

CITY OF WHEELER, TEXAS

ANNUAL FINANCIAL REPORT

**FOR YEAR ENDED
MARCH 31, 2023**

**CITY OF WHEELER, TEXAS
ANNUAL FINANCIAL REPORT
FOR YEAR ENDED MARCH 31, 2023**

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ANNUAL FINANCIAL REPORT
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PART I

INTRODUCTORY SECTION

CITY OF WHEELER, TEXAS
PRINCIPAL CITY OFFICIALS
MARCH 31, 2023

Dan Sams	Mayor
Kelli Hampton	Mayor Pro-tem / Council Member
Tracy Tignor	Council Member
Camden Dorris	Council Member
Amy Zybach	Council Member
Bryan Markham	Council Member
Stephanie Alvarado	City Secretary
Stefanie Jones	City Clerk

PART II
FINANCIAL SECTION

To The Honorable City Mayor and
Council Members Comprising the
City Council of
City of Wheeler, Texas

INDEPENDENT AUDITORS' REPORT

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Wheeler, Texas, as of and for the year ended March 31, 2023, and the related notes to the financial statements, which collectively comprise the City of Wheeler, Texas's 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, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Wheeler, Texas, as of March 31, 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. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City of Wheeler, Texas, 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 of Wheeler, Texas'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.

Auditors' 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 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, 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 of Wheeler, Texas'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 of Wheeler, Texas's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Budgetary Comparison Schedule, the Schedule of Changes in Net Pension Liability and Related Ratios, the Schedule of Employer Contributions, and the Schedule of Changes in Total OPEB Liability on pages 38 – 43 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.

The City has omitted the Management's Discussion and Analysis (MD&A) that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. The MD&A, 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. The independent auditors' opinion is not affected by the omission of the MD&A.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Wheeler, Texas's basic financial statements. The combining non-major fund financial statements listed under other supplementary information in the accompanying table of contents are presented for the purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was 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 non-major fund financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

DOSHIER, PICKENS & FRANCIS, L.L.C.

DOSHIER, PICKENS & FRANCIS, LLC

Amarillo, Texas

August 18, 2023

BASIC FINANCIAL STATEMENTS

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CITY OF WHEELER, TEXAS
STATEMENT OF NET POSITION
MARCH 31, 2023

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	
ASSETS				
Cash and cash equivalents	\$ 1,932,127	\$ 883,633	\$ 2,815,760	\$ 445,394
Accounts receivable, net	21,090	49,532	70,622	-
Taxes receivable, net	48,384	-	48,384	-
Due from primary government	-	-	-	1,052
Due from other governments	99,212	3,150	102,362	-
Leases receivable:				
Due within one year	28,266	-	28,266	-
Due in more than one year	182,389	-	182,389	-
Restricted assets:				
Customer deposits	-	97,588	97,588	-
Cash and cash equivalents	135,626	-	135,626	-
Net pension asset	10,990	8,821	19,811	5,473
Capital assets net of of accumulated depreciation	2,416,395	5,304,101	7,720,496	-
Total assets	<u>4,874,479</u>	<u>6,346,825</u>	<u>11,221,304</u>	<u>451,919</u>
DEFERRED OUTFLOWS OF RESOURCES				
Pension contributions	14,107	11,323	25,430	7,026
Pension economic/demographic losses	23,373	18,759	42,132	11,640
Pension changes in assumptions	2,377	1,908	4,285	1,184
OPEB contributions	235	189	424	117
OPEB economic/demographic losses	145	117	262	72
OPEB changes in assumptions	2,601	2,088	4,689	1,295
Total deferred outflows of resources	<u>42,838</u>	<u>34,384</u>	<u>77,222</u>	<u>21,334</u>
LIABILITIES				
Accounts payable	70,160	22,656	92,816	2,968
Due to component unit	1,052	-	1,052	-
Due to other governmental agencies	-	1,278	1,278	-
Accrued interest	4,616	-	4,616	-
Customer deposits	-	97,588	97,588	-
Noncurrent liabilities:				
Due within one year	356,000	-	356,000	-
Due in more than one year	1,537,000	-	1,537,000	-
Other post-employment benefit liability	14,485	11,626	26,111	7,214
Total liabilities	<u>1,983,313</u>	<u>133,148</u>	<u>2,116,461</u>	<u>10,182</u>
DEFERRED INFLOWS OF RESOURCES				
Leases	208,163	-	208,163	-
Pension economic/demographic gains	2,412	1,936	4,348	1,201
Pension excess earnings	39,794	31,939	71,733	19,818
OPEB economic/demographic gains	648	520	1,168	323
OPEB assumption changes	308	247	555	153
Total deferred inflows of resources	<u>251,325</u>	<u>34,642</u>	<u>285,967</u>	<u>21,495</u>
NET POSITION				
Net investment in capital assets	2,416,395	5,304,101	5,963,122	-
Restricted:				
Tourism and community attractions	101,217	-	101,217	-
Street maintenance	48,315	-	48,315	-
Capital projects	71,576	-	-	-
Debt service	44,815	-	44,815	-
Unrestricted	361	909,318	2,738,629	441,576
Total net position	<u>\$ 2,682,679</u>	<u>\$ 6,213,419</u>	<u>\$ 8,896,098</u>	<u>\$ 441,576</u>

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

**CITY OF WHEELER, TEXAS
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED MARCH 31, 2023**

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>		
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
Primary government:				
Governmental activities:				
Administrative	\$ 239,445	\$ 39,421	\$ -	\$ -
Judicial	7,256	-	2,125	-
Airport	998	-	-	-
Park	30,147	-	-	-
Swimming pool	118,312	12,178	-	-
Library	58,083	-	2,724	-
Fire department	36,151	-	-	-
Highways and streets	184,245	-	-	-
Culture and recreation	16,923	-	-	-
Animal control	3,232	-	-	-
Interest on long-term debt	67,910	-	-	-
Total governmental activities	<u>762,702</u>	<u>51,599</u>	<u>4,849</u>	<u>-</u>
Business-type activities:				
Water and sewer	528,893	430,929	-	407,827
Sanitation	208,770	227,682	-	-
Total business-type activities	<u>737,663</u>	<u>658,611</u>	<u>-</u>	<u>407,827</u>
Total primary government	<u>\$ 1,500,365</u>	<u>\$ 710,210</u>	<u>\$ 4,849</u>	<u>\$ 407,827</u>
Component Unit				
Wheeler Economic Development Corporation	\$ 115,770	\$ -	\$ 3,614	\$ -
Total component unit	<u>\$ 115,770</u>	<u>\$ -</u>	<u>\$ 3,614</u>	<u>\$ -</u>

General revenues:

Taxes:

 Property taxes

 Property taxes, levied for debt service

 Sales tax

 Franchise taxes

 Hotel tax

Investment earnings

Miscellaneous

Transfers

Total general revenues and transfers

Change in net position

Net position - beginning

Prior period restatement

Net assets, beginning, as restated

Net position - ending

**Net (Expense) Revenue and
Changes in Net Position**

Primary Government			
Governmental Activities	Business-type Activities	Total	Component Unit
\$ (200,024)	\$	\$ (200,024)	\$
(5,131)		(5,131)	
(998)		(998)	
(30,147)		(30,147)	
(106,134)		(106,134)	
(55,359)		(55,359)	
(36,151)		(36,151)	
(184,245)		(184,245)	
(16,923)		(16,923)	
(3,232)		(3,232)	
<u>(67,910)</u>		<u>(67,910)</u>	
<u>(706,254)</u>		<u>(706,254)</u>	
	309,863	309,863	
	18,912	18,912	
	<u>328,775</u>	<u>328,775</u>	
<u>(706,254)</u>	<u>328,775</u>	<u>(377,479)</u>	
			<u>(112,156)</u>
			<u>(112,156)</u>
404,079	-	404,079	-
109,978	-	109,978	-
305,714	-	305,714	122,361
60,357	-	60,357	-
3,572	-	3,572	-
83,867	31,385	115,252	14,193
10,881	9,027	19,908	-
<u>(839,973)</u>	<u>839,973</u>	<u>-</u>	<u>-</u>
<u>138,475</u>	<u>880,385</u>	<u>1,018,860</u>	<u>136,554</u>
<u>(567,779)</u>	<u>1,209,160</u>	<u>641,381</u>	<u>24,398</u>
3,248,659	5,004,259	8,252,918	417,178
1,799	-	1,799	-
<u>3,250,458</u>	<u>5,004,259</u>	<u>8,254,717</u>	<u>417,178</u>
<u>\$ 2,682,679</u>	<u>\$ 6,213,419</u>	<u>\$ 8,896,098</u>	<u>\$ 441,576</u>

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

**CITY OF WHEELER, TEXAS
BALANCE SHEET
GOVERNMENTAL FUNDS
MARCH 31, 2023**

	General	Debt Service	Capital Projects
ASSETS			
Cash and cash equivalents	\$ 1,770,223	\$ 40,432	\$ -
Accounts receivables, net	18,411	-	-
Taxes receivable, net	48,384	-	-
Due from other governments	94,829	4,383	-
Restricted cash	-	-	135,626
	<u> </u>	<u> </u>	<u> </u>
Total assets	<u>\$ 1,931,847</u>	<u>\$ 44,815</u>	<u>\$ 135,626</u>
LIABILITIES			
Accounts payable	\$ 5,407	\$ -	\$ 64,050
Due to component unit	1,052	-	-
	<u> </u>	<u> </u>	<u> </u>
Total liabilities	<u>6,459</u>	<u>-</u>	<u>64,050</u>
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue - property taxes	28,533	-	-
	<u> </u>	<u> </u>	<u> </u>
Total deferred inflows of resources	<u>28,533</u>	<u>-</u>	<u>-</u>
FUND BALANCES			
Restricted:			
Tourism and community attractions	-	-	-
Street maintenance	48,315	-	-
Debt service	-	44,815	-
Capital projects	-	-	71,576
Committed:			
Special projects	-	-	-
Capital replacement	83,000	-	-
Unassigned	1,765,540	-	-
	<u> </u>	<u> </u>	<u> </u>
Total fund balances	<u>1,896,855</u>	<u>44,815</u>	<u>71,576</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 1,931,847</u>	<u>\$ 44,815</u>	<u>\$ 135,626</u>

<u>Non-major Governmental</u>	<u>Total Governmental Funds</u>
\$ 121,472	\$ 1,932,127
2,679	21,090
-	48,384
-	99,212
-	135,626
<u>124,151</u>	<u>2,236,439</u>
\$ 703	\$ 70,160
-	1,052
<u>703</u>	<u>71,212</u>
-	28,533
<u>-</u>	<u>28,533</u>
101,217	101,217
-	48,315
-	44,815
-	71,576
22,231	22,231
-	83,000
-	1,765,540
<u>123,448</u>	<u>2,136,694</u>
<u>\$ 124,151</u>	<u>\$ 2,236,439</u>

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

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CITY OF WHEELER, TEXAS
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL
FUND TO THE STATEMENT OF NET POSITION
MARCH 31, 2023

Amounts reported for governmental activities in the Statement of Net Position are different because:

Total fund balances - governmental fund	\$	2,136,694
Capital assets used in governmental activities are not current financial resources and therefore are not reported in this fund financial statement, but are reported in the governmental activities of the Statement of Net Position.		2,416,395
Certain accounts receivable are not available to pay for current-period expenditures and, therefore, are shown as unavailable revenues in the fund financial statements.		28,533
Long-term assets are not due and receivable in the current period and therefore are not reported in the funds.		
Leases receivable		210,655
The net pension asset is not a current financial resource and therefore, is not reported in the fund financial statement, but is reported in the governmental activities of the Statement of Net Position.		10,990
Pension and OPEB contributions paid after the measurement date, December 31, 2021, and before March 31, 2023 are expensed in the governmental funds and shown as deferred outflows of resources in the government-wide financial statements.		
Pension contributions		14,107
OPEB contributions		235
Pension losses, deficient earnings, and changes in assumptions are shown as deferred outflows of resources in the government-wide financial statements.		
Pension economic/demographic losses		23,373
Pension changes in assumptions		2,377
OPEB economic/demographic losses		145
OPEB changes in assumptions		2,601
Pension gains, excess earnings, and changes in assumptions as well as leases are shown as deferred inflows of resources in the government-wide financial statements.		
Pension economic/demographic gains		(2,412)
Pension excess earnings		(39,794)
OPEB economic/demographic gains		(648)
OPEB changes in assumptions		(308)
Leases		(208,163)
Long-term liabilities are not due and payable in the current period, and therefore, are not reported in the funds:		
Bonds payable		(1,893,000)
Accrued interest payable		(4,616)
Other post-employment benefit liability		(14,485)
Net position - governmental activities	\$	2,682,679

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

CITY OF WHEELER, TEXAS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED MARCH 31, 2023

	<u>General</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Non-major Governmental</u>	<u>Total Governmental Funds</u>
REVENUES					
Property taxes	\$ 407,818	\$ 109,978	\$ -	\$ -	\$ 517,796
Sales tax	305,714	-	-	-	305,714
Franchise taxes	60,357	-	-	-	60,357
Hotel tax	-	-	-	3,572	3,572
Licenses and fees	38,362	-	-	12,178	50,540
Fines and forfeitures	366	-	-	-	366
Intergovernmental	-	-	-	4,525	4,525
Investment earnings	64,040	3,556	12,100	4,171	83,867
Miscellaneous	8,218	1,182	-	1,805	11,205
	<u>884,875</u>	<u>114,716</u>	<u>12,100</u>	<u>26,251</u>	<u>1,037,942</u>
Total revenues					
EXPENDITURES					
Current:					
Administrative	236,276	-	3,614	-	239,890
Judicial	7,256	-	-	-	7,256
Public facilities					
Airport	647	-	-	-	647
Park	7,606	-	-	-	7,606
Swimming pool	-	-	-	46,702	46,702
Library	-	-	-	57,489	57,489
Public safety					
Fire department	21,061	-	-	-	21,061
Highways and streets	131,511	-	-	-	131,511
Public services					
Culture and recreation	2,435	-	-	14,488	16,923
Animal control	3,232	-	-	-	3,232
Debt Service:					
Principal	-	345,000	-	-	345,000
Interest and other charges	-	68,564	-	-	68,564
Capital Outlay	22,282	-	-	22,234	44,516
	<u>432,306</u>	<u>413,564</u>	<u>3,614</u>	<u>140,913</u>	<u>990,397</u>
Total expenditures					
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>452,569</u>	<u>(298,848)</u>	<u>8,486</u>	<u>(114,662)</u>	<u>47,545</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	183,352	282,000	516,465	104,714	1,086,531
Transfers out	(579,854)	-	(1,346,650)	-	(1,926,504)
	<u>(396,502)</u>	<u>282,000</u>	<u>(830,185)</u>	<u>104,714</u>	<u>(839,973)</u>
Total other financing sources (uses)					
NET CHANGE IN FUND BALANCES	56,067	(16,848)	(821,699)	(9,948)	(792,428)
FUND BALANCES - BEGINNING	<u>1,840,788</u>	<u>61,663</u>	<u>893,275</u>	<u>133,396</u>	<u>2,929,122</u>
FUND BALANCES - ENDING	<u>\$ 1,896,855</u>	<u>\$ 44,815</u>	<u>\$ 71,576</u>	<u>\$ 123,448</u>	<u>\$ 2,136,694</u>

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

CITY OF WHEELER, TEXAS
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES OF GOVERNMENTAL FUND TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED MARCH 31, 2023

Amounts reported for Governmental Activities in the Statement of Activities are different because:

Net change in fund balances - total governmental fund	\$ (792,428)
<p>Governmental funds report outlays for capital assets as expenditures because such outlays use current financial resources. In contrast, the Statement of Activities reports only a portion of the outlay as expense. The outlay is allocated over the assets' estimated useful lives as depreciation expense for the period.</p> <p>This is the amount by which capital outlays, \$44,516 were exceeded by depreciation, \$172,260 in the current period.</p>	
	(127,744)
<p>Revenues in the Statement of Activities that do not provide current financial resources are fully deferred in the Statement of Revenues, Expenditures and Changes in Fund Balances. This amount represents the change in unavailable revenue.</p>	
	(3,739)
Net effect of lease transactions	693
<p>In the Statement of Net Position, incurring debt increases long-term liabilities and does not affect the Statement of Activities. Similarly, repayments of principal is an expenditure in the governmental funds, but reduces the liability in the Statement of Net Position.</p> <p>Principal repayments:</p> <p style="padding-left: 20px;">Certificates of obligation</p>	
	345,000
<p>Some expenses reported in the Statement of Activities that do not require the use of current financial resources and these are not reported as expenditures in governmental funds:</p>	
Accrued interest on debt, net change	654
Deferred outflows of resources:	
Pension	12,203
OPEB	(369)
Deferred inflows of resources:	
Pension	(21,091)
OPEB	96
Net pension asset, net change	10,990
Net pension liability, net change	8,729
Total OPEB liability, net change	(773)
Change in net position - governmental activities	\$ (567,779)

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

CITY OF WHEELER, TEXAS
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
MARCH 31, 2023

	<u>Business-Type Activities - Enterprise Funds</u>		
	<u>Water and Sewer</u>	<u>Sanitation</u>	<u>Total Enterprise Funds</u>
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 559,854	\$ 323,779	\$ 883,633
Restricted cash - customer deposits	97,588	-	97,588
Receivables, net	49,532	-	49,532
Due from other governments	3,150	-	3,150
	<u>710,124</u>	<u>323,779</u>	<u>1,033,903</u>
Total current assets			
Noncurrent assets:			
Net pension asset	8,821	-	8,821
Capital assets:			
Land	190,112	-	190,112
Intangible - water rights	198,239	-	198,239
Buildings and improvements	194,673	-	194,673
Equipment	724,062	619,837	1,343,899
Infrastructure	6,132,802	109,856	6,242,658
Less accumulated depreciation	<u>(2,393,011)</u>	<u>(472,469)</u>	<u>(2,865,480)</u>
	<u>5,055,698</u>	<u>257,224</u>	<u>5,312,922</u>
Total noncurrent assets			
	<u>5,765,822</u>	<u>581,003</u>	<u>6,346,825</u>
Total assets			
DEFERRED OUTFLOWS OF RESOURCES			
Pension contributions	11,323	-	11,323
Pension economic/demographic losses	18,759	-	18,759
Pension assumption changes	1,908	-	1,908
OPEB contributions	189	-	189
OPEB economic/demographic losses	117	-	117
OPEB assumption changes	<u>2,088</u>	<u>-</u>	<u>2,088</u>
	<u>34,384</u>	<u>-</u>	<u>34,384</u>
Total deferred outflows of resources			

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

CITY OF WHEELER, TEXAS
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
MARCH 31, 2023

	<u>Business-Type Activities - Enterprise Funds</u>		
	<u>Water and Sewer</u>	<u>Sanitation</u>	<u>Total Enterprise Funds</u>
LIABILITIES			
Current liabilities:			
Accounts payable	\$ 7,163	\$ 15,493	\$ 22,656
Due to other governments	-	1,278	1,278
Customer deposits	97,588	-	97,588
	<u>104,751</u>	<u>16,771</u>	<u>121,522</u>
Total current liabilities			
Noncurrent liabilities:			
Other post-employment benefits obligation	11,626	-	11,626
	<u>11,626</u>	<u>-</u>	<u>11,626</u>
Total noncurrent liabilities			
	<u>116,377</u>	<u>16,771</u>	<u>133,148</u>
Total liabilities			
DEFERRED INFLOWS OF RESOURCES			
Pension economic/demographic gains	1,936	-	1,936
Pension excess earnings	31,939	-	31,939
OPEB economic/demographic gains	520	-	520
OPEB assumption changes	247	-	247
	<u>34,642</u>	<u>-</u>	<u>34,642</u>
Total deferred inflows of resources			
NET POSITION			
Net investment in capital assets	5,046,877	257,224	5,304,101
Unrestricted	602,310	307,008	909,318
	<u>5,649,187</u>	<u>564,232</u>	<u>6,213,419</u>
Total net position			

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

CITY OF WHEELER, TEXAS
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED MARCH 31, 2023

	Business-Type Activities - Enterprise Funds		
	Water and Sewer	Sanitation	Total Enterprise Funds
OPERATING REVENUES:			
Charges for Sales and Services:			
Water sales	\$ 305,044	\$ -	\$ 305,044
Sewer charges	125,885	-	125,885
Sanitation charges	-	227,682	227,682
Miscellaneous	9,027	-	9,027
	<u>439,956</u>	<u>227,682</u>	<u>667,638</u>
Total operating revenues			
OPERATING EXPENSES:			
Salaries and wages	103,641	32,960	136,601
Employee taxes and benefits	35,528	15,766	51,294
Professional fees	-	74,521	74,521
Departmental expenses	109,812	24,106	133,918
Supplies	66,098	-	66,098
Depreciation	195,005	56,273	251,278
Other operating expenses	18,809	5,144	23,953
	<u>528,893</u>	<u>208,770</u>	<u>737,663</u>
Total operating expenses			
OPERATING INCOME (LOSS)	<u>(88,937)</u>	<u>18,912</u>	<u>(70,025)</u>
NON-OPERATING REVENUES (EXPENSES):			
Intergovernmental	407,827	-	407,827
Investment earnings	22,247	9,138	31,385
	<u>430,074</u>	<u>9,138</u>	<u>439,212</u>
Total non-operating revenues (expenses)			
INCOME BEFORE TRANSFERS	341,137	28,050	369,187
TRANSFERS	<u>839,973</u>	<u>-</u>	<u>839,973</u>
CHANGE IN NET POSTION	1,181,110	28,050	1,209,160
NET POSITION - BEGINNING	<u>4,468,077</u>	<u>536,182</u>	<u>5,004,259</u>
NET POSITION - ENDING	<u>\$ 5,649,187</u>	<u>\$ 564,232</u>	<u>\$ 6,213,419</u>

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

**CITY OF WHEELER, TEXAS
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED MARCH 31, 2023**

	Business-Type Activities - Enterprise Funds		
	Water and Sewer	Sanitation	Total Enterprise Funds
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers	\$ 445,002	\$ 227,682	\$ 672,684
Payments to employees for salaries and benefits	(147,192)	(48,726)	(195,918)
Payments to suppliers and service providers	(213,056)	(99,662)	(312,718)
Net cash provided by operating activities	<u>84,754</u>	<u>79,294</u>	<u>164,048</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Transfers (to) / from other funds	839,973	-	839,973
Changes in inter-fund receivables/payables	1,782	-	1,782
Operating grants	404,677	-	404,677
Net cash provided by noncapital financing activities	<u>1,246,432</u>	<u>-</u>	<u>1,246,432</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Acquisition or construction of capital assets	(1,321,150)	-	(1,321,150)
Net cash used for capital and related financing activities	<u>(1,321,150)</u>	<u>-</u>	<u>(1,321,150)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest on investments	22,247	9,138	31,385
Net cash provided by investing activities	<u>22,247</u>	<u>9,138</u>	<u>31,385</u>
NET INCREASE/(DECREASE) IN CASH	32,283	88,432	120,715
CASH AND CASH EQUIVALENTS, BEGINNING (including restricted amounts)	<u>625,159</u>	<u>235,347</u>	<u>860,506</u>
CASH AND CASH EQUIVALENTS, ENDING, (including restricted amounts)	<u>\$ 657,442</u>	<u>\$ 323,779</u>	<u>\$ 981,221</u>

Continued

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

CITY OF WHEELER, TEXAS
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED MARCH 31, 2023

	Business-Type Activities - Enterprise Funds		
	Water and Sewer	Sanitation	Total Enterprise Funds
Continuation			
RECONCILIATION OF OPERATING INCOME			
(LOSS) TO NET CASH PROVIDED (USED) BY			
OPERATING ACTIVITIES			
Operating income (loss)	\$ (88,937)	\$ 18,912	\$ (70,025)
Adjustments to reconcile operating income (loss) to net cash flows from operating activities:			
Depreciation and amortization	195,005	56,273	251,278
Change in allowance for doubtful accounts	2,400	-	2,400
(Increase) decrease in operating assets and deferred outflows of resources			
Accounts receivable	(1,699)	-	(1,699)
Deferred outflows of resources - pension and OPEB	(9,119)	-	(9,119)
Net pension asset	(8,821)	-	(8,821)
Increase (decrease) in operating liabilities and deferred inflows of resources			
Accounts payable	(18,337)	4,141	(14,196)
Due to other governments	-	(32)	(32)
Net pension and total OPEB liabilities	(6,662)	-	(6,662)
Customer deposits	4,345	-	4,345
Deferred inflows of resources - pension and OPEB	16,579	-	16,579
	<u>\$ 84,754</u>	<u>\$ 79,294</u>	<u>\$ 164,048</u>
Net cash provided by operating activities	<u>\$ 84,754</u>	<u>\$ 79,294</u>	<u>\$ 164,048</u>

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

CITY OF WHEELER, TEXAS
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2023

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the City of Wheeler, Texas (City) are prepared in conformity with accounting principles generally accepted in the United States of America (generally accepted accounting principles) (GAAP) for local governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The most significant accounting and reporting policies of the City are described in the following notes to the financial statements.

A. Financial Reporting Entity

The City was incorporated in 1925. The City Council, which is made up of five Council Members and the Mayor, is the general governing body of the City. The City provides the following services as authorized by the statutes of the State of Texas: administrative (e.g., tax collection), judicial (municipal court), public safety (police and fire departments), road and bridge, public facilities (swimming pool and park), and public services (e.g. animal control, etc.).

Discretely presented component unit

In 1998, the Wheeler Economic Development Corporation was incorporated by the State of Texas. The purpose of the corporation is to promote and develop industrial, manufacturing, and retail enterprises, and to promote and develop new and expanded business enterprises, and to promote and encourage employment and the public welfare of the City. The board of directors is appointed by the City Council. The Corporation's revenues are derived from a portion of the City's sales tax collections.

B. Government-Wide and Fund Financial Statements

Government-Wide Statements

The **government-wide financial statements** include the statement of net position and the statement of activities. Government-wide statements report information on all of the activities of the City. The effect of inter-fund transfers has been removed from the government-wide statements but continues to be reflected on the fund statements. Governmental activities are supported mainly by taxes and inter-governmental revenues, and are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

The statement of activities reflects the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included in program revenues are reported as general revenues.

Fund-Level Statements

Separate **fund financial statements** are provided for governmental funds and fiduciary funds even though the latter are excluded from the government-wide financial statements. The General Fund meets criteria as a **major governmental fund**. Each major fund is reported in separate columns in the fund financial statements.

Continued

CITY OF WHEELER, TEXAS
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2023

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continuation

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The **government-wide financial statements** are reported using the economic resources measurement focus and the accrual basis of accounting, as is the proprietary fund. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Major revenue types which have been accrued are intergovernmental revenue and charges for services. Grants are recognized as revenue when all applicable eligibility requirements imposed by the provider are met.

Revenues are classified as *program revenues* and *general revenues*. Program revenues include: 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions. General revenues include all taxes, investment earnings, and other miscellaneous revenues.

The effect of inter-fund activity has been eliminated from the government-wide financial statements.

Governmental fund level financial statements are reported using current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. Measurable and available revenues include revenues expected to be received within 60 days after the fiscal year ends. Receivables which are measurable but not collectible within 60 days after the end of the fiscal period are reported as unavailable revenue.

Revenues susceptible to accrual include property taxes, fines, forfeitures, licenses, interest income, and charges for services and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the City.

Inter-fund eliminations have not been made in the fund financial statements.

Expenditures generally are recorded when a fund liability is incurred; however, expenditures related to compensated absences and claims and judgments, are recorded only when the liability has matured and payment is due.

The City reports the following major governmental funds:

The **General Fund** is the general operating fund of the City. The General Fund is used to account for all financial resources except those required to be accounted for in another fund. Major revenue sources include property, sales, and franchise taxes, intergovernmental revenues and investment of idle funds. Primary expenditures are for administrative, judicial, public facilities, public safety, highways and streets, public services, and capital acquisition.

The **Debt Service Fund** accounts for the accumulation and disbursement of resources associated with the City's debt obligations. Property taxes and interest income provide the resources necessary to pay the annual principal and interest payments.

The **Capital Projects Fund** is used to account for and report the construction costs of capital improvements. These are financed with City resources.

Continued

CITY OF WHEELER, TEXAS
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2023

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continuation

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation – Continuation

The City reports the following major proprietary funds:

The **Water and Sewer Fund** accounts for the operations of the water and sewer utilities furnished by the City to its residents.

The **Sanitation Fund** accounts for the operations of the solid waste disposal services furnished by the City to its residents.

Additionally, the City reports the following non-major fund types:

The **Special Revenue Funds** account for the proceeds of specific revenue sources that are committed by the City Council to expenditures for specified purposes.

D. Use of Estimates

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

E. Assets, Liabilities, Deferred Inflows and Outflows of Resources, and Net Position or Equity

1. Deposits and Investments

The City's cash and cash equivalents are considered to be cash on hand, demand deposits and deposits within public fund investment pools as well as investments in certificates of deposits with an original maturity of 90 days or less. Statutes authorize the City to keep funds in demand deposits, time deposits, or securities of the United States. The City's custodial banks are required to pledge for the purpose of securing City funds, securities of the following kind, in an amount equal to the amount of such City funds: bonds and notes of the United States, securities of indebtedness of the United States, bonds of the State of Texas, or of any county, city, or independent school district, and various other bonds as described in Texas Statutes.

The City is required by Government Code Chapter 2256, the Public Funds Investment Act ("Act"), to adopt and publicize an investment policy. That policy must be written, primarily emphasize safety of principal and liquidity, address investment diversification, yield, and maturity and the quality and capability of investment management, and include a list of the types of authorized investments in which the investing entity's funds may be invested, and the maximum allowable stated maturity of any individual investment owned by the entity.

The Act requires an annual audit of investment policies. Audit procedures in this area, conducted as a part of the audit of the basic financial statements, disclosed that in area of investment practices, management has established and reports appropriate policies. The City adheres to the requirements of the Act. Additionally, investment practices of the City are in accordance with local policies.

Continued

CITY OF WHEELER, TEXAS
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2023

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continuation

E. Assets, Liabilities, Deferred Inflows and Outflows of Resources, and Net Position or Equity – Continuation

2. Receivables and Payables

Activities between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either “due to/from other funds” (i.e., the current portion of inter-fund loans) or “advances to/from other funds” (i.e., the noncurrent portion of inter-fund loans). All other outstanding balances between funds are reported as “due to/from other funds.”

Advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources.

Accounts receivable from other governments include amounts due from grantors for approved grants for specific programs and reimbursements for services performed by the City. Program grants are recorded as receivables revenues at the time all eligibility requirements established by the provider have been met.

All accounts receivable for the Utility Fund are shown net of an allowance for uncollectible accounts. The allowance would be comprised of balances in excess of 90 days in addition to specifically identified accounts that will probably be uncollectible. At March 31, 2023 the allowance for uncollectible accounts was \$9,800.

Payables consist of vendor obligations for goods and services as well as funds payable to others when the criteria for their release have been met.

3. Property Tax Calendar and Revenues

Property taxes are based on taxable value at January 1 and become due October 1 and past due after January 31 of the following year. Tax collections after February 1 are treated as late payments and are subject to penalty and interest. Uncollected taxes from the current tax roll become delinquent on July 1 and are subject to additional penalties and interest. Accordingly, receivables and revenues for property taxes are reflected on the government-wide statements based on the full accrual method of accounting. Property tax receivables for prior years’ levies are shown net of an allowance for uncollectible accounts of \$40,685.

4. Capital Assets

Capital assets, which include land, buildings and improvements, infrastructure, and equipment, are reported in the government-wide financial statements. Infrastructure (e.g. water/wastewater transmission lines, streets, and facilities) and equipment are reported in the Water and Sewer Fund and in the business-type activities column in the government-wide financial statements. According to the City’s capitalization policy, capital assets are defined as individual assets (or systems of assets) having a cost of \$5,000 or more and an estimated useful life in excess of two years. Capital assets are recorded at historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

When capital assets are purchased, they are capitalized and depreciated in the government-wide financial statements. Capital assets are recorded as expenditures of the current period in the governmental fund financial statements.

Continued

CITY OF WHEELER, TEXAS
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2023

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continuation

E. Assets, Liabilities, Deferred Inflows and Outflows of Resources, and Net Position or Equity – Continuation

4. Capital Assets – Continuation

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

Buildings and improvements	25 - 50 years
Infrastructure	25 years
Machinery and equipment	10 years
Office equipment	5 years

5. Compensated Absences

A liability for unused vacation time for all full-time employees is calculated and reported in the government-wide financial statements. For financial reporting, the following criteria must be met to be considered as compensated absences:

- leave or compensation is attributable to services already rendered
- leave or compensation is not contingent on a specific event (such as illness).

Per GASB Interpretation No. 6, liabilities for compensated absences are recognized in the fund statements to the extent the liabilities have matured (i.e. are due for payment). Compensated absences are accrued in the government-wide statements.

Regular full-time employees are entitled to sick leave of ten days per year. Sick leave does not carryover from year to year.

Regular full-time employees are entitled to vacation of up to two weeks after 12 months of employment, three weeks after five years of service, and four weeks after fifteen years of service. Vacation time earned, but not taken, is paid upon termination, but cannot be accumulated beyond on calendar year. The vacation accrual is immaterial to the financial statements, and therefore has not been recorded on the government-wide financial statements.

6. Long-term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the statement of net position. On the bond issues, bond premiums and discounts are deferred and amortized over the life of the bonds. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are expensed in the year they are incurred.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Continued

CITY OF WHEELER, TEXAS
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2023

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continuation

E. Assets, Liabilities, Deferred Inflows and Outflows of Resources, and Net Position or Equity – Continuation

7. Deferred Outflows and Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net assets 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 several items that qualify for reporting in this category. They are the contributions and other items related to the City’s pension and OPEB plans reported in the government-wide and proprietary statements of net position.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. The separate financial statement element, *deferred inflows of resources*, represents an acquisition of net assets that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City has multiple items that qualify for reporting in this category. One item, *unavailable revenue*, is reported only in the governmental funds balance sheet. The City reports unavailable revenues from property taxes and municipal court receivables. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. The other items are related to the City’s pension and other postemployment benefit plans reported in the government-wide statement of net position.

8. Pensions and Other Post-Employment Benefits

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

For purposes of measuring the other post-employment benefit (OPEB) asset or liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the City’s Texas Municipal Retirement System Supplemental Death Plan and the Texas Municipal League Health Benefits Plan, and additions to/deductions from the Plans’ fiduciary net position have been determined on the same basis as they are reported by the Plans. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

9. Fund Balances

As prescribed by GASB Statement No. 54, governmental funds report fund balance in classifications based primarily on the extent to which the City is bound to honor constraints on the specific purposes for which amounts in the funds can be spent. Fund balance for governmental funds can consist of the following:

Non-spendable Fund Balance – includes amounts that are (a) not in spendable forms, or (b) legally or contractually required to be maintained intact. The “not in spendable form” criterion includes items that are not expected to be converted to cash, for example: inventories, prepaid amounts, and long-term notes receivable.

Continued

CITY OF WHEELER, TEXAS
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2023

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continuation

E. Assets, Liabilities, Deferred Inflows and Outflows of Resources, and Net Position or Equity – Continuation

Restricted Fund Balance – includes amounts that are restricted for specific purposes stipulated by external resource providers, constitutionally or through enabling legislation. Restrictions may effectively be changed or lifted only with the consent of the resource providers.

Committed Fund Balance – includes amounts that can only be used for the specific purposes determined by a formal action of the City’s highest level of decision-making authority, the City Council. Commitments may be changed or lifted only by the City taking the same formal action that imposed the constraint originally (for example: resolution or ordinance).

Assigned Fund Balance – includes amounts intended to be used by the City for specific purposes that are neither restricted nor committed. Intent is expressed by (a) City Council or (b) a body (budget, finance committee, or City Official) to which the assigned amounts are to be used for specific purposes. Assigned amounts also include all residual amounts in governmental funds (except negative amounts) that are not classified as non-spendable, restricted or committed.

Unassigned Fund Balance – this classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the General Fund.

10. Net Position

In the government-wide financial statements, equity is classified as net position and displayed in three categories.

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

Per GASB Statement No. 34, the calculation of the net investment in capital assets is made separately for each column presented on the Statement of Net Position. This means that the City’s Certificates of Obligation, Series 2013 and the corresponding unspent bond proceeds are not considered part of the net investment in capital assets under the Governmental Activities column because the related capital assets are being reported under the Business-Type Activities column. Therefore, under the Total Column the debt, the unspent proceeds and the capital assets are combined in the calculation of net investment in capital assets. This multi-step calculation causes the columns to not cross-foot with each other.

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

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

11. Fund Balance Policies

When the City incurs expenditures for which both restricted and unrestricted fund balance is available, the City considers restricted funds to have been spent first, then unrestricted funds. When expenditures are incurred for which committed, assigned, or unassigned fund balances are available, the City considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds.

Continued

CITY OF WHEELER, TEXAS
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2023

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continuation

E. Assets, Liabilities, Deferred Inflows and Outflows of Resources, and Net Position or Equity – Continuation

11. Fund Balance Policies – Continuation

Committed fund balance amounts may be used for other purposes with appropriate action by the City Council to either modify or rescind a fund balance commitment. Commitments are typically done through adoption and amendment of the budget.

The City’s highest level of decision-making authority is the City Council. The Council has not yet delegated the authority to assign fund balance amounts to a specific individual nor does it have a policy to authorize the assignment of fund balances outside the Council.

12. Income Taxes

The Wheeler Economic Development Corporation (Component Unit) has filed with the Internal Revenue Service to be treated as an exempt organization under IRC section 501(c)(3), except to the extent on any unrelated business income.

The Component Unit follows the provisions of uncertain tax positions as addressed in FASB Accounting Standards Codification 740-10-65-1. Management has considered the tax positions and believes that all of the positions taken in its respective federal exempt organization return are more likely-than-not to be sustained upon examination.

NOTE 2 – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. Budgetary Information

The City follows these procedures in establishing the budgetary data reflected in the financial statements:

1. In February, the City Council holds a Budget Workshop to discuss and prepare a proposed budget for the new fiscal year that begins in April.
2. The City Council provides for a public hearing on the City budget at the March Council meeting which is held on the 3rd Monday of the month. At this hearing, the budget is legally adopted by order of the City Council for all funds.
3. The budget is prepared by fund and department during the Budget. Administrative control is maintained through the establishment of more detailed account or object class budgets within the departments. Emergency expenditures to meet unusual and unforeseen conditions which could not, by reasonable diligent thought and attention, have been included in the original budget, whereby total expenditures of a department have been increased must be authorized by the Council as emergency amendments to the original budget. Management may not amend the budget at any level without approval of the City Council. The Council has the authority to make such changes in the budget based on its judgment of facts, if the law warrants a change, and the interest of the taxpayers demand, provided the amounts budgeted for the current expenditures from the various funds for the City do not exceed appropriations, including fund balances from the prior fiscal periods. Amounts shown in the financial statements represent the original budget amounts and all supplemental appropriations. Supplemental appropriations to the original adopted budget are in the Final Budget Amounts column of the Budgetary Comparison Schedule for all city accounts.

Continued

**CITY OF WHEELER, TEXAS
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2023**

NOTE 2 – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. Budgetary Information – Continuation

4. Budgets for City funds are adopted on a basis consistent with GAAP on the modified accrual basis of accounting on an annual basis
5. Formal budgetary integration on an annual basis is employed as a management control device during the year for the General Fund and all other funds of the City.
6. All appropriations lapse at the end of the City's fiscal year and may be re-budgeted the next year.

NOTE 3 – DEPOSITS AND INVESTMENTS

Following is a reconciliation of the City’s cash and deposit balances as of March 31, 2023:

Cash and deposit balances consist of:

Cash on hand	\$	450
Bank deposits		3,493,918
		3,493,918
 Total	 \$	 3,494,368
		3,494,368

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

Government-wide Statement of Net Assets:

Governmental activities:

Unrestricted	\$	1,932,127
Restricted		135,626

Business-type activities:

Unrestricted		883,633
Restricted		97,588

Component units:

Unrestricted		445,394
		445,394

Total	\$	3,494,368
		3,494,368

Custodial credit risk – deposits. As of March 31, 2023, the carrying amount of the City's deposits with financial institutions was \$3,493,918 and the bank's balance was \$3,526,899. Of the bank balance, \$250,000 was insured through the Federal Depository Insurance Corporation (FDIC) and the remaining \$3,276,899 was collateralized with securities held by the pledging institution’s agent in the City’s name.

Interest rate risk is the risk that adverse changes in interest rates will result in an adverse effect on the fair value of an investment. The City manages its exposure to interest rate risk by maintaining its cash in interest-bearing demand accounts, or in certificates of deposit with weighted average maturities of one year or less.

Continued

CITY OF WHEELER, TEXAS
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2023

NOTE 3 – DEPOSITS AND INVESTMENTS – Continuation

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

Concentration of credit risk is the risk of loss attributed to the magnitude of a government’s investment in a single insurer. As of March 31, 2023, 100% of the City’s carrying value of cash was deposited with the City’s depository bank and was adequately secured as described above.

NOTE 4 – CAPITAL ASSETS

Capital asset activity for the year ended March 31, 2023 was as follows:

	Beginning Balance	Increases	Decreases	Transfers / Reclassifications	Ending Balances
Governmental activities:					
Capital assets, not being depreciated:					
Land	\$ 104	\$ -	\$ -	\$ -	\$ 104
Construction in progress	-	22,282	-	-	22,282
Total capital assets, not being depreciated	104	22,282	-	-	22,386
Capital assets, being depreciated:					
Buildings and improvements	2,157,050	22,234	-	-	2,179,284
Furniture and equipment	433,292	-	-	-	433,292
Infrastructure	3,760,091	-	-	-	3,760,091
Total capital assets, being depreciated	6,350,433	22,234	-	-	6,372,667
Less accumulated depreciation for:					
Buildings and improvements	(650,082)	(80,478)	-	-	(730,560)
Furniture and equipment	(298,956)	(34,682)	-	-	(333,638)
Infrastructure	(2,857,360)	(57,100)	-	-	(2,914,460)
Total accumulated depreciation	(3,806,398)	(172,260)	-	-	(3,978,658)
Total capital assets, being depreciated, net	2,544,035	(150,026)	-	-	2,394,009
Governmental activities capital assets, net	\$ 2,544,139	\$ (127,744)	\$ -	\$ -	\$ 2,416,395

Continued

CITY OF WHEELER, TEXAS
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2023

NOTE 4 – CAPITAL ASSETS – Continuation

Depreciation expense for the year ended March 31, 2023 was charged to the functions/programs of the primary government as follows:

Administrative	\$ 7,677
Public facilities	96,759
Fire department	15,090
Highways and streets	<u>52,734</u>
 Total depreciation expense governmental activities	 <u><u>\$ 172,260</u></u>

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Transfers / Reclassifications</u>	<u>Ending Balances</u>
Business-type activities:					
Capital assets, not being depreciated:					
Land	\$ 190,112	\$ -	\$ -	\$ -	\$ 190,112
Intangible - water rights	198,239	-	-	-	198,239
Construction in progress	<u>153,825</u>	<u>1,321,150</u>	<u>-</u>	<u>(1,474,975)</u>	<u>-</u>
 Total capital assets, not being depreciated	 <u>542,176</u>	 <u>1,321,150</u>	 <u>-</u>	 <u>(1,474,975)</u>	 <u>388,351</u>
Capital assets, being depreciated:					
Buildings and improvements	194,673	-	-	-	194,673
Furniture and equipment	1,343,899	-	-	-	1,343,899
Infrastructure	<u>4,767,683</u>	<u>-</u>	<u>-</u>	<u>1,474,975</u>	<u>6,242,658</u>
 Total capital assets, being depreciated	 <u>6,306,255</u>	 <u>-</u>	 <u>-</u>	 <u>1,474,975</u>	 <u>7,781,230</u>
Less accumulated depreciation for:					
Buildings and improvements	(138,349)	(2,678)	-	-	(141,027)
Furniture and equipment	(901,815)	(80,200)	-	-	(982,015)
Infrastructure	<u>(1,574,038)</u>	<u>(168,400)</u>	<u>-</u>	<u>-</u>	<u>(1,742,438)</u>
 Total accumulated depreciation	 <u>(2,614,202)</u>	 <u>(251,278)</u>	 <u>-</u>	 <u>-</u>	 <u>(2,865,480)</u>
 Total capital assets, being depreciated, net	 <u>3,692,053</u>	 <u>(251,278)</u>	 <u>-</u>	 <u>1,474,975</u>	 <u>4,915,750</u>
 Business-type activities capital assets, net	 <u><u>\$ 4,234,229</u></u>	 <u><u>\$ 1,069,872</u></u>	 <u><u>\$ -</u></u>	 <u><u>\$ -</u></u>	 <u><u>\$ 5,304,101</u></u>

Continued

CITY OF WHEELER, TEXAS
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2023

NOTE 4 – CAPITAL ASSETS – Continuation

Depreciation expense for the year ended March 31, 2023 was charged to the functions/programs of the business-type activities of the primary government as follows:

Water/sewer	\$ 195,005
Sanitation	<u>56,273</u>
Total depreciation expense business-type activities	<u>\$ 251,278</u>

NOTE 5 – PROPERTY TAX

The State of Texas Constitutional tax rate limit for both operations and debt service is \$1.50 on each \$100 of assessed valuation. The tax rate on the 2022 tax roll was \$.76578 per \$100, which means that the City has a tax margin of \$.73422 per \$100 and could raise up to \$480,332 additional revenue from the 2022 assessed valuation of \$65,420,770 before the limit is reached.

Real and personal property values are assessed for the period January 1 to December 31, as of January 1 at which date property taxes attach as an enforceable lien on property. Taxes are levied by October 1 of the current year and are collected from October 1 to June 30 of the following year. Payments received after February 1 are considered late and are subject to penalty and interest. Taxes become delinquent on July 1 of the following year.

NOTE 6 – RETIREMENT PLAN

Plan Description:

The City provides pension benefits for all of its full-time employees, other than firemen, through a nontraditional, joint contributory, hybrid defined benefit plan in the state-wide Texas Municipal Retirement System (TMRS), an agent multiple-employer public employee retirement system. The plan provisions that have been adopted by the City are within the options available in the governing state statutes of TMRS.

TMRS issues a publicly available comprehensive annual financial report that includes financial statements and required supplementary information (RSI) for TMRS; the report also provides detailed explanations for of the contributions, benefits, and actuarial methods and assumptions used by the System. This report may be obtained from TMRS' website at www.TMRS.com.

Benefits Provided:

The plan provisions are adopted by the governing body of the City (employer), within the options available in the Texas state statutes governing TMRS. Members can retire at ages 60 and above with 5 or more years of service (10 years in some cities) or with 20-25 years of service regardless of age (depending on the city's plan chosen). Members are vested after 5 years of service (10 years for some cities).

Continued

CITY OF WHEELER, TEXAS
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2023

NOTE 6 – RETIREMENT PLAN – Continuation

Benefit amounts are determined by the sum of the employee's contributions to the plan, with interest, and employer-financed monetary credits. The level of these monetary credits is adopted by the governing body of the City within the actuarial constraints imposed by TMRS so that the resulting benefits can be expected to be adequately financed by the employer's commitment to contribute. At retirement, death, or disability, the benefit is calculated by converting the sum of the employee's accumulated contributions and the employer-financed monetary credits to a monthly annuity using annuity purchase rates prescribed by TMRS.

Employees Covered by Benefit Terms:

At December 31, 2021, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	3
Inactive employees entitled to but not yet receiving benefits	2
Active employees	7

Contributions:

Under the state law governing TMRS, the contribution rate for each city is determined annually by the actuary, using the Entry Age Normal (EAN) cost method (EAN was first used in the December 31, 2014 valuation; previously, the Projected Unit Credit actuarial cost method had been used). This rate consists of the normal cost contribution rate and the prior service cost contribution rate, which is calculated to be a level percent of payroll from year to year. The normal cost contribution rate for an employee is the contribution rate which, if applied to a member's compensation throughout their period of anticipated covered service with the municipality, would be sufficient to meet all benefits payable on their behalf. The salary-weighted average of the individual rates is the total normal cost rate. The prior service contribution rate amortizes the unfunded (overfunded) actuarial liability (asset) over the applicable period for that city. Both the normal cost and prior service contribution rates include recognition of the projected impact of annually repeating benefits, such as Updated Service Credits and Annuity Increases.

The City contributes to TMRS Plan at an actuarially determined rate. Both the employees and the City make contributions monthly. Since the City needs to know its contribution rate in advance for budgetary purposes, there is a one-year delay between the actuarial valuation that serves as the basis for the rate and the calendar year when the rate goes into effect (i.e., the December 31, 2021 valuation will determine the contribution rate beginning January 1, 2023).

The City contributed using the actuarially determined rate of 9.23% for the months of the accounting year in 2022 and 10.38% for the months of the accounting year in 2023, respectively. The contribution rate payable by the employee members is 5.0% for fiscal year 2023 as adopted by the governing body of the City. The employee contribution rate and the employer contribution rate may be changed by the governing body of the City.

Net Pension Liability:

The City's net pension liability was measured as of December 31, 2021, and the total pension liability used to calculate the net pension liability or asset was determined by an actuarial valuation as of that date.

Continued

**CITY OF WHEELER, TEXAS
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2023**

NOTE 6 – RETIREMENT PLAN – Continuation

Actuarial Assumptions:

The total pension liability in the December 31, 2021 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50%
Salary increases	3.5% to 11.5% including inflation
Investment rate of return	6.75%
Cost-of-living adjustments	None

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. Actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future.

Actuarial calculations are based on the benefits provided under the terms of the substantive plan in effect at the time of each valuation, and reflect a long-term perspective. Consistent with that perspective, actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets.

The actuarial assumptions that determined the total pension liability as of December 31, 2021 were based on the results of an actuarial experience study for the period January 1, 2014 – December 31, 2018, except where required to be different by GASB 68.

Discount Rate:

The discount rate used to measure the total pension liability was 6.75%. The discount rate is the single rate of return that, when applied to all projected benefit payments results in an actuarial present value of projected benefit payments equal to the total of the following:

1. The actuarial present value of benefit payments projected to be made in future periods in which (a) the amount of the pension plan's fiduciary net position is projected to be greater than the benefit payments that are projected to be made in that period and (b) pension plan assets up to that point are expected to be invested using a strategy to achieve the long-term rate of return, calculated using the long-term expected rate of return on pension plan investments.
2. The actuarial present value of projected benefit payments not included in (1), calculated using the municipal bond rate.

Therefore, if plan investments in a given future year are greater than projected benefit payments in that year and are invested such that they are expected to earn the long-term rate of return, the discount rate applied to projected benefit payments in that year should be the long-term expected rate of return on plan investments. If future years exist where this is not the case, then an index rate reflecting the yield on a 20-year, tax-exempt municipal bond should be used to discount the projected benefit payments for those years.

Continued

CITY OF WHEELER, TEXAS
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2023

NOTE 6 – RETIREMENT PLAN – Continuation

Discount Rate: – Continuation

The determination of a future date when plan investments are not sufficient to pay projected benefit payments is often referred to as a depletion date projection. A depletion date projection compares projections of the pension plan's fiduciary net position to projected benefit payments and aims to determine a future date, if one exists, when the fiduciary net position is projected to be less than projected benefit payments. If an evaluation of the sufficiency of the projected fiduciary net position compared to projected benefit payments can be made with sufficient reliability without performing a depletion date projection, alternatives methods to determine sufficiency may be applied.

In order to determine the discount rate to be used by the employer we have used an alternative method to determine the sufficiency of the fiduciary net position in all future years. Our alternative method reflects the funding requirements under the employer's funding policy and the legal requirements under TMRS.

1. TMRS has a funding policy where the Unfunded Actuarial Accrued Liability (UAAL) shall be amortized as a level percent of pay over 20-year closed layered periods.
2. Under TMRS, the employer is legally required to make the contribution specified in the funding policy.
3. The employer's assets are projected to exceed its accrued liabilities in 20 years or less. When this point is reached, the employer is still required to contribute at least the normal cost.
4. Any increased cost due to the adoption of a COLA is required to be funded over a period of 15 years, if applicable.

Based on the above, the projected fiduciary net position is determined to be sufficient compared to projected benefit payments. Based on the expected level of cash flows and investment returns to the system, the fiduciary net position as a percentage of total pension liability is projected to increase from its current level in future years.

Since the projected fiduciary net position is projected to be sufficient to pay projected benefit payments in all future years, the discount rate for purposes of calculating the total pension liability and net pension liability of the employer is equal to the long-term assumed rate of return on investments. This long-term assumed rate of return should be net of investment expenses, but gross of administrative expenses for GASB 68 purposes.

Continued

CITY OF WHEELER, TEXAS
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2023

NOTE 6 – RETIREMENT PLAN – Continuation

Changes in the Net Pension Liability / (Asset):

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability / (Asset) (a) - (b)
Balances as of December 31, 2020	\$ 1,383,721	\$ 1,363,877	\$ 19,844
Changes for the year:			
Service cost	34,177	-	34,177
Interest on total pension liability	91,779	-	91,779
Difference between expected and actual experience	46,003	-	46,003
Changes of assumptions	-	-	-
Benefit payments/refunds of employee contributions	(82,235)	(82,235)	-
Contributions - employee	-	14,348	(14,348)
Contributions - employer	-	25,963	(25,963)
Net investment income	-	177,594	(177,594)
Administrative expenses	-	(823)	823
Other	-	5	(5)
	<u>\$ 1,473,445</u>	<u>\$ 1,498,729</u>	<u>\$ (25,284)</u>
Balances as of December 31, 2021	<u>\$ 1,473,445</u>	<u>\$ 1,498,729</u>	<u>\$ (25,284)</u>
Plan fiduciary net position as a percentage of the total pension liability:			101.72%
Covered employee payroll:			\$ 286,957
Net pension liability as a percentage of covered employee payroll:			-8.81%

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 / (asset) 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 5.75%	Current Single Rate Assumption 6.75%	1% Increase 7.75%
Net pension liability / (asset)	<u>\$ 171,819</u>	<u>\$ (25,284)</u>	<u>\$ (187,260)</u>

Continued

CITY OF WHEELER, TEXAS
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2023

NOTE 6 – RETIREMENT PLAN – Continuation

Pension Expense / (Income):

	January 1, 2021 to December 31, 2021
Total service cost	\$ 34,177
Interest on total pension liability	91,779
Employee contributions (reduction of expenses)	(14,348)
Projected earnings on plan investments (reduction of expenses)	(92,062)
Administrative expenses	823
Other changes in fiduciary net position	(5)
Recognition of current year deferred (inflows)/outflows of resources - liabilities	7,851
Recognition of current year deferred (inflows)/outflows of resources - assets	(17,107)
Amortization of prior year deferred (inflows)/outflows of resources - liabilities	4,362
Amortization of prior year deferred (inflows)/outflows of resources - assets	(14,453)
 Total pension expense	 \$ 1,017

Deferred Inflows / Outflows of Resources:

As of March 31, 2023, the deferred inflows and outflows of resources are as follows:

	Deferred Inflows of Resources	Deferred Outflows of Resources
Differences between expected and actual experience	\$ 5,549	\$ 53,772
Changes of assumptions	-	5,469
Net difference between projected and actual earnings	91,551	-
Contributions made subsequent to measurement date	N/A	32,456

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

Deferred outflows and deferred inflows of resources, by year, to be recognized in future pension expense as follows:

Year ended December 31:

2022	\$ (2,047)
2023	(26,360)
2024	(8,105)
2025	(8,095)
2026	6,748
Thereafter	-

**CITY OF WHEELER, TEXAS
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2023**

NOTE 7 – OTHER POST EMPLOYMENT BENEFIT (OPEB) OBLIGATIONS

Plan Description

The City also participates in the cost sharing multiple-employer defined benefit group-term life insurance plan operated by the Texas Municipal Retirement System (TMRS) known as the Supplemental Death Benefits Fund (SDBF). The City elected, by ordinance, to provide group-term life insurance coverage to both current and retired employees. The City may terminate coverage under and discontinue participation in SDBF by adopting an ordinance before November 1 of any year to be effective the following January 1.

Plan Benefits

The death benefit for active employees provides a lump-sum payment approximately equal to the employee’s annual salary (calculated based on the employee’s actual earnings, for the 12-month period preceding the month of death). The death benefit for retirees is considered an other postemployment benefit (“OPEB”) and is a fixed amount of \$7,500. As the SDBF covers both active and retiree participants, with no segregation of assets, the SDBF is considered to be an unfunded OPEB plan (i.e. no assets are accumulated). 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 program 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.

Employees Covered by Benefit Terms

At December 31, 2021, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	3
Inactive employees entitled to but not yet receiving benefits	2
Active employees	7

Total OPEB Liability

The City’s total OPEB liability 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, 2021 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement.

All actuarial assumptions that determined the total OPEB liability as of December 31, 2021 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.

Continued

CITY OF WHEELER, TEXAS
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2023

NOTE 7 – OTHER POST EMPLOYMENT BENEFIT (OPEB) OBLIGATIONS – Continuation

For calculating the OPEB liability and the OPEB contribution rates, the Gender-distinct 2019 Municipal Retirees of Texas mortality tables. The rates are projected on a fully generational basis by Scale UMP to account for future mortality improvements. Based on the size of the city, rates are multiplied by an additional factor of 92.0%.

Discount Rate

The SDBF covers both active and retiree benefits with no segregation of assets, and therefore doesn't meet the definition of a trust under GASB No. 75, paragraph 4b, (i.e., no assets are accumulated for OPEB). As such the SDBF is considered to be a single-employer unfunded OPEB plan (and not a cost sharing plan) with benefit payments treated as being equal to employer's yearly contributions for retirees. In accordance with paragraph 155, the applicable discount rate for an unfunded OPEB is based on an index of tax exempt 20-year municipal bond rates rated AA or higher. As of December 31, 2021, the discount rate used in development of the Total OPEB Liability was 1.84% compared to 2.00% as of December 31, 2020.

Changes in the Total OPEB Liability:

	Changes in Total OPEB Liability
Balances as of December 31, 2020	\$ 31,170
Changes for the year:	
Service cost	1,407
Interest on total OPEB liability	633
Changes of benefit terms	-
Differences between expected and actual experience	(461)
Changes in assumptions or other inputs	1,006
Benefit payments	(430)
Other	-
	\$ 33,325
Balances as of December 31, 2021	

Continued

CITY OF WHEELER, TEXAS
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2023

NOTE 7 – OTHER POST EMPLOYMENT BENEFIT (OPEB) OBLIGATIONS – Continuation

Sensitivity of the net pension liability / (asset) to changes in the discount rate

The following presents the Total OPEB Liability of the employer, calculated using the discount rate of 1.84%, as well as the what the Total OPEB Liability would be if it were calculated using a discount rate that is 1 percentage point lower (0.84%) or 1 percentage point higher (2.84%) than the current rate. Note that the healthcare cost trend rate does not affect the Total OPEB Liability, so sensitivity to the healthcare cost trend rate is not shown.

	1% Decrease 0.84%	Current Single Rate Assumption 1.84%	1% Increase 2.84%
Net pension liability / (asset)	\$ 40,792	\$ 33,325	\$ 27,537

OPEB Expense / (Income)

	January 1, 2021 to December 31, 2021
Service cost	\$ 1,407
Interest on total OPEB liability	633
Effect of plan changes	-
Recognition of deferred inflows/outflows of resources	
Differences between expected and actual experience	(285)
Changes in assumptions or other inputs (1)	1,398
Recognition of investment gains or losses	-
Other	-
Total OPEB expense	\$ 3,153

(1) Generally, this will only be the annual change in the municipal bond index rate.

Deferred Inflows / Outflows of Resources:

As of March 31, 2023, the deferred inflows and outflows of resources are as follows:

	Deferred Inflows of Resources	Deferred Outflows of Resources
Differences between expected and actual experience	\$ 1,491	\$ 334
Changes of assumptions	708	5,984
Net difference between projected and actual earnings	-	-
Contributions made subsequent to measurement date	N/A	541

Continued

CITY OF WHEELER, TEXAS
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2023

NOTE 7 – OTHER POST EMPLOYMENT BENEFIT (OPEB) OBLIGATIONS – Continuation

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

Year ended December 31:		
2022	\$	1,113
2023		1,113
2024		1,003
2025		640
2026		220
Thereafter		30

NOTE 8 – INTER-FUND RECEIVABLES, PAYABLES AND TRANSFERS

Individual Inter-fund Transfers

Fund	Inter-fund Transfers In	Inter-fund Transfers Out
General Fund	\$ 183,352	\$ 579,854
Debt Service Fund	282,000	-
Capital Projects Fund	516,465	1,346,650
Special Revenue Funds:		
Swimming Pool	40,850	-
Library	63,864	-
Proprietary Funds:		
Water and Sewer Fund	1,346,650	506,677
	\$ 2,433,181	\$ 2,433,181

The primary purpose of inter-fund transfers was to transfer unrestricted funds from the General Fund to the remaining funds of the City, as well as excess revenues and taxes from the Water and Sewer Fund and the General Fund to the Debt Service Fund for the annual payment on the City's bond obligation.

NOTE 9 – LEASE INCOME

The City has entered into a lease agreement to lease land and a building the City owns. For the year ended March 31, 2023 lease revenue amounted to \$28,712. The lease has an interest rate of .877% with a term ending June 1, 2030.

Continued

CITY OF WHEELER, TEXAS
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2023

NOTE 9 – LEASE INCOME – Continuation

The following is a schedule of minimum future rentals on non-cancelable leases as of March 31, 2023:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Lease receivable	\$ 238,674	\$ -	\$ (28,019)	\$ 210,655	\$ 28,266
<u>Fiscal Year</u>				<u>Lease Receivable</u>	
			<u>Total</u>	<u>Interest</u>	<u>Principal</u>
2024			\$ 30,000	\$ 1,734	\$ 28,266
2025			30,000	1,485	28,515
2026			30,000	1,234	28,766
2027			30,000	981	29,019
2028			30,000	725	29,275
2029 - 2031			67,500	686	66,814
			<u>\$ 217,500</u>	<u>\$ 6,845</u>	<u>\$ 210,655</u>

NOTE 10 – LONG-TERM LIABILITIES

On September 16, 2013, the City established an ordinance authorizing the issuance of certificates of obligation (“bond”) in the amount of \$4,610,000 to fund the contractual obligations for the construction of public works which includes the following: (a) improvements to the City waterworks and sewer system, including acquisition of site, construction and equipping of a water treatment facility and a new concentrate irrigation system (“the water project”) and (b) the professional services rendered in relation to the project. The ordinance provides for payment of the bond by the levy of an ad valorem tax upon all taxable property within the City and a limited pledge of the City’s waterworks and sewer system revenues. A portion of excess fund balances within the General, Economic Development, and Water & Sewer funds will also be used for payment on the bond. The bonds bear an interest rate of 3.07% and have a maturity date of February 15, 2028.

Changes in long-term liabilities:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental activities:					
Certificates of Obligation, Series 2013	\$ 2,238,000	\$ -	\$ (345,000)	\$ 1,893,000	\$ 356,000
Governmental activity long-term liabilities	<u>\$ 2,238,000</u>	<u>\$ -</u>	<u>\$ (345,000)</u>	<u>\$ 1,893,000</u>	<u>\$ 356,000</u>

The City incurred interest expense of \$67,910 during the fiscal year ended March 31, 2023.

Continued

CITY OF WHEELER, TEXAS
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2023

NOTE 10 – LONG-TERM LIABILITIES – Continuation

The annual debt service requirement on long-term liabilities outstanding for governmental activities as of March 31, 2023 is as follows:

Fiscal Year	Total	Governmental Activities	
		Certificates of Obligation, 2013	
		Interest	Principal
2024	\$ 414,115	\$ 58,115	\$ 356,000
2025	414,186	47,186	367,000
2026	413,919	35,919	378,000
2027	414,314	24,314	390,000
2028	414,341	12,341	402,000
	<u>\$ 2,070,875</u>	<u>\$ 177,875</u>	<u>\$ 1,893,000</u>

NOTE 11 – RISK MANAGEMENT

The City’s major areas of risk management are: public officials’, law enforcement, automobile liability, general comprehensive liability and property damage, workers’ compensation, and employee health insurance. The City has obtained insurance with an insurance company and a public entity risk pool in which all risk is transferred to those entities for all the above areas. The City pays a deductible per incident except on the employee health insurance in which the deductible is the responsibility of the employee. There have been no significant reductions in insurance coverage from the prior year and settlements have not exceeded insurance coverage for the current year or the previous three years.

NOTE 12 – PRIOR PERIOD RESTATEMENT

The prior period net assets were reduced due to the implementation of GASB Statement 87 – *Leases*. The statement requires the recording of long-term receivables, “lease receivable” and a corresponding deferred inflow of resources for leases on the Statement of Net Position.

Lease receivable balance at April 1, 2022	\$ 238,674
Deferred inflow of resources - lease balance at April 1, 2022	<u>(236,875)</u>
Prior period adjustment - government-wide statement of activities	<u>\$ 1,799</u>

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**REQUIRED SUPPLEMENTARY INFORMATION
(UNAUDITED)**

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CITY OF WHEELER, TEXAS
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED MARCH 31, 2023

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Property taxes	\$ 406,000	\$ 415,000	\$ 407,818	\$ (7,182)
Sales tax	325,000	237,500	305,714	68,214
Franchise taxes	58,000	50,000	60,357	10,357
Charges for services, net	42,870	41,300	38,362	(2,938)
Fees and fines	1,000	-	366	366
Intergovernmental	-	183,000	-	(183,000)
Investment earnings	90,000	5,000	64,040	59,040
Miscellaneous	3,000	10,000	8,218	(1,782)
	<u>925,870</u>	<u>941,800</u>	<u>884,875</u>	<u>(56,925)</u>
EXPENDITURES				
Current:				
Administrative	337,100	275,500	236,276	39,224
Judicial	8,500	8,000	7,256	744
Public facilities				
Airport	10,000	2,000	647	1,353
Park	6,000	9,300	7,606	1,694
Public safety				
Fire department	20,000	25,000	21,061	3,939
Highways and streets	49,500	140,500	131,511	8,989
Public services				
Culture and recreation	2,500	2,800	2,435	365
Animal control	5,300	4,700	3,232	1,468
Capital Outlay	300,000	33,000	22,282	10,718
	<u>738,900</u>	<u>500,800</u>	<u>432,306</u>	<u>68,494</u>
EXCESS OF REVENUES OVER EXPENDITURES	<u>186,970</u>	<u>441,000</u>	<u>452,569</u>	<u>11,569</u>
OTHER FINANCING USES				
Transfers in	102,000	-	183,352	183,352
Transfers out	(364,115)	(614,090)	(579,854)	34,236
	<u>(262,115)</u>	<u>(614,090)</u>	<u>(396,502)</u>	<u>217,588</u>
NET CHANGE IN FUND BALANCE	(75,145)	(173,090)	56,067	229,157
FUND BALANCE - BEGINNING	<u>1,840,788</u>	<u>1,840,788</u>	<u>1,840,788</u>	<u>-</u>
FUND BALANCE - ENDING	<u>\$ 1,765,643</u>	<u>\$ 1,667,698</u>	<u>\$ 1,896,855</u>	<u>\$ 229,157</u>

CITY OF WHEELER, TEXAS
TEXAS MUNICIPAL RETIREMENT SYSTEM
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
Last 10 Years (will ultimately be displayed as available)

	Year Ended December 31,			
	2021	2020	2019	2018
Total Pension Liability:				
Service cost	\$ 34,177	\$ 32,672	\$ 31,730	\$ 31,695
Interest on total pension liability	91,779	88,420	83,858	82,068
Changes of benefit terms	-	-	-	-
Difference between expected and actual experience	46,003	8,758	21,928	(9,022)
Changes of assumptions	-	-	12,422	-
Benefit payments/refunds of contributions	(82,235)	(79,448)	(86,189)	(70,299)
Net change in total pension liability	89,724	50,402	63,749	34,442
Total pension liability, beginning	1,383,721	1,333,319	1,269,570	1,235,128
Total pension liability, ending (a)	<u>\$ 1,473,445</u>	<u>\$ 1,383,721</u>	<u>\$ 1,333,319</u>	<u>\$ 1,269,570</u>
Fiduciary Net Position:				
Employer contributions	\$ 25,963	\$ 22,424	\$ 20,050	\$ 19,665
Employee contributions	14,348	14,085	13,133	13,284
Net investment income	177,594	99,203	182,309	(37,602)
Benefit payments/refunds of contributions	(82,235)	(79,448)	(86,189)	(70,299)
Administrative expenses	(823)	(643)	(1,031)	(727)
Other	5	(24)	(32)	(37)
Net change in fiduciary net position	134,852	55,597	128,240	(75,716)
Fiduciary net position, beginning	1,363,877	1,308,280	1,180,040	1,255,756
Fiduciary net position, ending (b)	<u>\$ 1,498,729</u>	<u>\$ 1,363,877</u>	<u>\$ 1,308,280</u>	<u>\$ 1,180,040</u>
Net pension liability / (asset), ending = (a) - (b)	<u>\$ (25,284)</u>	<u>\$ 19,844</u>	<u>\$ 25,039</u>	<u>\$ 89,530</u>
Fiduciary net position as a % of total pension liability	101.72%	98.57%	98.12%	92.95%
Pensionable covered payroll	\$ 286,957	\$ 274,558	\$ 262,662	\$ 265,678
Net pension liability as a % of covered payroll	-8.81%	7.23%	9.53%	33.70%

Year Ended December 31,

2017	2016	2015	2014	2013	2012
\$ 32,339	\$ 32,310	\$ 33,527	\$ N/A	\$ N/A	\$ N/A
80,060	77,065	77,843	N/A	N/A	N/A
-	-	-	N/A	N/A	N/A
(8,761)	8,066	(20,024)	N/A	N/A	N/A
-	-	(2,215)	N/A	N/A	N/A
<u>(76,828)</u>	<u>(69,333)</u>	<u>(48,395)</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>
26,810	48,108	40,736	N/A	N/A	N/A
<u>1,208,318</u>	<u>1,160,210</u>	<u>1,119,474</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>
<u>\$ 1,235,128</u>	<u>\$ 1,208,318</u>	<u>\$ 1,160,210</u>	<u>\$ N/A</u>	<u>\$ N/A</u>	<u>\$ N/A</u>
\$ 20,799	\$ 23,643	\$ 31,951	\$ N/A	\$ N/A	\$ N/A
14,246	14,023	14,315	N/A	N/A	N/A
158,046	74,252	1,623	N/A	N/A	N/A
(76,828)	(69,333)	(48,395)	N/A	N/A	N/A
(819)	(839)	(989)	N/A	N/A	N/A
<u>(42)</u>	<u>(45)</u>	<u>(49)</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>
115,402	41,702	(1,543)	N/A	N/A	N/A
<u>1,140,354</u>	<u>1,098,653</u>	<u>1,100,196</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>
<u>\$ 1,255,756</u>	<u>\$ 1,140,355</u>	<u>\$ 1,098,653</u>	<u>\$ N/A</u>	<u>\$ N/A</u>	<u>\$ N/A</u>
<u>\$ (20,628)</u>	<u>\$ 67,963</u>	<u>\$ 61,557</u>	<u>\$ N/A</u>	<u>\$ N/A</u>	<u>\$ N/A</u>
101.67%	94.38%	94.69%	N/A	N/A	N/A
\$ 284,929	\$ 280,470	\$ 286,307	\$ N/A	\$ N/A	\$ N/A
-7.24%	24.23%	21.50%	N/A	N/A	N/A

CITY OF WHEELER, TEXAS
TEXAS MUNICIPAL RETIREMENT SYSTEM
SCHEDULE OF EMPLOYER CONTRIBUTIONS
Last 10 Fiscal Years (will ultimately be displayed as available)

Year Ending March 31:	Actuarially Determined Contribution	Actual Employer Contribution	Contribution Deficiency (Excess)	Pensionable Covered Payroll	Actual Contribution as a % of Covered Payroll
2016	\$ 30,230	\$ 30,230	\$ -	\$ 286,969	10.53%
2017	23,368	23,368	-	286,883	8.15%
2018	20,761	20,761	-	283,422	7.33%
2019	19,355	19,355	-	259,045	7.47%
2020	20,768	20,768	-	267,640	7.76%
2021	22,434	22,434	-	274,093	8.18%
2022	26,473	26,473	-	291,020	9.10%
2023	25,727	25,727	-	270,151	9.52%

CITY OF WHEELER, TEXAS
TEXAS MUNICIPAL RETIREMENT SYSTEM
SCHEDULE OF EMPLOYER CONTRIBUTIONS
Last 10 Fiscal Years (will ultimately be displayed as available)

NOTES TO SCHEDULE OF CONTRIBUTIONS

Valuation Date:

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

Methods and Assumptions Used to Determine Contribution Rates:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percentage of Payroll, Closed
Remaining Amortization Period	18 years (longest amortization ladder)
Asset Valuation Method	10 Year smoothed market; 12% soft corridor
Inflation	2.50%
Salary increases	3.50% - 11.50% including inflation
Investment rate of return	6.75%
Retirement age	Experience-based table of rates that are specific to the City's plan of benefits. Last updated for the 2019 valuation pursuant to an experience study of the period 2014 - 2018.
Mortality	Post-retirement: 2019 Municipal Retirees of Texas Mortality Tables. The rates are projected on a fully generational basis with scale UMP. Pre-retirement: PUB(10) mortality tables, with the Public Safety table used for males and the General Employee table used for females. The rates are projected on a fully generational basis with scale UMP.

Other Information:

Notes There were no benefit changes during the year.

CITY OF WHEELER, TEXAS
TEXAS MUNICIPAL RETIREMENT SYSTEM
SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY AND RELATED RATIOS
Last 10 Years (will ultimately be displayed as available)

	Year Ended December 31,			
	2021	2020	2019	2018
Total OPEB Liability:				
Service cost	\$ 1,407	\$ 987	\$ 815	\$ 824
Interest on total OPEB liability	633	730	797	694
Effect of plan changes	-	-	-	-
Effect of assumption changes or inputs	1,006	4,268	4,652	(1,709)
Effect of economic/demographic (gains) or losses	(461)	(810)	(1,150)	802
Benefit payments	(430)	(137)	(105)	(106)
Net change in total OPEB liability	2,155	5,038	5,009	505
Total OPEB liability, beginning	31,170	26,132	21,123	20,618
Total OPEB liability, ending	<u>\$ 33,325</u>	<u>\$ 31,170</u>	<u>\$ 26,132</u>	<u>\$ 21,123</u>
Covered employee payroll	\$ 286,957	\$ 274,558	\$ 262,662	\$ 265,678
Total OPEB liability as a % of covered employee payroll	11.61%	11.35%	9.95%	7.95%

**CITY OF WHEELER, TEXAS
TEXAS MUNICIPAL RETIREMENT SYSTEM
NOTES TO SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY**

Valuation Timing	<p>For the employer's financial reporting purposes, the total OPEB liability and OPEB expense should be measured as of the employer's "measurement date" which may not be earlier than the employer's prior fiscal year-end date and no later than the end of the employer's current fiscal year, consistently applied from period to period. If the actuarial valuation used to determine the total OPEB liability is not calculated as of the measurement date, the total OPEB liability is required to be rolled forward from the actuarial valuation date to the measurement date.</p> <p>The total OPEB liability shown in this report is based on an actuarial valuation performed as of December 31, 2021 and a measurement date as of December 31, 2021; as such, no roll-forward is required.</p>
Inflation	2.50%
Salary increases	3.50% to 11.50% including inflation
Discount rate*	1.84%
Retiree's share of benefit-related costs	-
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 set-forward for males and a 3 year set-forward for females. In addition, a 3.5% and 3% minimum mortality rate will be applied to reflect the impairment for younger members who become disabled for males and females, respectively. The rates are projected fully on a generational basis by Scale UMP to account for future mortality improvements subject to the floor.

The SDBF covers both active and retiree benefits with no segregation of assets, and therefore doesn't meet the definition of a trust under GASB No. 75, paragraph 4b, (i.e., no assets are accumulated for OPEB). As such the SDBF is considered to be a single-employer unfunded OPEB plan (and not a cost sharing plan) with benefit payments treated as being equal to employer's yearly contributions for retirees.

* - The discount rate was based on the Fidelity Index's "20-Year Municipal GO AA Index" rate as of December 31, 2021.

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COMBINING STATEMENTS AS SUPPLEMENTARY INFORMATION

NON-MAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

Special revenue funds are used to account for and report specific revenues that are legally restricted or committed by the City to expenditures for specified purposes.

Swimming Pool – The Swimming Pool Fund is used to account for the fees paid to the swimming pool. The fund are committed for the purpose of financing and maintaining the operation of the facility.

Library – The Library Fund is used to account for donations to the library. The donations are restricted by the donors for the benefit of the library.

Hotel Occupancy Tax – The Hotel Occupancy Tax Fund is used to account for and report hotel/motel taxes that are legally restricted to the promotion of tourism for the City.

Child Safety – The Child Safety Fund is used to account for fees collected by Wheeler County on vehicle registrations. The fees are dedicated by law to be used for a school crossing guard program, or in the absence of such a program they may be used to fund programs designed to enhance child safety, health, or nutrition.

**CITY OF WHEELER, TEXAS
 COMBINING BALANCE SHEET
 NON-MAJOR GOVERNMENTAL FUNDS
 MARCH 31, 2023**

	Special Revenue				Total Non- major Governmental Funds
ASSETS	Swimming Pool	Library	Hotel Occupancy Tax	Child Safety	Total Non- major Governmental Funds
Cash and cash equivalents	\$ 10,003	\$ 8,387	\$ 98,538	\$ 4,544	\$ 121,472
Accounts receivable, net	-	-	2,679	-	2,679
Total assets	<u>\$ 10,003</u>	<u>\$ 8,387</u>	<u>\$ 101,217</u>	<u>\$ 4,544</u>	<u>\$ 124,151</u>
LIABILITIES					
Accounts payable	\$ 153	\$ 550	\$ -	\$ -	\$ 703
Total liabilities	<u>153</u>	<u>550</u>	<u>-</u>	<u>-</u>	<u>703</u>
FUND BALANCES					
Restricted:					
Tourism and community attractions	-	-	101,217	-	101,217
Committed:					
Special projects	<u>9,850</u>	<u>7,837</u>	<u>-</u>	<u>4,544</u>	<u>22,231</u>
Total fund balances	<u>9,850</u>	<u>7,837</u>	<u>101,217</u>	<u>4,544</u>	<u>123,448</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 10,003</u>	<u>\$ 8,387</u>	<u>\$ 101,217</u>	<u>\$ 4,544</u>	<u>\$ 124,151</u>

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**CITY OF WHEELER, TEXAS
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NON-MAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED MARCH 31, 2023**

	<u>Special Revenue</u>				Total Non- major Governmental Funds
	<u>Swimming Pool</u>	<u>Library</u>	<u>Hotel Occupancy Tax</u>	<u>Child Safety</u>	
REVENUES					
Hotel tax	\$ -	\$ -	\$ 3,572	\$ -	\$ 3,572
Licenses and fees	12,178	-	-	-	12,178
Intergovernmental	-	2,400	-	2,125	4,525
Investment earnings	273	380	3,424	94	4,171
Miscellaneous	-	1,805	-	-	1,805
	<u>12,451</u>	<u>4,585</u>	<u>6,996</u>	<u>2,219</u>	<u>26,251</u>
Total revenues					
EXPENDITURES					
Current:					
Public facilities	46,702	57,489	-	-	104,191
Public services					
Culture and recreation	-	-	14,488	-	14,488
Capital outlay	-	22,234	-	-	22,234
	<u>46,702</u>	<u>79,723</u>	<u>14,488</u>	<u>-</u>	<u>140,913</u>
Total expenditures					
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(34,251)</u>	<u>(75,138)</u>	<u>(7,492)</u>	<u>2,219</u>	<u>(114,662)</u>
OTHER FINANCING SOURCES					
Transfers in	40,850	63,864	-	-	104,714
	<u>40,850</u>	<u>63,864</u>	<u>-</u>	<u>-</u>	<u>104,714</u>
TOTAL OTHER FINANCING SOURCES					
NET CHANGE IN FUND BALANCES	6,599	(11,274)	(7,492)	2,219	(9,948)
FUND BALANCES - BEGINNING	<u>3,251</u>	<u>19,111</u>	<u>108,709</u>	<u>2,325</u>	<u>133,396</u>
FUND BALANCES - ENDING	<u>\$ 9,850</u>	<u>\$ 7,837</u>	<u>\$ 101,217</u>	<u>\$ 4,544</u>	<u>\$ 123,448</u>