Randy Criswell at the City of Wolfforth, 302 Main Street, Wolfforth, Texas, or at 806-855-4120.

**BASIC FINANCIAL STATEMENTS**



-10-  
CITY OF WOLFFORTH, TEXAS

EXHIBIT A-1

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

	Primary Government			Component Units	
	Governmental Activities	Business-Type Activities	Total	Wolfforth Economic Development Corporation	Public Improvement District
<b>ASSETS:</b>					
Cash and Cash Equivalents	\$ 4,707,364	\$ 4,382,791	\$ 9,090,155	\$ 1,776,270	\$ 246,814
Accounts Receivable, Net	709,752	649,799	1,359,551	202,930	3,547
Grants Receivable	5,235		5,235		
Unbilled Revenue Receivable		215,696	215,696		
Prepaid Expense	24,474	6,859	31,333	1,515	
Due from Component Units	2,395		2,395		
Capital Assets, Nondepreciable	515,595	4,864,950	5,380,545		
Capital and Right to Use Assets, Net	5,523,957	13,777,353	19,301,310		
Total Assets	<u>\$ 11,488,772</u>	<u>\$ 23,897,448</u>	<u>\$ 35,386,220</u>	<u>\$ 1,980,715</u>	<u>\$ 250,361</u>
<b>DEFERRED OUTFLOWS OF RESOURCES:</b>					
Pension	\$ 686,106	\$ 162,573	\$ 848,679	\$	\$
OPEB	4,066	964	5,030		
Refunding Charges	48,470	43,702	92,172		
Total Deferred Outflows of Resources	<u>\$ 738,642</u>	<u>\$ 207,239</u>	<u>\$ 945,881</u>	<u>\$ 0</u>	<u>\$ 0</u>
<b>LIABILITIES:</b>					
Accounts Payable	\$ 360,435	\$ 968,610	\$ 1,329,045	\$ 23,815	\$ 48,677
Wages Payable	77,056	13,875	90,931		
Accrued Compensated Absences	62,672	12,147	74,819		
Accrued Interest Payable	17,159	61,849	79,008		
Customer Deposits		296,881	296,881		
Unearned Revenue					3,546
Due to City				1,443	952
Noncurrent Liabilities					
Net Pension Liability	1,313,929	311,336	1,625,265		
OPEB Liability	46,611	11,045	57,656		
Due Within One Year	853,756	2,144,355	2,998,111		
Due In More Than One Year	3,885,509	15,993,916	19,879,425		
Total Liabilities	<u>\$ 6,617,127</u>	<u>\$ 19,814,014</u>	<u>\$ 26,431,141</u>	<u>\$ 25,258</u>	<u>\$ 53,175</u>
<b>DEFERRED INFLOWS OF RESOURCES:</b>					
OPEB	\$ 14,440	\$ 3,421	\$ 17,861	\$	\$
Unspent Grant Funds	1,362,040		1,362,040		
Total Deferred Inflows of Resources	<u>\$ 1,376,480</u>	<u>\$ 3,421</u>	<u>\$ 1,379,901</u>	<u>\$ 0</u>	<u>\$ 0</u>
<b>NET POSITION</b>					
Net Investment in Capital Assets	\$ 1,348,757	\$ 547,734	\$ 1,896,491	\$	\$
Restricted For:					
Enabling Legislation	731,221		731,221		
Grant Programs	26,976		26,976		
Debt Service	230,470		230,470		
Economic and Community Development				1,955,457	197,186
Unrestricted	1,896,383	3,739,518	5,635,901		
Total Net Position	<u>\$ 4,233,807</u>	<u>\$ 4,287,252</u>	<u>\$ 8,521,059</u>	<u>\$ 1,955,457</u>	<u>\$ 197,186</u>

The accompanying notes are an integral part of this statement.

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

Functions/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Position					
	Expenses	Fines, Fees, and Charges for Services	Operating Grants and Contributions	Primary Government			Component Units		
				Governmental Activities	Business-Type Activities	Total	Wolfforth Economic Development Corporation	Public Improvement District	Community Development Corporation
<b>PRIMARY GOVERNMENT:</b>									
Governmental Activities:									
General Administration	\$ 1,184,016	\$ 525,461	\$ 638,377	\$ (20,178)	\$ (20,178)	\$ (20,178)	\$	\$	\$
Municipal Court	285,872	156,854		(129,018)		(129,018)			
Financial Administration	379,123			(379,123)		(379,123)			
Buildings and Grounds	127,695	61,087		(66,608)		(66,608)			
Police Department	1,851,977	1,050		(1,850,927)		(1,850,927)			
Fire and EMS Department	2,083,535	516,010	350,351	(1,217,174)		(1,217,174)			
Emergency Management	53,314			(53,314)		(53,314)			
Other Public Services	7,692			(7,692)		(7,692)			
Library	399,661	17,654		(382,007)		(382,007)			
Streets and Paving	462,309			(462,309)		(462,309)			
Parks Department	127,920			(127,920)		(127,920)			
Planning and Development	791,749			(791,749)		(791,749)			
Economic Development	35,939			(35,939)		(35,939)			
Interest on Long-Term Debt	124,276			(124,276)		(124,276)			
Total Governmental Activities	\$ 7,915,078	\$ 1,278,116	\$ 988,728	\$ (5,648,234)	\$ 0	\$ (5,648,234)	\$ 0	\$ 0	\$ 0
Business-Type Activities:									
Water and Sewer	\$ 8,041,881	\$ 6,234,382	\$	\$	\$ (1,807,499)	\$ (1,807,499)	\$	\$	\$
Interest on Long-Term Debt	602,109				(602,109)	(602,109)			
Total Business-Type Activities	\$ 8,643,990	\$ 6,234,382	\$ 0	\$ 0	\$ (2,409,608)	\$ (2,409,608)	\$ 0	\$ 0	\$ 0
Total Primary Government	\$ 16,559,068	\$ 7,512,498	\$ 988,728	\$ (5,648,234)	\$ (2,409,608)	\$ (8,057,842)	\$ 0	\$ 0	\$ 0
Component Units:									
Wolfforth Economic Development Corporation	\$ 355,422	\$	\$	\$	\$	\$ (355,422)	\$	\$	\$
Public Improvement District	564,266	553,882					(10,384)		
Community Development Corporation	646,019								(646,019)
Total Component Units	\$ 1,565,707	\$ 553,882	\$ 0	\$ 0	\$ 0	\$ 0	\$ (355,422)	\$ (10,384)	\$ (646,019)
General Revenues:									
Property Taxes and Related Fees	\$ 4,337,485	\$	\$	\$ 4,337,485	\$	\$ 4,337,485	\$	\$	\$
Sales and Use Taxes	1,344,114			1,344,114		1,344,114	671,964		
Gross Receipts Business Tax	554,673			554,673		554,673			
Motel Occupancy Taxes	43,869			43,869		43,869			89,562
Unrestricted Contributions	17,951			17,951		17,951			
Unrestricted Investment Earnings	84,382			84,382	95,357	179,739	29,084	5,635	1,973
Gain on the Sale of Capital Assets	37,168			37,168		37,168			
Capital Contributions					57,467	57,467			
Miscellaneous	115,804			115,804		115,804			
Transfers	224,042			(224,042)					
Total General Revenue and Transfers	\$ 6,759,488	\$	\$	\$ (71,218)	\$	\$ 6,688,270	\$ 701,048	\$ 5,635	\$ 91,535
Change in Net Position	\$ 1,111,254	\$	\$	\$ (2,480,826)	\$	\$ (1,369,572)	\$ 345,626	\$ (4,749)	\$ (554,484)
Net Position - Beginning	2,950,664			2,950,664	6,768,078	9,718,742	1,609,831	201,935	554,484
Prior Period Adjustment	171,889			171,889		171,889			
Net Position - Ending	\$ 4,233,807	\$ 4,287,252	\$ 8,521,059	\$ 1,955,457	\$ 197,186	\$ 0			

The accompanying notes are an integral part of this statement.

CITY OF WOLFFORTH, TEXAS

EXHIBIT A-3

BALANCE SHEET - GOVERNMENTAL FUNDS  
SEPTEMBER 30, 2023

	General Fund	Debt Service Fund	Special Revenue CLFRF Grant Fund	Nonmajor Governmental Funds	Total Governmental Funds
<b>ASSETS:</b>					
Cash and Cash Equivalents	\$ 2,374,888	\$ 230,470	\$ 1,380,080	\$ 721,926	\$ 4,707,364
Accounts Receivable, Net	319,239		705	13,174	333,118
Taxes Receivable, Net	369,710	6,924			376,634
Grants Receivable				5,235	5,235
Due from Other Funds	437				437
Due from Component Units	2,395				2,395
Prepaid Expense	24,474				24,474
<b>Total Assets</b>	<b>\$ 3,091,143</b>	<b>\$ 237,394</b>	<b>\$ 1,380,785</b>	<b>\$ 740,335</b>	<b>\$ 5,449,657</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES:</b>					
<b>LIABILITIES:</b>					
Accounts Payable	\$ 359,989			\$ 446	\$ 360,435
Wages Payable	77,056				77,056
Due to Other Funds				437	437
<b>Total Liabilities</b>	<b>\$ 437,045</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 883</b>	<b>\$ 437,928</b>
<b>DEFERRED INFLOWS OF RESOURCES:</b>					
Property Taxes	\$ 25,487	\$ 6,924			\$ 32,411
Unspent Grant Funds			1,362,040		1,362,040
<b>Total Deferred Inflows of Resources</b>	<b>\$ 25,487</b>	<b>\$ 6,924</b>	<b>\$ 1,362,040</b>	<b>\$ 0</b>	<b>\$ 1,394,451</b>
<b>FUND BALANCES:</b>					
<b>Nonspendable Fund Balances:</b>					
Prepays	\$ 24,474				\$ 24,474
<b>Restricted Fund Balances:</b>					
Restricted for Enabling Legislation				731,221	731,221
Restricted for Grant Programs			18,745	8,231	26,976
Restricted for Debt Service		230,470			230,470
Unassigned Fund Balance	2,604,137				2,604,137
<b>Total Fund Balances</b>	<b>\$ 2,628,611</b>	<b>\$ 230,470</b>	<b>\$ 18,745</b>	<b>\$ 739,452</b>	<b>\$ 3,617,278</b>
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</b>	<b>\$ 3,091,143</b>	<b>\$ 237,394</b>	<b>\$ 1,380,785</b>	<b>\$ 740,335</b>	<b>\$ 5,449,657</b>

The accompanying notes are an integral part of this statement.

CITY OF WOLFFORTH, TEXAS

EXHIBIT A-4

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET  
TO THE STATEMENT OF NET POSITION  
SEPTEMBER 30, 2023

Total Fund Balances - Governmental Funds Balance Sheet	\$	3,617,278
Amounts reported for governmental activities in the Statement of Net Position (SNP) are different because:		
Capital assets used in governmental activities are not reported in the funds.		6,039,552
Property taxes receivable unavailable to pay for current period expenditures are deferred in the funds.		32,411
Deferred outflows and inflows of resources related to pensions and OPEB are not reported in the funds.		675,732
Payables for bond principal, tax note principal, and lease principal which are not due in the current period are not reported in the funds.		(4,427,216)
Payables for bond interest which are not due in the current period are not reported in the funds.		(17,159)
Bond Premiums are not recorded in the funds.		(312,049)
Deferred Outflows of Resources - Loss on Refundings are not recorded in the funds.		48,470
Net Pension Liabilities are not reported in the funds.		(1,313,929)
Total OPEB Liabilities are not reported in the funds.		(46,611)
Payables for compensated absences which are not reported in the funds.		<u>(62,672)</u>
Net Position of Governmental Activities - Statement of Net Position	\$	<u><u>4,233,807</u></u>

The accompanying notes are an integral part of this statement.

CITY OF WOLFFORTH, TEXAS

EXHIBIT A-5

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCES - GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED SEPTEMBER 30, 2023

	General Fund	Debt Service Fund	Capital Projects Fund	Special Revenue CLFRF Grant Fund	Nonmajor Governmental Funds	Total Governmental Funds
<b>Revenue:</b>						
Taxes:						
Property Taxes and Related Fees	\$ 3,455,134	\$ 938,475	\$	\$	\$	\$ 4,393,609
Sales and Use Taxes	1,344,114					1,344,114
Gross Receipts Business Tax	554,673					554,673
Motel Occupancy Taxes					43,869	43,869
Licenses and Permits	606,476					606,476
Intergovernmental Revenue and Grants	164,970				823,758	988,728
Charges for Services	501,751					501,751
Fines and Fees	120,709				49,180	169,889
Investment Earnings	55,790		6,747	18,745	3,100	84,382
Contributions and Donations					17,951	17,951
Other Revenue	115,804					115,804
Total Revenues	<u>\$ 6,919,421</u>	<u>\$ 938,475</u>	<u>\$ 6,747</u>	<u>\$ 18,745</u>	<u>\$ 937,858</u>	<u>\$ 8,821,246</u>
<b>Expenditures:</b>						
Current:						
General Administration	\$ 1,139,093	\$	\$ 28,921	\$	\$ 22,656	\$ 1,190,670
Municipal Court	145,131		635		11,278	157,044
Financial Administration	368,107		7,875			375,982
Buildings and Grounds	123,545					123,545
Police Department	1,803,123		315,408		4,641	2,123,172
Fire and EMS Department	1,607,125				185,369	1,792,494
Emergency Management	6,289					6,289
Other Public Services	4,160					4,160
Library	370,365		89,976			460,341
Streets and Paving	291,610					291,610
Parks Department	132,046					132,046
Planning and Development	780,390					780,390
Economic Development	34,531					34,531
Debt Service:						
Principal		824,393				824,393
Interest Expense and Related Fees		175,705				175,705
Total Expenditures	<u>\$ 6,805,515</u>	<u>\$ 1,000,098</u>	<u>\$ 442,815</u>	<u>\$ 0</u>	<u>\$ 223,944</u>	<u>\$ 8,472,372</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>\$ 113,906</u>	<u>\$ (61,623)</u>	<u>\$ (436,068)</u>	<u>\$ 18,745</u>	<u>\$ 713,914</u>	<u>\$ 348,874</u>
<b>Other Financing Sources:</b>						
Transfers In (Out)	\$ 8,279	\$ 227,758	\$ (16,991)	\$	\$ 4,996	\$ 224,042
Proceeds from the Sale of Capital Assets	37,168					37,168
Total Other Financing Sources (Uses)	<u>\$ 45,447</u>	<u>\$ 227,758</u>	<u>\$ (16,991)</u>	<u>\$ 0</u>	<u>\$ 4,996</u>	<u>\$ 261,210</u>
Net Change in Fund Balances	\$ 159,353	\$ 166,135	\$ (453,059)	\$ 18,745	\$ 718,910	\$ 610,084
Fund Balances - Beginning	<u>2,469,258</u>	<u>64,335</u>	<u>453,059</u>	<u>0</u>	<u>20,542</u>	<u>3,007,194</u>
Fund Balances - Ending	<u>\$ 2,628,611</u>	<u>\$ 230,470</u>	<u>\$ 0</u>	<u>\$ 18,745</u>	<u>\$ 739,452</u>	<u>\$ 3,617,278</u>

The accompanying notes are an integral part of this statement.

CITY OF WOLFFORTH, TEXAS

EXHIBIT A-6

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED SEPTEMBER 30, 2023

Net Change in Fund Balances - Total Governmental Funds	\$ 610,084
Amounts reported for governmental activities in the Statement Of Activities (SOA) are different because:	
Capital assets additions not reported as expenses in the SOA.	668,079
Capital asset reclassification from proprietary funds are not reported in the SOA.	13,275
The depreciation of capital assets used in governmental activities is not reported in the funds.	(878,266)
Certain property tax revenues are deferred in the funds. This is the change in these amounts this year.	(56,124)
Repayments of bond principal, tax note principal, and lease principal are expenditures in the funds but not an expense in the SOA.	824,393
The net impact of bond refundings are capitalized on the SNP.	(5,976)
Bond premium amortization is not recorded in the funds.	70,158
Change in accrued interest from beginning of period to end of period.	(12,753)
Change related to pension liabilities and deferred inflows and outflows is not recorded in the funds.	(135,631)
Change related to total OPEB liabilities and deferred inflows and outflows is not recorded in the funds.	(9,831)
Compensated absences are reported as the amount earned in the SOA but as the amount paid in the funds.	<u>23,846</u>
Change in Net Position of Governmental Activities - Statement of Activities	<u>\$ 1,111,254</u>

The accompanying notes are an integral part of this statement.

CITY OF WOLFFORTH, TEXAS

EXHIBIT A-7

STATEMENT OF NET POSITION  
PROPRIETARY FUNDS  
SEPTEMBER 30, 2023

	Business-Type Activities
	Water and Sewer Fund
<b>ASSETS:</b>	
Cash and Cash Equivalents	\$ 4,382,791
Accounts Receivable, Net	649,799
Unbilled Revenue Receivable	215,696
Prepaid Expense	6,859
Capital Assets	
Nondepreciable	4,864,950
Depreciable, Net	13,777,353
Total Assets	<u>\$ 23,897,448</u>
<b>DEFERRED OUTFLOWS OF RESOURCES:</b>	
Pension	\$ 162,573
OPEB	964
Refunding Charges	43,702
Total Deferred Outflows of Resources	<u>\$ 207,239</u>
<b>LIABILITIES:</b>	
Accounts Payable	\$ 968,610
Wages Payable	13,875
Accrued Compensated Absences	12,147
Accrued Interest Payable	61,849
Customer Deposits	296,881
Noncurrent Liabilities	
Due Within One Year	2,144,355
Net Pension Liability	311,336
Total OPEB Liability	11,045
Unamortized Premiums	651,223
Due in More Than One Year	15,342,693
Total Liabilities	<u>\$ 19,814,014</u>
<b>DEFERRED INFLOWS OF RESOURCES:</b>	
OPEB	\$ 3,421
Total Deferred Inflows of Resources	<u>\$ 3,421</u>
<b>NET POSITION:</b>	
Net Investment in Capital Assets	\$ 547,734
Unrestricted	<u>3,739,518</u>
Total Net Position	<u>\$ 4,287,252</u>

The accompanying notes are an integral part of this statement.

CITY OF WOLFFORTH, TEXAS

EXHIBIT A-8

STATEMENT OF REVENUES, EXPENSES, AND CHANGES  
IN FUND NET POSITION - PROPRIETARY FUNDS  
FOR THE YEAR ENDED SEPTEMBER 30, 2023

	Business-Type Activities <u>Water and Sewer Fund</u>	Internal Service Funds <u>                    </u>
OPERATING REVENUES:		
Charges for Services	\$ 6,140,634	\$
Other Services	93,748	
Total Operating Revenues	<u>\$ 6,234,382</u>	<u>\$ 0</u>
OPERATING EXPENSES:		
Personnel Services	\$ 654,720	\$
Contractual Services	4,924,217	
Maintenance	985,462	
Depreciation	1,358,864	
Other Expense	118,618	
Total Operating Expenses	<u>\$ 8,041,881</u>	<u>\$ 0</u>
Operating Income (Loss)	<u>\$ (1,807,499)</u>	<u>\$ 0</u>
NON-OPERATING REVENUES (EXPENSES):		
Interest Revenue	\$ 95,357	\$
Interest Expense and Paying Agent Fees	(602,109)	
Total Non-Operating Revenues (Expenses)	<u>\$ (506,752)</u>	<u>\$ 0</u>
Income (Loss) Before Transfers	\$ (2,314,251)	\$ 0
Capital Contributions	\$ 57,467	\$
Transfers In (Out)	<u>(224,042)</u>	
Change in Net Position	\$ (2,480,826)	\$ 0
Total Net Position - Beginning	6,768,078	(171,889)
Prior Period Adjustment	<u>                    </u>	<u>171,889</u>
Total Net Position - Ending	<u>\$ 4,287,252</u>	<u>\$ 0</u>

The accompanying notes are an integral part of this statement.



## CITY OF WOLFFORTH, TEXAS

EXHIBIT A-9

**STATEMENT OF CASH FLOWS  
 PROPRIETARY FUNDS  
 FOR THE YEAR ENDED SEPTEMBER 30, 2023**

	<u>Business-Type Activities Water and Sewer Fund</u>
Cash Flows from Operating Activities:	
Cash Received from Customers	\$ 5,930,192
Cash Payments to Employees and for Benefits	(773,058)
Cash Payments to Other Suppliers for Goods and Services	(5,516,575)
Other Operating Cash Receipts	93,748
Net Cash from Operating Activities	<u>\$ (265,693)</u>
Cash Flows from Non-Capital Financing Activities:	
Capital Contributions	\$ 57,467
Cash Transfers from (to) Other Funds	(224,042)
Net Cash from Non-Capital Financing Activities	<u>\$ (166,575)</u>
Cash Flows from Capital and Related Financing Activities:	
Principal and Interest Paid	\$ (1,794,821)
Issuance of Debt	1,105,000
Capital Asset Transferred to Governmental Activities	13,275
Proceeds from the Sale of Assets	35,882
Acquisition or Construction of Capital Assets	(2,444,478)
Net Cash from Capital and Related Financing Activities	<u>\$ (3,085,142)</u>
Cash Flows from Investing Activities:	
Interest and Dividends on Investments	\$ 95,357
(Purchase) Sale of Investments	1,587
Net Cash from Investing Activities	<u>\$ 96,944</u>
Increase (Decrease) in Cash and Cash Equivalents	\$ (3,420,466)
Cash and Cash Equivalents - Beginning of Year	7,803,257
Cash and Cash Equivalents - End of Year	<u>\$ 4,382,791</u>
Reconciliation of Operating Income to Net Cash from Operating Activities:	
Operating Income (Loss)	<u>\$ (1,807,499)</u>
Adjustments to Reconcile Operating Income to Net Cash from Operating Activities	
Depreciation	\$ 1,358,864
Change in Assets and Liabilities:	
Decrease (Increase) in Accounts Receivable, Net	(62,930)
Decrease (Increase) in Unbilled Revenue Receivable	(215,696)
Increase (Decrease) in Accounts Payable	504,618
Increase (Decrease) in Wages Payable	(763)
Increase (Decrease) in Customer Deposits	68,184
Increase (Decrease) in Pension and Related Deferrals	(92,146)
Increase (Decrease) in OPEB and Related Deferrals	(5,724)
Total Adjustments	<u>\$ 1,541,806</u>
Net Cash from Operating Activities	<u>\$ (265,693)</u>

The accompanying notes are an integral part of this statement.

**CITY OF WOLFFORTH, TEXAS**

**NOTES TO FINANCIAL STATEMENTS**

**Note 1 - Summary of Significant Accounting Policies**

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

**Reporting Entity**

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

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

The City also evaluated any legally separate tax-exempt organizations whose resources are used principally to provide support to the City to determine if its omission from the reporting entity would result in financial statements which are misleading or incomplete. GAAP requires inclusion of such an organization as a component unit when: 1) the economic resources received or held by the organization are entirely or almost entirely for the direct benefit of the City, its component units or its constituents; and 2) the City or its component units are entitled to, or have the ability to otherwise access, a majority of the economic resources received or held by the organization; and 3) such economic resources are significant to the City. Based on these criteria, the City has the component units listed below. Additionally, the City is not a component unit of any other reporting entity as defined by GAAP.

**Component Units**

The Wolfforth Economic Development Corporation (the "EDC") was formed to provide economic growth in the City. The governing board of the EDC is appointed by the City Council. The City has assigned one-third of its sale tax revenues to the EDC for future economic development. The EDC is reported as a discretely presented component unit in the statement of net position and statement of activities.

The Wolfforth Public Improvement District (the "PID") was formed under Chapter 372 of the Texas Local Government Code to provide for improvements and maintenance benefitting a defined area, Preston Manor recreational facilities. The City has authorized Preston Manor Management, LLC to manage the PID. The PID is financed by assessments against all property owners of benefitted property within the defined district area. The PID is reported as a discretely presented component unit in the statement of net position and statement of activities.

**CITY OF WOLFFORTH, TEXAS**

**NOTES TO FINANCIAL STATEMENTS**

The Wolfforth Community Development Corporation (the “CDC”) was formed to provide economic growth in the City. The governing board of the CDC is appointed by the City Council. The City has assigned hotel occupancy tax levies to the CDC for future economic development. The CDC is reported as a discretely presented component unit in the statement of net position and statement of activities. The CDC was dissolved in May 2023.

**Basis of Presentation, Basis of Accounting**

**Government-Wide Statements:** The statement of net position and the statement of activities include the financial activities of the overall government. Eliminations been made to minimize the double-counting of internal activities. These statements distinguish between the governmental and business-type activities of the City. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties.

The statement of activities presents a comparison between direct expenses and program revenues for the different business-type activities of the City and for each function of the City's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function.

The City does not allocate indirect expenses in the statement of activities. Program revenues include (a) fees, fines, and charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

**Fund Financial Statements:** The fund financial statements provide information about the City's funds, with separate statements presented for each fund category. The emphasis of fund financial statements is on major governmental and proprietary funds, each displayed in a separate column. All remaining governmental and proprietary funds are aggregated and reported as nonmajor funds.

Proprietary fund operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Non-operating revenues, such as subsidies and investment earnings, result from non-exchange transactions or ancillary activities.

The City reports the following major governmental funds:

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

**Debt Service Fund:** This fund is used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest, and related costs.

**CITY OF WOLFFORTH, TEXAS**

**NOTES TO FINANCIAL STATEMENTS**

Capital Projects Fund: This fund accounts for the financial resources that are restricted, committed or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets.

Special Revenue – CLFRF Grant Fund: This fund accounts for the financial resources that are restricted for the purposes of the grant program.

The City reports the following major enterprise funds:

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

Nonmajor Governmental Funds:

Special revenue funds: These funds account for specific revenue sources that are legally restricted to expenditures for specialized purposes.

**Measurement Focus, Basis of Accounting**

Government-Wide and Proprietary Fund Financial Statements: These financial statements are reported using the economic resources measurement focus. The government-wide and proprietary fund financial statements are reported using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Non-exchange transactions, in which the City gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, entitlements, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Governmental Fund Financial Statements: Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The City considers all revenues reported in the governmental funds to be available if the revenues are collected within 60 days after year-end. Revenues from local sources consist primarily of property taxes. Property tax revenues and revenues received from the State are recognized under the susceptible-to-accrual concept. Miscellaneous revenues are recorded as revenue when received in cash because they are generally not measurable until actually received. Investment earnings are recorded as earned, since they are both measurable and available. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt is 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.

CITY OF WOLFFORTH, TEXAS

NOTES TO FINANCIAL STATEMENTS

**Financial Statement Amounts**

**Cash and Cash Equivalents**

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

**Fair Value Measurements**

The City has determined the fair value of certain assets and liabilities in accordance with generally accepted accounting principles, which provides a framework for measuring fair value.

Fair value is defined as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. Valuation techniques should maximize the use of observable inputs and minimize the use of unobservable inputs.

A fair value hierarchy has been established, which prioritizes the valuation inputs into three broad levels. Level 1 inputs consist of quoted prices in active markets for identical assets or liabilities that the reporting entity has the ability to access at the measurement date. Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the related asset or liability. Level 3 inputs are unobservable inputs related to the asset or liability.

The City has no recurring fair value measurements as of September 30, 2023 as the City's investments are not measured at fair value but rather the investment in TexPool are valued at amortized cost.

**Property Taxes**

Property taxes are levied by October 1 on the assessed value listed as of the prior January 1 for all real and business personal property in conformity with Subtitle E, Texas Property Tax Code. Taxes are due on receipt of the tax bill and are delinquent if not paid before February 1 of the year following the year in which imposed. On January 1 of each year, a tax lien attaches to property to secure the payment of all taxes, penalties, and interest ultimately imposed. Property tax revenues are considered available when they become due or past due and receivable within the current period and are collected.

Allowances for uncollectible tax receivables within the General Fund and Debt Service 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.

**Prepaid Items**

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items.

CITY OF WOLFFORTH, TEXAS

NOTES TO FINANCIAL STATEMENTS

**Capital Assets**

Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated capital assets, donated works of art and similar items, and capital assets received in a service concession arrangement are reported at acquisition value. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized. A capitalization threshold of \$5,000 is used.

Capital assets are being depreciated using the straight-line method over the following estimated useful lives:

<u>Asset Classes</u>	<u>Estimated Useful Lives (Years)</u>
Building and Improvements	7-40
Streets and Infrastructure	25
Office Furniture and Equipment	3-15
Water and Sewer System	5-50
Vehicles, Equipment, and Machinery	5-15
Library Books and Equipment	5-15

**Payable Balances**

The City believes that sufficient detail of payable balances is provided in the financial statements to avoid the obscuring of significant components by aggregation. Therefore no disclosure is provided which disaggregates those balances. Details of Receivables are provided in these Notes to Financial Statements.

**Deferred Outflows/Inflows of Resources**

In addition to assets, the statement of net position will report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City has deferred outflows of resources, included on the proprietary fund financial statements and government wide financial statements, for deferred charges on bond refunding's, pension related items, and OPEB related items.

In addition to liabilities, the statement of financial position will 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 one or more future periods and so will not be recognized as an inflow of resources (revenue) until that time. The City has deferred inflows of resources, included on the proprietary fund financial statements and government wide financial statements, for OPEB related items and unspent grant funds. The City has deferred inflows of resources, included on the governmental fund financial statements, for unavailable revenue from property taxes and unspent grant funds.

**CITY OF WOLFFORTH, TEXAS**

**NOTES TO FINANCIAL STATEMENTS**

**Interfund Activity**

Interfund activity results from loans, services provided, reimbursements, or transfers between funds. Loans are reported as interfund receivables and payables as appropriate and are subject to elimination upon consolidation. Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures or expenses. Reimbursements occur when one fund incurs a cost, charges the appropriate benefiting fund and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers. Transfers In and Transfers Out are netted and presented as a single "Transfers" line on the government-wide statement of activities. Similarly, interfund receivables and payables are netted and presented as a single "Interfund Balances" line of the government-wide statement of net position.

**Use of Estimates**

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

**Pension**

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

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

**OPEB**

For purposes of measuring the net OPEB liability, deferred outflows and deferred inflows of resources related to OPEBs, and net OPEB expense, information about the Texas Municipal Retirement System – Supplemental Death Benefit Plan have been determined on the same basis as they are reported by TMRS. For this purpose plan contributions are recognized in the period that compensation is reported for the employee, which is when contributions are legally due. Benefit payments and refunds are recognized when due and payable in accordance with the benefit terms.

**Fund Balance**

Nonspendable - includes amounts that cannot be spent because they are either not spendable in form or are legally or contractually required to be maintained intact. All amounts reported as nonspendable at September 30, 2023 were related to prepaids and are nonspendable in form.

CITY OF WOLFFORTH, TEXAS

NOTES TO FINANCIAL STATEMENTS

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

Committed - includes amounts that can be used only for the specific purposes as established by the City Council's resolution. The City Council is the City's highest level of decision-making authority; and the formal action that is required to be taken to establish, modify, or rescind a fund balance commitment is a resolution approved by the City's Council at the City Council's meeting. As of September 30, 2023, the City had no committed funds.

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

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

When the City incurs expenditures that can be made from either restricted or unrestricted fund balances, the expenditures should be charged to restricted fund balances. When the City incurs expenditures that can be made from either committed, assigned, or unassigned balances, the expenditures should be charged first to committed fund balances, second to assigned fund balances, and third to unassigned fund balances.

Compensated Absences

It is the City's policy to permit regular full-time employees to accumulate a limited amount of earned but unused vacation benefits. Benefits are accrued as follows:

<u>Length of Service</u>	<u>Annual Vacation Leave Earned</u>
1 Year	80 hours
11-15 Years	120 Hours
16-20 Years	140 Hours
21-25 Years	160 Hours
Every 5 Years Thereafter	20 Additional Hours

Certified full-time police officers shall receive 84 hours of vacation leave annually. Temporary employees and part-time employees do not earn vacation leave.

When an employee leaves the service of the City, he or she may be paid for any unused vacation leave in his or her account at time of separation. The rate of pay is determined by the salary rate in effect at the time of termination. Unused sick leave is canceled upon termination of employment without compensation of the employee.



CITY OF WOLFFORTH, TEXAS

NOTES TO FINANCIAL STATEMENTS

**Note 2 – Deposits and Investments**

**Custodial Credit Risk for Deposits**

State law requires governmental entities to contract with financial institutions in which funds will be deposited to secure those deposits with insurance or pledged securities with a fair value equaling or exceeding the amount on deposit at the end of each business day. The pledged securities must be in the name of the governmental entity and held by the entity or its agent. Since the City complied with this law for the year ended September 30, 2023, it had no custodial credit risk for deposits.

**Compliance with the Public Funds Investment Act**

The City is required by Government Code Chapter 2256, *The Public Funds Investment Act*, to adopt, implement, and publicize an investment policy. That policy must address the following areas: (1) safety of principal and liquidity, (2) portfolio diversification, (3) allowable investments, (4) acceptable risk levels, (5) expected rates of return, (6) maximum allowable stated maturity of portfolio investments, (7) maximum average dollar-weighted maturity allowed based on the stated maturity date for the portfolio, (8) investment staff quality and capabilities, and (9) bid solicitation preferences for certificates of deposit.

The Public Funds Investment Act (the Act) requires an annual audit of investment practices. Audit procedures in this area conducted as a part of the audit of the basic financial statements disclosed that in the areas of investment practices, management reports and establishment of appropriate policies, the City adhered to the requirements of the Act. Additionally, investment practices of the City were in accordance with local policies.

The Act determines the types of investments which are allowable for the City. These include, with certain restrictions, (1) obligations of the U.S. Treasury, U.S. agencies, and the State of Texas, (2) certificates of deposit, (3) certain municipal securities, (4) securities lending program, (5) repurchase agreements, (6) bankers acceptances, (7) mutual funds, (8) investment pools, (9) guaranteed investment contracts, and (10) commercial paper.

The City's investments at September 30, 2023 are shown below.

<u>Investment or Investment Type</u>	<u>Average WAM</u>	<u>Rating</u>	<u>Amount</u>
TexPool Investment Pool	39 Days Average	AAAm	\$ 1,602,810

Investment pools are not categorized as to investment risk since specific securities relating to the government cannot be identified. The City utilizes Texas Local Government Investment Pool (TexPool). The value of the pool is reported at amortized cost.

**CITY OF WOLFFORTH, TEXAS**

**NOTES TO FINANCIAL STATEMENTS**

Under the TexPool Participation Agreement, administrative and investment services to TexPool are provided by Federated Investors, Inc. through an agreement with the State of Texas Comptroller of Public Accounts. The State Comptroller is the sole officer, director, and shareholder of the Texas Treasury Safekeeping Trust Company authorized to operate TexPool. The reported value of the pool is the same as the fair value of the pool shares. TexPool is subject to annual review by an independent auditor consistent with the Public Funds Investment Act. Audited financial statements of the Pool are available at First Public, 12008 Research Blvd., Austin, Texas 78759.

In addition, TexPool is subject to review by the State Auditor's Office and by the Internal Auditor of the Comptroller's Office.

**Credit Risk**

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. State law and City policy limit investments in local government investment pools to those rated no lower than AAA or an equivalent rating by at least one nationally recognized rating service. As of September 30, 2023, the City's investments in TexPool was rated AAAM by Standard and Poor's.

**Custodial Credit Risk**

Deposits are exposed to custodial credit risk if they are not covered by depository insurance and the deposits are uncollateralized, collateralized with securities held by the pledging financial institution, or collateralized with securities held by the pledging financial institution's trust department or agent but not in the City's name. The City's demand deposits at year end are entirely covered by FDIC insurance and pledged collateral held in the City's name by the City's agent.

**Concentration of Credit Risk**

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

**Interest Rate Risk**

In accordance with its investment policy, the City manages its exposure to declines in fair values by limiting the weighted average maturity of its investment portfolio to 365 days. The maximum allowable stated maturity of any individual investment owned by the City shall not exceed two years from the time of purchase. As of September 30, 2023, TexPool's portfolio maintained a weighted average maturity of approximately 39 days.

**Foreign Currency Risk**

This risk relates to adverse effects on the fair value of an investment from changes in exchange rates. While the City's policy does not address this risk, the City has no foreign currency risk as of year-end.

CITY OF WOLFFORTH, TEXAS

NOTES TO FINANCIAL STATEMENTS

Note 3 – Receivables

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

	General Fund	Debt Service Fund	Special Rev CLFRF Grant Fund	Other Governmental Funds	Water Sewer Fund	Total
Receivables:						
Property Taxes	\$ 62,110	\$ 16,875	\$	\$	\$	\$ 78,985
Sales Tax	234,896					234,896
EMS Fees	670,640					670,640
Franchise Tax	109,327					109,327
Other	3,839		705	13,174		17,718
Accounts					1,209,046	1,209,046
Grants				5,235		5,235
Gross Receivables	\$ 1,080,812	\$ 16,875	\$ 705	\$ 18,409	\$ 1,209,046	\$ 2,325,847
Less: Allowance for Uncollectibles	(391,863)	(9,951)			(559,247)	(961,061)
Net Total Receivables	\$ 688,949	\$ 6,924	\$ 705	\$ 18,409	\$ 649,799	\$ 1,364,786

Note 4 – Interfund Balances and Activity

Transfers to and from other funds:

Transfers In	Transfers Out	Amount	Purpose
Governmental Funds	Water and Sewer	\$ 224,042	Administration
Net Transfers		\$ 224,042	

CITY OF WOLFFORTH, TEXAS

NOTES TO FINANCIAL STATEMENTS

**Note 5 – Capital and Right to Use Assets**

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

	Beginning Balances	Increases	Net Transfers	Decreases	Ending Balances
Governmental Activities:					
Capital Assets Not Being Depreciated					
Land	\$ 515,595	\$	\$	\$	\$ 515,595
Total Capital Assets Not Being Depreciated	<u>\$ 515,595</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 515,595</u>
Capital Assets Being Depreciated					
Buildings and Improvements	\$ 4,648,562	\$ 39,980	\$	\$	\$ 4,688,542
Streets and Infrastructure	5,272,941	100,328	1,850		5,375,119
Office Furniture and Equipment	416,463	57,646		26,885	447,224
Vehicles, Equipment and Machinery	5,793,986	470,125	19,090	322,014	5,961,187
Library Books and Equipment	389,347		(1,850)		387,497
Right-to-Use Leased Assets	850,000				850,000
Total Capital Assets Being Depreciated and Amortized	<u>\$ 17,371,299</u>	<u>\$ 668,079</u>	<u>\$ 19,090</u>	<u>\$ 348,899</u>	<u>\$ 17,709,569</u>
Less Accumulated Depreciation and Amortization for:					
Buildings and Systems	\$ 1,977,019	\$ 126,016	\$	\$	\$ 2,103,035
Streets and Infrastructure	4,500,763	163,513			4,664,276
Office Furniture and Equipment	259,296	23,023		26,885	255,434
Vehicles, Equipment and Machinery	4,291,593	457,105	5,815	322,014	4,432,499
Library Books and Equipment	295,926	23,609			319,535
Right-to-Use Leased Assets	325,833	85,000			410,833
Total Accumulated Depreciation and Amortization	<u>\$ 11,650,430</u>	<u>\$ 878,266</u>	<u>\$ 5,815</u>	<u>\$ 348,899</u>	<u>\$ 12,185,612</u>
Total Capital Assets Being Depr and Amortized, Net	<u>\$ 5,720,869</u>	<u>\$ (210,187)</u>	<u>\$ 13,275</u>	<u>\$ 0</u>	<u>\$ 5,523,957</u>
Governmental Activities Capital Assets, Net	<u>\$ 6,236,464</u>	<u>\$ (210,187)</u>	<u>\$ 13,275</u>	<u>\$ 0</u>	<u>\$ 6,039,552</u>

Depreciation and amortization was charged to governmental activities as follows:

General Administration	\$ 29,250
Buildings and Grounds	125,099
Police Department	116,800
Fire	337,620
Emergency Management	47,025
Misc Public Services	3,532
Library	29,286
Streets and Paving	177,071
Planning and Development	12,583
Total Depreciation Charged to Governmental Activities	<u>\$ 878,266</u>

CITY OF WOLFFORTH, TEXAS

NOTES TO FINANCIAL STATEMENTS

	<u>Beginning Balances</u>	<u>Increases</u>	<u>Net Transfers</u>	<u>Decreases</u>	<u>Ending Balances</u>
Business-Type Activities:					
Capital Assets Not Being Depreciated					
Land	\$ 2,355,697	\$ 50,000	\$	\$	\$ 2,405,697
Construction in Progress	<u>1,917,718</u>	<u>1,415,297</u>	<u>(873,762)</u>	<u></u>	<u>2,459,253</u>
Total Capital Assets Not Being Depreciated	<u>\$ 4,273,415</u>	<u>\$ 1,465,297</u>	<u>\$ (873,762)</u>	<u>\$ 0</u>	<u>\$ 4,864,950</u>
Capital Assets Being Depreciated:					
Buildings and Improvements	\$ 261,605	\$	\$	\$	\$ 261,605
Water and Sewer System	24,186,388	796,777	873,762		25,856,927
Vehicles, Equipment, and Machinery	<u>1,415,300</u>	<u>182,404</u>	<u>(19,090)</u>	<u>106,914</u>	<u>1,471,700</u>
Total Capital Assets Being Depreciated	<u>\$ 25,863,293</u>	<u>\$ 979,181</u>	<u>\$ 854,672</u>	<u>\$ 106,914</u>	<u>\$ 27,590,232</u>
Less Accumulated Depreciation for:					
Buildings and Improvements	\$ 234,676	\$ 7,668	\$	\$	\$ 242,344
Water and Sewer System	11,348,111	1,238,876			12,586,987
Vehicles, Equipment, and Machinery	<u>948,075</u>	<u>112,320</u>	<u>(5,815)</u>	<u>71,032</u>	<u>983,548</u>
Total Accumulated Depreciation	<u>\$ 12,530,862</u>	<u>\$ 1,358,864</u>	<u>\$ (5,815)</u>	<u>\$ 71,032</u>	<u>\$ 13,812,879</u>
Total Capital Assets Being Depreciated, Net	<u>\$ 13,332,431</u>	<u>\$ (379,683)</u>	<u>\$ 860,487</u>	<u>\$ 35,882</u>	<u>\$ 13,777,353</u>
Business-Type Activities Capital Assets, Net	<u>\$ 17,605,846</u>	<u>\$ 1,085,614</u>	<u>\$ (13,275)</u>	<u>\$ 35,882</u>	<u>\$ 18,642,303</u>
Depreciation Expense		<u>\$ 1,358,864</u>			

**Note 6 – Long-Term Obligations**

**Governmental Activities**

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

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>	<u>Amounts Due Within One Year</u>
Governmental Activities:					
Refunding Bonds	\$ 2,118,158	\$	\$ 266,706	\$ 1,851,452	\$ 279,145
Tax Notes	2,578,850		487,350	2,091,500	501,500
Bond Premiums	382,207		70,158	312,049	
Right to Use Lease	<u>554,601</u>	<u></u>	<u>70,337</u>	<u>484,264</u>	<u>73,111</u>
Total Governmental Activities	<u>\$ 5,633,816</u>	<u>\$ 0</u>	<u>\$ 894,551</u>	<u>\$ 4,739,265</u>	<u>\$ 853,756</u>

CITY OF WOLFFORTH, TEXAS

NOTES TO FINANCIAL STATEMENTS

Refunding Bond

At September 30, 2023, the City had two general obligation refunding bonds as follows:

Description	Date of Issue	Due Date	Interest Rates	Original Amount of Issue	Balance
GO Refunding Bond Series 2015	10/15/2015	2/15/1931	2.0% to 3.0%	\$ 4,190,000	\$ 1,141,452
GO Refunding Bond Series 2020	2/1/2020	02/15/362	4.000%	1,095,000	710,000
					\$ 1,851,452

Annual debt service requirements to maturity for general obligation refunding bonds as of September 30, 2023 are as follows:

Year Ending September 30,	Principal	Interest	Total
2024	\$ 279,145	\$ 54,347	\$ 333,492
2025	216,706	46,924	263,630
2026	174,145	41,266	215,411
2027	179,023	36,251	215,274
2028	188,901	30,835	219,736
2029-2032	813,532	59,099	872,631
Total	\$ 1,851,452	\$ 268,722	\$ 2,120,174

Tax Notes

At September 30, 2023, the City had three tax notes as follows:

Description	Date of Issue	Due Date	Interest Rates	Original Amount of Issue	Balance
Tax Note Series 2017B	8/1/2017	2/15/2024	3.000%	\$ 1,020,000	\$ 81,500
Tax Note Series 2020	3/4/2020	2/15/2027	5.000%	1,435,000	900,000
Tax Note Series 2021	10/20/2021	2/18/2028	3.000%	1,445,000	1,110,000
					\$ 2,091,500

Annual debt service requirements to maturity for tax notes as of September 30, 2023 are as follows:

Year Ending September 30,	Principal	Interest	Total
2024	\$ 501,500	\$ 71,123	\$ 572,623
2025	435,000	52,775	487,775
2026	450,000	35,000	485,000
2027	470,000	16,500	486,500
2028	235,000	3,525	238,525
Total	\$ 2,091,500	\$ 178,923	\$ 2,270,423

CITY OF WOLFFORTH, TEXAS

NOTES TO FINANCIAL STATEMENTS

Right to Use Leases Obligation

At September 30, 2023, the City had one right to use lease agreement as follows:

Description	Date of Issue	Due Date	Interest Rates	Original Amount of Issue	Balance
Fire Apparatus Lease	11/30/2018	11/30/2028	2.250%	\$ 750,000	\$ 484,264
					\$ 484,264

The annual requirements to amortize the right to use lease as of September 30, 2023 are as follows:

Year Ending September 30,	Principal	Interest	Total
2024	\$ 73,111	\$ 19,099	\$ 92,210
2025	75,995	16,216	92,211
2026	78,992	13,219	92,211
2027	82,107	10,103	92,210
2028	85,346	6,864	92,210
2029	88,713	3,500	92,213
Total	\$ 484,264	\$ 69,001	\$ 553,265

**Business-Type Activities**

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

	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
Business-Type Activities:					
Certificates of Obligation	\$ 15,940,000	\$	\$ 815,000	\$ 15,125,000	\$ 840,000
Refunding Bonds	1,336,843		138,295	1,198,548	140,855
Tax Notes	272,150	1,105,000	213,650	1,163,500	1,163,500
Bond Premiums	695,163		43,940	651,223	
Total Business-Type Activities	\$ 18,244,156	\$ 1,105,000	\$ 1,210,885	\$ 18,138,271	\$ 2,144,355

CITY OF WOLFFORTH, TEXAS

NOTES TO FINANCIAL STATEMENTS

Certificates of Obligation

At September 30, 2023, the City had four certificates of obligation as follows:

Description	Date of Issue	Due Date	Interest Rates	Original Amount of Issue	Balance
Certificate of Obligation Series 2013	5/1/2013	2/15/1933	1.50%-3.00%	\$ 6,625,000	\$ 3,665,000
Certificate of Obligation Series 2017A	8/1/2017	2/15/1937	2.00%-3.00%	1,445,000	1,095,000
Certificate of Obligation Series 2020	6/30/2020	2/15/1940	2.25%-4.00%	4,635,000	4,125,000
Certificate of Obligation Series 2021	11/15/2020	2/15/1941	.34%-1.27%	6,730,000	6,240,000
					\$ 15,125,000

Annual debt service requirements to maturity for certificates of obligation as of September 30, 2023 are as follows:

Year Ending September 30,	Principal	Interest	Total
2024	\$ 840,000	\$ 403,856	\$ 1,243,856
2025	860,000	376,881	1,236,881
2026	895,000	347,806	1,242,806
2027	925,000	318,331	1,243,331
2028	955,000	288,006	1,243,006
2029-2033	5,235,000	966,160	6,201,160
2034-2038	3,595,000	399,131	3,994,131
2039-2041	1,820,000	57,822	1,877,822
Total	\$ 15,125,000	\$ 3,157,993	\$ 18,282,993

General Obligation Refunding Bonds

At September 30, 2023, the City had one general obligation refunding bond as follows:

Description	Date of Issue	Due Date	Interest Rates	Original Amount of Issue	Balance
Go Refunding Bond Series 2015	10/15/2015	2/15/1931	2.00%-3.00%	\$ 4,190,000	\$ 1,198,548
					\$ 1,198,548



CITY OF WOLFFORTH, TEXAS

NOTES TO FINANCIAL STATEMENTS

Annual debt service requirements to maturity for general obligation refunding bonds as of September 30, 2023 are as follows:

Year Ending September 30,	Principal	Interest	Total
2024	\$ 140,855	\$ 30,290	\$ 171,145
2025	138,294	27,326	165,620
2026	140,855	24,009	164,864
2027	145,977	20,424	166,401
2028	151,099	16,522	167,621
2029-2031	481,468	22,050	503,518
Total	\$ 1,198,548	\$ 140,621	\$ 1,339,169

Tax Notes

At September 30, 2023, the City had two tax notes as follows:

Description	Date of Issue	Due Date	Interest Rates	Original Amount of Issue	Balance
Tax Note Series 2017B	8/1/2017	2/15/2024	3.000%	\$ 1,020,000	\$ 58,500
Tax Note Series 2023A	8/14/2023	8/30/2024	6.730%	1,105,000	1,105,000
					\$ 1,163,500

Annual debt service requirements to maturity for tax notes as of September 30, 2023 are as follows:

Year Ending September 30,	Principal	Interest	Total
2024	\$ 1,163,500	\$ 75,244	\$ 1,238,744
Total	\$ 1,163,500	\$ 75,244	\$ 1,238,744

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

Liability	Activity Type	Fund
Compensated Absences	Governmental	General Fund
Compensated Absences	Business-Type	Water Sewer Fund

CITY OF WOLFFORTH, TEXAS

NOTES TO FINANCIAL STATEMENTS

**Note 7 – Employee Retirement Benefits**

**Texas Municipal Retirement System (TMRS)**

**Plan Description**

The City participates as one of 919 plans in the nontraditional, joint contributory, hybrid defined benefit pension plan administered by the Texas Municipal Retirement System (TMRS). TMRS is an agency created by the State of Texas and administered in accordance with the TMRS Act, Subtitle G, Title 8, Texas Government Code (the TMRS Act) as an agent multiple-employer retirement system for municipal employees in the State of Texas. The TMRS Act places the general administration and management of the System with a six-member Board of Trustees. Although the Governor, with the advice and consent of the Senate, appoints the Board, TMRS is not fiscally dependent on the State of Texas. TMRS’s defined benefit pension plan is a tax-qualified plan under Section 401 (a) of the Internal Revenue Code. TMRS issues a publicly available annual comprehensive financial report (ACFR) that can be obtained at [www.tmr.com](http://www.tmr.com).

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

**Benefits Provided**

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

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

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

	<u>December 31, 2022</u>
Employee Deposit Rate	5.00%
Matching Ratio (City to Employee)	2 to 1
Years Required for Vesting	5
Service Requirement Eligibility (Expressed as Age / Years of Service)	60/5,0/25
Updated Service Credit	100% Repeating, Transfers
Annuity Increase (to Retirees)	70% of CPI

CITY OF WOLFFORTH, TEXAS

NOTES TO FINANCIAL STATEMENTS

Employees Covered by Benefit Terms

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

Inactive Employees or Beneficiaries Currently Receiving Benefits	10
Inactive Employees Entitled to but not Yet Receiving Benefits	37
Active Employees	<u>47</u>
Total Plan Employees	<u><u>94</u></u>

Contributions

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

Employees for the City were required to contribute 5.00% of their annual gross earnings during the fiscal year. The required contribution rates for the City were 11.17% and 11.12% in calendar years 2022 and 2023, respectively. The City's contributions to TMRS for the year ended September 30, 2023, were \$334,251, and were equal to the required contributions.

Net Pension Liability

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

Actuarial Assumptions

Inflation	2.50% per year
Overall Payroll Growth	2.75% per year
Investment Rate of Return	6.75%, net of pension plan investment expense, including inflation
Amortization Period	23 years

CITY OF WOLFFORTH, TEXAS

NOTES TO FINANCIAL STATEMENTS

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

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

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

The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return (Arithmetic)</u>
Global Equity	35.00%	7.55%
Core Fixed Income	6.00%	2.00%
Non-Core Fixed Income	20.00%	5.68%
Other Public Private Markets	12.00%	7.22%
Real Estate	12.00%	6.85%
Hedge Funds	5.00%	5.35%
Private Equity	10.00%	10.00%

CITY OF WOLFFORTH, TEXAS

NOTES TO FINANCIAL STATEMENTS

Discount Rate

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

Changes in Net Pension Liability

	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
Balance 12/31/2021	\$ 5,688,841	\$ 4,834,794	\$ 854,047
Service Cost	314,688		314,688
Interest (on the Total Pension Liability)	384,666		384,666
Difference Between Expected and Actual Experience	141,514		141,514
Contributions - Employer		290,440	(290,440)
Contributions - Employee		131,779	(131,779)
Net Investment Income		(353,161)	353,161
Benefit Payments	(294,857)	(294,857)	
Administrative Expense		(3,054)	3,054
Other		3,646	(3,646)
Balance 12/31/2022	<u>\$ 6,234,852</u>	<u>\$ 4,609,587</u>	<u>\$ 1,625,265</u>

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following presents the net pension liability of the City, calculated using the discount rate of 6.75%, as well as what the City's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.75%) or 1-percentage-point higher (7.75%) than the current rate:

1% Decrease	Current Rate Assumption	1% Increase
\$ 2,565,856	\$ 1,625,265	\$ 864,329

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's Fiduciary Net Position is available in a separately-issued TMRS financial report. That report may be obtained on the Internet at [www.tmr.com](http://www.tmr.com).

CITY OF WOLFFORTH, TEXAS

NOTES TO FINANCIAL STATEMENTS

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

For the year ended September 30, 2023, the City recognized pension expense of \$413,747 and calculated as shown below:

Total Service Cost	\$	314,688
Interest on the Total Pension Liability		384,666
Employee Contributions (Reduction of Expense)		(131,779)
Projected Earnings on Plan Investments (Reduction of Expense)		(326,349)
Administrative Expense		3,054
Other Changes in Fiduciary Net Position		(3,644)
Recognition of Current Year Outflow (Inflow) of Resources-Liabilities		90,450
Recognition of Current Year Outflow (Inflow) of Resources-Assets		82,661
Total Pension Expense	\$	<u>413,747</u>

At September 30, 2023, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

<u>Pension Plan Adjustments</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 270,364	\$
Changes in Assumptions	10,780	
Differences between projected and actual investment earnings	318,314	
Contributions Subsequent to the Measurement Date	249,221	
	\$ <u>848,679</u>	\$ <u>0</u>

\$249,221 of employer contribution deferrals will be fully amortized in plan year 2024. Total amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Plan Year</u>	<u>Amortization of Deferred Outflows</u>
2023	\$ 103,364
2024	143,464
2025	143,654
2026	188,622
2027	20,354
	\$ <u>599,458</u>

CITY OF WOLFFORTH, TEXAS

NOTES TO FINANCIAL STATEMENTS

**Note 8 – Health Care Coverage**

The City provided health insurance benefits to eligible employees. Employees, at their option, authorize payroll withholdings to pay contributions for dependent coverage. Blue Cross Blue Shield, a licensed insurer, provided the health insurance coverage.

**Note 9 – Other Postemployment Benefits (OPEB)**

**Plan Description**

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

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

**Benefits Provided:**

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

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

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

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**CITY OF WOLFFORTH, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS**

Employees Covered by Benefit Terms:

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

Inactive Employees or Beneficiaries Currently Receiving Benefits	9
Inactive Employees Entitled to but not Yet Receiving Benefits	6
Active Employees	47
Total Plan Employees	62

Total OPEB Liability:

The City's total OPEB liability of \$57,656 was measured as of December 31, 2022, and was determined by an actuarial valuation as of that date.

Actuarial Assumptions:

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

Actuarial Cost Method	Entry Age Normal
Amortization Method	
Recognition of Economic/Demographic Gains and Losses and Assumptions Changes or Inputs	Straight-Line Amortization over Expected Working Life
Inflation	2.5%
Salary Increases	3.5% to 11.5% including inflation
Discount Rate	4.05%
Retirees' Share of Benefit-Related Costs	\$0
Administrative Expenses	All administrative expenses are paid through the Pension Trust and accounted for under reporting requirements under GASB Statement No. 68.
Mortality rates – Service Retirees	2019 Municipal Retirees of Texas Mortality Tables. The rates are projected on a fully generational basis with scale UMP.
Mortality rates – Disabled Retirees	2019 Municipal Retirees of Texas Mortality Tables with a 4 year setforward 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.



CITY OF WOLFFORTH, TEXAS

NOTES TO FINANCIAL STATEMENTS

The TMRS SDBF is treated as unfunded OPEB plan because the SDBF trust covers both actives and retirees and the assets are not segregated for these groups. Under GASBS No. 75 (paragraph 155), the discount rate for an unfunded OPEB plan should be based on 20-year tax-exempt AA or higher Municipal Bonds. Therefore, a discount rate of 4.05% based on the Fidelity Index's "20-Year Municipal GO AA Index" rate as of December 31, 2022.

Annuity Purchase Rates:

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

Experience Studies:

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

Changes in the Total OPEB Liability:

Balance as of December 31, 2021	\$	78,132
Changes for the year:		
Service Cost		7,907
Interest on Total OPEB Liability		1,493
Experience Differences		4,650
Effect of Assumptions Changes or Inputs		(32,681)
Benefit Payments		(1,845)
Balance as of December 31, 2022	\$	<u>57,656</u>

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

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

CITY OF WOLFFORTH, TEXAS

NOTES TO FINANCIAL STATEMENTS

Sensitivity Analysis:

The following presents the Total OPEB Liability of the employer, calculated using the discount rate 4.05%, as well as what the Total OPEB Liability would be if it were calculated using a discount rate that is 1 percentage point lower (3.05%) or 1 percentage point higher (5.05%) than the current rate. Note that the healthcare cost trend rate does not affect the Total OPEB Liability, so sensitivity to the healthcare cost trend rate is not shown.

	<u>1% Decrease in Discount Rate (3.05%)</u>	<u>Discount Rate (4.05%)</u>	<u>1% Increase in Discount Rate (5.05%)</u>
Total OPEB Liability	\$ <u>69,802</u>	\$ <u>57,656</u>	\$ <u>48,483</u>

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

For the year ended September 30, 2023, the City recognized OPEB expense of \$8,105. At September 30, 2023, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Employer Contribution Deferral	\$ 5,030	\$
Experience Differences		825
Changes in Assumptions		<u>17,036</u>
	<u>\$ 5,030</u>	<u>\$ 17,861</u>

\$5,030 reported as deferred outflows of resources related to OPEB resulting from contributions subsequent to the measurement date will be recognized as a reduction of the total OPEB liability for the year ended September 30, 2023. The balances of deferred outflows and inflows of resources related to OPEB, excluding contributions made subsequent to the measurement date, will be recognized in OPEB expense as follows:

	<u>Amortization of Deferred Resources</u>
2023	\$ (1,295)
2024	(1,295)
2025	(1,672)
2026	(4,742)
2027	(2,276)
Thereafter	<u>(6,581)</u>
	<u>\$ (17,861)</u>

**CITY OF WOLFFORTH, TEXAS**

**NOTES TO FINANCIAL STATEMENTS**

**Note 10 - Risk Management**

The City is exposed to various risks of loss related to torts, theft, damage or destruction of assets, error and omission, injuries to employees, and natural disasters. The City obtained general liability and automobile coverage at a cost that is considered to be economically justifiable by joining together with other governmental entities in the State as a member of the Texas Municipal League Intergovernmental Risk Pool (TML). TML is a self-funded pool operating as a common risk management and insurance program. The City pays an annual premium to TML for the aforementioned insurance coverage.

The agreement for the formation of TML provides that TML will be self-sustaining through member premiums and will reinsure through commercial companies for claims in excess of acceptable risk levels; however, each category of coverage has its own level of reinsurance. The City continues to carry commercial insurance for other risks of loss.

There were no significant reductions in commercial insurance coverage in the past fiscal year and settled claims resulting from these risks have not exceeded coverage in any of the past three fiscal years.

**Note 11 – Contingencies and Litigation**

**Contingencies**

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

**Litigation and Claims**

As of September 30, 2023, there were no claims or assessments nor any litigation pending against the City.

**Note 12- Prior Period Adjustment**

The beginning fund balance of the City's internal service fund has been restated on the fund basis financial statements to record a prior period adjustment in the amount of \$171,889 to correct prior year balances. This restatement also resulted in a prior period adjustment in the government-wide statements.

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**CITY OF WOLFFORTH, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS**

**Note 13- Subsequent Events**

In November 2023, the City entered into an agreement to purchase a new fire pumper truck in the amount of \$1,026,409.

**REQUIRED SUPPLEMENTARY INFORMATION**

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

**REQUIRED SUPPLEMENTARY INFORMATION**

	12/31/2014	12/31/2015	12/31/2016	12/31/2017	12/31/2018	12/31/2019	12/31/2020	12/31/2021	12/31/2022
	Total Pension Liability	Total Pension Liability	Total Pension Liability	Total Pension Liability	Total Pension Liability	Total Pension Liability	Total Pension Liability	Total Pension Liability	Total Pension Liability
Service Cost	\$ 100,375	\$ 126,524	\$ 147,467	\$ 161,933	\$ 166,199	\$ 202,328	\$ 220,812	\$ 256,846	\$ 314,688
Interest	195,013	211,984	224,057	243,771	266,386	293,592	321,386	347,073	384,666
Changes of Benefit Terms	302,903								
Benefit Payments	(86,803)	(76,433)	(100,975)	(102,272)	(86,005)	(134,473)	(211,772)	(220,297)	(294,857)
Changes in Assumptions		(11,327)				42,484			
<b>Net Change</b>	\$ 527,086	\$ 292,816	\$ 285,471	\$ 324,772	\$ 409,221	\$ 441,178	\$ 366,786	\$ 565,296	\$ 546,011
Beginning Balance	2,476,215	3,003,301	3,296,117	3,581,588	3,906,360	4,315,581	4,756,759	5,123,545	5,688,841
Ending Balance	\$ 3,003,301	\$ 3,296,117	\$ 3,581,588	\$ 3,906,360	\$ 4,315,581	\$ 4,756,759	\$ 5,123,545	\$ 5,688,841	\$ 6,234,852
	Fiduciary Net Position	Fiduciary Net Position	Fiduciary Net Position	Fiduciary Net Position	Fiduciary Net Position	Fiduciary Net Position	Fiduciary Net Position	Fiduciary Net Position	Fiduciary Net Position
Employee Contributions	\$ 52,490	\$ 55,154	\$ 61,445	\$ 69,280	\$ 69,539	\$ 85,599	\$ 93,644	\$ 107,377	\$ 131,779
Employer Contributions	82,934	119,684	135,793	162,852	155,885	190,005	215,247	236,922	290,440
Net Investment Income	120,269	3,350	160,109	363,708	(93,367)	488,813	287,665	543,714	(353,161)
Benefit Payments	(86,803)	(76,433)	(100,975)	(102,272)	(86,005)	(134,473)	(211,772)	(220,297)	(294,857)
Administration Expenses	(1,256)	(2,040)	(1,808)	(1,885)	(1,804)	(2,760)	(1,860)	(2,514)	(3,054)
Other	(103)	(101)	(97)	(96)	(94)	(83)	(72)	16	3,646
<b>Net Change</b>	\$ 167,531	\$ 99,614	\$ 254,467	\$ 491,587	\$ 44,154	\$ 627,101	\$ 382,852	\$ 665,218	\$ (225,207)
Beginning Balance	2,102,270	2,269,801	2,369,415	2,623,882	3,115,469	3,159,623	3,786,724	4,169,576	4,834,794
Ending Balance	\$ 2,269,801	\$ 2,369,415	\$ 2,623,882	\$ 3,115,469	\$ 3,159,623	\$ 3,786,724	\$ 4,169,576	\$ 4,834,794	\$ 4,609,587
<b>Net Pension Liability (Asset)</b>	\$ 733,500	\$ 926,702	\$ 957,706	\$ 790,891	\$ 1,155,958	\$ 970,035	\$ 953,969	\$ 854,047	\$ 1,625,265
Fiduciary Net Position as a Percentage of Total Pension Liability	75.58%	71.89%	73.26%	79.75%	73.21%	79.61%	81.38%	84.99%	73.93%
Covered Payroll	\$ 1,049,803	\$ 1,103,083	\$ 1,228,894	\$ 1,372,312	\$ 1,390,787	\$ 1,694,537	\$ 1,872,877	\$ 2,147,544	\$ 2,635,575
Net Pension Liability (Asset) as a Percentage of Covered Payroll	69.87%	84.01%	77.93%	57.63%	83.12%	57.24%	50.94%	39.77%	61.67%

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

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

	<u>9/30/2015</u>	<u>9/30/2016</u>	<u>9/30/2017</u>	<u>9/30/2018</u>	<u>9/30/2019</u>	<u>9/30/2020</u>	<u>9/30/2021</u>	<u>9/30/2022</u>	<u>9/30/2023</u>
Actuarially Determined Contribution	\$ 109,271	\$ 129,826	\$ 156,682	\$ 158,132	\$ 180,774	\$ 224,658	\$ 230,391	\$ 209,787	\$ 327,946
Actual Contributions	<u>109,271</u>	<u>129,826</u>	<u>156,682</u>	<u>158,132</u>	<u>180,774</u>	<u>224,658</u>	<u>230,391</u>	<u>209,787</u>	<u>327,946</u>
Contribution Deficiency (Excess)	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Covered Payroll	\$ 1,092,288	\$ 1,180,765	\$ 1,355,605	\$ 1,390,901	\$ 1,597,627	\$ 1,938,254	\$ 2,041,172	\$ 2,477,724	\$ 3,002,634
Contributions as a Percentage of Covered Payroll	10.00%	11.00%	11.56%	11.37%	11.32%	11.59%	11.29%	8.47%	10.92%

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

**SCHEDULE OF CHANGES IN THE TOTAL OPEB LIABILITY AND RELATED RATIOS  
SUPPLEMENTAL DEATH BENEFIT FUND  
FOR THE YEAR ENDED SEPTEMBER 30, 2023**

**REQUIRED SUPPLEMENTARY INFORMATION**

	<u>12/31/2017</u>	<u>12/31/2018</u>	<u>12/31/2019</u>	<u>12/31/2020</u>	<u>12/31/2021</u>	<u>12/31/2022</u>
	Total OPEB Liability	Total OPEB Liability	Total OPEB Liability	Total OPEB Liability	Total OPEB Liability	Total OPEB Liability
Service Cost	\$ 2,470	\$ 2,921	\$ 2,881	\$ 3,746	\$ 5,798	\$ 7,907
Interest	1,399	1,458	2,963	1,616	1,424	1,493
Differences between Expected and Actual Experience		34,956	(36,352)	(1,995)	1,060	4,650
Benefit Payments	(274)	(278)	(339)	(562)	(1,503)	(1,845)
Changes in Assumptions	<u>3,214</u>	<u>(3,190)</u>	<u>9,423</u>	<u>9,082</u>	<u>2,292</u>	<u>(32,681)</u>
Net Change	\$ 6,809	\$ 35,867	\$ (21,424)	\$ 11,887	\$ 9,071	\$ (20,476)
Beginning Balance	<u>35,922</u>	<u>42,731</u>	<u>78,598</u>	<u>57,174</u>	<u>69,061</u>	<u>78,132</u>
Ending Balance	\$ <u>42,731</u>	\$ <u>78,598</u>	\$ <u>57,174</u>	\$ <u>69,061</u>	\$ <u>78,132</u>	\$ <u>57,656</u>
Total OPEB Liability	\$ <u><u>42,731</u></u>	\$ <u><u>78,598</u></u>	\$ <u><u>57,174</u></u>	\$ <u><u>69,061</u></u>	\$ <u><u>78,132</u></u>	\$ <u><u>57,656</u></u>
Covered Payroll	\$ 1,372,312	\$ 1,390,787	\$ 1,694,537	\$ 1,872,877	\$ 2,147,544	\$ 2,635,575
Total OPEB Liability as a Percentage of Covered Payroll	3.11%	5.65%	3.37%	3.69%	3.64%	2.19%

Note: Only six years of GASB 75 data available as of 12/31/2022. The remaining four years of data will be built on a go forward basis.

Notes to RSI:

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



CITY OF WOLFFORTH, TEXAS

EXHIBIT B-4

GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE YEAR ENDED SEPTEMBER 30, 2023  
REQUIRED SUPPLEMENTARY INFORMATION

	<u>Original</u>	<u>Final</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Revenue:				
Taxes:				
Property Taxes and Related Fees	\$ 3,442,500	\$ 3,442,500	\$ 3,455,134	\$ 12,634
Sales and Use Taxes	1,100,000	1,100,000	1,344,114	244,114
Gross Receipts Business Tax	325,000	325,000	554,673	229,673
Licenses and Permits	796,600	796,600	606,476	(190,124)
Intergovernmental Revenue and Grants	165,000	165,000	164,970	(30)
Charges for Services	303,554	303,554	501,751	198,197
Fines and Fees	201,550	201,550	120,709	(80,841)
Investment Earnings	50,005	50,005	55,790	5,785
Other Revenue	10,000	10,000	115,804	105,804
	<u>\$ 6,394,209</u>	<u>\$ 6,394,209</u>	<u>\$ 6,919,421</u>	<u>\$ 525,212</u>
Expenditures:				
Current:				
General Administration	\$ 888,015	\$ 888,015	\$ 1,139,093	\$ (251,078)
Municipal Court	255,661	257,961	145,131	112,830
Financial Administration	286,256	286,256	368,107	(81,851)
Buildings and Grounds	196,304	196,304	123,545	72,759
Police Department	1,655,225	1,655,225	1,803,123	(147,898)
Fire and EMS Department	1,703,265	1,703,265	1,607,125	96,140
Emergency Management	35,850	35,850	6,289	29,561
Other Public Services	16,355	16,355	4,160	12,195
Library	402,299	404,633	370,365	34,268
Streets and Paving	264,821	264,821	291,610	(26,789)
Parks Department	124,749	124,749	132,046	(7,297)
Planning and Development	706,943	706,943	780,390	(73,447)
Economic Development	120,265	120,265	34,531	85,734
Total Expenditures	<u>\$ 6,656,008</u>	<u>\$ 6,660,642</u>	<u>\$ 6,805,515</u>	<u>\$ (144,873)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>\$ (261,799)</u>	<u>\$ (266,433)</u>	<u>\$ 113,906</u>	<u>\$ 380,339</u>
Other Financing Sources (Uses):				
Transfers In (Out)	\$ 248,069	\$ 248,069	\$ 8,279	\$ (239,790)
Proceeds from the Sale of Capital Assets			37,168	37,168
Total Other Financing Sources	<u>\$ 248,069</u>	<u>\$ 248,069</u>	<u>\$ 45,447</u>	<u>\$ (202,622)</u>
Net Change in Fund Balances	<u>\$ (13,730)</u>	<u>\$ (18,364)</u>	<u>\$ 159,353</u>	<u>\$ 177,717</u>
Fund Balances - Beginning	<u>2,469,258</u>	<u>2,469,258</u>	<u>2,469,258</u>	
Fund Balances - Ending	<u>\$ 2,455,528</u>	<u>\$ 2,450,894</u>	<u>\$ 2,628,611</u>	

The accompanying notes are an integral part of this statement.

CITY OF WOLFFORTH, TEXAS

EXHIBIT B-5

DEBT SERVICE FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE YEAR ENDED SEPTEMBER 30, 2023

REQUIRED SUPPLEMENTARY INFORMATION

	<u>Original</u>	<u>Final</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Revenue:				
Taxes:				
Property Taxes and Related Fees	\$ 850,453	\$ 850,453	\$ 938,475	\$ 88,022
Investment Earnings	1,000	1,000		(1,000)
	<u>\$ 851,453</u>	<u>\$ 851,453</u>	<u>\$ 938,475</u>	<u>\$ 87,022</u>
Expenditures:				
Debt Service:				
Principal	\$ 707,050	\$ 707,050	\$ 824,393	\$ (117,343)
Interest Expense and Related Fees	143,402	143,402	175,705	(32,303)
Total Expenditures	<u>\$ 850,452</u>	<u>\$ 850,452</u>	<u>\$ 1,000,098</u>	<u>\$ (149,646)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>\$ 1,001</u>	<u>\$ 1,001</u>	<u>\$ (61,623)</u>	<u>\$ (62,624)</u>
Net Change in Fund Balances	\$ 1,001	\$ 1,001	\$ 166,135	<u>\$ 165,134</u>
Fund Balances - Beginning	<u>64,335</u>	<u>64,335</u>	<u>64,335</u>	
Fund Balances - Ending	<u>\$ 65,336</u>	<u>\$ 65,336</u>	<u>\$ 230,470</u>	

**CITY OF WOLFFORTH, TEXAS  
TEXAS MUNICIPAL RETIREMENT SYSTEM PENSION PLAN  
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION**

**Valuation Date:**

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

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

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percentage of Payroll, Closed
Remaining Amortization Period	23 years
Asset Valuation Method	10 Year smoothed market; 12% soft corridor
Inflation	2.50%
Salary Increases	3.50% to 11.50% including inflation
Investment Rate of Return	6.75%
Retirement Age	Experience-based table of rates that are specific to the City's plan of benefits. Last updated for the 2019 valuation pursuant to an experience study of the period 2014 - 2018

Mortality Post-retirement: 2019 Municipal Retirees of Texas Mortality Tables. The rates are projected on a fully generational basis with scale UMP. Pre-retirement: PUB(10) mortality tables, with the Public Safety table used for males and the General Employee table used for females. The rates are projected on a fully generational basis with scale UMP.

**Other Information:**

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

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

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**CITY OF WOLFFORTH, TEXAS  
GENERAL FUND BUDGETARY COMPARISON SCHEDULE  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
SEPTEMBER 30, 2023**

**BUDGETARY DATA**

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

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

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

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

The excess expenditures over appropriations are covered by available unassigned fund balance.

**COMBINING NONMAJOR FUND FINANCIAL STATEMENTS**

CITY OF WOLFFORTH, TEXAS

EXHIBIT C-1

COMBINING BALANCE SHEET

NONMAJOR GOVERNMENTAL FUNDS  
SEPTEMBER 30, 2023

	Police Forfeiture and Seizure Fund	Grants and Donations Fund	Court Fund	Hotel/ Motel Fund	Events Fund	Total Nonmajor-Special Revenue Funds (See Exhibit A-3)
<b>ASSETS</b>						
<b>Assets:</b>						
Cash and Cash Equivalents	\$ 16,626	\$ 2,996	\$ 37,997	\$ 664,289	\$ 18	\$ 721,926
Accounts Receivable, Net				13,174		13,174
Grants Receivable		5,235				5,235
<b>Total Assets</b>	<b>\$ 16,626</b>	<b>\$ 8,231</b>	<b>\$ 37,997</b>	<b>\$ 677,463</b>	<b>\$ 18</b>	<b>\$ 740,335</b>
<b>Liabilities:</b>						
Accounts Payable	\$	\$	\$	\$ 446	\$	\$ 446
Due to Other Funds	437					437
<b>Total Liabilities</b>	<b>\$ 437</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 446</b>	<b>\$ 0</b>	<b>\$ 883</b>
<b>Fund Balances:</b>						
<b>Restricted Fund Balances:</b>						
Restricted for Enabling Legislation	\$ 16,189	\$	\$ 37,997	\$ 677,017	\$ 18	\$ 731,221
Restricted for Grant Programs		8,231				8,231
<b>Total Fund Balances</b>	<b>\$ 16,189</b>	<b>\$ 8,231</b>	<b>\$ 37,997</b>	<b>\$ 677,017</b>	<b>\$ 18</b>	<b>\$ 739,452</b>
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</b>	<b>\$ 16,626</b>	<b>\$ 8,231</b>	<b>\$ 37,997</b>	<b>\$ 677,463</b>	<b>\$ 18</b>	<b>\$ 740,335</b>

CITY OF WOLFFORTH, TEXAS

EXHIBIT C-2

COMBINING STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED SEPTEMBER 30, 2023

	Police Forfeiture and Seizure Fund	Grants and Donations Fund	Court Fund	Hotel/ Motel Fund	Events Fund	Total Nonmajor-Special Revenue Funds (See Exhibit A-5)
<b>Revenue:</b>						
Taxes						
Motel Occupancy Taxes	\$	\$	\$	\$ 43,869	\$	\$ 43,869
Intergovernmental Revenue and Grants		185,381		638,377		823,758
Fines and Fees			49,180			49,180
Investment Earnings	126	26	95	2,853		3,100
Contributions and Donations	162	3,197			14,592	17,951
Total Revenue	<u>\$ 288</u>	<u>\$ 188,604</u>	<u>\$ 49,275</u>	<u>\$ 685,099</u>	<u>\$ 14,592</u>	<u>\$ 937,858</u>
<b>Expenditures:</b>						
Current						
General Administration	\$	\$	\$	\$ 8,082	\$ 14,574	\$ 22,656
Municipal Court			11,278			11,278
Police Department	4,641					4,641
Fire and EMS Department		185,369				185,369
Total Expenditures	<u>\$ 4,641</u>	<u>\$ 185,369</u>	<u>\$ 11,278</u>	<u>\$ 8,082</u>	<u>\$ 14,574</u>	<u>\$ 223,944</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>\$ (4,353)</u>	<u>\$ 3,235</u>	<u>\$ 37,997</u>	<u>\$ 677,017</u>	<u>\$ 18</u>	<u>\$ 713,914</u>
<b>Other Financing Sources (Uses):</b>						
Transfers In (Out)	\$	\$ 4,996	\$	\$	\$	\$ 4,996
Total Other Financing Sources (Uses)	<u>\$ 0</u>	<u>\$ 4,996</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 4,996</u>
Net Change in Fund Balances	\$ (4,353)	\$ 8,231	\$ 37,997	\$ 677,017	\$ 18	\$ 718,910
Fund Balances - Beginning	<u>20,542</u>					<u>20,542</u>
Fund Balances - Ending	<u>\$ 16,189</u>	<u>\$ 8,231</u>	<u>\$ 37,997</u>	<u>\$ 677,017</u>	<u>\$ 18</u>	<u>\$ 739,452</u>

**OVERALL COMPLIANCE AND INTERNAL CONTROL SECTION**



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

CERTIFIED PUBLIC ACCOUNTANTS

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

**Independent Auditor's Report**

City Council  
City of Wolfforth, Texas  
Wolfforth, Texas

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Wolfforth, Texas, as of and for the year ended September 30, 2023, and the related notes to the financial statements, which collectively comprise City of Wolfforth, Texas' basic financial statements, and have issued our report thereon dated March 13, 2024.

**Report on Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered City of Wolfforth, Texas' internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of City of Wolfforth, Texas' internal control. Accordingly, we do not express an opinion on the effectiveness of City of Wolfforth, 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 a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

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

## **Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the City of Wolfforth, Texas' financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

## **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Bolinger, Segars, Gilbert & Moss LLP*

Certified Public Accountants

Lubbock, Texas

March 13, 2024