

CITY OF PERRYTON, TEXAS

**Annual Comprehensive
Financial Report**

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

**PREPARED BY:
THE FINANCE DEPARTMENT
DIRECTOR OF FINANCE, DON JENNINGS**

CITY OF PERRYTON, TEXAS
ANNUAL COMPREHENSIVE FINANCIAL REPORT
FOR YEAR ENDED SEPTEMBER 30, 2021

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INTRODUCTORY SECTION



P.O. Box 849 • Perryton, TX 79070 • 806-435-4014 (Bus.) • 806-435-2490 (Fax)

January 21, 2022

To the Honorable Mayor,
Members of the Governing Council,
And Citizens of the City of Perryton:

To the Honorable Mayor,
Members of the Governing Council,
And Citizens of the City of Perryton:

State law requires that all general-purpose local governments publish within six months of the close of each fiscal year a complete set of financial statements presented in conformity with the Generally Accepted Accounting Principles (GAAP) and audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants. Pursuant to that requirement, we hereby issue the Annual Comprehensive Financial Report of the City of Perryton for the fiscal year ended September 30, 2021.

This report consists of management's representations concerning the finances of the City of Perryton. Consequently, management assumes full responsibility for the completeness and reliability of all of the information presented in this report. To provide a reasonable basis for making these representations, management of the City of Perryton has established a comprehensive internal control framework that is designed both to protect the government's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the City of Perryton's financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh their benefits, the City of Perryton's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

The City of Perryton's financial statements have been audited by Doshier, Pickens & Francis, L.L.C., a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City of Perryton for the fiscal year ended September 30, 2021, are free of material misstatements. The independent audit involved examining, on test basis evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor

concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion on the City of Perryton's financial statements for the fiscal year ended September 30, 2021, they are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

GAAP requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement MD&A and should be read in conjunction with it. The City of Perryton's MD&A can be found immediately following the report of the independent auditors.

Profile of the Government

The City of Perryton, incorporated in 1920, is located in the northeast part of the Texas panhandle. The City of Perryton currently occupies a land area of 4.6 square miles and serves an estimated population of 8,492. The City of Perryton is empowered to levy a property tax on both real and personal properties located within its boundaries. It also is empowered by state statute to extend its corporate limits by annexation upon the request of the property owner, which occurs periodically, and deemed appropriate by the governing council.

The City of Perryton has operated under the council-manager form of government since 1951. It might also be worthwhile to note that there have only been 2 City Managers during that time period. Policy-making and legislative authority are vested in a governing council consisting of the mayor and five other members. The governing council is responsible, among other things, for passing ordinances, adopting the budget, appointing committees, and hiring both the government's manager and attorney. The government's manager is responsible for carrying out the policies and ordinances of the governing council, for overseeing the day-to-day operations of the government, and for appointing the heads of the various departments. The council is elected on a non-partisan basis. The mayor and council members serve two-year staggered terms, with three council members elected each odd numbered year. The mayor and two council members are elected each even number year. The mayor and all five of the council members are elected at large and do not represent any one district.

The City of Perryton provides a full range of services, including police and fire protection; the construction and maintenance of streets and alleys, and other infrastructure; and recreational activities. Water, sanitation collection and disposal services, gas and wastewater services are provided, in essence, as a department of the City of Perryton and therefore have been included as an integral part of the City of Perryton's financial statements. The City of Perryton also is financially accountable for a legally separate economic development corporation, which is reported separately within the City of Perryton's financial statements. Additional information on this legally separate entity can be found in Note 1 in the notes to the financial statements.

The annual budget serves as the foundation for the City of Perryton's financial planning and control. All agencies of the City of Perryton are required to submit requests for appropriation to the government's manager on or before a given date in mid-April each year. The government's manager uses these requests as the starting point for developing a proposed budget. The government's manager then files this proposed budget with the City Secretary and the council for review at the first regularly scheduled council meeting on the first Tuesday of June. Each department supervisor is present in order to answer any questions concerning their respective department requests for funding in the upcoming year. The council is required to hold public hearings on the proposed budget and to adopt a final budget by no later than September 30, the close of the City of Perryton's fiscal year. The appropriated budget is prepared by fund, function (e.g., public safety), and department (e.g., police). No purchases over the appropriated annual budget may be made without the prior approval of the Department Head, Director of Finance and City Manager. Transfers of appropriations between departments require the special approval of the governing council. Budget-to-actual comparisons are provided in the report for each individual governmental fund for which an appropriated annual budget has been adopted. For the general fund, this budgetary comparison is presented on page 67 as part of the required supplementary information for the governmental funds. For governmental funds, other than the general fund, with appropriated annual budgets, this comparison is presented in the governmental fund subsection of this report, which starts on page 77.

Factors Affecting Financial Condition

The information presented in the financial statements is perhaps best understood when it is considered from the broader perspective of the specific environment within which the City of Perryton operates.

Local Economy. The City of Perryton had enjoyed a favorable growing economic environment for several years. Sales tax receipts set all-time records for nearly 5 years before beginning a 3-year decline from a seemingly unrealistic level. The current year sales tax receipts decreased by 0.55 percent. The region has a varied farming and oil and gas base that adds to the relative stability of the unemployment rate. Major industries with headquarters or divisions located within the government's boundaries, or in close proximity, include a large pork producing operation, several cattle feeding operations, oil and gas service companies, agricultural equipment sales, farm and ranch supplies as well as several financial institutions. In the past year our economic developer has continued to work with companies relocating to our area or expanding. This has helped to shore up the local economy as the oil and gas industry cycles. Though slowed somewhat, new residential homes continue to be constructed. They continued to improve main street properties in order to encourage additional growth in the more visible areas of our community.

The region (which includes the City of Perryton and surrounding unincorporated area within the same county) has an employed labor force of approximately 3,703. The central business district is maintaining its current 98 percent occupancy rate with a

variety of stores, specialty shops, and commercial businesses. The city continued to experience annexations and new construction activity, both residential and commercial. The city supports a total of 4 separate banking choices. The total sales tax receipts for the current fiscal year finished 0.55 percent behind of the previous year. The overall outlook and attitude of the local businesses appears to remain positive.

Long-term Financial Planning. The City was able to continue holding funds aside for future capital improvements. Such improvements would include new or upgraded city street and drainage projects. In the utility fund the city has also set funds aside for future capital improvements. Additional water and sewer upgrade projects are currently in progress. The city is continually looking for new operating techniques in order to prolong the life of the municipal landfill to prevent the need to purchase and permit additional properties for this purpose.

City staff continues to work closely with the governing body in discussing and prioritizing, long-range capital improvements to the infrastructure, in preparation of future growth and needs.

Financial Policies. Like all other municipalities, the City of Perryton's first concern in their investments is security of principal, then rate of return. All cash is invested in the City of Perryton's local depository bank in the form of interest-bearing checking accounts or certificates of deposit. Due to the competitive nature of the 4 local banks, the city has been able to consistently earn higher average rates than in the state-wide investment pools, while at the same time keeping the funds circulating in the local economy. The maturities of the investments range from 30 to 120 days with an average maturity of 60 days. The average yield on investments for the previous 12 months was 0.75 percent.

During fiscal year 2020-2021 the city experienced a 0.55 percent decrease in sales tax revenues from the previous 2019-2020 fiscal year and a 17.29 percent decrease from 2018-2019. The governing body has experience with the ups and downs of the local oil and gas economies, and therefore because of their conservative budgeting efforts, the city remains strong during those down-turns of the oil and gas activity.

Within the enterprise funds, the main sources of revenue are the water and gas sales. Those revenues are dependent on seasonal swings and how wet the summers are and how cold or warm the winter was. When the city is fortunate enough to have revenues that exceed the conservative budgeted amounts, the governing body sets those funds aside for future capital structure projects

Awards and Acknowledgements

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Perryton for its Comprehensive Annual Financial Report for the fiscal year ended September 30, 2020. This was the thirty-first consecutive year that the government has received this prestigious award. In order to be awarded a Certificate of Achievement, the

government published an easily readable and efficiently organized Comprehensive Annual Financial Report. This report satisfied both GAAP and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that the current Annual Comprehensive Financial Report (ACFR) continues to meet the Certificate of Achievement Program's requirements and the city is submitting it to the GFOA to determine its eligibility for another certificate.

The preparation of this report would not have been possible without the efficient and dedicated services of the entire staff of the finance and administration departments. The city would like to express our appreciation to all members of those departments who assisted and contributed to the preparation of this report. Credit also must be given to the mayor and the governing council for their unfailing support for maintaining the highest standards of professionalism in the management of the City of Perryton's finances.

Respectfully submitted,

David A. Landis, City Manager
City of Perryton, Texas

Don Jennings, Director of Finance
City of Perryton, Texas



Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

**City of Perryton
Texas**

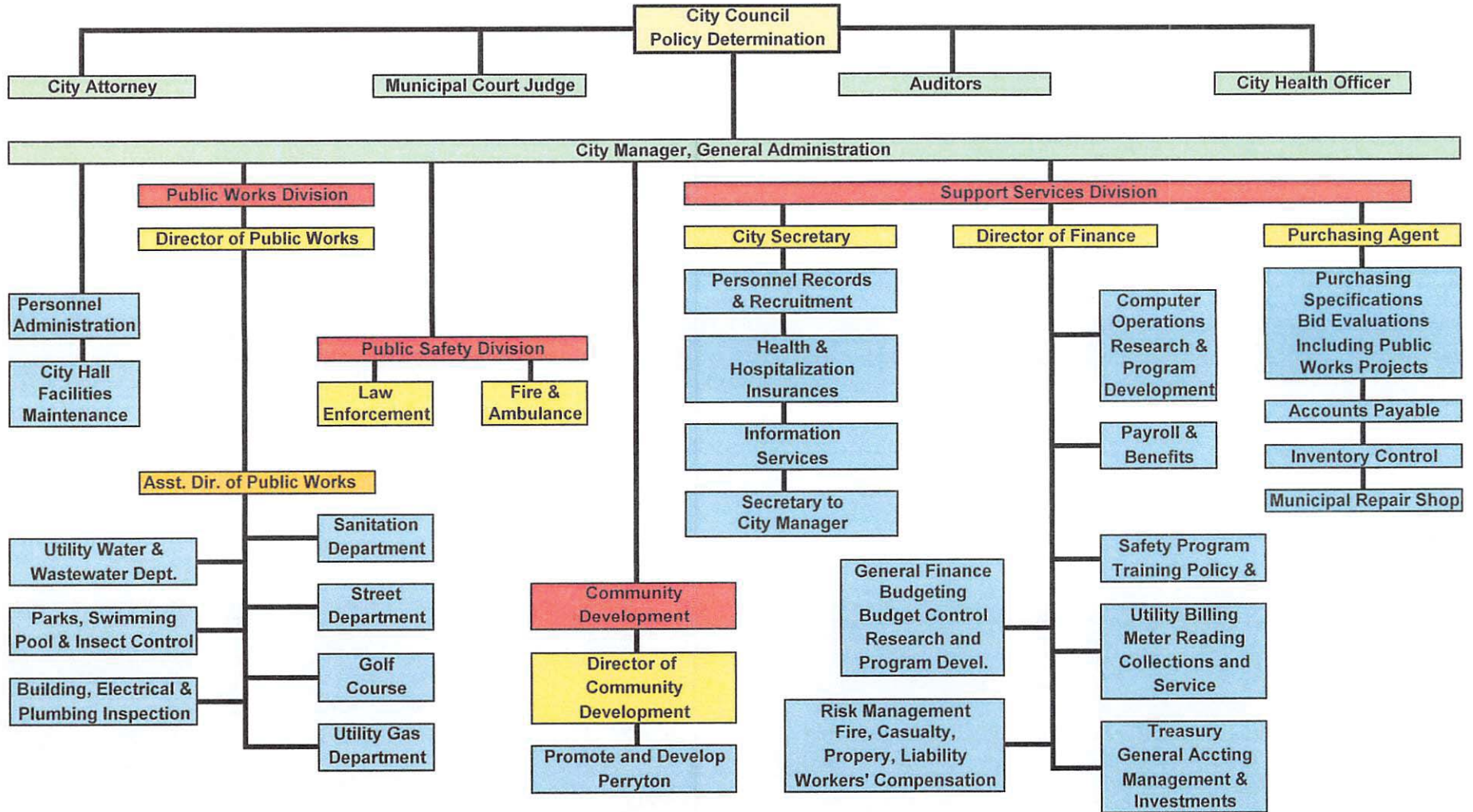
For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

September 30, 2020

Christopher P. Morill

Executive Director/CEO

**City of Perryton
Organizational Structure &
Charts of Areas of Related Work**



CITY OF PERRYTON, TEXAS

PRINCIPAL OFFICIALS

SEPTEMBER 30, 2021

ELECTED OFFICIALS

Kerry Symons
Greg Good
Marcia Hale
Shae Cunningham
J Aston
Brad Kile

Mayor
Mayor Pro-Tem
Council Member
Council Member
Council Member
Council Member

APPOINTED OFFICIALS

David Landis
Brandan Knapp
Don Jennings
Kim Fowler
Paul Dutcher
Mike Smith
Brian Hulsey

Jeff Bietz
Octavio Flores
Robert Holland
Royce McClure
Barrett Holland
Greg Ellis
Bruce Roberson
Craig Schwier

City Manager
Director of Public Works
Director of Finance
City Secretary
Fire Chief
Police Chief
Parks/Recreation Supervisor and
Greens keeper
Golf Pro
Street Supervisor
Water/Wastewater Supervisor
Sanitation Supervisor
Gas Supervisor
Purchasing Agent
Municipal Court Judge
Code Enforcement

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FINANCIAL SECTION



To The Honorable Mayor and City Council
of the City of Perryton
Perryton, Texas

INDEPENDENT AUDITORS' REPORT

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 Perryton, Texas, as of and for the year ended September 30, 2021, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the City's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund and the aggregate remaining fund information of the City of Perryton, Texas as of September 30, 2021, 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.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, (pages 11 - 20) the Schedule of Revenues, Expenditures and Changes in Fund Balance –Budget and Actual for the General Fund, Schedules of Changes in Net Pension Liability and Related Ratios, the Schedules of Employer Contributions, the Schedule of Investment Returns, and the Schedule of Changes in Total OPEB Liability and Related Ratios (pages 67 – 74) be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

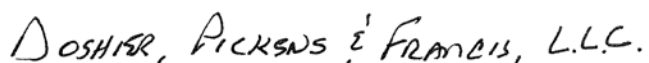
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Perryton, Texas's basic financial statements. The introductory section, the combining and individual non-major fund financial statements, and statistical section are presented for purposes of additional analysis and are not a required part of the financial statements.

The combining and individual nonmajor fund financial statements and the non-major fund budgetary comparison schedules are the responsibility of management and were derived from and relate 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 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 and individual nonmajor fund financial statements and the schedule of expenditures of federal awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued a report dated January 21, 2022, on our consideration of the City of Perryton, Texas's, internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of City of Perryton, Texas's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.



DOSHIER, PICKENS & FRANCIS, LLC

Amarillo, Texas

January 21, 2022



P.O. Box 849 • Perryton, TX 79070 • 806-435-4014 (Bus.) • 806-435-2490 (Fax)

Management's Discussion and Analysis

As management of the City of Perryton, we offer readers of the City of Perryton's financial statements this narrative overview and analysis of the financial activities of the City of Perryton for the fiscal year ended September 30, 2021. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on pages 1-5 of this report.

Financial highlights

- ** The assets and deferred outflows of the City of Perryton exceeded its liabilities and deferred inflows at the close of the most recent fiscal year by \$35,479,087. Of this amount \$15,525,632 may be used to meet the government's ongoing obligations to citizens and creditors.
- ** Deferred Outflows of Resources decreased by \$74,382, from \$478,286 to \$403,904. Deferred Inflows of Resources increased by \$116,297, from \$919,281 to \$1,035,578. The changes are due to actuarial estimates and actual expenses. Details can be found on pages 54-56 and 60-61.
- ** The government's total net position increased by \$935,381. Although the city continues its capital replacement program, the increase to the net position is due to the continued decrease in long term debt.
- ** As of the close of the current fiscal year, the City of Perryton's governmental funds reported combined ending fund balances of \$10,892,684, which was an increase of \$861,333 in comparison with the prior year. Of this total \$7,657,561 is available for spending at the government's discretion (unassigned fund balance).
- ** At the end of the current fiscal year, unassigned fund balance for the general fund was \$7,657,561 or 123.94 % of total general fund expenditures.
- ** The City of Perryton's total debt decreased by \$590,000 (49.79 percent) during the current fiscal year. Timely payments were made on the 7 Year Tax Notes Series 2015 in the amount of \$590,000. This latest issue was for an automated meter reading system, water well and other utility projects. It is supported by a combination of water and property tax revenues.

Overview of the Financial Statements

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

components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements. The government-wide financial statements are designed to provide readers with a broad overview of the City of Perryton's finances, in a manner similar to a private-sector business.

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

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

Both of the government-wide financial statements distinguish functions of the City of Perryton that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City of Perryton include general government, public safety, streets, and recreation. The business-type activities of the City of Perryton include gas, water, sanitation and wastewater operations.

The government-wide financial statements include not only the City of Perryton itself, but also an economic development corporation for which the City of Perryton is financially accountable. Financial information for this component unit is reported separately from the financial information presented for the primary government itself. The gas, water, sanitation and wastewater operations, although also legally separate, functions for all practical purposes as departments of the City of Perryton, and therefore has been included as an integral part of the primary government.

The government-wide financial statements can be found on page 21-23 of this report.

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

Governmental funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources

available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

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

The City of Perryton maintains two individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund and the capital projects fund, both of which are considered to be major funds.

The City of Perryton adopts an annual appropriated budget for its general fund. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with this budget.

The basic governmental fund financial statements can be found on pages 24-27 of this report.

Proprietary funds. The City of Perryton maintains two different types of proprietary funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City of Perryton uses enterprise funds to account for gas, water, sanitation and wastewater operations. Internal service funds are an accounting device used to accumulate and allocate costs internally among the City of Perryton's various functions. The City of Perryton uses internal service funds to account for its vehicle fleet and management information systems.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide information for the gas, water, sanitation and wastewater operations. Conversely, the internal service fund is combined into a single, aggregated presentation in the proprietary fund financial statements. Individual fund data for the internal service fund is provided elsewhere in this report.

The basic proprietary fund financial statements can be found on pages 28-32 of this report.

Notes to the financial statements. The notes provide additional information that are essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 33-66 of this report.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the City of Perryton's progress in funding its obligation to provide pension benefits to its employees. Required supplementary information can be found on pages 67-74 of this report.

Government-Wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City of Perryton, assets exceeded liabilities by \$35,479,087 at the close of the most recent fiscal year.

By far the largest portion of the City of Perryton's net position (47.12 percent) reflects its investment in capital assets (e.g., land, buildings, machinery, and equipment), less any related debt used to acquire those assets that is still outstanding. The City of Perryton uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City of Perryton's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Statement of Net Position

	Governmental Activities		Business-type Activities		Total	
	2021	2020	2021	2020	2021	2020
Current and other assets	\$ 14,837,203	\$ 13,016,221	\$ 7,784,421	\$ 8,044,325	\$ 22,621,624	\$ 21,060,546
Capital assets	7,475,317	8,095,360	9,243,015	9,623,028	16,718,332	17,718,388
Total assets	<u>\$ 22,312,520</u>	<u>\$ 21,111,581</u>	<u>\$ 17,027,436</u>	<u>\$ 17,667,353</u>	<u>\$ 39,339,956</u>	<u>\$ 38,778,934</u>
Deferred outflows of resources	<u>\$ 315,956</u>	<u>\$ 381,019</u>	<u>\$ 87,948</u>	<u>\$ 97,267</u>	<u>\$ 403,904</u>	<u>\$ 478,286</u>
Current and other liabilities	\$ 1,214,428	\$ 484,114	\$ 1,303,487	\$ 1,317,700	\$ 2,517,915	\$ 1,801,814
Long-term liabilities	416,337	965,821	294,943	1,026,598	711,280	1,992,419
Total liabilities	<u>\$ 1,630,765</u>	<u>\$ 1,449,935</u>	<u>\$ 1,598,430</u>	<u>\$ 2,344,298</u>	<u>\$ 3,229,195</u>	<u>\$ 3,794,233</u>
Deferred inflows of resources	<u>\$ 799,878</u>	<u>\$ 718,438</u>	<u>\$ 235,700</u>	<u>\$ 200,843</u>	<u>\$ 1,035,578</u>	<u>\$ 919,281</u>
Net investment in capital assets	\$ 7,475,317	\$ 8,095,360	\$ 9,243,015	\$ 9,623,028	\$ 16,718,332	\$ 17,718,388
Restricted	3,235,123	2,710,345	-	-	3,235,123	2,710,345
Unrestricted	9,487,393	8,518,522	6,038,239	5,596,451	15,525,632	14,114,973
Total net position	<u>\$ 20,197,833</u>	<u>\$ 19,324,227</u>	<u>\$ 15,281,254</u>	<u>\$ 15,219,479</u>	<u>\$ 35,479,087</u>	<u>\$ 34,543,706</u>

An additional portion of the City of Perryton's net position, \$3,235,123, represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position, \$15,525,632, may be used to meet the government's ongoing obligations to citizens and creditors.

At the end of the current fiscal year, the City of Perryton is able to report positive balances in all three categories of net position, both for the government as a whole, as well as for its separate governmental and business-type activities. The same situation held true for the prior fiscal year.

There was an increase of \$524,778 in restricted net position reported in connection with the City of Perryton's governmental activities. This increase is due in large part to investment income and additional funds being designated in Capital Improvement fund with no project expense incurred in the current year. The Park Improvement Funds increased by \$14,538 during the year, with no

new projects being started. The city continues to collect \$1.00 per month in donations on customer utility accounts to be used for those park improvement projects.

The total net position increased by \$935,381 during the current fiscal year. The increase reflects an increase in unrestricted assets due to controlled spending on capital projects.

Statement of Activities						
	Governmental Activities		Business-type Activities		Total	
	2021	2020	2021	2020	2021	2020
Revenues:						
Program revenues:						
Charges for services	\$ 651,551	\$ 564,195	\$ 5,325,546	\$ 4,946,455	\$ 5,977,097	\$ 5,510,650
Operating grants and contributions	342,470	329,413	238,348	258,445	580,818	587,858
Capital grants and contributions	538,008	28,434	-	-	538,008	28,434
General revenues:						
Property taxes	2,136,573	2,150,538	-	-	2,136,573	2,150,538
Sales taxes	2,036,182	2,047,467	-	-	2,036,182	2,047,467
Other taxes	651,017	494,632	-	-	651,017	494,632
Other	187,856	394,952	282,605	330,454	470,461	725,406
Total revenues	6,543,657	6,009,631	5,846,499	5,535,354	12,390,156	11,544,985
Expenses:						
General government	720,240	1,358,679	-	-	720,240	1,358,679
Public safety	2,830,117	2,546,990	-	-	2,830,117	2,546,990
Streets	1,087,949	1,016,398	-	-	1,087,949	1,016,398
Engineering and code enforcement	255,199	365,854	-	-	255,199	365,854
Parks and recreation	1,204,233	1,172,285	-	-	1,204,233	1,172,285
Promotions and tourism	158,940	264,469	-	-	158,940	264,469
Airport	74,983	76,010	-	-	74,983	76,010
Insect control	23,640	21,344	-	-	23,640	21,344
Interest on long-term debt	-	2,230	-	-	-	2,230
Utility	-	-	5,099,474	4,623,734	5,099,474	4,623,734
Total expenses	6,355,301	6,824,259	5,099,474	4,623,734	11,454,775	11,447,993
Excess of Revenues Over / (Under) Expenses	188,356	(814,628)	747,025	911,620	935,381	96,992
Transfers	685,250	435,300	(685,250)	(435,300)	-	-
Change in net position	873,606	(379,328)	61,775	476,320	935,381	96,992
Net position-beginning	19,324,227	19,703,555	15,219,479	14,743,159	34,543,706	34,446,714
Net position-ending	\$ 20,197,833	\$ 19,324,227	\$ 15,281,254	\$ 15,219,479	\$ 35,479,087	\$ 34,543,706

Governmental activities. The City of Perryton's governmental net position increased by \$873,606 (04.52 percent), thereby accounting for a large portion of the overall increase in the net position of the City of Perryton. Key elements of this increase are as follows:

** Residential and commercial property values have remained relatively constant as property taxes decreased by \$13,965 (0.65 percent) during the year. This decrease is due in part to reductions in oil field service inventories, due to a downturn in oil production.

** Revenues over all were up \$534,026 (8.89 percent). The majority of this increase comes from an increase in grant revenue, due to coronavirus relief. Although retail sales tax was

down \$11,285 (0.55 percent). This was due to a downturn in the oilfield activity in the area. Revenues coming from other various taxes also dropped overall, with a decrease of \$64,676 (2.13 percent).

- ** A park improvement project fund, which is funded by donations from the citizenry, continued to grow.
- ** The total expenditures for the fiscal year decreased by \$468,958 (6.37 percent). Most of this decrease (\$726,350) was due to a one-time paydown on the City's long term pension liability in the previous year. Capital outlay decreased by \$23,936 (28.43 percent).

Business-type activities. Business-type activities increased the City of Perryton's net position by \$61,775 (0.41 percent). Key elements of this increase are as follows:

- ** The City of Perryton owns its own gas system and the seasonal changes from one winter to another plays a big part in the net cost of operating the gas system. Gas revenues increased by \$415,580 (20.19 percent) from the prior year.
- ** Landfill revenues decreased by \$21,800 (2.06 percent) due in part to decreased bulk oilfield trash coming into the landfill.
- ** With change of seasons, the water sales decreased by \$5,194 (0.41 percent).

Financial Analysis of the Government's Funds

As noted earlier, the City of Perryton uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

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

As of the end of the current fiscal year, the City of Perryton's governmental funds reported combined ending fund balances of \$10,892,684, an increase of \$861,333 in comparison with the prior year. \$7,657,561 (70.3 percent) of this constitutes unassigned fund balance, which is available for spending at the government's discretion. \$461,230 (4.23 percent) is reserved for promotion and tourism, while \$2,773,893 (25.47 percent) is classified as assigned for future capital projects.

The general fund is the chief operating fund of the City of Perryton. At the end of the current fiscal year, the total fund balance reached \$7,657,561, all of which was unassigned. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 123.94 percent of total general fund expenditures.

The fund balance for the City of Perryton's general fund increased by \$336,555 during the current fiscal year. Key factors in this growth are as follows:

****** Although property taxes held nearly constant, sales and franchise tax revenues increased, ending with a 3.12 percent increase over the previous year.

Proprietary funds. The City of Perryton's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

The City of Perryton has one enterprise (utility) fund, which is comprised of the sanitation, water, gas and wastewater services. The unrestricted net position for this fund at the end of the current fiscal year was \$5,100,724, while the total net position was \$14,343,739. The unrestricted net position represents 99.90 percent of that funds total operating expenses, while the total net position represents 280.93 percent of that same amount.

The City of Perryton has one internal service fund that had unrestricted net position of \$3,645,198 and total net position of \$5,229,023 at the end of the current fiscal year. In comparison to the funds total operating expenses those positions are 419.65 percent and 601.99 percent respectively.

General Fund Budgetary Highlights

Differences between the original budget and the final amended budget, for revenues, were marginal this fiscal year (\$401,080). Part of this increase can be attributed to the local retail sales tax receipts for the year. Although the slump in tax receipts was anticipated, it was not as large as expected, with increases the last part of the year. Interest rates remained lower than the original budget had expected. Due to Covid-19, the city received \$481,000 in grant funding. No draws from reserves were needed during the year.

In comparing final budgeted revenues to the actual, the actual receipts were short of the final amended total budget by \$81,211 or 1.28%. Sales and Use Taxes rebounded more than anticipated. Intergovernmental receipts are reimbursements from the local hospital district and County, sharing their cost of operating the Fire/EMS service. Actual costs came in under budget, so accordingly, reimbursement of those expenses was also under budget.

Actual expenditures were 9.54 percent below the budgeted figure. The fire and police departments' actual expenses were \$117,429 (11.40%) and \$117,716 (5.42%) respectively, below the budgeted amounts due to a change in personnel. A contingency is set up in order to cover any unanticipated shortfalls. There was no shortfall for the current year.

Capital Asset and Debt Administration

Capital assets. The City of Perryton's investment in capital assets for its governmental and business type activities as of September 30, 2021, amounts to \$16,718,332 (net of accumulated depreciation). This investment in capital assets includes land, buildings and improvements, machinery and equipment, park facilities, a golf course, roads and streets, water, gas and wastewater system and a landfill with disposal equipment. The total decrease in the City of

Perryton's investment in capital assets for the current fiscal year was 5.64 percent (a 7.66 percent decrease for the governmental activities and 3.95 percent decrease for business-type activities).

Major capital asset events during the current fiscal year included the following:

- ** The City of Perryton continued its aggressive program of upgrading and expanding its rolling stock by purchasing 2 new patrol vehicles for the Police Department.
- ** The golf course received a new tractor.
- ** The Sanitation department continued with its ongoing replacement program for our trash containers. They also received a new freightliner.
- ** Utility lines were extended and improved as needed.
- ** The City Service fund continued to upgrade computers city wide as needed.

Capital Assets Net of Accumulated Depreciation

	Governmental Activities		Business-type Activities		Total	
	2021	2020	2021	2020	2021	2020
Land	\$ 374,007	\$ 374,007	\$ 1,552,793	\$ 1,552,793	\$ 1,926,800	\$ 1,926,800
Work in process	-	-	339,834	17,653	339,834	17,653
Buildings and improvements	4,292,753	4,661,770	38,589	31,958	4,331,342	4,693,728
Machinery and equipment	7,962,882	2,157,194	273,737	261,557	8,236,619	2,418,751
Infrastructure	845,675	902,389	7,038,062	7,759,067	7,883,737	8,661,456
Total	<u>\$ 13,475,317</u>	<u>\$ 8,095,360</u>	<u>\$ 9,243,015</u>	<u>\$ 9,623,028</u>	<u>\$ 22,718,332</u>	<u>\$ 17,718,388</u>

Additional information on the City of Perryton's capital assets can be found in note 3 on pages 45-47 of this report.

Long-term debt. At the end of the current 2020-2021 fiscal year, the City of Perryton had no outstanding debt obligation within the Governmental Activities. Also, within the Business-type Activities, there was only one outstanding debt obligation. One remaining debt is a combination tax/revenue supported 7-Year Tax Notes, Series 2015, with an outstanding balance of \$595,000.

City of Perryton's Outstanding Debt

Outstanding Debt						
	Governmental Activities		Business-type Activities		Total	
	2021	2020	2021	2020	2021	2020
Other financing sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Certificates of obligation	-	-	-	-	-	-
Tax note	-	-	595,000	1,185,000	595,000	1,185,000
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 595,000</u>	<u>\$ 1,185,000</u>	<u>\$ 595,000</u>	<u>\$ 1,185,000</u>

The City of Perryton's total debt decreased by \$590,000, or 43.97 percent, during the current fiscal year. No new debt was issued, while timely payments of principal and interest were made on the 7-year Tax Notes, Series 2015, as well as the other financing sources, thus the overall total debt decreased.

The City of Perryton's Bond Rating is AA by Standard & Poor's Financial Services LLC.

Additional information on the City of Perryton's long-term debt can be found in note 5 on pages 48-49 of this report.

Economic Factors and Next Year's Budget and Rates

The economy of the City of Perryton in the current year continues to remain relatively stable. Like many of the communities in the region, the City has a strong economic development program that is reflected in a continued need for affordable housing. Property values, within the city, remain stable for both residential and commercial properties. The city is a general law city and continued to receive requests for annexations into the corporate limits of the city, while new commercial businesses continue to spring up.

The local retail sales tax declined slightly this year due to the drop in the oil and gas prices. However, the City has been through this before and was prepared. Expenditures were adjusted accordingly so that no draws from our strong reserves were needed.

During the current fiscal year, unassigned fund balance in the governmental activities increased by 11.37 percent to \$9,487,393. Even with retail sales tax on a downward trend, the city's tax base seems to be holding steady. The City has experienced the ups and downs of the oil and gas industry before and have been preparing for this downturn. As such, the City of Perryton's financial strength should continue to remain stable.

In 2021, LendEDU recognized the 100 towns and cities in the Lone Star State that have become the very best for starting small businesses. Using licensed data, they analyzed over 1,000 Texas communities based on their conduciveness to small businesses. The following three parameters were used to judge each town and city: Population (20%), Income (40%) and Expenses (40%). Perryton was ranked #1 for starting a small business in the State of Texas.

Requests for Information

This financial report is designed to provide a general overview of the City of Perryton's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Office of the Finance Director, P.O. Box 849, Perryton, Texas 79070.

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BASIC FINANCIAL STATEMENTS

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

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	Community Development Corporation
ASSETS				
Cash and cash equivalents	\$ 10,662,155	\$ 2,678,410	\$ 13,340,565	\$ 3,741,495
Investments	4,375,000	1,150,000	5,525,000	1,150,000
Restricted cash - utility and bond projects	-	1,197,815	1,197,815	-
Restricted cash - customer deposits	-	565,405	565,405	-
Restricted investments - bond projects	-	500,000	500,000	-
Receivables, net	264,624	747,119	1,011,743	3,308
Due from governmental entities	345,796	3,186	348,982	114,868
Internal balances	(942,486)	942,486	-	-
Inventories	132,114	-	132,114	-
Notes receivable				
Due within one year	-	-	-	49,300
Due in more than one year	-	-	-	665,796
Capital assets not being depreciated:				
Land	374,007	1,552,793	1,926,800	1,841,109
Construction in progress	-	339,834	339,834	-
Capital assets, net of accumulated depreciation:				
Buildings and improvements	4,292,753	38,589	4,331,342	174,371
Machinery and equipment	1,962,882	273,737	2,236,619	2,055
Infrastructure	845,675	7,038,062	7,883,737	-
Total assets	22,312,520	17,027,436	39,339,956	7,742,302
DEFERRED OUTFLOWS OF RESOURCES				
Pension contributions - TMRS	244,721	72,558	317,279	9,210
Pension contributions - TESRS	18,480	-	18,480	-
Pension deficient earnings - TESRS	849	-	849	-
OPEB contributions	4,539	1,346	5,885	171
OPEB assumption changes	47,367	14,044	61,411	1,783
Total deferred outflows of resources	315,956	87,948	403,904	11,164

Continued

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

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

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	Community Development Corporation
Continuation				
LIABILITIES				
Accounts payable	\$ 1,023,610	\$ 89,844	\$ 1,113,454	\$ 20,588
Accrued liabilities	124,818	37,579	162,397	5,085
Accrued interest	-	659	659	-
Deposits payable	-	565,405	565,405	-
Noncurrent liabilities:				
Due within one year	66,000	610,000	676,000	1,714
Due in more than one year	66,442	21,511	87,953	-
Accrued landfill post closure cost	-	199,290	199,290	-
Net pension liability - TMRS	14,025	4,159	18,184	528
Net pension liability - TESRS	99,835	-	99,835	-
Total OPEB liability	236,035	69,983	306,018	8,883
Total liabilities	1,630,765	1,598,430	3,229,195	36,798
DEFERRED INFLOWS OF RESOURCES				
Pension economic/demographic gains - TMRS	266,357	78,973	345,330	10,024
Pension economic/demographic gains - TESRS	4,755	-	4,755	-
Pension excess earnings - TMRS	492,844	146,125	638,969	18,548
Pension assumption changes - TMRS	21,911	6,496	28,407	825
Pension assumption changes - TESRS	163	-	163	-
OPEB economic/demographic gains	8,372	2,482	10,854	315
OPEB assumption changes	5,476	1,624	7,100	206
Total deferred inflows of resources	799,878	235,700	1,035,578	29,918
NET POSITION				
Net investment in capital assets	7,475,317	9,243,015	16,718,332	2,017,535
Restricted:				
Capital improvement	2,731,863	-	2,731,863	-
Promotion and tourism	461,230	-	461,230	-
Park improvement	42,030	-	42,030	-
Unrestricted	9,487,393	6,038,239	15,525,632	5,669,215
Total net position	\$ 20,197,833	\$ 15,281,254	\$ 35,479,087	\$ 7,686,750

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

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

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government:				
Governmental activities:				
General government	\$ 60,832	\$ 2,917	\$ -	\$ -
Administration	494,420	-	-	-
City Hall	164,988	10,948	-	-
Public safety:				
Police	1,891,563	40,609	-	493,052
Fire	938,554	375,652	328,003	44,956
Street	1,087,949	-	-	-
Engineering	169,707	-	-	-
Culture and recreation:				
Parks and recreation	717,820	82,721	14,467	-
Golf course	486,413	130,908	-	-
Promotion and tourism	158,940	-	-	-
Airport	74,983	-	-	-
Code enforcement	85,492	7,796	-	-
Insect control	23,640	-	-	-
Total governmental activities	6,355,301	651,551	342,470	538,008
Business-Type Activities:				
Utility	5,099,474	5,325,546	238,348	-
Total business-type activities	5,099,474	5,325,546	238,348	-
Total primary government	\$ 11,454,775	\$ 5,977,097	\$ 580,818	\$ 538,008
Component Unit:				
Community Development	\$ 546,067	\$ 13,610	\$ -	\$ -

General revenues:

- Property taxes
- Sales and use taxes
- Franchise taxes
- Hotel/Motel taxes
- Alcoholic beverage taxes
- Unrestricted investment earnings
- Gain on disposal of assets
- Miscellaneous
- Transfers

Total general revenues

Change in net position

Net position - beginning

Net position, ending

Net (Expense) Revenue and Changes in Net Position			
Primary Government			Component Unit
Governmental Activities	Business-Type Activities	Total	Community Development Corporation
\$ (57,915)	\$ -	\$ (57,915)	\$ -
(494,420)	-	(494,420)	-
(154,040)	-	(154,040)	-
(1,357,902)	-	(1,357,902)	-
(189,943)	-	(189,943)	-
(1,087,949)	-	(1,087,949)	-
(169,707)	-	(169,707)	-
(620,632)	-	(620,632)	-
(355,505)	-	(355,505)	-
(158,940)	-	(158,940)	-
(74,983)	-	(74,983)	-
(77,696)	-	(77,696)	-
(23,640)	-	(23,640)	-
(4,823,272)	-	(4,823,272)	-
-	464,420	464,420	-
-	464,420	464,420	-
(4,823,272)	464,420	(4,358,852)	-
			(532,457)
2,136,573	-	2,136,573	-
2,036,182	-	2,036,182	676,049
418,303	-	418,303	-
225,965	-	225,965	-
6,749	-	6,749	-
106,535	41,356	147,891	34,763
-	3,713	3,713	-
81,321	237,536	318,857	6,563
685,250	(685,250)	-	-
5,696,878	(402,645)	5,294,233	717,375
873,606	61,775	935,381	184,918
19,324,227	15,219,479	34,543,706	7,501,832
\$ 20,197,833	\$ 15,281,254	\$ 35,479,087	\$ 7,686,750

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

CITY OF PERRYTON, TEXAS
BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2021

	General	Capital Projects	Total Non-major Funds	Total Governmental Funds
ASSETS				
Cash and cash equivalents	\$ 5,132,509	\$ 2,029,687	\$ 221,847	\$ 7,384,043
Investments	3,125,000	700,000	250,000	4,075,000
Taxes receivable, net	52,051	-	-	52,051
Due from other governments	345,796	-	-	345,796
Other receivables	172,133	2,176	36,384	210,693
	<u>8,827,489</u>	<u>2,731,863</u>	<u>508,231</u>	<u>12,067,583</u>
Total assets	<u>\$ 8,827,489</u>	<u>\$ 2,731,863</u>	<u>\$ 508,231</u>	<u>\$ 12,067,583</u>
LIABILITIES				
Accounts payable	\$ 44,702	\$ -	\$ -	\$ 44,702
Due to other funds	-	-	4,971	4,971
Due to component unit	97,286	-	-	97,286
Due to other governments	866,548	-	-	866,548
Accrued liabilities	118,727	-	-	118,727
	<u>1,127,263</u>	<u>-</u>	<u>4,971</u>	<u>1,132,234</u>
Total liabilities	<u>1,127,263</u>	<u>-</u>	<u>4,971</u>	<u>1,132,234</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue-property taxes	42,665	-	-	42,665
	<u>42,665</u>	<u>-</u>	<u>-</u>	<u>42,665</u>
Total deferred inflows of resources	<u>42,665</u>	<u>-</u>	<u>-</u>	<u>42,665</u>
FUND BALANCES				
Restricted for:				
Capital projects fund	-	2,731,863	-	2,731,863
Promotion and tourism	-	-	461,230	461,230
Park improvements	-	-	42,030	42,030
Unassigned	7,657,561	-	-	7,657,561
	<u>7,657,561</u>	<u>2,731,863</u>	<u>503,260</u>	<u>10,892,684</u>
Total fund balances	<u>7,657,561</u>	<u>2,731,863</u>	<u>503,260</u>	<u>10,892,684</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 8,827,489</u>	<u>\$ 2,731,863</u>	<u>\$ 508,231</u>	<u>\$ 12,067,583</u>

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

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

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

Total fund balance - governmental funds	\$ 10,892,684
Capital assets used in governmental activities are not current financial resources and therefore are not reported in the fund financial statement, but are reported in the governmental activities of the Statement of Net Position.	7,475,317
Certain accounts receivable are not available to pay for current-period expenditures and, therefore, are shown as unavailable revenues in the fund financial statements.	42,665
Pension and OPEB losses, deficient earnings, and assumption changes are shown as deferred outflows of resources in the government-wide financial statements.	
Pension deficient earnings - TESRS	849
OPEB assumption changes	47,367
Pension and OPEB contributions paid after the measurement date, December 31, 2019, and before September 30, 2020 are expensed in the governmental funds and shown as deferred outflows of resources in the government-wide financial statements.	
Pension contributions - TMRS	244,721
Pension contributions - TESRS	18,480
OPEB contributions	4,539
Pension and OPEB gains, excess earnings, and assumption changes are shown as deferred inflows of resources in the government-wide financial statements.	
Pension economic/demographic gains - TMRS	(266,357)
Pension economic/demographic gains - TESRS	(4,755)
Pension excess earnings - TMRS	(492,844)
Pension assumption changes - TMRS	(21,911)
OPEB economic/demographic gains	(8,372)
OPEB assumption changes	(5,476)
Long-term liabilities are not due and payable in the current period, and therefore, are not reported in the funds:	
Compensated absences	(132,442)
Total other post employment benefit liability	(236,035)
Net pension liability - TMRS	(14,025)
Net pension liability - TESRS	(99,835)
The assets and liabilities of internal service funds are not included in the fund financial statement, but are included in the governmental activities of the Statement of Net Position. (netted for capital assets and long-term liabilities reported above and the portion allocated to business-type activities)	2,753,426
Net position - governmental activities	<u>\$ 20,197,833</u>

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

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

	General	Capital Projects	Total Non-major Funds	Total Governmental Funds
REVENUES				
Taxes:				
Property	\$ 2,132,645	\$ -	\$ -	\$ 2,132,645
Sales and use	2,036,182	-	-	2,036,182
Franchise	418,303	-	-	418,303
Hotel/Motel	-	-	225,965	225,965
Alcoholic beverage	6,749	-	-	6,749
Licenses and permits	12,528	-	-	12,528
Intergovernmental	866,011	-	-	866,011
Charges for services	365,152	-	-	365,152
Fines and forfeitures	40,609	-	-	40,609
Recreation fees	213,629	-	-	213,629
Investment earnings	67,757	16,039	565	84,361
Rents and leases	19,633	-	-	19,633
Miscellaneous	81,321	-	14,467	95,788
	<u>6,260,519</u>	<u>16,039</u>	<u>240,997</u>	<u>6,517,555</u>
Total revenues				
	<u>6,260,519</u>	<u>16,039</u>	<u>240,997</u>	<u>6,517,555</u>
EXPENDITURES				
Current:				
General government	60,831	-	-	60,831
Administration	552,981	-	-	552,981
City Hall	101,443	4,218	-	105,661
Public safety:				
Police	2,053,174	-	-	2,053,174
Fire	912,661	-	-	912,661
Street	1,080,226	-	-	1,080,226
Engineering	197,288	-	-	197,288
Culture and recreation:				
Parks and recreation	504,088	-	-	504,088
Golf course	503,312	-	-	503,312
Promotion and tourism	-	-	158,940	158,940
Airport	1,220	-	-	1,220
Code enforcement	93,910	-	-	93,910
Insect control	23,931	-	-	23,931
Capital outlay	93,249	-	-	93,249
	<u>6,178,314</u>	<u>4,218</u>	<u>158,940</u>	<u>6,341,472</u>
Total expenditures				
	<u>6,178,314</u>	<u>4,218</u>	<u>158,940</u>	<u>6,341,472</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>82,205</u>	<u>11,821</u>	<u>82,057</u>	<u>176,083</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	685,250	430,900	-	1,116,150
Transfers out	(430,900)	-	-	(430,900)
	<u>254,350</u>	<u>430,900</u>	<u>-</u>	<u>685,250</u>
Total other financing sources (uses)				
	<u>254,350</u>	<u>430,900</u>	<u>-</u>	<u>685,250</u>
NET CHANGE IN FUND BALANCES	336,555	442,721	82,057	861,333
FUND BALANCES - BEGINNING	7,321,006	2,289,142	421,203	10,031,351
FUND BALANCES - ENDING	<u>\$ 7,657,561</u>	<u>\$ 2,731,863</u>	<u>\$ 503,260</u>	<u>\$ 10,892,684</u>

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

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

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

Net change in fund balances - total governmental funds:	\$ 861,333
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.	
This is the amount by which capital outlays, \$93,249, were exceeded by depreciation, \$562,561, in the current period.	(469,312)
In the Statement of Activities, only the gain on the sale of capital assets is reported. However, in the governmental funds, the proceeds from the sale increase financial resources. Thus, the change in net position differs from the change in fund balance by the net book value of the capital assets disposed of.	(10,133)
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.	3,928
Changes in pension and OPEB related liabilities, outflows, and inflows reported in the government-wide Statement of Activities are not reported in the governmental funds as revenues or expenditures.	439,288
Accrued compensated absences and other post employment benefit obligations are not reported as an expenditure in the governmental funds. This is the change in the accrual amounts for the year reported in the government-wide Statement of Activities.	7,587
Internal service funds are used by management to charge the costs of maintenance to individual funds. The net revenue of certain activities of the internal service fund is reported with governmental activities. The total change in net position of the internal service fund (\$54,435) less the amount charged to business-type activities (\$13,520) is the amount of the internal service fund charged to governmental activities.	40,915
Change in net position - governmental activities	\$ 873,606

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

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

	Business-Type Activities	Governmental Activities
	Utility	Internal Service
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 2,678,410	\$ 3,278,112
Investments	1,150,000	300,000
Restricted cash - utility and bond projects	1,197,815	-
Restricted cash - customer deposits	565,405	-
Restricted investments - bond projects	500,000	-
Receivables, net	750,305	1,880
Due from other funds	4,971	-
Inventories	-	132,114
Total current assets	<u>6,846,906</u>	<u>3,712,106</u>
Noncurrent assets:		
Capital assets:		
Land	1,552,793	55,482
Construction in progress	339,834	-
Buildings and improvements	310,109	-
Machinery and equipment	1,419,319	6,880,861
Infrastructure	21,782,254	295,834
Less accumulated depreciation	<u>(16,161,294)</u>	<u>(5,648,352)</u>
Total noncurrent assets	<u>9,243,015</u>	<u>1,583,825</u>
Total assets	<u>16,089,921</u>	<u>5,295,931</u>
DEFERRED OUTFLOWS OF RESOURCES		
Pension contributions - TMRS	72,558	11,594
OPEB contributions	1,346	215
OPEB assumption changes	<u>14,044</u>	<u>2,244</u>
Total deferred outflows of resources	<u>87,948</u>	<u>14,053</u>
		Continued

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

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

	Business-Type Activities	Governmental Activities
	Utility	Internal Service
Continuation		
LIABILITIES		
Current liabilities:		
Accounts payable	\$ 89,844	\$ 15,074
Accrued liabilities	37,579	6,091
Accrued interest	659	-
Accrued compensated absences	15,000	10,289
Certificates of obligation payable	595,000	-
Customer deposits payable - restricted assets	565,405	-
Total current liabilities	<u>1,303,487</u>	<u>31,454</u>
Noncurrent liabilities:		
Accrued compensated absences	21,511	-
Accrued landfill post closure cost	199,290	-
Net pension liability - TMRS	4,159	664
Total OPEB liability	<u>69,983</u>	<u>11,182</u>
Total noncurrent liabilities	<u>294,943</u>	<u>11,846</u>
Total liabilities	<u>1,598,430</u>	<u>43,300</u>
DEFERRED INFLOWS OF RESOURCES		
Pension economic/demographic gains - TMRS	78,973	12,619
Pension excess earnings - TMRS	146,125	23,348
Pension assumption changes - TMRS	6,496	1,038
OPEB economic/demographic gains	2,482	397
OPEB assumption changes	<u>1,624</u>	<u>259</u>
Total deferred inflows of resources	<u>235,700</u>	<u>37,661</u>
NET POSITION		
Net investment in capital assets	9,243,015	1,583,825
Unrestricted	<u>5,100,724</u>	<u>3,645,198</u>
Total net position	14,343,739	<u><u>\$ 5,229,023</u></u>
Adjustment to report the cumulative internal balance for the net effect of the activity between the internal service fund and the enterprise fund over time	<u>937,515</u>	
Net Position of business-type activities page 23	<u><u>\$ 15,281,254</u></u>	

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

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

	Business-type Activities	Governmental Activities
	Utility	Internal Service
OPERATING REVENUES:		
Charges for Sales and Services:		
Water sales	\$ 1,253,632	\$ -
Sewer charges	558,767	-
Sanitation charges	1,038,766	-
Gas sales	2,474,381	-
Internal service charges	-	899,881
Miscellaneous	237,536	-
	<u>5,563,082</u>	<u>899,881</u>
Total operating revenues		
OPERATING EXPENSES:		
Service department	228,301	-
Sanitation department	949,783	-
Water department	693,505	-
Gas department	2,044,590	-
Wastewater department	373,586	-
Purchasing/warehouse department	-	253,792
Shop department	-	83,303
Depreciation	815,976	531,525
	<u>5,105,741</u>	<u>868,620</u>
Total operating expenses		
NET OPERATING INCOME	<u>457,341</u>	<u>31,261</u>
NON-OPERATING REVENUES (EXPENSES):		
Intergovernmental	238,348	-
Investment earnings	41,356	22,174
Interest expense	(7,253)	-
Gain (loss) on disposition of assets	3,713	1,000
	<u>276,164</u>	<u>23,174</u>
Total non-operating revenues (expenses)		
INCOME BEFORE GRANTS AND TRANSFERS	733,505	54,435
TRANSFERS	<u>(685,250)</u>	<u>-</u>
CHANGE IN NET POSTION	48,255	54,435
NET POSITION - BEGINNING	<u>14,295,484</u>	<u>5,174,588</u>
NET POSITION - ENDING	<u><u>\$ 14,343,739</u></u>	<u><u>\$ 5,229,023</u></u>
Change in Net Position	\$ 48,255	
Adjustment for the net effect of the current year activity between the internal service fund and the business-type activity - water enterprise fund	<u>13,520</u>	
Changes in Net Position of business-type activities page 23	<u><u>\$ 61,775</u></u>	

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

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

	Business-Type Activities	Governmental Activities
	Utility	Internal Service
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers	\$ 5,515,596	\$ -
Receipts for internal service charges	-	902,211
Payments to employees for salaries and benefits	(1,305,951)	(193,582)
Payments to suppliers and service providers	(2,872,363)	(155,750)
Payments for inter-fund services used	(230,660)	-
	<u>1,106,622</u>	<u>552,879</u>
Net cash provided by operating activities		
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Transfers to other funds	(685,250)	-
Changes in inter-fund receivables/payables	(5,094)	2,009
Operating grants	238,348	-
	<u>(451,996)</u>	<u>2,009</u>
Net cash provided (used) by noncapital financing activities		
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Principal paid on capital debt	(590,000)	-
Interest paid on capital debt	(7,862)	-
Acquisition or construction of capital assets	(435,963)	(386,704)
Proceeds from sale of capital assets	3,713	1,000
	<u>(1,030,112)</u>	<u>(385,704)</u>
Net cash used by capital and related financing activities		
CASH FLOWS FROM INVESTING ACTIVITIES		
Investments matured	600,000	-
Interest on investments	41,637	21,769
	<u>641,637</u>	<u>21,769</u>
Net cash provided by investing activities		
NET INCREASE IN CASH	266,151	190,953
CASH AND CASH EQUIVALENTS, BEGINNING (including restricted amounts)	<u>4,175,479</u>	<u>3,087,159</u>
CASH AND CASH EQUIVALENTS, ENDING, (including restricted amounts)	<u><u>\$ 4,441,630</u></u>	<u><u>\$ 3,278,112</u></u>
		Continued

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

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

	Business-Type Activities	Governmental Activities
	Utility	Internal Service
Continuation		
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
Operating income	\$ 457,341	\$ 31,261
Adjustments to reconcile operating income to net cash flows from operating activities:		
Depreciation and amortization	815,976	531,525
Change in allowance for doubtful accounts	(13,970)	-
Changes in assets:		
(Increase) decrease in accounts receivable	(41,642)	2,330
(Increase) decrease in inventories	-	7,506
Changes in deferred outflows:		
(Increase) decrease in deferred outflows of resources	9,319	4,622
Changes in liabilities:		
Increase (decrease) in accounts payable	(11,739)	7,752
Increase (decrease) in accrued wages payable	6,520	-
Increase (decrease) in accrued expenses	5,726	2,637
Increase (decrease) in net pension liability	(175,319)	(33,795)
Increase (decrease) in total OPEB liability	11,427	(60)
Increase (decrease) in customer deposits	8,126	-
Changes in deferred inflows:		
Increase (decrease) in deferred inflows of resources	34,857	(899)
Net cash provided by operating activities	<u>\$ 1,106,622</u>	<u>\$ 552,879</u>
NONCASH CAPITAL ACTIVITIES		
Acquisition or construction of capital assets	<u>\$ -</u>	<u>\$ 4,223</u>

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

CITY OF PERRYTON, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. General Description of Reporting Entity

The City of Perryton, Texas (the “City”) was incorporated on May 20, 1920, under the provisions of the State of Texas. The City operates under a Council-Manager form of government and provides the following services as authorized by the state: public safety (police, code enforcement and fire), streets, culture-recreation, public improvements, and general administrative services. Other services include sanitation services, and water, gas and sewer utilities.

Discretely Presented Component Unit: The Community Development Corporation of Perryton (CDC) is a separate legal corporation created in 1994 after local taxpayers in an election approved a ½ cent economic development sales tax. The purpose of the CDC is to promote and develop industrial, manufacturing and other economic enterprises in order to eliminate unemployment and to enhance the public welfare of, for and on behalf of the City. The CDC is governed by a Board of Directors appointed by the City Council. The operating budget of the CDC is subject to the approval of the City Council.

Complete financial statements of the Community Development Corporation of Perryton can be obtained from their administrative offices as follows:

Community Development Corporation of Perryton
100 South Ash
Perryton, Texas 79070

B. Basis of Presentation – Government-wide Financial Statements

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

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

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

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

Continued

CITY OF PERRYTON, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continuation

C. Basis of Presentation – Fund Financial Statements

The statement of activities presents a comparison between direct expenses and program revenues for the different business-type activities of the City and for each function of the City's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. The City does not allocate indirect expenses in the statement of activities. Program revenues include (a) fees, fines, and charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

The fund financial statements provide information about the City's funds. Separate statements are presented for each fund category, governmental, proprietary, and fiduciary. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as non-major funds.

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

The City reports the following major governmental funds:

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

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

The City reports the following major enterprise fund:

The Utility Fund is to account for and report operations that are intended to be self-supporting through user charges. The fund includes the Sanitation Department, the Water System, the Gas System and the Wastewater Disposal System.

In addition, the City reports the following fund types:

Internal Service Funds: These funds are used to account for and report revenues and expenses related to fleet management and supply services provided to parties inside the City. These funds facilitate distribution of support costs to the users of support services on a cost-reimbursement basis. Because the principal users of the internal services are the City's governmental activities, this fund type is included in the "Governmental Activities" column of the government-wide financial statements.

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

Continued

CITY OF PERRYTON, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continuation

C. Basis of Presentation – Fund Financial Statements – Continuation

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

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

D. Measurement Focus and Basis of Accounting

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

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

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

Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they are due. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

When the City incurs an expenditure or expense for which both restricted and unrestricted resources may be used, it is the City's policy to use restricted resources first, then unrestricted resources.

Continued

CITY OF PERRYTON, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continuation

E. Budgetary Information

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for the General Fund, Capital Projects Fund, and the Hotel/Motel Occupancy Tax Fund.

The appropriate budget is prepared by fund and department, which is the legal level of budgetary control.

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

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

a. Cash and Cash Equivalents

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

b. Investments

Investments in certificate of deposit are valued at cost as they are nonparticipating investments in which the value does not vary with market interest rate changes.

c. Receivable and Payable Balances

The City believes that sufficient detail of receivable and payable balances is provided in the financial statements to avoid the obscuring of significant components by aggregation. Therefore, no disclosure is provided which disaggregates those balances.

There are no significant receivables which are not scheduled for collection within one year of year end.

d. Inventories

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

Continued

CITY OF PERRYTON, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continuation

F. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance – Continuation

e. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g. roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities column in the government-wide financial statements. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized. A capitalization threshold of \$5,000 is used.

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

<u>Asset Class</u>	<u>Estimated Useful Lives</u>
Buildings and improvements	10-50 years
Machinery and equipment	3-30 years
Infrastructure	10-50 years

f. Inter-fund Activity

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

g. 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.

h. Debt Issuance Costs

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

i. Bond Premium

The premium received on certificates of obligation is reported as a liability and amortized over the life of the bonds using the effective interest method.

Continued

CITY OF PERRYTON, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continuation

F. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance – Continuation

j. Deferred Outflows/Inflows of Resources

The statement of financial position reports a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The deferred charge on refunding is reported in the government-wide statement of net position and the proprietary fund statement of net position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The City also reports the applicable amounts as deferred outflows as they relate to the implementation of GASB 68 and 75 for contributions paid after the measurement date, deficiency of earnings, economic losses, and assumption changes in the plans after the measurement date of the pension and OPEB plans.

The statement of financial position reports a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City has 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.

k. 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 the Texas Emergency Services Retirement System, 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.

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.

Continued

CITY OF PERRYTON, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continuation

F. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance – Continuation

l. Net Position

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

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

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

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

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

m. Fund Balance

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

Non-spendable fund balance – (inherently not spendable)

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

Restricted fund balance – (externally enforceable limitations on use)

Includes amounts that can be spent only for specific purposes stipulated by external resource providers either constitutionally or through enabling legislation. Examples include grants, court receipt restrictions (municipal technology fund) or charter restrictions.

Committed fund balance – (self-imposed limitations)

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

Continued

CITY OF PERRYTON, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continuation

F. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance – Continuation

m. Fund Balance – Continuation

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

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

Unassigned fund balance – (residual net resources)

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

Order of Expenditure of Funds:

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

Minimum Unassigned Fund Balance:

It is the goal of the City of Perryton to achieve and maintain a minimum unassigned fund balance in the general fund to ensure that there will be adequate liquid resources in the event of unanticipated circumstances and events. The minimum unassigned fund balance is set at 25% of budgeted expenditures for the fiscal year, providing for approximately 90 days of estimated expenditures. The general fund is the only fund that reports a positive unassigned fund balance amount.

Designated Circumstances:

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

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

Continued

CITY OF PERRYTON, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continuation

F. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance – Continuation

m. Fund Balance – Continuation

Replenishment of Minimum Unassigned Fund Balance:

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

Fund Balance Policies:

The City's highest level of decision-making authority is the City Council, and the commitment of fund balance would require formal action or order of the 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 balance.

G. Revenues and Expenditures/Expenses

a. Program Revenues

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

b. Property Taxes

Property taxes are levied by October 1 on the assessed value listed as of the prior January 1 for all real and business personal property in conformity with Subtitle E, Texas Property Tax Code. Taxes are due on receipt of the tax bill and are delinquent if not paid before February 1 of the year following the year in which imposed. On January 1 of each year, a tax lien attaches to property to secure the payment of all taxes, penalties, and interest ultimately imposed. Property tax revenues are considered available (1) when they become due or past due and receivable within the current period and (2) when they are expected to be collected during a 60-day period after the close of the fiscal year.

Allowances for uncollectible tax receivables within the General Fund are based upon historical experience in collecting property taxes. Uncollectible personal property taxes are periodically reviewed and written off, but the City is prohibited from writing off real property taxes without specific statutory authority from the Texas Legislature.

Continued

CITY OF PERRYTON, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continuation

G. Revenues and Expenditures/Expenses – Continuation

c. Compensated Absences

City employees are entitled to certain compensated absences based on their length of employment. Commencing after six months of service, all employees are entitled to annual vacations of two to four weeks. An employee may carry over to a succeeding year at the employment anniversary date a maximum of the current year's allowable vacation days based on years of employment. Upon termination or retirement, the employee will be paid for unused vacation time of the previous year plus earned vacation time for the current year to date. The accumulated liability for accrued vacations amounted to \$170,667 at September 30, 2021. Compensated absences for sick leave do not vest or accumulate and are not paid upon termination or retirement.

d. Proprietary Funds Operating and Non-operating Revenues and Expenses

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

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the City's enterprise funds are charges to customers for sales and services. The City also recognizes as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the system. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expense not meeting this definition are reported as non-operating revenues and expenses.

CITY OF PERRYTON, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021

NOTE 2 – DEPOSITS AND INVESTMENTS

Following is a reconciliation of the City's cash and deposit balances as of September 30, 2021:

Cash and deposit balances consist of:

Petty cash funds	\$ 1,438
Bank deposits	4,390,630
Certificates of deposit (interest rates at .73 - .76%)	<u>14,453,212</u>
 Total	 <u><u>\$ 18,845,280</u></u>

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

Government-wide Statement of Net Position:

Unrestricted	\$ 13,340,565
Restricted	1,763,220
Component unit	<u>3,741,495</u>
 Total	 <u><u>\$ 18,845,280</u></u>

Custodial credit risk – deposits and investments. As of September 30, 2021 the carrying amount of the City's deposits (cash, interest bearing accounts and certificates of deposit) with financial institutions was \$26,018,842, which included \$7,175,000 of certificates of deposit classified as investments. The total of the accounts bank balance was \$26,344,416. Of the bank balance, \$500,000 was insured through the Federal Depository Insurance Corporation (FDIC) and \$25,844,416 was collateralized with securities held by the pledging of institution's agent in the City's name.

The depository makes no distinction between the City and its component unit when pledging securities.

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

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

Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. As of September 30, 2021, 83% of the City's carrying value of cash was comprised of certificates of deposits that are deposited with the City's banks and adequately secured as described above.

Continued

CITY OF PERRYTON, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021

NOTE 2 – DEPOSITS AND INVESTMENTS – Continuation

Investment Accounting Policy

The City's general policy is to report money market investments and short-term participating interest-earning investment contracts using a cost-based measure. However, if the fair value of an investment is significantly affected by the impairment of the credit standing of the issuer or by the other factors, it is reported at fair value. The term "short-term" refers to investments which have a remaining term of one year or less at time of purchase. The term "nonparticipating" means that the investments value does not vary with market interest rate changes. Nonnegotiable certificates of deposit are examples of nonparticipating interest-earning investment contracts. The City's only investments are certificates of deposit which are carried as part of deposits.

Following is a reconciliation of the City's investment balances as of September 30, 2021:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Weighted Average Maturity (Days)</u>
Certificates of deposit		
Governmental activities (interest rates at .73 - .76%)	\$ 4,375,000	126
Business-Type activities (interest rates at .75%)	1,650,000	142
Component Unit (interest rates at .75%)	<u>1,150,000</u>	<u>103</u>
 Total fair value	 \$ <u><u>7,175,000</u></u>	
Portfolio weighted average maturity		<u><u>126</u></u>

CITY OF PERRYTON, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021

NOTE 3 – CAPITAL ASSETS

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

Primary Government:

<u>Governmental activities:</u>	<u>Beginning Balances</u>	<u>Increases</u>	<u>Decreases</u>	<u>Transfers / Reclassifications</u>	<u>Ending Balances</u>
Capital assets not being depreciated:					
Land	\$ 374,007	\$ -	\$ -	\$ -	\$ 374,007
Total capital assets not being depreciated	374,007	-	-	-	374,007
Capital assets being depreciated:					
Buildings and Improvements	9,880,271	24,555	(19,034)	-	9,885,792
Machinery and Equipment	8,930,379	459,621	(279,845)	4,466	9,114,621
Infrastructure	5,002,555	-	-	-	5,002,555
Total capital assets being depreciated	23,813,205	484,176	(298,879)	4,466	24,002,968
Less accumulated depreciating for:					
Buildings and Improvements	(5,218,501)	(393,572)	19,034	-	(5,593,039)
Machinery and Equipment	(6,773,185)	(643,800)	269,712	(4,466)	(7,151,739)
Infrastructure	(4,100,166)	(56,714)	-	-	(4,156,880)
Total accumulated depreciation	(16,091,852)	(1,094,086)	288,746	(4,466)	(16,901,658)
Total capital assets being depreciated, net	7,721,353	(609,910)	(10,133)	-	7,101,310
Governmental activities capital assets, net	<u>\$ 8,095,360</u>	<u>\$ (609,910)</u>	<u>\$ (10,133)</u>	<u>\$ -</u>	<u>\$ 7,475,317</u>

Depreciation expense was charged to the functions/programs of the governmental activities of the primary government as follows:

Governmental activities:	
City hall	\$ 64,678
Public safety:	
Police	25,249
Fire	89,643
Street	56,714
Engineering	1,500
Culture and recreation:	
Parks and recreation	231,805
Golf course	19,209
Airport	73,763
Capital assets held by the government's internal service funds	531,525
Total depreciation expense-governmental activities	<u>\$ 1,094,086</u>

Continued

CITY OF PERRYTON, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021

NOTE 3 – CAPITAL ASSETS – Continuation

<u>Business-type activities:</u>	<u>Beginning Balances</u>	<u>Increases</u>	<u>Decreases</u>	<u>Transfers / Reclassification</u>	<u>Ending Balances</u>
Capital assets not being depreciated:					
Land	\$ 1,552,793	\$ -	\$ -	\$ -	\$ 1,552,793
Construction in progress	17,653	322,181	-	-	339,834
Total capital assets not being depreciated	<u>1,570,446</u>	<u>322,181</u>	<u>-</u>	<u>-</u>	<u>1,892,627</u>
Capital assets being depreciated:					
Buildings and Improvements	296,109	14,000	-	-	310,109
Machinery and Equipment	1,544,448	66,398	(187,061)	(4,466)	1,419,319
Infrastructure	21,748,870	33,384	-	-	21,782,254
Total capital assets being depreciated	<u>23,589,427</u>	<u>113,782</u>	<u>(187,061)</u>	<u>(4,466)</u>	<u>23,511,682</u>
Less accumulated depreciation for:					
Buildings and Improvements	(264,151)	(7,369)	-	-	(271,520)
Machinery and Equipment	(1,282,891)	(54,218)	187,061	4,466	(1,145,582)
Infrastructure	(13,989,803)	(754,389)	-	-	(14,744,192)
Total accumulated depreciation	<u>(15,536,845)</u>	<u>(815,976)</u>	<u>187,061</u>	<u>4,466</u>	<u>(16,161,294)</u>
Total capital assets being depreciated, net	<u>8,052,582</u>	<u>(702,194)</u>	<u>-</u>	<u>-</u>	<u>7,350,388</u>
Business-type activities capital assets, net	<u>\$ 9,623,028</u>	<u>\$ (380,013)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 9,243,015</u>

The only function of the business-type activities of the primary government is the utility fund and all depreciation was charged to that function.

Continued

CITY OF PERRYTON, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021

NOTE 3 – CAPITAL ASSETS – Continuation

<u>Component Unit:</u>	<u>Beginning Balances</u>	<u>Increases</u>	<u>Decreases</u>	<u>Transfers / Reclassification</u>	<u>Ending Balances</u>
Capital assets not being depreciated:					
Land	\$ 1,841,109	\$ -	\$ -	\$ -	\$ 1,841,109
Total capital assets not being depreciated	1,841,109	-	-	-	1,841,109
Capital assets being depreciated:					
Buildings and Improvements	289,264	47,490	-	-	336,754
Machinery and Equipment	10,865	2,090	(1,200)	-	11,755
Total capital assets being depreciated	300,129	49,580	(1,200)	-	348,509
Less accumulated depreciation for:					
Buildings and Improvements	(138,261)	(24,122)	-	-	(162,383)
Machinery and Equipment	(10,865)	(35)	1,200	-	(9,700)
Total accumulated depreciation	(149,126)	(24,157)	1,200	-	(172,083)
Total capital assets being depreciated, net	151,003	25,423	-	-	176,426
Component Unit capital assets, net	<u>\$ 1,992,112</u>	<u>\$ 25,423</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,017,535</u>

The only function of the component unit is the economic development and all depreciation was charged to that function.

NOTE 4 – INTER-FUND RECEIVABLES, PAYABLES AND TRANSFERS

The primary purpose of inter-fund receivables and payables is the loaning of funds from the Utility Fund to Special Revenue Funds for the purpose of meeting current year expenditures. Included in the Inter-Fund receivable and Payable is the Internal Service Funds allocation of its equity amounting to \$937,515 between the General and Utility Funds.

<u>Fund</u>	<u>Inter-fund Receivables</u>	<u>Inter-fund Payables</u>
General Fund	\$ -	\$ 937,515
Special Revenue Funds:		
Park Improvements Fund	-	4,971
Proprietary Fund - Utility Fund	942,486	-
	<u>\$ 942,486</u>	<u>\$ 942,486</u>

Continued

CITY OF PERRYTON, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021

NOTE 4 – INTER-FUND RECEIVABLES, PAYABLES AND TRANSFERS – Continuation

Fund	Inter-fund Transfers In	Inter-fund Transfers Out
General Fund	\$ 685,250	\$ 430,900
Capital Project Fund	430,900	-
Proprietary Fund - Utility Fund	-	685,250
	<u>\$ 1,116,150</u>	<u>\$ 1,116,150</u>

The primary purpose of inter-fund transfers is the supplementing of General Fund operations with excess revenues earned in the Utility Fund.

NOTE 5 – LONG-TERM DEBT

1. Long-Term Debt Activity

During the year ended September 30, 2015, the City issued \$4,065,000 of Tax Notes, Series 2015, to provide resources for acquiring, constructing, installing and equipping additions, extensions and improvements to the waterworks and sewer systems. The notes are being serviced by annual interest and sinking tax revenues of \$187,866 and by revenues in the Utility Fund. Principal payments on the certificates are made annually on August 15, with interest payments being made semi-annually on February 15 and August 15. Interest rates are at a variable rate from 0.65% in 2019 to 0.90% in 2020.

Changes in long-term obligations for the year ended September 30, 2021, are as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities:					
Net Pension Liability-TMRS	\$ 641,886	\$ -	\$ (627,861)	\$ 14,025	\$ -
Net Pension Liability-TESRS	114,515	-	(14,680)	99,835	-
Total OPEB Liability	209,420	26,615	-	236,035	-
Compensated absences	138,211	77,000	(82,769)	132,442	66,000
	<u>1,104,032</u>	<u>103,615</u>	<u>(725,310)</u>	<u>482,337</u>	<u>66,000</u>
Governmental activity long-term liabilities	<u>\$ 1,104,032</u>	<u>\$ 103,615</u>	<u>\$ (725,310)</u>	<u>\$ 482,337</u>	<u>\$ 66,000</u>

Continued

CITY OF PERRYTON, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021

NOTE 5 – LONG-TERM DEBT – Continuation

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Business-type activities:					
Tax Note, Series 2015	\$ 1,185,000	\$ -	\$ (590,000)	\$ 595,000	\$ 595,000
Landfill closure costs	193,564	5,726	-	199,290	-
Net Pension Liability-TMRS	179,478	-	(175,319)	4,159	-
Total OPEB Liability	58,556	11,427	-	69,983	-
Compensated absences	35,975	17,500	(16,964)	36,511	15,000
Business-type activity long-term liabilities	<u>\$ 1,652,573</u>	<u>\$ 34,653</u>	<u>\$ (782,283)</u>	<u>\$ 904,943</u>	<u>\$ 610,000</u>
Component Unit:					
Net Pension Liability-TMRS	\$ 17,379	\$ -	\$ (16,851)	\$ 528	\$ -
Total OPEB Liability	5,670	3,213	-	8,883	-
Compensated absences	3,401	1,877	(3,564)	1,714	1,714
Governmental activity long-term liabilities	<u>\$ 26,450</u>	<u>\$ 5,090</u>	<u>\$ (20,415)</u>	<u>\$ 11,125</u>	<u>\$ 1,714</u>

The liability for compensated absences, net pension liability – TMRS, and total OPEB liability will be liquated by the General Fund, the Utility Fund, and the Community Development Corporation component unit. The liability for the net pension liability – TESRS will be liquated entirely by the General Fund. The liability for the Tax Note, Series 2015 and the landfill closure costs will be liquated entirely by the Utility Fund.

Debt service requirements for the business-type activities at September 30, 2021, are as follows:

Year Ending September 30	Business-Type Activities		
	Tax Note, Series 2015		Total
	Principal	Interest	
2022	<u>\$ 595,000</u>	<u>\$ 2,678</u>	<u>\$ 597,678</u>
Total	<u>\$ 595,000</u>	<u>\$ 2,678</u>	<u>\$ 597,678</u>

CITY OF PERRYTON, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021

NOTE 6 – RISK MANAGEMENT

The City is exposed to various risks of loss related to torts, theft, damage or destruction of assets, errors and omissions, injuries to employees, and natural disasters. During the fiscal year ended 2021, the City obtained general liability coverage at a cost that is considered to be economically justifiable by joining together with other governmental entities in the State as a member of the Texas Municipal League Intergovernmental Risk Pool (“TML”). TML is a self-funded pool operating as a common risk management and insurance program. The City pays an annual premium to TML for its insurance coverage described above. The agreement for the formation of TML provides that TML will be self-sustaining through member premiums and will reinsure through commercial companies for claims in excess of acceptable risk levels; however, each category of coverage has its own level of reinsurance. The City continues to carry commercial insurance for other risks of loss. There were no significant reductions in commercial insurance coverage in the past fiscal year and settled claims resulting from these risks have not exceeded in any of the past three fiscal years.

NOTE 7 – EMPLOYEE RETIREMENT BENEFITS

A. AGENT MULTIPLE – EMPLOYER PLAN

Plan Description:

The City provides pension benefits for all of its, and its discretely presented component unit's, full-time employees 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 annual comprehensive 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).

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.

Continued

CITY OF PERRYTON, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021

NOTE 7 – EMPLOYEE RETIREMENT BENEFITS – Continuation

A. AGENT MULTIPLE – EMPLOYER PLAN – Continuation

Employees Covered by Benefit Terms:

At September 30, 2021, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	45
Inactive employees entitled to but not yet receiving benefits	60
Active employees	76

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, 2020 valuation will determine the contribution rate beginning January 1, 2022).

The City contributed using the actuarially determined rate of 14.96% for the months of the accounting year in 2020 and 11.86% for the months of the accounting year in 2021. The contribution rate payable by the employee members is 7.0% for fiscal year 2021 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, 2020, 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 PERRYTON, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021

NOTE 7 – EMPLOYEE RETIREMENT BENEFITS – Continuation

A. AGENT MULTIPLE – EMPLOYER PLAN – Continuation

Actuarial Assumptions:

The total pension liability in the December 31, 2020 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, 2020 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.

Continued

CITY OF PERRYTON, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021

NOTE 7 – EMPLOYEE RETIREMENT BENEFITS – Continuation

A. AGENT MULTIPLE – EMPLOYER PLAN – Continuation

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.

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 PERRYTON, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021

NOTE 7 – EMPLOYEE RETIREMENT BENEFITS – Continuation

A. AGENT MULTIPLE – EMPLOYER PLAN – Continuation

Changes in the Net Pension Liability / (Asset):

	Total Pension Liability (a)	Fiduciary Net Position (b)	Net Pension Liability / (Asset) (a) - (b)
Balances as of December 31, 2019	\$ 24,710,221	\$ 23,871,478	\$ 838,743
Changes for the year:			
Service cost	568,165	-	568,165
Interest (on total pension liability)	1,642,954	-	1,642,954
Changes of benefit terms	-	-	-
Difference between expected and actual experience	(395,931)	-	(395,931)
Changes of assumptions	-	-	-
Benefit payments, including refunds of employee contributions	(1,308,491)	(1,308,491)	-
Contributions - employer	-	569,308	(569,308)
Contributions - employee	-	266,387	(266,387)
Net investment income	-	1,811,706	(1,811,706)
Administrative expenses	-	(11,725)	11,725
Other	-	(457)	457
Balances as of December 31, 2020	<u>\$ 25,216,918</u>	<u>\$ 25,198,206</u>	<u>\$ 18,712</u>

Of the Net Pension Liability, \$18,184 is allocated to the primary government and the remaining \$528 is allocated to the discretely presented component unit. The allocation is based on the percent of employer's contributions related to each employee.

Sensitivity of the Net Pension Liability / (Asset) to changes in the discount rate:

The following presents the net pension liability of the City, calculated using the discount rate of 6.75%, as well as what the City's net pension liability / (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>\$ 3,278,400</u>	<u>\$ 18,712</u>	<u>\$ (2,677,171)</u>

Continued

CITY OF PERRYTON, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021

NOTE 7 – EMPLOYEE RETIREMENT BENEFITS – Continuation

A. AGENT MULTIPLE – EMPLOYER PLAN – Continuation

Pension plan fiduciary net position:

Detailed information about the pension plan's fiduciary net position is available in the separately issued TMRS financial report.

Pension Expense / (Income):

	<u>January 1, 2020 to December 31, 2020</u>
Total service cost	\$ 568,165
Interest on total pension liability	1,642,954
Current period benefit changes	-
Employee contributions (reduction of expense)	(266,387)
Projected earnings on plan investments (reduction of expenses)	(1,611,325)
Administrative expenses	11,725
Other changes in fiduciary net position	457
Recognition of current year outflows (inflows) of resources - liabilities	(112,801)
Recognition of current year outflows (inflows) of resources - assets	(40,076)
Amortization of prior year outflows (inflows) of resources - liabilities	(123,603)
Amortization of prior year outflows (inflows) of resources - assets	<u>(201,691)</u>
Total pension expense	<u>\$ (132,582)</u>

Deferred Inflows / Outflows of Resources:

As of September 30, 2021, the deferred inflows and outflows of resources are as follows:

	<u>Deferred Inflows of Resources</u>	<u>Deferred Outflows of Resources</u>
Differences between expected and actual experience	\$ 355,354	\$ -
Changes of assumptions	29,232	-
Net difference between projected and actual earnings	657,517	-
Contributions made subsequent to measurement date	N/A	326,489

The deferred inflows and outflows are allocated between the primary government and the discretely presented component unit based on the percent of employer's contributions related to each employee.

Continued

CITY OF PERRYTON, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021

NOTE 7 – EMPLOYEE RETIREMENT BENEFITS – Continuation

A. AGENT MULTIPLE – EMPLOYER PLAN – Continuation

For the year ending September 30:

2021	\$ (429,791)
2022	(126,458)
2023	(445,777)
2024	(40,077)
2025	-
Thereafter	-

B. COST-SHARING MULTIPLE – EMPLOYER

Plan Description:

The Texas Emergency Services Retirement System (TESRS) administers a cost-sharing multiple employer pension system (the System) established and administered by the State of Texas to provide pension benefits for emergency services personnel who serve without significant monetary remuneration. Direct financial activity for the System is classified in the financial statements as pension trust funds. The System issues a stand-alone financial report that is available at www.tesrs.org.

Of the nine member state board of trustees, at least five trustees must be active members of the pension system, one of whom must represent emergency medical services personnel. One trustee may be a retiree of the pension system, and three trustees must be persons who have experience in the fields of finance, securities investment, or pension administration. At August 31, 2020, there were 237 contributing fire and/or emergency service department members participating in TESRS.

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

Benefits Provided:

Senate Bill 411, 65th Legislature, Regular Session (1977), created TESRS and established the applicable benefit provisions. The 79th Legislature, Regular Session (2005), re-codified the provisions, and gave the TESRS Board of Trustees authority to establish vesting requirements, contribution levels, benefit formulas and eligibility requirements by board rule. The benefit provisions include retirement benefits as well as death and disability benefits. Members are 50% vested after the tenth year of service, with the vesting percent increasing 10% for each of the next five years of service so that a member becomes 100% vested with 15 years of service.

Upon reaching age 55, each vested member may retire and receive a monthly pension equal to his vested percent multiplied by six times the governing body's average monthly contribution over the member's years of qualified service. For years of service in excess of 15 years, this monthly benefit is increased at the rate of 6.2% compounded annually. There is no provision for automatic postretirement benefit increases.

On and off-duty death benefits and on-duty disability benefits are dependent on whether or not the member was engaged in the performance of duties at the time of death or disability. Death benefits include a lump sum amount and continuing monthly payments to a member's surviving spouse and dependent children.

Continued

CITY OF PERRYTON, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021

NOTE 7 – EMPLOYEE RETIREMENT BENEFITS – Continuation

B. COST-SHARING MULTIPLE – EMPLOYER – Continuation

Covered Membership

On August 31, 2020, the pension system membership consisted of:

Terminated members entitled to but not yet receiving benefits	1
Active participants	10

Funding Policy:

Contributions are made by governing bodies for the participating departments. No contributions are required from the individuals who are members of the System, nor are they allowed. The governing bodies of each participating department are required to make contributions for each month a member performs emergency services for a department (this minimum contribution is \$36 per member and the department may make a higher monthly contribution for its members). This is referred to as a Part One contribution, which is the legacy portion of the System contribution that directly impacts future retiree annuities.

The state is required to contribute an amount necessary to make the System “actuarially sound” each year, which may not exceed one-third of the total of all contributions made by participating governing bodies in a particular year.

The board rule defining contributions was amended effective July 27, 2014 to add the potential for actuarially determined Part Two contributions that would be required only if the expected future annual contributions from the state are not enough with the Part One contributions to provide an adequate contribution arrangement as determined by the most recent actuarial valuation. This Part Two portion, which is actuarially determined as a percent of the Part One portion (not to exceed 15%), is to be actuarially adjusted every two years based on the most recent actuarial valuation. Based on the actuarial valuation as of August 31, 2020, the Part Two contributions were established by the board to be 2% of the Part One contributions beginning September 1, 2021.

Additional contributions may be made by governing bodies within two years of joining the System, to grant up to ten years of credit for service per member. Prior service purchased must have occurred before the department began participation in the System.

A small subset of participating departments has a different contribution arrangement which is being phased out over time. In this arrangement, contributions made in addition to the monthly contributions for active members, are made by local governing bodies on a pay-as-you-go basis for members who were pensioners when their respective departments merged into the System. There is no actuarial impact associated with this arrangement as the pay-as-you-go contributions made by these governing bodies are always equal to the benefit payments paid by the System.

Contributions Required and Contributions Made:

The contribution requirement per active emergency services personnel member per month is not actuarially determined. Rather, the minimum contribution provisions were set by board rule, and there is no maximum contribution rate. For the fiscal year ending August 31, 2020, total contributions (dues and prior service, and interest on financing of prior service) of \$3,755,240 were paid into TESRS by the political subdivisions served by the member volunteer emergency services personnel. The state appropriated \$1,329,224 for the fiscal year ending August 31, 2020. The City’s share of those contributions amounted to \$18,480.

Continued

CITY OF PERRYTON, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021

NOTE 7 – EMPLOYEE RETIREMENT BENEFITS – Continuation

B. COST-SHARING MULTIPLE – EMPLOYER – Continuation

The purpose of the biennial actuarial valuation is to determine if the contribution arrangement is adequate to pay the benefits that are promised. Actuarial assumptions are disclosed below.

The most recently completed biennial actuarial valuation as of August 31, 2016 stated that TESRS has an adequate contribution arrangement for the benefit provisions recognized in the valuation based on the expected total contributions, including the expected contributions both from the governing body of each participating department and from the state. The expected contributions from the state are state appropriations equal to (1) the maximum annual contribution (one-third of all contributions to TESRS by governing bodies of participating departments in a year) as needed in accordance with state law governing TESRS and (2) approximately \$725,000 each year to pay for part of the System's administrative expenses.

Net Pension Liability:

The City's portion of the net pension liability was measured as of August 31, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of August 31, 2018, rolled forward to August 31, 2020.

Total Pension Liability	\$ 595,745
Fiduciary Net Position	<u>495,909</u>
City's Net Pension Liability	<u><u>\$ 99,835</u></u>
Fiduciary net position as a percentage of the total pension liability	83.2%

Actuarial Assumptions

The total pension liability in the August 31, 2020 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.00%
Salary increases	N/A
Investment rate of return	7.50%, net of pension plan investment expense, including inflation

Mortality rates were based on the RP-2000 Combined Healthy Lives Mortality Tables for males and for females projected to 2024 by scale AA.

Continued

CITY OF PERRYTON, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021

NOTE 7 – EMPLOYEE RETIREMENT BENEFITS – Continuation

B. COST-SHARING MULTIPLE – EMPLOYER – Continuation

The long-term rate of return on pension plan investments was determined using a building-block method in which expected future net real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These components are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage (currently 5.01%) and by adding expected inflation (3.00%). In addition, the final 7.75% assumption was selected by “rounding down” and thereby reflects a reduction of 0.26% for adverse deviation. The target allocation and expected arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Net Real Rate of Return
Equities		
Large cap domestic	20%	5.83%
Small/mid cap domestic	10%	5.94%
Developed international	15%	6.15%
Emerging markets	5%	7.25%
Global infrastructure	5%	6.41%
Real estate	10%	4.48%
Multi asset income	5%	3.84%
Fixed income	30%	1.99%
Cash	0%	0.00%
Total	100%	

Discount Rate:

The discount rate used to measure the total pension liability was 7.50%. No projection of cash flows was used to determine the discount rate because the August 31, 2018 actuarial valuation showed that expected contributions would pay the normal cost and amortize the unfunded actuarial liability (UAAL) in 30 years using the conservative level dollar amortization method. Because of the 30-year amortization period with the conservative amortization method, the pension plan’s fiduciary net position is expected to be available to make all projected future benefit payments of current active and inactive members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Continued

CITY OF PERRYTON, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021

NOTE 7 – EMPLOYEE RETIREMENT BENEFITS – Continuation

B. COST-SHARING MULTIPLE – EMPLOYER – Continuation

Sensitivity of the Net Pension Liability to changes in the discount rate:

The following presents the City's share net pension liability, calculated using the discount rate of 7.50%, as well as what the City's net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (6.50%) or 1 percentage point higher (8.50%) than the current rate:

	1% Decrease 6.50%	Current Discount Rate 7.50%	1% Increase 8.50%
	<u>\$</u>	<u>\$</u>	<u>\$</u>
Net pension liability	192,349	99,835	35,557

Pension Expense:

	Year Ended August 31, 2020
	<u>\$</u>
Service cost	7,389
Interest	43,557
Projected earnings on investments	(34,836)
Amortization of differences between projected and actual earnings on plan investments	470
Amortization of changes in assumptions	(105)
Amortization of differences between expected and actual experience	(3,163)
Changes in benefit provisions	1,269
Administrative expenses	11,836
	<u>\$</u>
Pension expense / (income)	26,417

Deferred Inflows / Outflows of Resources:

As of September 30, 2021, the deferred inflows and outflows of resources are as follows:

	Deferred Inflows of Resources	Deferred Outflows of Resources
	<u>\$</u>	<u>\$</u>
Differences between expected and actual experience	4,755	-
Changes of assumptions	163	-
Net difference between projected and actual earnings	-	849
Contributions made subsequent to measurement date	N/A	18,480

Continued

CITY OF PERRYTON, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021

NOTE 7 – EMPLOYEE RETIREMENT BENEFITS – Continuation

B. COST-SHARING MULTIPLE – EMPLOYER – Continuation

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

Year ended August 31:		
2021	\$	4,020
2022		917
2023		(3,556)
2024		2,688
2025		-
Thereafter		-

All assumptions for the August 31, 2020 pension disclosure are contained in the August 31, 2020 Audited Annual Financial Report, a copy of which may be obtained at www.tesrs.texas.gov.

NOTE 8 – 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.

Continued

CITY OF PERRYTON, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021

NOTE 8 – OTHER POST EMPLOYMENT BENEFIT (OPEB) OBLIGATIONS – Continuation

Employees Covered by Benefit Terms

At December 31, 2020, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	35
Inactive employees entitled to but not yet receiving benefits	3
Active employees	76

Total OPEB Liability

The City's total OPEB liability was measured as of December 31, 2020, and was determined by an actuarial valuation as of that date.

Actuarial Assumptions:

The total OPEB liability in the December 31, 2020 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, 2020 were developed primarily from the actuarial investigation of the experience of TMRS over the four year period from December 31, 2014 to December 31, 2018. They were adopted in 2019 and first used in the December 31, 2019 actuarial valuation.

For calculating the OPEB liability and the OPEB contribution rates, the PUB910) 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 by Scale UMP to account for future mortality improvements.

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, 2020, the discount rate used in development of the Total OPEB Liability was 2.75% compared to 3.71% as of December 31, 2019.

Continued

CITY OF PERRYTON, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021

NOTE 8 – OTHER POST EMPLOYMENT BENEFIT (OPEB) OBLIGATIONS – Continuation

Changes in the Total OPEB Liability:

	<u>Changes in Total OPEB Liability</u>
Balances as of December 31, 2019	\$ 273,647
Changes for the year:	
Service cost	6,850
Interest on total OPEB liability	7,588
Changes of benefit terms	-
Effect of economic/demographic experience	(9,213)
Effect of assumptions changes or inputs	38,312
Benefit payments	(2,283)
Other	<u>-</u>
Balances as of December 31, 2020	<u><u>\$ 314,901</u></u>

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 2.75%, 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 (1.75%) or 1 percentage point higher (3.75%) 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 1.00%	Current Single Rate Assumption 2.00%	1% Increase 3.00%
Net pension liability / (asset)	<u><u>\$ 379,197</u></u>	<u><u>\$ 314,901</u></u>	<u><u>\$ 265,170</u></u>

Continued

CITY OF PERRYTON, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021

NOTE 8 – OTHER POST EMPLOYMENT BENEFIT (OPEB) OBLIGATIONS – Continuation

OPEB Expense / (Income)

	<u>January 1, 2020 to December 31, 2020</u>
Service cost	\$ 6,850
Interest on total OPEB liability	7,588
Changes in benefit terms including TMRS plan participation	-
Employer administrative costs	-
Recognition of deferred inflows/outflows of resources	
Differences between expected and actual experience	(2,841)
Changes in assumptions or other inputs (1)	<u>14,058</u>
Total OPEB expense	<u><u>\$ 25,655</u></u>

Deferred Inflows / Outflows of Resources:

As of September 30, 2021, the deferred inflows and outflows of resources are as follows:

	<u>Deferred Inflows of Resources</u>	<u>Deferred Outflows of Resources</u>
Differences between expected and actual experience	\$ 11,169	\$ -
Changes of assumptions	7,306	63,194
Net difference between projected and actual earnings	-	-
Contributions made subsequent to measurement date	N/A	6,056

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

Year ended December 31:

2021	\$ 11,217
2022	10,924
2023	8,639
2024	10,455
2025	3,484
Thereafter	-

CITY OF PERRYTON, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021

NOTE 9 – DEFERRED COMPENSATION PLAN

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

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

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

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

The Texas Natural Resource Conservation Commission and the EPA granted arid exemptions to qualifying landfills which extended the deadline for compliance with Subtitle D until October 9, 1997. Arid exempt landfills were encouraged to cease operations prior to the October 9, 1997 deadline, therefore avoiding the costly requirement of Subtitle D relating to the 30 year post closure monitoring and maintenance. The City of Perryton qualified as an arid exempt landfill and prior to October 9, 1997, had designated the portion of their landfill used to that date closed and placed the final cover over that area. The City believes that the closed area of their landfill is not subject to the Subtitle D post closure requirements. The City has approximately 20.9 acres of undeveloped landfill area that it will continue to operate as a municipal solid waste landfill. The City's landfill was re-permitted in the 2015 fiscal year which estimated the remaining useful life of 82 years as of September 30, 2021.

In addition to operating expenses related to current activities of the landfill, an expense provision and related liability are being recognized based on estimated future closure and post closure care costs that will be incurred near or after the date that the landfill no longer accepts solid waste. The estimated total current cost of the landfill closure and post closure care of \$623,405 is based on the amount that would be paid if all equipment, facilities, and services required to close, monitor, and maintain the landfill were acquired as of September 30, 2021. The recognition of the estimate total current cost is based on the amount of landfill used during the year. The estimated liability for closure and post closure cost accrued on the City's books for the year ended September 30, 2021 was \$199,290, which is based on accumulated usage of the 20.9 acre landfill area. It is estimated that an additional \$447,820 will be recognized as closure and post closure expenses between the balance sheet date and the date that the landfill is filled to capacity. However, the actual cost of closure and post closure care is subject to change due to inflation, changes in technology, or changes in landfill laws and regulations. As of September 30, 2021, the City has used approximately 46.5% of the available landfill capacity.

The City of Perryton has demonstrated financial assurance for closure post closure care cost associated with the landfill by satisfying the financial test specified in Sub-chapter K of 31 Texas Administrative Code 330.285(g).

CITY OF PERRYTON, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021

NOTE 11 – COMMITMENTS

During the fiscal year ended September 30, 2019 the CDC committed an amount not to exceed \$54,000 to Knox Aviation, LLC to provide wage assistance for a certified FAA Inspection Authorization trainer. Under the agreement the CDC agreed to fund up to \$1,500 per month for three years for qualified hours worked by the certified trainer. As of September 30, 2021, the remaining commitment is \$18,699.

During the fiscal year ended September 30, 2019 the CDC committed an amount not to exceed \$12,500 to Opulence Social Media Marketing Agency to provide a start-up cost subsidy for each Perryton business that signs up with them. Under the agreement the CDC agreed to fund \$250 of the start-up cost for each Perryton business that joins, with a maximum of 50 businesses. As of September 30, 2021, the remaining commitment is \$2,250.

During the fiscal year ended September 30, 2020 the CDC committed an amount not to exceed \$104,000 to Franks Philips College to assist with salaries and equipment related to the local Cosmetology program. The commitment is to pay out \$50,000 for the equipment and a percentage of a \$36,000 salary over a 3 year period. In year the commitment is for 75% of the salary, 50% in year 2 and 25% in year 3. As of September 30, 2021, the remaining commitment is \$27,000.

During the fiscal year ended September 30, 2020 the CDC committed an amount not to exceed \$270,000 to Franks Philips College to obtain and train a workforce for a local Nursing program. The commitment is to pay out \$50,000 the first year and \$110,000 each in years 2 and 3. As of September 30, 2021, the remaining commitment is \$220,000.

REQUIRED SUPPLEMENTARY INFORMATION

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

	Budgeted Amounts			Variance with
	Original	Final	Actual	Final Budget
REVENUES				
Taxes:				
Property	\$ 2,165,070	\$ 2,165,070	\$ 2,132,645	\$ (32,425)
Sales and use	1,898,090	2,020,280	2,036,182	15,902
Franchise	420,320	330,320	418,303	87,983
Alcoholic beverage	5,000	6,000	6,749	749
License and permits	15,900	15,900	12,528	(3,372)
Intergovernmental	511,920	1,006,070	866,011	(140,059)
Charges for services	325,000	325,000	365,152	40,152
Fines and forfeitures	82,510	50,410	40,609	(9,801)
Recreation fees	224,800	217,400	213,629	(3,771)
Investment earnings	122,680	107,680	67,757	(39,923)
Rents and leases	15,700	20,200	19,633	(567)
Miscellaneous	153,660	77,400	81,321	3,921
Total revenues	5,940,650	6,341,730	6,260,519	(81,211)
EXPENDITURES				
Current				
General government	311,670	314,200	60,831	253,369
Administration	568,740	575,160	552,981	22,179
City Hall	104,540	108,400	101,443	6,957
Public safety:				
Police	2,237,240	2,170,890	2,053,174	117,716
Fire	1,160,420	1,030,090	912,661	117,429
Street	1,059,690	1,093,090	1,080,226	12,864
Engineering	177,090	207,920	197,288	10,632
Culture and recreation:				
Parks and recreation	560,690	576,460	504,088	72,372
Golf course	487,960	521,870	503,312	18,558
Airport	1,280	1,280	1,220	60
Code enforcement	98,130	98,270	93,910	4,360
Insect control	24,880	32,880	23,931	8,949
Capital outlay	67,000	99,000	93,249	5,751
Total expenditures	6,859,330	6,829,510	6,178,314	651,196
EXCESS OF REVENUES OVER				
(UNDER) EXPENDITURES	(918,680)	(487,780)	82,205	569,985
OTHER FINANCING SOURCES (USES)				
Transfers in/(out)	668,680	237,780	254,350	16,570
Total other financing sources (uses)	668,680	237,780	254,350	16,570
NET CHANGE IN FUND BALANCE				
	(250,000)	(250,000)	336,555	586,555
FUND BALANCE - BEGINNING				
	7,321,006	7,321,006	7,321,006	-
FUND BALANCE - ENDING				
	\$ 7,071,006	\$ 7,071,006	\$ 7,657,561	\$ 586,555

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

	Year Ended December 31,			
	2020	2019	2018	2017
Total Pension Liability:				
Service cost	\$ 568,165	\$ 553,718	\$ 580,963	\$ 591,924
Interest on total pension liability	1,642,954	1,589,541	1,516,486	1,438,584
Changes of benefit terms	-	-	-	-
Difference between expected and actual experience	(395,931)	(130,386)	(100,392)	(155,508)
Changes of assumptions	-	(69,550)	-	-
Benefit payments/refunds of contributions	(1,308,491)	(1,009,985)	(792,307)	(638,522)
Net change in total pension liability	506,697	933,338	1,204,750	1,236,478
Total pension liability, beginning	24,710,221	23,776,883	22,572,133	21,335,655
Total pension liability, ending (a)	<u>\$ 25,216,918</u>	<u>\$ 24,710,221</u>	<u>\$ 23,776,883</u>	<u>\$ 22,572,133</u>
Fiduciary Net Position:				
Employer contributions	\$ 569,308	\$ 1,545,258	\$ 592,984	\$ 572,714
Employee contributions	266,387	259,470	271,659	274,402
Net investment income	1,811,706	3,091,106	(615,591)	2,477,532
Benefit payments/refunds of contributions	(1,308,491)	(1,009,985)	(792,307)	(638,522)
Administrative expenses	(11,725)	(17,474)	(11,902)	(12,847)
Other	(457)	(525)	(622)	(651)
Net change in fiduciary net position	1,326,728	3,867,850	(555,779)	2,672,628
Fiduciary net position, beginning	23,871,478	20,003,628	20,559,407	17,886,779
Fiduciary net position, ending (b)	<u>\$ 25,198,206</u>	<u>\$ 23,871,478</u>	<u>\$ 20,003,628</u>	<u>\$ 20,559,407</u>
Net pension liability / (asset), ending = (a) - (b)	<u>\$ 18,712</u>	<u>\$ 838,743</u>	<u>\$ 3,773,255</u>	<u>\$ 2,012,726</u>
Fiduciary net position as a % of total pension liability	99.93%	96.61%	84.13%	91.08%
Pensionable covered payroll	\$ 3,805,529	\$ 3,691,455	\$ 3,880,848	\$ 3,920,026
Net pension liability as a % of covered payroll	0.49%	22.72%	97.23%	51.34%

Year Ended December 31,					
2016	2015	2014	2013	2012	2011
\$ 576,004	\$ 532,277	\$ 443,749	\$ N/A	\$ N/A	\$ N/A
1,350,019	1,304,957	1,221,602	N/A	N/A	N/A
-	-	-	N/A	N/A	N/A
28,443	95,922	34,795	N/A	N/A	N/A
-	17,673	-	N/A	N/A	N/A
(662,175)	(567,150)	(540,085)	N/A	N/A	N/A
1,292,291	1,383,679	1,160,061	N/A	N/A	N/A
20,043,364	18,659,685	17,499,624	N/A	N/A	N/A
<u>\$ 21,335,655</u>	<u>\$ 20,043,364</u>	<u>\$ 18,659,685</u>	<u>\$ N/A</u>	<u>\$ N/A</u>	<u>\$ N/A</u>
\$ 537,195	\$ 548,875	\$ 524,066	\$ N/A	\$ N/A	\$ N/A
266,668	264,064	249,895	N/A	N/A	N/A
1,123,630	24,169	874,284	N/A	N/A	N/A
(662,175)	(567,150)	(540,085)	N/A	N/A	N/A
(12,697)	(14,723)	(9,127)	N/A	N/A	N/A
(684)	(727)	(750)	N/A	N/A	N/A
1,251,937	254,508	1,098,283	N/A	N/A	N/A
16,634,842	16,380,334	15,282,051	N/A	N/A	N/A
<u>\$ 17,886,779</u>	<u>\$ 16,634,842</u>	<u>\$ 16,380,334</u>	<u>\$ N/A</u>	<u>\$ N/A</u>	<u>\$ N/A</u>
<u>\$ 3,448,876</u>	<u>\$ 3,408,522</u>	<u>\$ 2,279,351</u>	<u>\$ N/A</u>	<u>\$ N/A</u>	<u>\$ N/A</u>
83.84%	82.99%	87.78%	N/A	N/A	N/A
\$ 3,809,549	\$ 3,772,340	\$ 3,546,380	\$ N/A	\$ N/A	\$ N/A
90.53%	90.36%	64.27%	N/A	N/A	N/A

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

Year Ending September 30	Actuarially Determined Contribution	Actual Employer Contribution	Contribution Deficiency (Excess)	Pensionable Covered Payroll	Actual Contribution as a % of Covered Payroll
2015	\$ 555,756	\$ 555,756	\$ -	\$ 3,755,972	\$ 14.8%
2016	549,039	549,039	-	3,862,302	14.2%
2017	553,624	553,624	-	3,819,187	14.5%
2018	573,642	573,642	-	3,796,853	15.1%
2019	548,078	548,078	-	3,684,938	14.9%
2020	567,490	1,567,490	(1,000,000)	3,811,107	41.1%
2021	484,354	484,354	-	3,808,104	12.7%

NOTES TO SCHEDULE OF CONTRIBUTIONS

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

Methods and Assumptions Used to Determine Contribution Rates:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percentage of Payroll, Closed
Remaining Amortization Period	25 years
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 PERRYTON, TEXAS
TEXAS EMERGENCY SERVICES RETIREMENT SYSTEM
SCHEDULE OF THE CITY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
Last 10 Years (will ultimately be displayed as available)

	Year Ended August 31,			
	2020	2019	2018	2017
City's proportionate share (percentage) of collective net pension liability	0.396%	0.404%	0.422%	0.340%
City's proportionate share (amount) of the net pension liability	<u>\$ 99,835</u>	<u>\$ 114,515</u>	<u>\$ 91,365</u>	<u>\$ 81,606</u>
City's covered payroll (for measurement year)	488,476	438,332	460,310	485,753
City's proportionate share of the net pension liability as a percentage of its covered payroll	20.44%	26.13%	19.85%	16.80%
Plan's fiduciary net position as a percentage of the total pension liability	83.20%	80.20%	84.26%	81.41%

Year Ended August 31,					
2016	2015	2014	2013	2012	2011
0.314%	0.279%	0.360%	N/A	N/A	N/A
<u>\$ 91,462</u>	<u>\$ 89,192</u>	<u>\$ 65,418</u>	<u>\$ N/A</u>	<u>\$ N/A</u>	<u>\$ N/A</u>

556,905	577,355	571,312	N/A	N/A	N/A
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16.42%	15.45%	11.45%	N/A	N/A	N/A
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76.34%	78.31%	83.46%	N/A	N/A	N/A
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CITY OF PERRYTON, TEXAS
TEXAS EMERGENCY SERVICES RETIREMENT SYSTEM
SCHEDULE OF EMPLOYER CONTRIBUTIONS
Last Ten Fiscal Years (will ultimately be displayed as available)

<u>Year Ending September 30</u>	<u>Actuarially Determined Contribution</u>	<u>Actual Employer Contribution</u>	<u>Contribution Deficiency (Excess)</u>	<u>Pensionable Covered Payroll</u>	<u>Actual Contribution as a % of Covered Payroll</u>
2015	\$ 13,200	\$ 13,200	\$ -	\$ 571,312	\$ 2.3%
2016	14,400	14,400	-	577,355	2.5%
2017	16,440	16,440	-	556,905	3.0%
2018	20,194	20,194	-	485,753	4.2%
2019	18,086	18,086	-	460,310	3.9%
2020	18,480	18,480	-	438,332	4.2%
2021	18,480	18,480	-	488,476	3.8%

CITY OF PERRYTON, TEXAS
TEXAS EMERGENCY SERVICES RETIREMENT SYSTTEM
SCHEDULE OF INVESTMENT RETURNS
Last 10 Years (1)

<u>Year Ending August 31:</u>	<u>Annual Money- Weighted Net Real Rate of Return (2)</u>
2013	13.84 %
2014	14.92 %
2015	(3.58) %
2016	5.57 %
2017	10.32 %
2018	10.86 %
2019	1.00 %
2020	10.74 %

Notes to Schedule:

(1) This schedule is presented to illustrate the requirement to show information for ten years. However, until a full ten-year trend is compiled, only available information is shown.

(2) The money-weighted rate of return expresses investment performance, net of investment expenses, reflecting the

CITY OF PERRYTON, 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,			
	2020	2019	2018	2017
Total OPEB Liability:				
Service cost	\$ 6,850	\$ 4,799	\$ 6,209	\$ 5,488
Interest on total OPEB liability	7,588	8,330	7,781	7,794
Effect of plan changes	-	-	-	-
Effect of assumption changes or inputs	38,312	39,786	(14,866)	17,407
Effect of economic/demographic (gains) or losses	(9,213)	(284)	(6,902)	-
Benefit payments	<u>(2,283)</u>	<u>(2,215)</u>	<u>(1,940)</u>	<u>(2,352)</u>
Net change in total OPEB liability	41,254	50,416	(9,718)	28,337
Total OPEB liability, beginning	<u>273,647</u>	<u>223,231</u>	<u>232,949</u>	<u>204,612</u>
Total OPEB liability, ending	<u>\$ 314,901</u>	<u>\$ 273,647</u>	<u>\$ 223,231</u>	<u>\$ 232,949</u>
Covered employee payroll	\$ 3,805,529	\$ 3,691,455	\$ 3,880,848	\$ 3,920,026
Total OPEB liability as a % of covered employee payroll	8.27%	7.41%	5.75%	5.94%

CITY OF PERRYTON, 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, 2020 and a measurement date as of December 31, 2020; as such, no roll-forward is required.</p>
Inflation	2.50%
Salary increases	3.50% to 11.50% including inflation
Discount rate*	2.00%
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 of UMP.
Mortality rates - disabled retirees	2019 Municipal Retirees of Texas Mortality Tables with 4 year set-forward for males and a 3 year set-forward for females. In addition, a 3.5% and 3% minimum mortality rate will be applied to reflect the impairment for younger members who become disabled for males and females, respectively. The rates are projected on a fully generational basis by Scale UMP to account for future mortality improvements subject to the floor.

The 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.

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**COMBINING AND INDIVIDUAL FUND
FINANCIAL STATEMENTS AND SCHEDULES**

CITY OF PERRYTON, TEXAS

NON-MAJOR GOVERNMENTAL FUNDS

Special Revenue Funds

Special revenue funds are used to account for and report specific revenues that are legally restricted to expenditures for particular purposes.

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

Park Improvement Fund – This fund is used to account for and report private donations that are specifically restricted to improvement of the City's park.

INTERNAL SERVICES FUNDS

City Service Fund – This fund is used to account for the City's general maintenance of the City facilities and equipment.

Capital Replacement Fund – This fund is used to account for the acquisition of the City's machinery and equipment. The cost of the machinery and equipment is charged to the department utilizing it based on a charge for replacement.

**CITY OF PERRYTON, TEXAS
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
SEPTEMBER 30, 2021**

Special Revenue Funds			
	Hotel/Motel Occupancy Tax	Park Improvement	Total
ASSETS			
Cash and cash equivalents	\$ 174,846	\$ 47,001	\$ 221,847
Investments	250,000	-	250,000
Receivables	36,384	-	36,384
Total assets	<u>\$ 461,230</u>	<u>\$ 47,001</u>	<u>\$ 508,231</u>
LIABILITIES			
Due to other funds	<u>\$ -</u>	<u>\$ 4,971</u>	<u>\$ 4,971</u>
Total liabilities	<u>-</u>	<u>4,971</u>	<u>4,971</u>
FUND BALANCES			
Restricted:			
Promotion and tourism	461,230	-	461,230
Park improvements	<u>-</u>	<u>42,030</u>	<u>42,030</u>
Total fund balances	<u>461,230</u>	<u>42,030</u>	<u>503,260</u>
Total liabilities and fund balances	<u>\$ 461,230</u>	<u>\$ 47,001</u>	<u>\$ 508,231</u>

CITY OF PERRYTON, TEXAS
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2021

	Special Revenue Funds		
	Hotel/Motel Occupancy Tax	Park Improvement	Total
REVENUES			
Taxes			
Hotel/Motel taxes	\$ 225,965	\$ -	\$ 225,965
Investment earnings	494	71	565
Miscellaneous, contributions	-	14,467	14,467
Total revenues	226,459	14,538	240,997
EXPENDITURES			
Current:			
Promotion and tourism	158,940	-	158,940
Total expenditures	158,940	-	158,940
NET CHANGE IN FUND BALANCES	67,519	14,538	82,057
FUND BALANCES - BEGINNING	393,711	27,492	421,203
FUND BALANCES - ENDING	\$ 461,230	\$ 42,030	\$ 503,260

**CITY OF PERRYTON, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
HOTEL/MOTEL OCCUPANCY TAX FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2021**

	<u>Budgeted Amounts</u>			<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Final Budget</u>
REVENUES				
Other taxes - Hotel/Motel taxes	\$ 187,900	\$ 199,900	\$ 225,965	\$ 26,065
Investment earnings	-	-	494	494
	<u>187,900</u>	<u>199,900</u>	<u>226,459</u>	<u>26,559</u>
Total revenues				
EXPENDITURES				
Current:				
Promotion and tourism	<u>187,900</u>	<u>199,900</u>	<u>158,940</u>	<u>40,960</u>
	<u>187,900</u>	<u>199,900</u>	<u>158,940</u>	<u>40,960</u>
Total expenditures				
NET CHANGE IN FUND BALANCE	-	-	67,519	67,519
FUND BALANCE - BEGINNING	<u>393,711</u>	<u>393,711</u>	<u>393,711</u>	<u>-</u>
FUND BALANCE - ENDING	<u>\$ 393,711</u>	<u>\$ 393,711</u>	<u>\$ 461,230</u>	<u>\$ 67,519</u>

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CITY OF PERRYTON, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
CAPITAL PROJECTS FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2021

	<u>Budgeted Amounts</u>			<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Final Budget</u>
REVENUES				
Investment earnings	\$ 31,360	\$ 15,680	\$ 16,039	\$ 359
Total revenues	31,360	15,680	16,039	359
EXPENDITURES				
Current:				
City Hall	31,360	446,580	4,218	442,362
Total expenditures	31,360	446,580	4,218	442,362
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>-</u>	<u>(430,900)</u>	<u>11,821</u>	<u>442,721</u>
OTHER FINANCING SOURCES				
Transfers in	-	430,900	430,900	-
Total other financing sources	-	430,900	430,900	-
NET CHANGE IN FUND BALANCE	-	-	442,721	442,721
FUND BALANCE - BEGINNING	<u>2,289,142</u>	<u>2,289,142</u>	<u>2,289,142</u>	<u>-</u>
FUND BALANCE - ENDING	<u>\$ 2,289,142</u>	<u>\$ 2,289,142</u>	<u>\$ 2,731,863</u>	<u>\$ 442,721</u>

CITY OF PERRYTON, TEXAS
COMBINING STATEMENT OF NET POSITION
INTERNAL SERVICE FUNDS
September 30, 2021

	City Service	Capital Replacement	Total Internal Service
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 337,077	\$ 2,941,035	\$ 3,278,112
Investments	-	300,000	300,000
Receivables, net	-	1,880	1,880
Inventories	132,114	-	132,114
	<u>469,191</u>	<u>3,242,915</u>	<u>3,712,106</u>
Total current assets			
Capital assets:			
Land	55,482	-	55,482
Machinery and equipment	116,230	6,764,631	6,880,861
Infrastructure	295,834	-	295,834
Less accumulated depreciation	(345,685)	(5,302,667)	(5,648,352)
	<u>121,861</u>	<u>1,461,964</u>	<u>1,583,825</u>
Total capital assets			
Total assets	<u>591,052</u>	<u>4,704,879</u>	<u>5,295,931</u>
DEFERRED OUTFLOWS OF RESOURCES			
Pension contributions	11,594	-	11,594
OPEB contributions	215	-	215
OPEB assumption changes	2,244	-	2,244
	<u>14,053</u>	<u>-</u>	<u>14,053</u>
Total deferred outflows of resources			
			Continued

CITY OF PERRYTON, TEXAS
COMBINING STATEMENT OF NET POSITION
INTERNAL SERVICE FUNDS
September 30, 2021

Continuation	City Service	Capital Replacement	Total Internal Service
LIABILITIES			
Current liabilities:			
Accounts payable	\$ 10,851	\$ 4,223	\$ 15,074
Accrued liabilities	6,091	-	6,091
Compensated absences	10,289	-	10,289
	<hr/>	<hr/>	<hr/>
Total current liabilities	27,231	4,223	31,454
	<hr/>	<hr/>	<hr/>
Noncurrent liabilities:			
Net pension liability	664	-	664
Total OPEB liability	11,182	-	11,182
	<hr/>	<hr/>	<hr/>
Total noncurrent liabilities	11,846	-	11,846
	<hr/>	<hr/>	<hr/>
Total liabilities	39,077	4,223	43,300
	<hr/>	<hr/>	<hr/>
DEFERRED INFLOWS OF RESOURCES			
Pension economic/demographic gains	12,619	-	12,619
Pension excess earnings	23,348	-	23,348
Pension assumption changes	1,038	-	1,038
OPEB economic/demographic gains	397	-	397
OPEB assumption changes	259	-	259
	<hr/>	<hr/>	<hr/>
Total deferred inflows of resources	37,661	-	37,661
	<hr/>	<hr/>	<hr/>
NET POSITION			
Net investment in capital assets	121,861	1,461,964	1,583,825
Unrestricted	406,506	3,238,692	3,645,198
	<hr/>	<hr/>	<hr/>
Total net position	\$ 528,367	\$ 4,700,656	\$ 5,229,023
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

CITY OF PERRYTON, TEXAS
COMBINING STATEMENT OF REVENUE, EXPENSES,
AND CHANGES IN NET POSITION
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2021

	City Service	Capital Replacement	Total Internal Service
OPERATING REVENUES:			
Charges for sales and services:			
Internal service charges	\$ 389,501	\$ 510,380	\$ 899,881
Total operating revenues	389,501	510,380	899,881
OPERATING EXPENSES:			
Purchasing/warehouse department	252,245	1,547	253,792
Shop department	83,303	-	83,303
Depreciation	11,713	519,812	531,525
Total operating expenses	347,261	521,359	868,620
OPERATING INCOME	42,240	(10,979)	31,261
NON-OPERATING REVENUES:			
Investment earnings	-	22,174	22,174
Gain on disposition of assets	-	1,000	1,000
Total non-operating revenues	-	23,174	23,174
CHANGE IN NET POSITION	42,240	12,195	54,435
NET POSITION - BEGINNING	486,127	4,688,461	5,174,588
NET POSITION - ENDING	\$ 528,367	\$ 4,700,656	\$ 5,229,023

CITY OF PERRYTON, TEXAS
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2021

	City Service	Capital Replacement	Total Internal Service
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts for internal service charges	\$ 391,831	\$ 510,380	\$ 902,211
Payments to employees for salaries and benefits	(193,582)	-	(193,582)
Payments to suppliers for goods and services	(154,144)	(1,606)	(155,750)
Net cash provided by operating activities	44,105	508,774	552,879
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Changes in inter-fund receivables/payables	1,950	59	2,009
Net cash provided by noncapital financing activities	1,950	59	2,009
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Acquisition or construction of capital assets	(8,047)	(378,657)	(386,704)
Proceeds from sale capital assets	-	1,000	1,000
Net cash used by capital and related financing activities	(8,047)	(377,657)	(385,704)
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest on investments	-	21,769	21,769
Net cash provided by investing activities	-	21,769	21,769
NET INCREASE IN CASH	38,008	152,945	190,953
CASH AND CASH EQUIVALENTS, BEGINNING	299,069	2,788,090	3,087,159
CASH AND CASH EQUIVALENTS, ENDING	<u>\$ 337,077</u>	<u>\$ 2,941,035</u>	<u>\$ 3,278,112</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES			
Operating income (loss)	\$ 42,240	\$ (10,979)	\$ 31,261
Adjustments to reconcile operating income (loss) to net cash flows from operating activities:			
Depreciation	11,713	519,812	531,525
Changes in assets:			
Decrease (increase) in accounts receivable	2,330	-	2,330
Decrease (increase) in inventories	7,506	-	7,506
Changes in deferred outflows:			
Decrease (increase) in deferred outflows of resources	4,622	-	4,622
Changes in liabilities:			
Increase (decrease) in accounts payable	7,811	(59)	7,752
Increase (decrease) in accrued expenses	2,637	-	2,637
Increase (decrease) in net pension liability	(33,795)	-	(33,795)
Increase (decrease) in total opeb liability	(60)	-	(60)
Changes in deferred inflows:			
Increase (decrease) in deferred inflows of resources	(899)	-	(899)
Net cash provided by operating activities	<u>\$ 44,105</u>	<u>\$ 508,774</u>	<u>\$ 552,879</u>

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STATISTICAL SECTION

CITY OF PERRYTON, TEXAS

STATISTICAL SECTION

This part of the City of Perryton's Annual Comprehensive Financial Report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the City's overall financial health.

<u>Contents</u>	<u>Page</u>
Financial Trends	83
These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.	
Revenue Capacity	88
These schedules contain information to help the reader assess the factors affecting the City's ability to generate its property and sales taxes.	
Debt Capacity	95
These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.	
Demographic and Economic Information	100
These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place and to help make comparisons over time and with governments.	
Operating Information	102
These schedules contain information about the City's operations and resources to help the reader understand how the City's financial information relates to the services the City provides and the activities it performs.	

Sources: Unless otherwise noted, the information in these schedules is derived from the Annual Comprehensive Financial Reports for the relevant year.

**CITY OF PERRYTON, TEXAS
NET POSITION BY COMPONENT
LAST TEN FISCAL YEARS
(ACCRUAL BASIS OF ACCOUNTING)**

	Fiscal Year									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Governmental activities										
Net investment in capital assets	\$ 6,486,348	\$ 10,614,381	\$ 10,712,578	\$ 10,934,174	\$ 10,586,141	\$ 9,677,010	\$ 8,723,869	\$ 8,511,567	\$ 8,095,360	\$ 7,475,317
Restricted	3,051,123	1,998,780	2,899,979	2,692,182	2,628,664	2,745,727	2,839,052	2,682,315	2,710,345	3,235,123
Unrestricted	6,229,932	6,356,038	6,160,465	6,833,317	6,435,820	6,719,741	7,871,641	8,509,673	8,518,522	9,487,393
Total governmental activities net position	<u>\$ 15,767,403</u>	<u>\$ 18,969,199</u>	<u>\$ 19,773,022</u>	<u>\$ 20,459,673</u>	<u>\$ 19,650,625</u>	<u>\$ 19,142,478</u>	<u>\$ 19,434,562</u>	<u>\$ 19,703,555</u>	<u>\$ 19,324,227</u>	<u>\$ 20,197,833</u>
Business-type activities										
Net investment in capital assets	\$ 8,626,859	\$ 8,719,954	\$ 8,540,899	\$ 12,214,893	\$ 9,929,529	\$ 10,848,195	\$ 10,207,365	\$ 9,897,406	\$ 9,623,028	\$ 9,243,015
Restricted	-	-	1,648,198	-	-	-	-	-	-	-
Unrestricted	4,682,184	4,660,298	3,268,885	1,774,459	4,190,621	3,447,882	4,163,743	4,845,753	5,596,451	6,038,239
Total business-type activities net position	<u>\$ 13,309,043</u>	<u>\$ 13,380,252</u>	<u>\$ 13,457,982</u>	<u>\$ 13,989,352</u>	<u>\$ 14,120,150</u>	<u>\$ 14,296,077</u>	<u>\$ 14,371,108</u>	<u>\$ 14,743,159</u>	<u>\$ 15,219,479</u>	<u>\$ 15,281,254</u>
Primary government										
Net investment in capital assets	\$ 15,113,207	\$ 19,334,335	\$ 19,253,477	\$ 23,149,067	\$ 20,382,270	\$ 20,525,205	\$ 18,931,234	\$ 18,408,973	\$ 17,718,388	\$ 16,718,332
Restricted	3,051,123	1,998,780	4,548,177	2,692,182	2,628,664	2,745,727	2,839,052	2,682,315	2,710,345	3,235,123
Unrestricted	10,912,116	11,016,336	11,264,236	8,607,776	10,759,841	10,167,623	12,035,384	13,355,426	14,114,973	15,525,632
Total primary government net position	<u>\$ 29,076,446</u>	<u>\$ 32,349,451</u>	<u>\$ 35,065,890</u>	<u>\$ 34,449,025</u>	<u>\$ 33,770,775</u>	<u>\$ 33,438,555</u>	<u>\$ 33,805,670</u>	<u>\$ 34,446,714</u>	<u>\$ 34,543,706</u>	<u>\$ 35,479,087</u>

**CITY OF PERRYTON, TEXAS
CHANGES IN NET POSITION
LAST TEN FISCAL YEARS
(ACCRUAL BASIS OF ACCOUNTING)**

	Fiscal Year									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Expenses										
Governmental activities:										
General government	\$ 43,315	\$ 77,490	\$ 102,292	\$ 82,456	\$ 82,384	\$ 52,997	\$ 56,644	\$ 49,837	\$ 777,792	\$ 60,832
Administration	390,618	409,450	425,496	461,730	477,683	496,142	496,083	522,773	433,167	494,420
City Hall	166,707	169,944	170,725	166,406	176,476	167,164	176,349	293,994	147,720	164,988
Public safety:										
Police	1,436,936	1,636,294	1,865,304	1,897,830	2,099,742	2,150,070	2,072,773	2,017,750	1,758,436	1,891,563
Fire and ambulance	876,457	1,011,016	1,027,836	1,040,063	1,098,284	1,108,773	984,859	1,016,036	788,554	938,554
Streets	1,179,367	1,201,040	1,154,302	1,144,681	1,140,072	1,105,943	991,359	921,834	1,016,398	1,087,949
Engineering	174,704	183,978	211,125	204,153	223,614	309,868	325,619	343,416	264,905	169,707
Culture and recreation:										
Parks and Recreation	420,760	709,200	822,919	876,266	812,207	752,858	737,185	763,251	698,132	717,820
Golf Course	442,684	490,459	508,201	572,438	500,099	487,866	496,243	507,839	474,153	486,413
Promotion and tourism	176,812	199,916	374,905	456,703	319,670	186,052	206,411	350,276	264,469	158,940
Airport	54,820	53,508	53,398	53,540	58,761	74,092	74,085	75,060	76,010	74,983
Code Enforcement	77,982	80,671	82,999	83,594	89,835	89,597	90,446	97,869	100,949	85,492
Insect Control	21,072	17,253	25,832	13,062	23,541	19,780	30,488	26,108	21,344	23,640
Interest on long-term debt	36,009	28,352	20,366	6,892	-	-	2,886	772	2,230	-
Total governmental activities	5,498,243	6,268,571	6,845,700	7,059,814	7,102,368	7,001,202	6,741,430	6,986,815	6,824,259	6,355,301
Business-type activities										
Utility	4,716,156	5,278,454	5,344,864	5,207,295	5,080,646	4,540,589	4,841,623	4,970,240	4,623,734	5,099,474
Total business-type activities	4,716,156	5,278,454	5,344,864	5,207,295	5,080,646	4,540,589	4,841,623	4,970,240	4,623,734	5,099,474
Total Expenses	10,214,399	11,547,025	12,190,564	12,267,109	12,183,014	11,541,791	11,583,053	11,957,055	11,447,993	11,454,775
Program Revenues										
Governmental activities:										
Charges for services:										
General government	3,828	5,604	4,423	3,678	3,256	4,236	2,858	3,955	3,401	2,917
City Hall	-	-	-	-	-	-	-	13,026	9,485	10,948
Public safety:										
Police	128,451	160,889	170,666	163,286	120,565	120,753	77,935	86,482	62,238	40,609
Fire and ambulance	248,976	370,169	422,938	457,348	356,485	506,540	302,195	355,484	308,743	375,652
Culture and recreation:										
Parks and recreation	29,867	194,482	105,260	98,146	79,909	84,161	72,483	79,590	38,894	82,721
Golf course	145,032	151,271	150,898	153,111	142,910	142,895	138,130	144,256	133,171	130,908
Code enforcement	8,782	8,970	12,541	9,698	2,277	21,469	8,781	10,083	8,263	7,796
Interest on long-term debt	-	-	-	-	-	-	-	-	-	-
Operating grants and contributions	389,220	284,123	324,306	358,021	409,676	185,481	352,961	313,106	329,413	342,470
Capital grants and contributions	267,908	19,625	19,919	19,705	16,880	16,173	78,247	201,383	28,434	538,008
Total governmental activities	1,222,064	1,195,133	1,210,951	1,262,993	1,131,958	1,081,708	1,033,590	1,207,365	922,042	1,532,029

Continued

**CITY OF PERRYTON, TEXAS
CHANGES IN NET POSITION
LAST TEN YEARS
(ACCRUAL BASIS OF ACCOUNTING)**

	Fiscal Year									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Continuation										
Business-type activities:										
Charges for services:										
Water sales	\$ 1,412,071	\$ 1,296,518	\$ 1,244,097	\$ 1,216,614	\$ 1,181,362	\$ 1,198,375	\$ 1,225,277	\$ 1,267,049	\$ 1,258,826	\$ 1,253,632
Sewer charges	514,022	519,184	523,495	578,353	574,377	574,530	573,471	561,899	568,262	558,767
Sanitation charges	929,941	913,356	998,562	1,063,361	1,038,396	1,086,940	1,032,532	1,106,026	1,060,566	1,038,766
Gas sales	2,751,992	2,979,343	3,047,759	2,680,500	2,368,811	2,089,491	2,261,478	2,470,120	2,058,801	2,474,381
Other	147,162	212,771	254,258	491,355	227,794	298,222	222,127	-	-	-
Operating grants and contributions	2,234.00	18,556	-	-	-	6,340	-	-	258,445	238,348
Capital grants and contributions	89,837	226,433	91,326	89,300	69,055	7,975	500	167,485	-	-
Total business-type activities program revenues	5,847,259	6,166,161	6,159,497	6,119,483	5,459,795	5,261,873	5,315,385	5,572,579	5,204,900	5,563,894
Total primary government program revenues	7,069,323	7,361,294	7,370,448	7,382,476	6,591,753	6,343,581	6,348,975	6,779,944	6,126,942	7,095,923
Net (Expense)/Revenue										
Governmental activities	(4,276,179)	(5,073,438)	(5,634,749)	(5,796,821)	(5,970,410)	(5,919,494)	(5,707,840)	(5,779,450)	(5,902,217)	(4,823,272)
Business-type activities	1,131,103	887,707	814,633	912,188	379,149	721,284	473,762	602,339	581,166	464,420
Total primary government net expenses	(3,145,076)	(4,185,731)	(4,820,116)	(4,884,633)	(5,591,261)	(5,198,210)	(5,234,078)	(5,177,111)	(5,321,051)	(4,358,852)
General Revenues and Other Changes in Net Position										
Governmental activities:										
Property taxes	1,377,314	1,503,794	1,612,083	1,753,409	1,881,337	1,868,866	2,128,868	2,122,314	2,150,538	2,136,573
Sales taxes	3,599,398	3,642,530	4,952,523	3,523,643	2,292,474	2,197,867	2,433,064	2,461,920	2,047,467	2,036,182
Franchise taxes	261,598	241,658	261,329	260,109	261,500	259,380	250,950	241,432	254,807	418,303
Hotel/Motel taxes	308,586	363,471	459,563	303,501	219,304	254,534	282,668	298,036	236,156	225,965
Alcoholic beverage taxes	1,842	2,324	9,541	9,501	10,056	6,091	4,987	7,148	3,669	6,749
Unrestricted investment earnings	53,194	55,141	52,433	65,505	96,289	142,518	250,314	418,302	251,136	106,535
Gain on disposal of asset	-	-	-	-	-	6,058	45,340	12,776	82,318	-
Miscellaneous	77,504	58,996	79,966	129,502	80,668	70,787	69,649	69,824	61,498	81,321
Transfers	407,320	2,407,320	463,500	438,302	319,734	605,246	534,084	580,575	435,300	685,250
Total governmental activities	6,086,756	8,275,234	7,890,938	6,483,472	5,161,362	5,411,347	5,999,924	6,212,327	5,522,889	5,696,878
Business-type activities:										
Unrestricted investment earnings	36,912	37,713	36,737	57,484	71,383	88,929	135,353	171,899	95,851	41,356
Gain on disposal of asset	-	-	-	-	-	-	-	-	-	3,713
Miscellaneous	(24,216)	4,286	72,380	-	-	(29,040)	-	227,278	234,603	237,536
Transfers	(407,320)	(407,320)	(463,500)	(438,302)	(319,734)	(605,246)	(534,084)	(580,575)	(435,300)	(685,250)
Total business-type activities	(394,624)	(365,321)	(354,383)	(380,818)	(248,351)	(545,357)	(398,731)	(181,398)	(104,846)	(402,645)
Total primary government	5,692,132	7,909,913	7,536,555	6,102,654	4,913,011	4,865,990	5,601,193	6,030,929	5,418,043	5,294,233
Change in Net Position										
Governmental activities	1,810,577	3,201,796	2,256,189	686,651	(809,048)	(508,147)	292,084	432,877	(379,328)	873,606
Business-type activities	736,479	522,386	460,250	531,370	130,798	175,927	75,031	420,941	476,320	61,775
Total primary government	\$ 2,547,056	\$ 3,724,182	\$ 2,716,439	\$ 1,218,021	\$ (678,250)	\$ (332,220)	\$ 367,115	\$ 853,818	\$ 96,992	\$ 935,381

CITY OF PERRYTON, TEXAS
FUND BALANCES, GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(MODIFIED ACCRUAL BASIS OF ACCOUNTING)

	FISCAL YEAR									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
General Fund										
Restricted	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unassigned	<u>4,448,027</u>	<u>5,131,382</u>	<u>6,660,439</u>	<u>7,256,347</u>	<u>6,940,515</u>	<u>6,992,687</u>	<u>7,584,178</u>	<u>8,379,900</u>	<u>7,321,006</u>	<u>7,657,561</u>
Total general fund	<u>\$ 4,448,027</u>	<u>\$ 5,131,382</u>	<u>\$ 6,660,439</u>	<u>\$ 7,256,347</u>	<u>\$ 6,940,515</u>	<u>\$ 6,992,687</u>	<u>\$ 7,584,178</u>	<u>\$ 8,379,900</u>	<u>\$ 7,321,006</u>	<u>\$ 7,657,561</u>
All Other Governmental Funds										
Restricted	\$ 433,545	\$ 692,271	\$ 948,371	\$ 420,542	\$ 321,925	\$ 390,408	\$ 2,839,052	\$ 2,682,315	\$ 2,710,345	\$ 3,235,123
Assigned	<u>2,617,578</u>	<u>1,306,509</u>	<u>1,951,608</u>	<u>2,271,640</u>	<u>2,306,739</u>	<u>2,355,319</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total all other governmental funds	<u>\$ 3,051,123</u>	<u>\$ 1,998,780</u>	<u>\$ 2,899,979</u>	<u>\$ 2,692,182</u>	<u>\$ 2,628,664</u>	<u>\$ 2,745,727</u>	<u>\$ 2,839,052</u>	<u>\$ 2,682,315</u>	<u>\$ 2,710,345</u>	<u>\$ 3,235,123</u>

CITY OF PERRYTON, TEXAS
CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(MODIFIED ACCRUAL BASIS OF ACCOUNTING)

	FISCAL YEAR									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Revenues										
Taxes	\$ 5,555,962	\$ 5,750,161	\$ 7,294,906	\$ 5,848,016	\$ 4,645,194	\$ 4,620,102	\$ 5,080,319	\$ 5,120,527	\$ 4,691,180	\$ 4,819,844
Licenses and permits	12,610	14,945	17,819	14,261	6,688	27,810	11,763	18,043	11,904	12,528
Intergovernmental	478,359	345,793	400,764	435,808	338,962	494,165	415,212	498,398	342,442	866,011
Charges for services	389,220	284,123	324,306	358,021	409,676	302,606	291,729	349,184	302,268	365,152
Fines and forfeitures	128,451	160,889	170,666	163,286	120,565	120,753	77,935	86,482	62,238	40,609
Recreation fees	174,899	260,753	256,157	249,861	222,819	227,056	210,614	223,846	172,065	213,629
Investment earnings	45,155	46,549	45,409	58,404	86,409	123,130	213,861	363,342	209,649	84,361
Rents and leases	25,280	31,594	31,936	27,728	24,431	22,300	21,103	15,321	15,720	19,633
Miscellaneous	4,514	119,076	50,848	78,423	22,604	61,632	102,631	85,915	76,903	95,788
Contributions and donations	19,833	19,625	20,022	19,705	16,880	16,173	-	-	-	-
Total revenues	6,834,283	7,033,508	8,612,833	7,253,513	5,894,228	5,895,727	6,425,167	6,761,058	5,884,369	6,517,555
Expenditures										
Current:										
General government	43,316	77,490	102,292	82,456	82,383	52,997	56,644	49,838	777,795	60,831
Administration	390,963	400,886	425,690	475,043	459,257	479,457	491,725	499,345	514,869	552,981
City Hall	102,697	104,682	106,505	105,559	111,491	99,174	111,265	226,794	97,008	105,661
Public safety:										
Police	1,435,016	1,632,954	1,842,671	1,936,300	2,053,960	2,002,499	2,014,094	1,909,043	2,104,491	2,053,174
Fire and ambulance	768,977	898,169	932,634	994,747	976,290	1,002,303	915,718	865,705	825,883	912,661
Streets	1,107,680	1,171,109	1,128,971	1,138,692	1,126,717	1,062,965	971,202	877,722	1,088,539	1,080,226
Engineering	174,761	181,299	202,206	205,351	210,076	283,403	321,434	323,969	329,178	197,288
Culture and recreation:										
Parks and recreation	392,287	607,981	598,404	655,328	582,222	512,260	509,023	523,265	514,129	504,088
Golf course	409,053	455,617	479,127	563,490	497,411	476,482	498,556	492,066	538,178	503,312
Promotion and tourism	176,812	199,916	374,905	456,703	319,670	186,052	206,411	350,276	264,469	158,940
Airport	2,587	1,275	1,220	1,220	1,220	1,245	1,245	1,245	1,220	1,220
Code enforcement	79,390	81,123	83,831	86,250	88,947	85,355	91,996	94,425	118,774	93,910
Insect control	20,059	14,539	22,577	10,200	20,960	16,849	27,582	25,788	22,981	23,931
Debt services:										
Principal	155,000	165,000	170,000	365,000	-	32,998	32,879	35,002	33,604	-
Interest	36,930	29,331	21,375	9,059	-	2,776	2,867	772	2,230	-
Capital Outlay	1,332,980	3,788,445	153,669	222,856	196,107	40,011	152,940	430,961	117,185	93,249
Total expenditures	6,628,508	9,809,816	6,646,077	7,308,254	6,726,711	6,336,826	6,405,581	6,706,216	7,350,533	6,341,472
Excess of revenues over (under) expenditures	205,775	(2,776,308)	1,966,756	(54,741)	(832,483)	(441,099)	19,586	54,842	(1,466,164)	176,083
Other financial sources (uses)										
Transfers in	2,237,885	2,497,582	1,470,377	839,886	507,600	798,200	586,708	819,362	623,170	1,116,150
Transfers out	(1,830,565)	(90,262)	(1,006,877)	(401,584)	(187,866)	(187,866)	(52,624)	(238,787)	(187,870)	(430,900)
Proceeds from sale of assets	49,500.00	-	-	4,550.00	-	-	131,146	3,568	-	-
Issuance of debt	-	-	-	-	133,399	-	-	-	-	-
Total other financing sources (uses)	456,820	2,407,320	463,500	442,852	453,133	610,334	665,230	584,143	435,300	685,250
Net change in fund balances	\$ 662,595	\$ (368,988)	\$ 2,430,256	\$ 388,111	\$ (379,350)	\$ 169,235	\$ 684,816	\$ 638,985	\$ (1,030,864)	\$ 861,333
Debt service as a percentage of noncapital expenditures	3.6%	3.2%	2.9%	5.3%	0.0%	0.6%	0.6%	0.6%	0.5%	0.0%

CITY OF PERRYTON, TEXAS
ASSESSED VALUE AND ACTUAL VALUE OF TAXABLE PROPERTY
LAST TEN FISCAL YEARS

<u>Fiscal Year Ended September 30,</u>	<u>Residential Property</u>	<u>Commercial Property</u>	<u>Industrial Property</u>	<u>Less: Tax-Exempt Property</u>	<u>Total Taxable Assessed Value</u>	<u>Total Direct Tax Rate</u>
2012	\$ 224,870,288	\$ 166,079,799	\$ 5,896,143	\$ 10,741,585	\$ 386,104,645	.382000
2013	225,824,492	189,684,897	6,418,388	7,357,278	414,570,499	.382000
2014	234,325,793	68,270,021	157,601,622	5,846,564	454,350,872	.382000
2015	261,166,364	118,640,797	119,112,168	2,193,947	496,725,382	.382000
2016	257,914,377	68,349,170	116,989,180	14,296,395	428,956,332	.382000
2017	268,958,863	128,118,234	61,546,622	8,982,299	449,641,420	.435265
2018	272,853,782	129,582,459	49,377,474	3,273,102	448,540,613	.470000
2019	279,977,495	128,020,002	49,334,981	15,546,098	441,786,380	.470388
2020	278,815,066	130,792,443	52,339,510	23,450,911	438,496,108	.478279
2021	282,088,236	122,588,177	47,907,090	5,042,696	447,540,807	.483896

Source: Ochiltree County Appraisal District

**CITY OF PERRYTON, TEXAS
PROPERTY TAX RATES
DIRECT AND OVERLAPPING GOVERNMENTS
LAST TEN FISCAL YEARS**

Fiscal Year	City Direct Rates			Overlapping Rates					
	Operating	General Obligation Debt Service	Total Direct	Perryton School District	North Plains Water District	Ochiltree General Hospital District	Ochiltree County	Frank Phillips Junior College	Total Direct and Overlapping
2012	0.330113	0.051887	0.382000	1.125000	0.026020	0.156000	0.420000	0.031800	2.140820
2013	0.334404	0.047596	0.382000	1.155000	0.025652	0.156000	0.420000	0.029704	2.168356
2014	0.338507	0.043493	0.382000	1.190000	0.025324	0.162000	0.400000	0.025359	2.184683
2015	0.342400	0.039600	0.382000	1.100000	0.026829	0.250000	0.424000	0.022979	2.205808
2016	0.390415	0.044850	0.435265	1.130000	0.034146	0.350000	0.524000	0.034181	2.507592
2017	0.427594	0.042406	0.470000	1.125000	0.033714	0.388583	0.524000	0.037200	2.578497
2018	0.428503	0.041885	0.470388	1.125000	0.033136	0.383644	0.524000	0.039660	2.575828
2019	0.431952	0.041472	0.473424	1.055000	0.032600	0.383644	0.574214	0.039592	2.558474
2020	0.436931	0.041348	0.478279	1.056400	0.032600	0.493967	0.672950	0.042300	2.776496
2021	0.442409	0.041487	0.483896	1.073400	0.032600	0.550000	0.757732	0.049313	2.946941

Source: Ochiltree County Appraisal District - rates are per \$100 of assessed value

**CITY OF PERRYTON, TEXAS
PRINCIPAL PROPERTY TAXPAYERS
CURRENT YEAR AND NINE YEARS AGO**

Taxpayers	Fiscal Year 2021			Fiscal Year 2012		
	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value
Gorman & Phillips Construction	\$ 11,701,670	1	2.61 %	\$ 4,010,536	5	0.56 %
Southwestern Public Services	9,735,730	2	2.18	3,158,246	7	0.82
Perry Sooter, DBA Western Hotoil	4,861,900	3	1.09	4,938,208	4	1.28
Juan Cenicerros	4,005,850	4	0.90	3,870,523	6	1.00
Jamal Enterprises LP	3,159,880	5	0.71			
Mewbourne Oil Company	3,111,460	6	0.70			
CP Energy	3,034,200	7	0.68			
Beckman Well Services LLC	2,950,490	8	0.66	3,091,272	9	0.80
United Supermarket	2,518,930	9	0.56	2,837,286	10	0.73
Bartlett Enterprises Inc	2,383,880	10	0.53			
BJ Services				16,553,401	1	4.29
Nabors Well Services				15,352,498	2	3.98
Stride Well Service				9,492,567	3	2.46
Key Energy Services, Inc				3,734,093	8	0.97
Total	<u>\$ 47,463,990</u>		<u>10.62 %</u>	<u>\$ 67,038,630</u>		<u>16.89 %</u>

Source: Ochiltree County Appraisal District

CITY OF PERRYTON, TEXAS
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS

Fiscal Year End September 30,	Tax Levy for Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount Collected	Percentage of Levy		Amount Collected	Percentage of Levy
2012	\$ 1,168,618	\$ 1,152,964	98.66 %	\$ 14,424	\$ 1,167,388	99.89 %
2013	1,288,223	1,269,897	98.58	16,523	1,286,420	99.86
2014	1,394,663	1,377,124	98.74	15,130	1,392,254	99.83
2015	1,536,046	1,513,446	98.53	19,028	1,532,474	99.77
2016	1,666,610	1,633,369	98.01	28,069	1,661,438	99.69
2017	1,703,364	1,657,289	97.30	35,090	1,692,379	99.36
2018	1,916,835	1,880,090	98.08	24,513	1,904,603	99.36
2019	1,943,435	1,894,639	97.49	26,486	1,921,125	98.85
2020	1,977,151	1,922,372	97.23	23,064	1,945,436	98.40
2021	1,977,381	1,922,832	97.24	-	1,922,832	97.24

Source: Ochiltree County Appraisal District

CITY OF PERRYTON, TEXAS
MOST SIGNIFICANT OWN SOURCE REVENUE (SALES TAX) - GENERAL FUND
LAST TEN FISCAL YEARS

Fiscal Year Ended September 30,	Total Sales Tax Revenues	Total Revenues	Percentage of Total Revenues
2012	\$ 3,599,398	\$ 6,050,169	59.49 %
2013	3,642,530	6,435,105	56.60 %
2014	4,954,691	8,533,303	58.06 %
2015	3,523,643	6,917,238	50.94 %
2016	2,292,474	5,973,586	38.38 %
2017	2,197,867	5,592,612	39.30 %
2018	2,433,064	6,072,807	40.06 %
2019	2,461,920	6,380,909	38.58 %
2020	2,047,467	5,591,870	36.62 %
2021	2,036,182	6,260,519	32.52 %

CITY OF PERRYTON, TEXAS
MOST SIGNIFICANT OWN SOURCE REVENUE (GAS SALES) - UTILITY FUND
LAST TEN FISCAL YEARS

Fiscal Year Ended September 30,	Total Gas Sales Revenues	Total Operating Revenues	Percentage of Total Revenues
2012	\$ 2,751,992	\$ 5,733,242	48.00 %
2013	2,979,344	5,809,920	51.28 %
2014	2,946,106	5,930,769	49.67 %
2015	2,680,500	5,941,983	45.11 %
2016	2,368,811	5,390,740	43.94 %
2017	2,089,491	5,247,557	39.82 %
2018	2,261,478	5,314,885	42.55 %
2019	2,470,120	5,632,372	43.86 %
2020	2,058,801	5,181,058	39.74 %
2021	2,474,381	5,563,082	44.48 %

Monthly rates to be charged and collected by the City for gas service rendered to domestic and commercial consumers shall be determined by a contract between West Texas Gas and the City. Such charge will be based on the wholesale cost of gas as authorized by this contract with a \$1.69 per MCF delivery cost from the City gate to burner tip. Effective October 1, 2019 the monthly base service charge for all residential and commercial accounts was \$4.96 per MCF.

**CITY OF PERRYTON, TEXAS
TEN LARGEST GAS CUSTOMERS
CURRENT YEAR AND NINE YEARS AGO**

Customer	Type of Industry	Fiscal Year 2021			Fiscal Year 2012		
		Rank	Gas Revenue	Percent of Total Gas Revenue	Rank	Gas Revenue	Percent of Total Gas Revenue
Ochiltree General Hospital	Hospital	1	\$ 34,119	1.38 %	2	\$ 67,916	2.29 %
PISD - High School	School	2	30,892	1.25			
PISD - Wright Campus	School	3	27,662	1.12			
United Supermarket	Grocery	4	27,460	1.11	4	33,359	0.44
Lowe's	Grocery	5	20,470	0.83			
Smokehouse	Restaurant	6	20,454	0.83			
The Seasons	Assisted Living	7	20,437	0.83	5	23,870	0.87
Sudzy Springs	Car Wash	8	18,403	0.74	8	15,929	0.58
Perryton Cleaners	Dry Cleaners	9	17,068	0.69	6	21,022	0.76
Texas Dept of Transportation	State Highway	10	14,928	0.60			
BJ Services Company, USA	Oil Field Service				3	38,890	1.41
Nabors Well Service	Oil Field Service				9	14,984	0.54
Perryton Activity Center	Recreational				10	14,017	0.51
Perryton ISD	School				1	78,258	2.84

Source: City's gas system financial records.

CITY OF PERRYTON, TEXAS
RATIO OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS

Fiscal Year	Governmental Activities		Business-Type Activities	Total Outstanding Debt	Percentage of Personal Income (2)	Population (3)
	Capital Leases	Certificates of Obligation	Certificates of Obligation (1)			
2012	\$ -	\$ 700,000	\$ 2,567,358	\$ 3,267,358	0.75	9,108
2013	-	535,000	2,275,931	2,810,931	0.52	9,172
2014	-	365,000	1,979,525	2,344,525	0.45	9,243
2015	-	-	5,740,008	5,740,008	0.88	9,298
2016	133,399	-	4,866,396	4,999,795	0.73	9,114
2017	101,465	-	3,964,523	4,065,988	0.67	8,980
2018	68,606	-	3,058,202	3,126,808	0.48	8,977
2019	33,604	-	2,141,496	2,175,100	0.52	8,908
2020	-	-	1,185,000	1,185,000	0.55	8,813
2021	-	-	595,000	595,000	0.32	8,492

(1) Presented net of original issuance premium

(2) Personal income data can be found in the Schedule of Demographic and Economic Statistics on page 100

(3) Population data can be found in the Schedule of Demographic and Economic Statistics on page 100

CITY OF PERRYTON, TEXAS
RATIO OF GENERAL BONDED DEBT OUTSTANDING
LAST TEN FISCAL YEARS

<u>Fiscal Year</u>	<u>General Certificates of Obligation (1)</u>	<u>Less Amounts Available in Debt Service Fund (2)</u>	<u>Total</u>	<u>Percentage of Actual Taxable Value of Property (3)</u>	<u>Per Capita (4)</u>
2012	\$ 3,267,358	\$ 109,368	\$ 3,157,990	0.82 %	\$ 346.73
2013	2,810,931	204,539	2,606,392	0.63	284.17
2014	2,344,525	375,981	1,968,544	0.43	212.98
2015	5,740,008	558,763	5,181,245	1.04	557.24
2016	4,866,396	554,680	4,311,716	1.01	473.09
2017	3,964,523	558,109	3,406,414	0.76	379.33
2018	3,058,202	558,727	2,499,475	0.56	278.43
2019	2,141,496	479,670	1,661,826	0.38	186.55
2020	1,185,000	179,676	1,005,324	0.23	114.07
2021	595,000	411,275	183,725	0.04	21.64

(1) This is the general bonded debt of both governmental and business-type activities, net of original issuance discounts and premiums

(2) This is the amount restricted for debt service principal payments

(3) See the Schedule of Assessed Value and the Actual Value of Taxable Property on page 88 for property value data

(4) Population data can be found in the Schedule of Demographic and Economic Statistics on page 100

CITY OF PERRYTON, TEXAS
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
AS OF SEPTEMBER 30, 2021

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable	Amount Applicable to Primary Government
Perryton Independent School District	\$ 16,283,712	30.36 %	\$ 4,943,735
Ochiltree County	5,745,000	27.02	1,552,299
Ochiltree General Hospital	N/A	-	-
North Plains Water District	N/A	-	-
Frank Phillips College	N/A	-	-
Subtotal, overlapping debt			6,496,034
City direct debt			-
Total direct and overlapping debt			<u>\$ 6,496,034</u>

Source: The overlapping debt percentages are based on the City's total taxable base comparison to the total taxable base of the other taxing entities within the corporate limits of the City. Debt amounts are obtained directly from the taxing entities.

CITY OF PERRYTON, TEXAS
LEGAL DEBT MARGIN INFORMATION
September 30, 2021

Taxable Assessed Value	\$ 447,540,807
Constitutional Debt limit (10% of taxable assessed value)	\$ 44,754,081
Outstanding Debt:	
Business Activities - Combination Tax and Revenue	
Tax Notes - Series 2015	\$ 595,000
Total Outstanding Debt	595,000
Less: Self-supporting debt	-
Amounts in sinking fund	(411,275)
Total net debt applicable to limit	183,725
Net debt contracting margin	\$ 44,570,356
Percentage of net debt contracting margin available	99.59 %
Percentage of net debt contracting power exhausted	0.41 %

Year	Constitutional Debt Limit	Outstanding Indebtedness September 30,	Percentage of Net Debt Contracting Margin Available
2012	\$ 38,640,606	\$ 749,667	98.06 %
2013	41,457,050	330,784	99.20
2014	45,435,167	2,275,000	100.00
2015	49,672,536	5,680,000	88.57
2016	42,743,681	4,813,000	88.74
2017	47,366,210	3,923,000	91.72
2018	44,854,061	3,026,000	98.07
2019	45,354,061	2,115,000	99.80
2020	45,418,943	1,185,000	99.57
2021	44,754,081	595,000	99.59

Note: Amounts in sinking fund includes amounts set aside for remaining principal and interest on the Tax Notes, Series 2015.

**CITY OF PERRYTON, TEXAS
PLEDGED-REVENUE COVERAGE
LAST TEN FISCAL YEARS**

Combination Tax & Revenue Certificates of Obligation

Fiscal Year	Utility Service Charges	Less: Operating Expenses	Net Available Revenues	Debt Service		Coverage
				Principal	Interest	
2012	\$ 5,733,242	\$ 4,025,940	\$ 1,707,302	\$ 280,000	\$ 72,050	4.85
2013	5,809,920	4,612,551	1,197,369	285,000	66,400	3.41
2014	6,050,097	4,716,841	1,333,256	290,000	60,650	3.80
2015	5,853,783	4,597,880	1,255,903	295,000	54,063	3.60
2016	5,302,540	4,483,785	818,755	867,000	71,383	0.87
2017	5,247,558	3,887,119	1,360,439	890,000	47,434	1.45
2018	5,314,885	4,067,166	1,247,719	897,000	37,616	1.34
2019	5,632,372	4,209,070	1,423,302	911,000	29,257	1.51
2020	5,181,058	3,963,614	1,217,444	590,000	7,863	2.04
2021	5,563,082	4,289,765	1,273,317	595,000	2,678	2.13

Note: Operating expenses do not include interest, depreciation or amortization expenses.

**CITY OF PERRYTON, TEXAS
DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN CALENDAR YEARS**

<u>Year</u>	<u>Population (1)</u>	<u>Personal Income (2)</u>	<u>Per Capita Personal Income (3)</u>	<u>School Enrollment (4)</u>	<u>Work Force (5)</u>	<u>Labor Employed (5)</u>	<u>Unemployment Rate (5)</u>
2012	9,108	\$ 479,335,824	\$ 52,628	2,394	6,065	5,869	3.20 %
2013	9,172	535,801,458	58,417	2,424	6,021	5,832	3.10
2014	9,243	505,324,053	54,671	2,377	6,483	6,312	2.60
2015	9,298	651,643,000	60,573	2,331	5,675	5,435	4.20
2016	9,114	663,362,490	72,785	2,332	7,583	7,177	5.35
2017	8,980	609,869,000	59,176	2,216	4,178	4,032	3.50
2018	8,977	653,390,945	72,785	2,238	4,497	4,371	2.80
2019	8,908	421,018,804	47,263	2,213	4,473	4,358	2.60
2020	8,813	213,803,380	24,260	2,126	4,067	3,804	6.50
2021	8,492	186,204,084	21,927	2,052	3,916	3,703	5.40

(1) Population figures for 2010 are from the U.S. Bureau of Census; other years are estimates based on number of utility accounts.

(2) Personal income amounts are calculated based on population and per capita personal income amounts.

(3) Per Capita personal income for 2007-2017 obtained from the latest information available from the Texas Workforce Commission.

(4) School enrollment figures obtained from Perryton Independent School District.

(5) Work force, labor employed, and unemployment rate information is from the Texas Labor Market Information website and consists of data for Ochiltree County, Texas.

**CITY OF PERRYTON, TEXAS
PRINCIPAL EMPLOYERS
CURRENT YEAR AND NINE YEARS AGO**

Taxpayers	2021			2012		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
Perryton ISD	386	1	9.15 %	THIS INFORMATION IS NOT AVAILABLE		
Seaboard Foods	331	2	9.88			
Ochiltree General Hospital	190	3	5.02			
United Supermarket	150	4	3.42			
City of Perryton	85	5	2.21			
Ochiltree County	83	6	2.23			
Mewbourne Oil	68	7	2.00			
Phil Dollar Oilfield Service	53	8	1.31			
Western Hot Oil	42	9	1.00			
Lowe's Market	35	10	0.87			

CITY OF PERRYTON, TEXAS
FULL-TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS

<u>Function/Program</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
General Government										
Administrative	2	2	2	2	2	2	2	2	2	2
Finance	1	1	1	1	1	1	1	1	1	2
Code Enforcement	1	1	1	1	1	1	1	1	1	1
Building Maintenance	1	1	1	1	1	1	1	1	1	1
Police										
Animal Control	1	2	2	2	2	2	2	2	2	2
Officers	13	15	15	15	15	15	15	15	15	15
Civilians	6	7	8	8	8	8	8	8	8	8
Fire										
Firefighter/Paramedic	3	6	8	7	7	7	7	7	3	3
Firefighter/Intermediate	1	2	1	3	2	2	2	2	1	1
Firefighter/EMT	9	5	4	3	4	4	4	4	9	9
Public Works										
Administrative	4	4	4	4	4	4	4	4	4	4
Engineering	1	1	1	1	1	2	2	2	1	1
Parks & Recreation	3	4	4	4	4	4	4	4	4	4
Golf course	4	4	4	4	4	4	4	4	4	4
Streets	6	6	6	6	6	6	6	6	6	6
Solid Waste	7	8	8	8	8	8	8	8	8	8
Water	5	5	5	5	5	5	5	5	5	5
Gas	3	3	3	3	3	3	3	3	3	3
Wastewater	4	4	4	4	4	4	4	4	4	4
City Service										
Administrative	1	1	1	1	1	1	1	1	1	1
Shop	1	1	1	1	1	1	1	1	1	1
Warehouse	<u>1</u>	<u>1</u>	<u>1</u>	<u>1</u>	<u>1</u>	<u>1</u>	<u>1</u>	<u>1</u>	<u>1</u>	<u>1</u>
Total	<u>78</u>	<u>84</u>	<u>85</u>	<u>85</u>	<u>85</u>	<u>86</u>	<u>86</u>	<u>86</u>	<u>85</u>	<u>86</u>

Information obtained from City records.

CITY OF PERRYTON, TEXAS
OPERATING INDICATORS BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS

<u>Function/Program</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
Police										
Physical arrest	381	547	614	467	303	266	204	294	185	249
Motor vehicle accidents	221	253	166	227	219	169	187	134	179	150
Traffic violations	2,740	4,115	3,103	2,148	1,965	2,144	2,150	1,964	1,412	1,233
Fire										
Fires extinguished	59	69	46	43	51	66	66	49	63	52
Ambulance										
Emergency responses	284	71	73	33	29	31	40	39	461	402
Transfers	580	538	646	604	570	557	564	543	542	579
Refuse collection										
Refuse collected (tons per day)	17	18	18	18	19	19	18	18	16	18
Recyclables collected (tons per day)	1.26	1.26	1.26	0.32	0.30	0.21	0.90	0.02	0.18	0.19
Other public works										
Street resurfacing (miles)	6.0	8.0	4.3	4.0	4.0	3.3	-	2.3	2.8	2.5
Water										
New connections	493	511	390	290	285	376	401	478	352	262
Water main breaks	100	105	80	88	91	120	118	145	162	208
Average daily consumption (thousands of gallons)	2,115	1,955	1,968	1,380	1,152	1,399	1,732	1,223	1,447	1,624
Peak daily consumption (thousands of gallons)	5,596	4,429	4,432	3,897	3,800	3,200	3,218	3,334	4,757	3,038
Wastewater										
Average daily sewage treatment (thousands of gallons)	760	856	785	813	1,009	805	704	767	640	606
Gas										
Average daily consumption (MCF)	1,056	1,093	1,163	1,038	1,005	891	950	1,089	989	1,030
Peak daily consumption (MCF)	3,631	3,424	4,554	3,897	4,270	4,270	3,866	2,750	2,203	4,574

Information obtained from City records.

CITY OF PERRYTON, TEXAS
CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS

<u>Function/Program</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol units	13	15	16	16	16	16	16	16	16	16
Fire stations	1	1	1	1	1	1	1	1	1	1
Refuse collection										
Collection trucks	4	4	4	4	4	4	4	4	4	4
Recycle trucks	2	2	2	2	2	2	2	2	2	2
Recycle centers	2	2	2	2	2	2	2	2	2	2
Other public works										
Streets (miles-paved)	67	67	67	67	68	68	68	68	68	68
Streets (miles-unpaved)	5	5	5	5	5	5	5	5	5	5
Alleys (miles)	46	46	47	47	48	48	48	48	48	48
Parks and recreation										
Acreage	37	37	37	37	37	37	37	37	37	37
Playgrounds	5	5	5	5	5	5	5	5	5	5
Baseball/softball diamonds	1	1	1	1	1	1	1	1	1	1
Soccer/football fields	2	2	2	2	2	2	2	2	2	2
Water										
Water mains (miles)	67	67	67	67	68	68	68	68	68	68
Fire hydrants	230	233	236	236	236	236	236	236	236	236
Storage capacity (thousands of gallons)	3,100	3,100	3,100	3,100	3100	3,100	3,100	3,100	3,100	3,100
Wastewater										
Sanitary sewers (miles)	68	68	68	68	69	69	69	69	69	69
Treatment capacity (thousands of gallons)	1,400	1,400	1,400	1,400	1400	1,400	1,400	1,400	1,400	1,400
Gas										
Gas mains (miles)	57	57	57	58	58	58	58	58	58	58

Information obtained from City records.

COMPLIANCE AND INTERNAL CONTROL

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

To The Honorable Mayor and City Council
City of Perryton, Texas

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund and their respective budgetary comparisons, and the aggregate remaining fund information of the City of Perryton, Texas, as of and for the year ended September 30, 2021, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated January 21, 2022.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over financial reporting.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Compliance and Other Matters

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

Purpose of this Report

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

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

DOSHIER, PICKENS & FRANCIS, LLC

Amarillo, Texas

January 21, 2022