



NOTICE OF A REGULAR MEETING

Notice is hereby given that a Regular Meeting of the Governing Body of the City of Ranger, Texas, will be held on **Monday, February 26, 2024 at 5:30 p.m.** in City Hall, 400 West Main Street Ranger, Texas. The following subjects will be discussed, to wit:

Agenda Item 01: Call to Order- Mayor Robinson

Roll Call/Quorum Check

Invocation of Prayer

Pledge of Allegiance to the United States Flag

Pledge of Allegiance to the Texas Flag

Agenda Item 02: Citizen's Presentation-At this time, anyone on the list will be allowed to speak on any matter other than personnel matters or matters under litigation, for a length of time not to exceed THREE minutes. No Council/Board discussion or action may take place on a matter until such matter has been placed on an agenda and posted in accordance with law.

Agenda Item 03: Announcements from City Council or Staff-Comments may be made by council or staff, **BUT NO ACTION TAKEN** on the following topics without specific notice. Those items include: Expressions of Thanks, Congratulations or Condolence; Information on Holiday schedules; Recognition of public officials, employees or citizens other than employees or officials whose status may be affected by the council through action; Reminders of community events or announcements involving an imminent threat to the public health and safety of the people of the municipality.

Agenda Item 04: Discuss/Consider: approval of the city council meeting minutes for the called meeting on February 8, 2024, and the regular meeting on February 12, 2024.

Agenda Item 05: Discuss/Consider: update from the Eastland County Water Supply District (Elected Ranger Directors)

Ranger Place 1 Bobby Adams

Ranger Place 2 Charles Calvert

Ranger Place 3 Bob Green

Ranger Place 4 Steve Gerdes

Agenda Item 06: Discuss/Consider: presentation and approval of the Annual Audit prepared by Caroline McLane, CPA for the fiscal year end of 2022.

Agenda Item 07: Discuss: Consent Items; the Approval of Monthly Department Reports:

- **Finance Report-** Director Carol Stephens

Agenda Item 08: Discuss/Consider: Convene into executive session pursuant to Section 551.071, Texas Government Code, and Section 1.05, Texas Professional Rules of Disciplinary Conduct to consult with legal counsel regarding:

1. Cause No. CV2246534, Ranger Airfield Maintenance Foundation vs. City of Ranger, in the 91st Judicial District Court, Eastland County, Texas and the Ranger Airfield Foundation Lease Agreement; and
2. The election of directors to the Eastland County Water Supply District

Agenda Item 09: Discuss/Consider: Reconvene into open session to take action as determined appropriate in the City Council's discretion regarding:

1. Cause No. CV2246534, Ranger Airfield Maintenance Foundation vs. City of Ranger, in the 91st Judicial District Court, Eastland County, Texas and the Ranger Airfield Foundation Lease Agreement; and
2. The election of directors to the Eastland County Water Supply District

Agenda Item 10: Discuss/Consider: Adjournment

I, the undersigned authority, do hereby certify that the above notice of meeting of the Governing Body of the City of Ranger is a true and correct copy of said notice on the bulletin board at the City Hall of the City of Ranger, a place convenient and readily available to the general public at all times, and notice was posted by 5:30 p.m., February 23, 2024 and remained posted for 72 hours preceding the scheduled time of the meeting.

Somer Lee

Somer Lee, City Secretary

The City council reserves the right to convene into Executive Session concerning any of the items listed on this agenda under the authority of the mayor, whenever it is considered necessary and legally justified under the Open Meetings Act.

NOTICE OF ASSISTANCE

Ranger City Hall and Council Chambers are wheelchair accessible and accessible parking spaces are available.

Request for accommodation or interpretive services must be made 48 hours prior to this meeting.

Please contact City Secretary's office at (254) 647-3522 for information or assistance.

This Notice was removed from the outside bulletin board on _____ by _____.



CALLED MEETING MINUTES

A Called Meeting of the Governing Body of the City of Ranger, Texas, was held on **Thursday, February 8, 2024 at 5:30 p.m.** in City Hall, 400 West Main Street Ranger, Texas. The following subjects were discussed, to wit:

COUNCIL MEMBERS AND CITY STAFF PRESENT:

Honorable Terry Robinson	Mayor
Commissioner Joe Sigler	Place 1
Commissioner Kevan Moize	Place 2
Commissioner Wendy Erwin	Place 3
Commissioner Samantha McGinnis	Place 4
City Manager Savannah Fortenberry	
City Secretary Somer Lee	
Honorable Tammy S. Archer	Absent

Agenda Item 01: Call to Order- Mayor Robinson
Roll Call/Quorum Check- City Secretary, Somer Lee

Agenda Item 02: Citizen's Presentation: **1.** Shelley Abernathy stated that she does not believe it is in the best interest of the city for someone who is involved in a major law suit against the city and cost them thousands of dollars to be appointed or allowed to be placed on the election ballot for it may be a conflict of interest for the city. **2.** Jared Calvert spoke stating that he wanted to make it clear why Ranger is where it is today all due to the council over the last two years. He informed that everything he said was factual and could be fact checked with dates of council meetings. Mr. Calvert stated a couple examples of inopportunities he had encountered with the city in the last couple of years. **3.** Wayne White of Cisco, Texas stated that he believed the council has continued to make mistake after mistake. Mr. White also mentioned that Ranger used 1.3 million more gallons of water than Eastland for the month of January, and the City of Eastland may consider suing the City of Ranger to cover their portion of water fees. **4.** Doyle Russell spoke regarding how he believes that the council has waisted more than \$60,000 of tax payer's dollars on attorney fees. He also mentioned that the council has taken away opportunities from the youth of Ranger by denying Scott Perdue, a flight instructor to build his hanger at the Ranger Airfield. Mr. Russell stated that he hopes to see everything come back together, stop wasting money, and get Ranger back on its feet, because there is still hope for the town.

Agenda Item 03: Discuss/Consider: a resolution canvassing the election returns and declaring the results of the recall election of the City of Ranger held on Saturday, February 3, 2024

*Motion made by Commissioner Erwin to approve the resolution canvassing the election returns and declaring the results of the recall election of the City of Ranger held on Saturday, February 3, 2024 and Commissioner Sigler 2nd the motion. **Ayes: Erwin, Sigler, Robinson; Abstain: Moize, McGinnis; Motion Passed**

Agenda Item 04: Discuss/Consider: a resolution calling an election to fill the vacancies on the City Commission due to the recall of two Commissioners

*Motion made by Commissioner Erwin to approve the resolution calling an election to fill the vacancies on the City Commission due to the recall of two Commissioners and Commissioner Sigler 2nd the motion. **All Ayes: Erwin, Sigler, Robinson; Motion Passed**

Agenda Item 05: Discuss/Consider: Adjournment- 5:45 PM

*Motion made by Commissioner Sigler to adjourn and Commissioner Erwin 2nd the motion. **All Ayes: Sigler, Erwin, Robinson; Motion Passed.**

These minutes were approved on the 26th day of February, 2024.

CITY OF RANGER, TEXAS

Terry Robinson, Mayor

ATTEST:

Somer Lee, City Secretary



REGULAR MEETING MINUTES

A Regular Meeting of the Governing Body of the City of Ranger, Texas, was held on **Monday, February 12, 2024 at 5:30 p.m.** in City Hall, 400 West Main Street Ranger, Texas. The following subjects were discussed, to wit:

COUNCIL MEMBERS AND CITY STAFF PRESENT:

Honorable Terry Robinson	Mayor
Commissioner Joe Sigler	Place 1
Commissioner Vacant	Place 2
Commissioner Wendy Erwin	Place 3
Commissioner Vacant	Place 4
City Manager Savannah Fortenberry	Absent
City Secretary Somer Lee	

Agenda Item 01: Call to Order- Mayor Robinson
Roll Call/Quorum Check- City Secretary, Somer Lee
Invocation of Prayer- Mayor Robinson
Pledge of Allegiance to United States Flag- Mayor Robinson
Pledge of Allegiance to Texas Flag- Mayor Robinson

Agenda Item 02: Citizen's Presentation: **1.** Jared Calvert stated he did not bring a prepared statement due to the fact of people complaining online that prepared statements were over the top. He explained that he had come to try to ask for some understanding and used the scenario of Commissioner Erwin and the Railroad Depot. Mr. Calvert began with, if Commissioner Erwin had run the depot for 28 years and raised over 1 million dollars in private funds then goes to Union Pacific asking to restore the depot, they tell her she will have to hand over ownership. After four board meetings they vote unanimously, you went to them and asked them, do you want me to do this, or do you want me to move to Cisco where my daughter lives? They opted they wanted you to restore the depot, but not only did they vote four times, they hire their own attorney to draft the contract. You sign that contract and break ground on the restoration of the depot and spend thousands of dollars, then one employee sends an email to other Union Pacific employees stating that the depot could have been sold for millions. Without a vote sends you an order to stop all restoration on the depot and orders an appraisal on the depot, which is said to be too low. Mr. Calvert begins to ask questions such as, what would you do? Would you just walk down the interstate shirtless? Do you just leave after the thousands of dollars spent? He then stated that he had been denied agenda request several times while only trying to get things resolved, but yet the council continues to make the wrong decisions over and over only hurting Ranger tax payers. Jared then made the assumption of Commissioner Sigler basing his knowledge off of an anonymous letter while going into executive session. **2.** Brian Rogers stated that he had in his possession a copy of the ECWSD bill for Ranger and Eastland that was obtained through a public information request. Mr. Rogers informed that Ranger did use 1 million more gallons of water than Eastland for the month of January.

Agenda Item 03: Announcements from City Council or Staff- 1. Mayor, Terry Robinson, announced the closing of city hall on February 19, 2024, in observance of President's Day.

Agenda Item 04: Discuss/Consider: approval of the city council meeting minutes for the regular meeting on January 22, 2024 and the called meeting minutes on January 26, 2024.

*Motion made by Commissioner Erwin to approve the minutes for the regular meeting on January 22, 2024, and the called meeting minutes on January 26, 2024 and 2nd by Commissioner Sigler. **All Ayes: Erwin, Sigler, Robinson; Motion Passed**

Agenda Item 05: Discuss/Consider: update from the Eastland County Water Supply District (Elected Ranger Directors).

***No Action Taken.**

*There were no representatives from the ECWSD present for an update.

*Mayor Robinson gave an update of the following: The new water rate went into effect January 1, 2024. This increased to \$4.37/per thousand. With the new rate these surcharges are even higher because they are based on a percentage that ECWSD has set out in their new Drought Contingency Plan. Eastland County Water Supply District changed their Drought Contingency Plan in October of 2023 to 'allow more teeth' as stated by the District Superintendent. This change allowed surcharges to be charged in Stage 2 as the previous DCP did not allow surcharges to be billed until Stage 2 and 3 went into effect. The DCP did not have to be updated by TCEQ rules until May of 2024. Inside the council packet shows the rates charged to the City by ECWSD. These surcharges are not currently passed on to citizens or the wholesale customers as we are having to follow the process to amend our drought contingency plan per TCEQ.

*Commissioner Sigler stated that he was unaware the representatives of the ECWSD were elected in until recently and would like to see the names of all representatives posted for the public to know who is representing their city.

Agenda Item 06: Discuss/Consider: presentation and approval of the Annual Audit prepared by Caroline McLane, CPA for the fiscal year end of 2022.

*Motion made by Commissioner Erwin to table the presentation and approval of the Annual Audit prepared by Caroline McLane, CPA for the fiscal year end of 2022 until the next regular meeting and 2nd by Commissioner Sigler. **All Ayes: Erwin, Sigler, Robinson; Motion Passed.**

Agenda Item 07: Discuss/Consider: Convene into executive session at **5:53 p.m.** pursuant to Section 551.071, Texas Government Code, and Texas Professional Rules of Disciplinary Conduct to consult with legal counsel regarding: Cause No. CV2246534, Ranger Airfield Maintenance Foundation vs. City of Ranger, in the 91st Judicial District Court, Eastland County, Texas

*Jared Calvert stated that he could not speak on the issues of the case with it being under litigation, but he wanted to make the citizens of Ranger and the council aware that before this lawsuit was ever filed in January 2023, he repeatedly came to council with written agenda item requests to try and avoid this lawsuit. Mr. Calvert says they were declined to be put on the agenda, and he had emails from the city manager stating after a meeting with Commissioner Moize, they would not put them on the agenda. He stated that not once did the council invite the foundation back so they had to pull the trigger because they couldn't wait any longer. Mr. Calvert stated to the council that now was a chance for them to turn over a new leaf.

Agenda Item 08: Discuss/Consider: Reconvene into open session at **6:16 p.m.** to take action as determined appropriate in the City Council's discretion regarding: Cause No. CV2246534, Ranger Airfield Maintenance Foundation vs. City of Ranger, in the 91st Judicial District Court, Eastland County, Texas

***No Action Taken.**

Agenda Item 09: Discuss/Consider: nominating a qualified candidate for the vacancy on the Board of Trustees for TX Health Benefits Pool for Region 6

***No Action Taken.**

Agenda Item 10: Discuss/Consider: Consent Items; the Approval of Monthly Department Reports:

- **Finance Report-** Director Carol Stephens
- **Library Report-** Librarian Diana McCullough
- **REDC 4A Report-** President Marla Tovar
- **REDC 4B Report-** President Marla Tovar
- **Municipal Court Report-** Judge Tammy Archer
- **Fire/EMS Report-** Chief Darrel Fox
- **Police Department-** Chief Moran
- **Animal Control/Code Enforcement-** Trace Douglas
- **Public Works Report-** Steven Burch

*Brian Rogers spoke of the city's high-water usage compared to the City of Eastland's for the month of January and was curious to know if there was a future plan for water loss.

*Commissioner Erwin asked for clarification on payment to Dr. Simpson.

*Motion made by Commissioner Sigler to approve the monthly department reports and 2nd by Commissioner Erwin. **All Ayes: Sigler, Erwin, Robinson; Motion Passed.**

Agenda Item 11: Discuss/Consider: Adjournment- 6:29 p.m.

*Motion made by Commissioner Sigler to adjourn and Commissioner Erwin 2nd the motion. **All Ayes: Sigler, Erwin, Robinson; Motion Passed.**

These minutes were approved on the 26th day of February, 2024.

CITY OF RANGER, TEXAS

ATTEST:

Somer Lee, City Secretary

Terry Robinson, Mayor

CITY OF RANGER, TEXAS

Annual Financial Report

For the Year Ended September 30, 2022

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CAROLINE McLANE
CPA

INDEPENDENT AUDITOR'S REPORT

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

I have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Ranger, Texas (the "City"), as of and for the year ended September 30, 2022, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Opinion

In my 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, each major fund and the aggregate remaining fund information of the City of Ranger, Texas as of September 30, 2022 and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended, and the respective budgetary comparison for the general fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

My responsibility is to express opinions on these financial statements based on my audit. I conducted my 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 I 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, I 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.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

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Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the required supplementary information, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. I 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 my inquiries, the basic financial statements, and other knowledge I obtained during my audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.

Caroline McLane, CPA

Caroline McLane, CPA

February 12, 2024

**CITY OF RANGER, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
AS OF AND FOR THE YEAR ENDED SEPTEMBER 30, 2022**

As management of the City of Ranger, we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended September 30, 2022.

FINANCIAL HIGHLIGHTS

Government-Wide Financial Statements

- The assets of the City of Ranger exceeded its liabilities at the close of the 2022 fiscal year by \$7,947,509 (net position), which is an increase of \$619,145 over the 2021 fiscal year's ending net position of \$7,328,364.
- As of September 30, 2022, \$1,744,929 (unrestricted) may be used to meet the government's ongoing obligations to citizens. \$6,202,580 of the City's equity is invested in capital assets (net of related debt), and \$1,063,465 of the City's equity is restricted for the use of the Economic Development Corporation.
- The City's total assets increased by \$816,656 during the 2022 fiscal year, and total liabilities increased by \$197,511.

Fund Financial Statements

- As of the close of the fiscal year, the City's General Fund reported an ending unassigned fund balance of \$542,830 which reflects an increase of \$181,944 for the year ended September 30, 2022, over the 2021 fiscal year's closing unassigned fund balance of \$360,886.
- The City's Utility Fund had an increase of \$343,418 in net position during the 2022 fiscal year, resulting in ending fund balances of \$6,037,086. Of the Utility Fund's net position, \$6,037,086 (\$5,299,249) was invested in capital assets (net of related debt) as of September 30, 2022.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

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

Government-Wide Financial Statements

The statement of net position presents information on all the City of Ranger'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 Ranger is improving or deteriorating.

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

**CITY OF RANGER, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
AS OF AND FOR THE YEAR ENDED SEPTEMBER 30, 2022**

The government-wide financial statements reflect functions of the City of Ranger that are principally supported by taxes and intergovernmental revenues (governmental activities). The governmental activities of the City of Ranger include general government, public safety, public works, and judicial. The government-wide financial statements can be found on pages 9 through 10 of this report.

Fund Financial Statements

A fund is a grouping of related accounts that are used to maintain control over resources that have been segregated for specific activities or objectives. The City of Ranger, 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 Ranger can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds. The City had no fiduciary funds as of or for the year ended September 30, 2022.

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

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

The City of Ranger maintains two governmental funds. Information is presented in the governmental fund balance sheet and in the governmental fund statement of revenues, expenses, and changes in fund balances for the General Fund, which is considered a major fund. The governmental fund financial statements can be found on pages 11 through 14 of this report.

Proprietary funds. When the City charges customers for the services it provides, these services are generally reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the Statement of Net Position and the Statement of Changes in Net Position. In fact, the City's enterprise funds are the same as the business-type activities reported in the government-wide financial statements, but the proprietary fund statements provide more detail and additional information, such as cash flows, for the proprietary fund. The City utilizes one major proprietary fund, the Utility fund. The proprietary fund statements can be found on pages 15 through 17 of this report.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 18 through 34 of this report.

**CITY OF RANGER, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
AS OF AND FOR THE YEAR ENDED SEPTEMBER 30, 2022**

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 Ranger, assets exceeded liabilities by \$9,345,076 at the end of 2022.

As of September 30, 2022, \$6,202,580, of the City of Ranger's net position reflects its investment in capital assets (e.g., buildings, equipment, infrastructure), net of the debt balances used to obtain such assets. The City of Ranger uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending.

City of Ranger's Net Position—Comparative Schedules

	Governmental Activities		Business-Type Activities		Total	
	2022	2021	2022	2021	2022	2021
Current and other assets	\$ 699,853	\$ 496,862	\$ 1,272,229	\$ 1,053,017	\$ 1,972,082	\$ 1,549,879
Capital assets (net of depreciation)	1,352,257	1,167,074	7,747,249	7,580,079	9,099,506	8,747,153
Total assets	<u>2,052,110</u>	<u>1,663,936</u>	<u>9,019,478</u>	<u>8,633,096</u>	<u>11,071,588</u>	<u>10,297,032</u>
Deferred outflows	85,236	36,350	28,412	35,198	113,648	71,548
Current and other liabilities	71,083	41,344	658,543	564,326	729,626	605,670
Long-term liabilities	8,852	8,852	2,303,265	2,382,087	2,312,117	2,390,939
Total liabilities	<u>79,935</u>	<u>50,196</u>	<u>2,961,808</u>	<u>2,946,413</u>	<u>3,041,743</u>	<u>2,996,609</u>
Deferred inflows	146,988	15,394	48,996	28,213	195,984	43,607
Net position:						
Net investment in capital assets	903,331	936,686	5,299,249	5,075,174	6,202,580	6,011,860
Restricted for general fund savings			-	-		
Unrestricted	<u>1,007,092</u>	<u>698,010</u>	<u>737,837</u>	<u>618,494</u>	<u>1,744,929</u>	<u>1,316,504</u>
	<u>\$ 1,910,423</u>	<u>\$ 1,634,696</u>	<u>\$ 6,037,086</u>	<u>\$ 5,693,668</u>	<u>\$ 7,947,509</u>	<u>\$ 7,328,364</u>

**CITY OF RANGER, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
AS OF AND FOR THE YEAR ENDED SEPTEMBER 30, 2022**

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

	Governmental Activities		Business-Type Activities		Total	
	2022	2021	2022	2021	2022	2021
Program Revenues						
Fees, fines, and charges	\$ 2,280	\$ 587,892	\$ 2,535,940	\$ 2,410,171	\$ 2,538,220	\$ 2,998,063
Operating grants and contributions	338,237	193,780	307,101	371,822	645,338	565,602
General Revenues						
Property taxes	418,012	416,842	-	-	418,012	416,842
Sales and use taxes	423,440	369,286	-	-	423,440	369,286
Franchise taxes	106,116	104,794	-	-	106,116	104,794
Licenses, permits, and fees	(50,308)	-	-	-	(50,308)	-
Investment earnings	-	-	-	-	-	-
Miscellaneous	97,800	-	257,063	26,687	354,863	26,687
Gain (loss) on disposal of capital assets	302,000	40,186	(342,000)	-	(40,000)	40,186
Total Revenues	<u>1,637,577</u>	<u>1,712,780</u>	<u>2,758,104</u>	<u>2,808,680</u>	<u>4,395,681</u>	<u>4,521,460</u>
Expenditures						
General government	1,018,819	1,120,283	-	-	1,018,819	1,120,283
Public safety	242,947	181,226	-	-	242,947	181,226
Public works	100,084	43,783	-	-	100,084	43,783
Cemetery	-	-	-	-	-	-
Water and sewer fund	-	-	2,414,686	2,383,097	2,414,686	2,383,097
Streets	-	-	-	-	-	-
Total Expenses	<u>1,361,850</u>	<u>1,345,292</u>	<u>2,414,686</u>	<u>2,383,097</u>	<u>3,776,536</u>	<u>3,728,389</u>
Change in net position	275,727	367,488	343,418	425,583	619,145	793,071
Net position, beginning	<u>1,634,696</u>	<u>1,267,208</u>	<u>5,693,668</u>	<u>5,268,085</u>	<u>7,328,364</u>	<u>6,535,293</u>
Net position, ending	<u>\$ 1,910,423</u>	<u>\$ 1,634,696</u>	<u>\$ 6,037,086</u>	<u>\$ 5,693,668</u>	<u>\$ 7,947,509</u>	<u>\$ 7,328,364</u>

**CITY OF RANGER, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
AS OF AND FOR THE YEAR ENDED SEPTEMBER 30, 2022**

FINANCIAL ANALYSIS OF THE GOVERNMENTS FUNDS

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

Governmental funds. The focus of the City of Ranger'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 Ranger'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 September 30, 2022, the City of Ranger's governmental General Fund reported an ending fund balance of, \$542,830 all was unassigned and available for spending at the City's discretion. This represents approximately fifteen months of operating equity based on fiscal year 2022 General fund expenses.

CAPITAL ASSETS

The City of Ranger's investment in capital assets for its governmental activities amounts to \$903,331 (net of accumulated depreciation) as of September 30, 2022, and its investment in capital assets for its business-type activities amounts to \$6,817,557 (net of accumulated depreciation and related debt) as of September 30, 2022. These investments in capital assets includes land, buildings, street improvements, water and sewer facilities, as well as city vehicles and equipment.

See detailed comparative schedules of the City's capital asset balances on the following page.

Additional information on the City's capital assets can be found in Note 4 on pages 25 and 26 of this report.

DEBT ADMINISTRATION AND LONG TERM LIABILITIES

At September 30, 2022, the City had \$2,463,034 in outstanding long-term liabilities. See detailed comparative schedules of the City's long-term liabilities on the following page. Additional information on the City's debt can be found in Note 6 on page 27-28 of this report.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the City of Ranger's finances for those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the City Secretary, City of Ranger, 400 West Main St, Ranger, Texas 76470.

**CITY OF RANGER, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
AS OF AND FOR THE YEAR ENDED SEPTEMBER 30, 2022**

City of Ranger's Capital Assets—Comparative Schedules

	Governmental Activities		Business-Type Activities		Total	
	2022	2021	2022	2021	2022	2021
Land	\$ 168,767	\$ 168,767	\$ 11,093	\$ 11,093	\$ 179,860	\$ 179,860
Construction in progress	-	-	2,083,331	1,800,540	2,083,331	1,800,540
Buildings and improvements	67,588	71,366	6,670	8,226	74,258	79,592
Machinery, vehicles and equipment	379,520	380,085	56,619	76,796	436,139	456,881
Infrastructure	287,456	316,468	4,659,845	4,860,411	4,947,301	5,176,879
Improvements other than buildings	-	-	-	-	-	-
	<u>\$ 903,331</u>	<u>\$ 936,686</u>	<u>\$ 6,817,557</u>	<u>\$ 6,757,066</u>	<u>\$ 7,720,888</u>	<u>\$ 7,693,752</u>

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

	Governmental Activities		Business-Type Activities		Total	
	2022	2021	2022	2021	2022	2021
Compensated absences	\$ 8,852	\$ 8,852	\$ 6,182	\$ 6,182	\$ 15,034	\$ 15,034
Notes payable	-	-	2,448,000	2,577,000	2,448,000	2,577,000
	<u>\$ 8,852</u>	<u>\$ 8,852</u>	<u>\$ 2,454,182</u>	<u>\$ 2,583,182</u>	<u>\$ 2,463,034</u>	<u>\$ 2,592,034</u>

BASIC FINANCIAL STATEMENTS

**CITY OF RANGER, TEXAS
STATEMENT OF NET POSITION
SEPTEMBER 30, 2022**

	Primary Government			
	Governmental Activities	Business-Type Activities	Component Unit	Total
ASSETS				
Pooled cash and cash equivalents	\$ 767,181	\$ 726,591	\$ 440,282	\$ 1,934,054
Investments			95,818	95,818
Receivables (net of allowance for uncollectibles)	202,260	360,060	11,626	573,946
Prepaid expenses	-	28,891		28,891
Land	168,767	11,093	163,864	343,724
Construction in progress	-	2,083,331		2,083,331
Buildings and other improvements	373,077	72,680	297,190	742,947
Machinery, vehicles and equipment	1,395,288	430,656		1,825,944
Infrastructure	918,600	7,986,504		8,905,104
Less accumulated depreciation	(1,952,401)	(3,733,023)	(58,216)	(5,743,640)
Restricted cash		746,366		746,366
Net pension asset	448,926	149,642		598,568
Total assets	2,321,698	8,862,791	950,564	12,135,053
DEFERRED OUTFLOWS OF RESOURCES				
Deferred outflows related to TMRS- pension	85,236	28,412		113,648
Total deferred outflows of resources	85,236	28,412	-	113,648
INTERNAL BALANCES				
	(269,588)	156,687	112,901	
LIABILITIES				
Accounts payable	57,470	404,958		462,428
Accrued liabilities	13,613	(2,045)		11,568
Deposits payable	-	131,630		131,630
Current portion of noncurrent liabilities	-	124,000		124,000
Noncurrent liabilities				
Debt premium		(26,917)		(26,917)
Compensated absences	8,852	6,182		15,034
Due in more than one year	-	2,324,000		2,324,000
Total liabilities	79,935	2,961,808		3,041,743
DEFERRED INFLOWS OF RESOURCES				
Deferred inflow related to TMRS- pension	146,988	48,996		195,984
Total deferred inflows of resources	146,988	48,996		195,984
NET POSITION				
Net investment in capital assets	903,331	5,299,249	402,838	6,605,418
Restricted for EDC		-	660,627	660,627
Unrestricted	1,007,092	737,837		1,744,929
Total net position	\$ 1,910,423	\$ 6,037,086	\$ 1,063,465	\$ 9,010,974

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

**CITY OF RANGER, TEXAS
STATEMENT OF CHANGES IN NET POSITION
FOR THE YEAR ENDED SEPTEMBER 30, 2022**

FUNCTIONS/PROGRAMS	Program Revenues					Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-Type Activities	Primary Government		
						Primary Government	Component Unit	Total
PRIMARY GOVERNMENT								
GOVERNMENTAL ACTIVITIES								
General government	\$ 1,018,819	\$ -	2,280	\$ (1,016,539)	\$ -	\$ (1,016,539)	\$ -	\$ (1,016,539)
Public safety	242,947	271,651	-	28,704	-	28,704	-	28,704
Public works	100,084	66,586	-	(33,498)	-	(33,498)	-	(33,498)
Total governmental activities	<u>1,361,850</u>	<u>338,237</u>	<u>2,280</u>	<u>(1,021,333)</u>	<u>-</u>	<u>(1,021,333)</u>	<u>-</u>	<u>(1,021,333)</u>
ECONOMIC DEVELOPMENT CORPORATIONS								
BUSINESS-TYPE ACTIVITIES								
Water and sewer fund	2,414,686	2,535,940	307,101	-	428,355	428,355	-	428,355
Total business-type activities	<u>2,414,686</u>	<u>2,535,940</u>	<u>307,101</u>	<u>-</u>	<u>428,355</u>	<u>428,355</u>	<u>-</u>	<u>428,355</u>
TOTAL PRIMARY GOVERNMENT	\$ 3,776,536	\$ 2,874,177	\$ 309,381	\$ (1,021,333)	\$ 428,355	\$ (592,978)	\$ -	\$ (592,978)
General revenues:								
Property taxes				418,012	-	418,012	-	418,012
Sales and use taxes				423,440	-	423,440	61,241	484,681
Franchise taxes				106,116	-	106,116	-	106,116
Investment earnings				-	-	-	339	339
Miscellaneous				97,800	257,063	354,863	105,937	460,800
Transfers in/(out)				302,000	(342,000)	(40,000)	40,000	-
Total general revenues				<u>1,297,060</u>	<u>(84,937)</u>	<u>1,212,123</u>	<u>207,517</u>	<u>1,419,640</u>
CHANGE IN NET POSITION				275,727	343,418	619,145	207,517	826,662
NET POSITION AT BEGINNING OF YEAR				1,634,696	5,693,668	7,328,364	699,987	8,028,351
PRIOR PERIOD ADJUSTMENTS							155,961	155,961
NET POSITION AT BEGINNING OF YEAR, AS RESTATED				1,634,696	5,693,668	7,328,364	855,948	8,184,312
NET POSITION AT END OF YEAR				\$ 1,910,423	\$ 6,037,086	\$ 7,947,509	\$ 1,063,465	\$ 9,010,974

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

**CITY OF RANGER, TEXAS
BALANCE SHEET OF THE GOVERNMENTAL FUNDS
SEPTEMBER 30, 2022**

	General Fund	Other Funds	Total
ASSETS			
Cash and cash equivalents	\$ 747,675	\$ 19,506	\$ 767,181
Accounts and taxes receivable, net	202,260		202,260
Due from other funds	-		-
Prepaid expenses	-		-
Total assets	\$ 949,935	\$ 19,506	\$ 969,441
LIABILITIES			
Accounts payable	\$ 57,470	\$	\$ 57,470
Due to other funds	269,588		269,588
Accrued liabilities	13,613		13,613
Deferred tax revenue	66,434	-	66,434
Total liabilities	407,105	-	407,105
FUND BALANCES			
Restricted fund balance:			
Unassigned fund balance	542,830	19,506	562,336
Total fund balances	542,830	19,506	562,336
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	\$ 949,935	\$ 19,506	\$ 969,441

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

**CITY OF RANGER, TEXAS
RECONCILIATION OF THE BALANCE SHEET OF THE GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
SEPTEMBER 30, 2022**

Total Fund Balances - Governmental Funds Balance Sheet	\$	562,336
<p>Amounts reported for governmental activities in the statement of net position are different because:</p>		
<p>Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds balance sheet. The net effect is to increase net position.</p>		903,331
<p>Included in items related to assets, liabilities, and deferred inflows and outflows of resources, are the City's share of their actuarially determined Net pension asset and related deferred in or outflows. The net effect is an increase to net position.</p>		387,174
<p>Long-term liabilities, like compensated absences are not due and payable in the current period and, therefore, are not reported in the governmental funds. The net effect is a decrease in net position.</p>		(8,852)
<p>Property tax revenues are reported on the modified-accrual basis within the fund financial statements, resulting in deferral of taxes uncollected within sixty days of the end of the fiscal year. In the government-wide financials, these revenues are recognized on a full accrual basis, resulting in an increase to net position.</p>		<u>66,434</u>
Net Position of Governmental Activities - Statement of Net Position	\$	<u><u>1,910,423</u></u>

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

CITY OF RANGER, TEXAS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE—GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2022

	<u>General Fund</u>	<u>Other Funds</u>	<u>Total Governmental Funds</u>
REVENUES			
Taxes			
Property	\$ 418,010	\$	\$ 418,010
Sales and use	423,440		423,440
Franchise	106,116		106,116
Hotel/motel	-	11,258	11,258
Licenses and permits	245		245
Fines and forfeitures	100,965		100,965
Charges for services	237,272		237,272
Grants and contributions	2,280		2,280
Miscellaneous	35,991		35,991
Total revenues	<u>1,324,319</u>	<u>11,258</u>	<u>1,335,577</u>
EXPENDITURES			
Current:			
General administrative	1,151,709	-	1,151,709
Police	15,005		15,005
Fire/EMS	2,772		2,772
Animal control	(1,500)		(1,500)
Municipal Court	158,653		158,653
Parks & recreation		19,950	19,950
Library	325		325
Economic development	56,458		56,458
Streets	30,118		30,118
Capital outlay	30,835		30,835
Total expenditures	<u>1,444,375</u>	<u>19,950</u>	<u>1,464,325</u>
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES	<u>(120,056)</u>	<u>(8,692)</u>	<u>(128,748)</u>
OTHER FINANCING SOURCES			
Transfers out	302,000	-	302,000
Total other financing sources	<u>302,000</u>	<u>-</u>	<u>302,000</u>
NET CHANGE IN FUND BALANCES	181,944	(8,692)	173,252
FUND BALANCES AT BEGINNING OF YEAR	<u>360,886</u>	<u>28,198</u>	<u>389,084</u>
PRIOR PERIOD ADJUSTMENT	-	-	-
FUND BALANCES AT BEGINNING OF YEAR, AS RESTATED	<u>360,886</u>	<u>28,198</u>	<u>389,084</u>
FUND BALANCES AT END OF YEAR	<u>\$ 542,830</u>	<u>\$ 19,506</u>	<u>\$ 562,336</u>

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

**CITY OF RANGER, TEXAS
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE OF THE GOVERNMENTAL FUNDS
TO THE STATEMENT OF CHANGES IN NET POSITION
FOR THE YEAR ENDED SEPTEMBER 30, 2022**

Net Change in Fund Balances - Total Governmental Funds	\$	173,252
<p>Amounts reported for governmental activities in the statement of activities are different because:</p>		
<p>Current year capital outlays are expenditures in the fund financial statements, but they are shown as increases in capital assets in the government-wide financial statements. The effect is an increase change in net position.</p>		84,883
<p>Depreciation expense is recorded in the government-wide financial statements and as an increase to accumulated depreciation, but is not recorded in the fund financial statements. The effect is a decrease to change in net position.</p>		(118,238)
<p>Gains or losses on sale or disposal of capital assets is recorded as such in the government-wide financial statements, but is only recorded as revenue or expense in the fund financial statements. The effect of the current year loss on disposal of fixed assets is a decrease in net position.</p>		-
<p>GASB 75 and GASB 68 require that certain expenses recorded in the government-wide financial statements be adjusted to reflect the City's pension and OPEB assets, deferred outflows, liabilities, and deferred inflows at their actuarially determined values. The current year result is an increase to the change in net position.</p>		135,830
<p>Property tax revenues are reported in the fund financial statements on the modified-accrual basis, resulting in the deferral of uncollected taxes. They are reported in the government-wide financial statements on the full-accrual basis, meaning the current year effect is the change in the unavailable revenue balances at the current fiscal yearend and the previous fiscal yearend. The current effect is a decrease to the change in net position.</p>		<u>2</u>
Change in Net Position of Governmental Activities - Statement of Activities	\$	<u><u>275,729</u></u>

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

CITY OF RANGER, TEXAS
STATEMENT OF NET POSITION—PROPRIETARY FUNDS
SEPTEMBER 30, 2022

	Utility Fund	Total
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 726,591	\$ 726,591
Accounts receivable, net	360,060	360,060
Due from other funds	156,687	156,687
Other current assets	28,891	28,891
Total current assets	1,272,229	1,272,229
Noncurrent assets:		
Capital assets:		
Land	11,093	11,093
Construction in progress	2,083,331	2,083,331
Buildings and other improvements	72,680	72,680
Machinery, vehicles and equipment	430,656	430,656
Infrastructure	7,986,504	7,986,504
Less accumulated depreciation	(3,733,023)	(3,733,023)
Restricted cash	746,366	746,366
Net pension asset	149,642	149,642
Total noncurrent assets	7,747,249	7,747,249
Total assets	\$ 9,019,478	\$ 9,019,478
DEFERRED OUTFLOWS OF RESOURCES		
Deferred outflows related to pensions	28,412	28,412
Total deferred outflows of resources	28,412	28,412
LIABILITIES		
Current liabilities:		
Accounts payable	\$ 404,958	\$ 404,958
Accrued liabilities	4,137	4,137
Due to other funds	-	-
Customer deposits	131,630	131,630
Notes payable- current	124,000	124,000
Total current liabilities	664,725	664,725
Noncurrent liabilities:		
Premium of debt	(26,917)	(26,917)
Notes payable (net premium)	2,324,000	2,324,000
Total noncurrent liabilities	2,297,083	2,297,083
Total liabilities	2,961,808	2,961,808
DEFERRED INFLOWS OF RESOURCES		
Deferred inflows related to pensions	48,996	48,996
Total deferred inflows of resources	48,996	48,996
NET POSITION		
Net invested in capital assets	5,299,249	5,299,249
Unrestricted	737,837	737,837
Total fund balances	6,037,086	6,037,086
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	\$ 9,047,890	\$ 9,047,890

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

**CITY OF RANGER, TEXAS
STATEMENT OF REVENUES, EXPENSES, AND CHANGES
IN NET POSITION—PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2022**

	Utility Fund	Total
OPERATING REVENUES		
Charges for sales and services		
Water sales	\$ 1,446,089	\$ 1,446,089
Sewer charges	554,098	554,098
Sanitation charges	535,753	535,753
	2,535,940	2,535,940
Total operating revenues		
OPERATING EXPENSES		
Costs of sales and services	1,644,111	1,644,111
Administrative expenses	87,758	87,758
Depreciation	222,150	222,150
Cost of sanitation services	343,615	343,615
Cost or sewer	87,039	87,039
Interest expense	30,788	30,788
	2,415,461	2,415,461
Total operating expenses		
OPERATING INCOME	120,479	120,479
NON-OPERATING REVENUES (EXPENSES)		
Grant revenue	307,101	307,101
Miscellaneous revenues	257,063	257,063
Interest income	775	775
	564,939	564,939
Total non-operating revenues (expenses)		
INCOME BEFORE TRANSFERS	685,418	685,418
TRANSFERS IN	(342,000)	(342,000)
CHANGE IN NET POSITION	343,418	343,418
NET POSITION - BEGINNING	5,693,668	5,693,668
NET POSITION - ENDING	\$ 6,037,086	\$ 6,037,086

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

**CITY OF RANGER, TEXAS
STATEMENT OF CASH FLOWS—PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2022**

	Combined Business Type Activities
CASH FLOWS FROM OPERATING ACTIVITIES	
Cash received from customers	\$ 2,358,658
Payments to employees for salaries and benefits	(383,556)
Payments to suppliers and service providers	(1,607,783)
Net cash provided by operating activities	367,319
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Interest paid on debt	(136,822)
Principal paid on capital debt	(129,000)
Interest revenue	256
Net cash used in capital and related financing activities	(265,566)
CASH FLOWS FROM INVESTING ACTIVITIES	
Cash paid for capital assets	(282,791)
Miscellaneous revenues	371,000
Net cash provided by investing activities	88,209
NET INCREASE IN CASH AND CASH EQUIVALENTS	189,962
CASH AND EQUIVALENTS, BEGINNING	1,282,995
CASH AND EQUIVALENTS, ENDING	\$ 1,472,957
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES	
Operating income (loss)	\$ 120,479
Adjustments to reconcile operating income to net cash flows from operating activities:	
Depreciation	222,150
Changes in operating assets	
Receivables	(74,435)
Prepaid expenses	-
Changes in operating liabilities	
Accounts payable	102,291
Accrued liabilities and payroll	(22,049)
Changes in pension related accruals/deferrals	(45,277)
Customer deposits	18,975
Deferred income	-
Net cash provided by operating activities	\$ 367,319

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

**CITY OF RANGER, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED SEPTEMBER 30, 2022**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

General Description of Reporting Entity

City of Ranger, Texas (the "City") is a charter city in which citizens elect the mayor at large and four council members. The financial statements of the City are prepared in accordance with U.S. Generally Accepted Accounting Principles ("GAAP"). The City's reporting entity applies all relevant Governmental Accounting Standards Board ("GASB") pronouncements. Proprietary funds apply only those Financial Accounting Standards Board ("FASB") pronouncements and Accounting Principles Board ("APB") opinions issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements, in which case, GASB prevails.

For financial reporting purposes, the City includes all funds and account groups for which the City is considered to be financially accountable. The criteria used by the City for including activities in preparing its financial statements are in conformity with GASB Statement 14, "The Financial Reporting Entity."

Component Unit

The accompanying financial statements present the City's primary government and component unit over which the City exercises significant influence. Significant influence or accountability is based primarily on operational or financial relationships with the City (as distinct from legal relationships).

The Ranger Economic Development Corporation (the "EDC") is a non-profit corporation specifically governed by Sections 4A and 4B of the Development Corporation Act of 1979, Tex. Rev. Civ. Stat. Ann. Art 5190.6. The Corporation was organized exclusively for the purposes of benefitting and accomplishing public purposes of the City by promoting, assisting and enhancing economic development activities for the City as provided by the Development Corporation Act of 1979. The Ranger Economic Development Corporation does not meet the criteria for blending ad is, therefore, reported discretely using a government fund type.

Basis of Presentation – Government-wide Financial Statements

The statement of net position and the statement of activities include the financial activities of the overall government. The government activities include programs supported primarily by taxes, franchise fees, grants and other intergovernmental revenues. These programs generally do not originate from an exchange transaction, while business-type activities include operations that rely to a significant extent on fees and charges for support. Separate financial statements are provided for governmental funds and proprietary funds. The statement of activities demonstrates who shares in the cost of participation in programs which the City operates. The "charges for services" column includes payments made by parties that directly benefit from goods and/or services provided. Examples include fees for a swimming pool or golf course. Grants and contributions include payments made by Rural Development or CDBG. If a revenue is not a program revenue, it is a general revenue used to support all of the City's functions. Taxes are always general revenues.

Interfund activities between governmental funds and governmental funds and proprietary funds appear as due to/froms on the governmental balance sheet and proprietary fund statements. Interfund activities appear as other resources/uses on the governmental and proprietary funds' statement of revenues, expenditures/expenses and changes in fund balance/net position. Finally, interfund activities appear as transfers on the government and proprietary statements of activities and changes in net position, as well as the governmental and proprietary funds' statements of revenues, expenditures/expenses and changes in fund balance/net position. As a general rule, the effect on inter-fund activity has been eliminated between governmental funds from the government-wide financial statements.

**CITY OF RANGER, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED SEPTEMBER 30, 2022**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

Basis of Presentation – Fund Financial Statements – Continued

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

The fund financial statements provide information about the City's funds. Separate statements are presented for each fund category; governmental and proprietary. The City reports the following governmental funds:

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

The City reports the following enterprise funds:

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

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

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

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 financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Property taxes are recognized as revenues in the year for which they are levied. Grants, entitlements,

**CITY OF RANGER, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED SEPTEMBER 30, 2022**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

Measurement Focus and Basis of Accounting—Continued

and donations are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

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

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

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

Budgetary Information

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

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

The City budgets so that each fund will have a change in net position of about \$0 every year, so the actual resulting increase or decrease in net position is equivalent to the variance from the adopted budget.

For the year ended September 30, 2022, General fund revenues were -\$14,694 under budget and expenditures were \$245,433 under budget, resulting in a favorable budget variance of \$230,739 in the General fund's fund balance from the final budget.

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

Deposits and Investments

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

**CITY OF RANGER, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED SEPTEMBER 30, 2022**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

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

Deposits and Investments—Continued

Investments are reported at fair value. U.S. Treasury obligations, if any, are valued at the last reported sales price on a national exchange. Investments in certificates of deposit, if any, are valued at cost as they are nonparticipating investments in which the value does not vary with market interest rate changes. City funds which are invested in external pools which are established under the authority of the Inter-local Cooperative Act, Chapter 791 of the Texas Government Code. The City's investments in these pooled funds use amortized cost to value portfolio assets and follow the criteria for GASB Statement No. 79.

Receivables and Payables

Amounts are aggregated into a single receivable (net of allowances for uncollectible) line for certain funds and aggregated columns. The allowance, where applicable, is based on historical experiences. Payables consist of vendor obligations for goods and services.

Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g. roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Vehicles and machinery and equipment related assets are defined by the government as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of two years. Buildings and improvements are defined by the government as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of two years. Infrastructure assets are defined by the government as assets with an initial, individual cost of more than \$10,000 and an estimated useful life in excess of two years.

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

<u>Asset Class</u>	<u>Estimated Useful Lives</u>
Buildings and improvements	20-40 years
Improvements other than buildings	15-30 years
Machinery and other equipment	5-10 years
Infrastructure	20 years

Inter-fund activity

Inter-fund activity results from loans, services provided, reimbursements or transfers between funds. Loans are reported as inter-fund receivables and payables as appropriate and are subject to elimination upon consolidation in the government wide statements. Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures or expenses. Reimbursements occur when one fund incurs a cost, charges the appropriate benefiting 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 changes in net position. Similarly, inter-fund receivables and payables are netted and presented as a single "Internal Balances" line of government-wide statement of net position.

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.

**CITY OF RANGER, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED SEPTEMBER 30, 2022**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

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

Net Position

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

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

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

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

The City applies restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted net position are available.

Fund Balance

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

Non-spendable fund balance – (inherently not spendable)

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

Restricted fund balance – (externally enforceable limitations on use)

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

Committed fund balance – (self-imposed limitations)

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

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

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

Unassigned fund balance – (residual net resources)

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

**CITY OF RANGER, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED SEPTEMBER 30, 2022**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

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

Fund Balance—Continued

Order of Expenditure of Funds: When multiple categories of fund balances are available for expenditure 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.

Revenues and Expenditures/Expenses

Program Revenues

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

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

Property Taxes

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

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

NOTE 2 – DEPOSITS AND INVESTMENTS

City policies and legal and contractual provisions governing deposits are as follows:

Custodial Credit Risk – Deposits: During the normal course of operations, with the City's routine deposit and check writing structure, the City may, at times, carry bank balances that exceed federally insured limits. City management does not consider this to be a significant risk to the City.

**CITY OF RANGER, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED SEPTEMBER 30, 2022**

NOTE 2 – DEPOSITS AND INVESTMENTS – Continued

Investment Accounting Policy

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

Compliance with the Public Funds Investment Act

The Public Funds Investment Act (Government Code Chapter 2256) contains specific provisions in the areas of investment practices, management reports, and establishment of appropriate policies. Among other things, it requires a governmental entity to adopt, implement, and publicize an investment policy. That policy must address the following areas: (1) safety of principal and liquidity, (2) portfolio diversification, (3) allowable investments, (4) acceptable risk levels, (5) expected rates of return, (6) maximum allowable stated maturity of portfolio investments, (7) maximum average dollar-weighted maturity allowed based on the stated maturity date for the portfolio, (8) investment staff quality and capabilities, (9) and bid solicitation preferences for certificates of deposit.

Statutes authorize the entity to invest in (1) obligations of the U.S. Treasury, certain U.S. agencies, and the State of Texas; (2) certificates of deposit, (3) certain municipal securities, (4) money market savings accounts, (5) repurchase agreements, (6) bankers acceptances, (7) mutual funds, (8) investment pools, (9) guaranteed investment contracts, (10) and common trust funds.

The Act also requires the entity to have independent auditors perform test procedures related to investment practices as provided by the Act. The City is in substantial compliance with the requirements of the Act and with local policies.

NOTE 3 – RECEIVABLES

Receivables for the governmental and business-type activities in the aggregate including the applicable allowance for uncollectible accounts are as follows:

	Business-Type	
	Water and Sewer Fund	Total Proprietary Funds
Receivables from customers		
Total receivables	\$ 360,060	\$ 360,060

CITY OF RANGER, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED SEPTEMBER 30, 2022

NOTE 3 – RECEIVABLES—Continued

	<u>Governmental Type</u>	
	<u>General Fund</u>	<u>Total Governmental Funds</u>
Receivables		
Property taxes receivable	\$ 170,660	\$ 170,660
Less: Allowance for uncollectible	(40,682)	(40,682)
State Comptroller receivable	72,282	72,282
Total receivables	<u>\$ 202,260</u>	<u>\$ 202,260</u>

NOTE 4 – CAPITAL ASSETS

Capital asset activity for governmental activities for the year ended September 30, 2022, was as follows:

Governmental Activities

<u>Asset Summary</u>	<u>Ending Balance</u>	<u>Additions</u>	<u>Dispositions</u>	<u>Ending Balance</u>
Assets:				
Land and improvements	168,767	-	-	168,767
Construction in Progress	-	-	-	-
Infrastructure	918,600	-	-	918,600
Buildings and Improvements	373,077	-	-	373,077
Vehicles and Equipment	1,310,405	84,883	-	1,395,288
Total Assets	<u>2,770,849</u>	<u>84,883</u>	<u>-</u>	<u>2,855,732</u>
Accumulated Depreciation:				
Land and improvements	-	-	-	-
Construction in Progress	-	-	-	-
Infrastructure	602,132	29,012	-	631,144
Buildings and Improvements	301,711	3,778	-	305,489
Vehicles and Equipment	930,320	85,448	-	1,015,768
Total Accumulated Depreciation	<u>1,834,163</u>	<u>118,238</u>	<u>-</u>	<u>1,952,401</u>
Net Basis	<u>936,686</u>	<u>(33,355)</u>	<u>-</u>	<u>903,331</u>

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

Governmental activities:

Depreciation Allocation:

General Administration	2,940
Public Safety	68,017
Streets	43,569
Parks and Recreation	2,416
Cemetery	1,296
Total Depreciation Allocation	<u>118,238</u>

**CITY OF RANGER, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED SEPTEMBER 30, 2022**

NOTE 4 – CAPITAL ASSETS – Continued

Capital asset activity for business-type activities for the year ended September 30, 2022, was as follows:

Business-type Activities

	Beginning Balance	Additions	Dispositions	Ending Balance
Assets:				
Land and improvements	11,093	-	-	11,093
Construction in Progress	1,800,540	282,791	-	2,083,331
Water System and Improvements	7,946,321	-	-	7,946,321
Buildings and Improvements	72,680	-	-	72,680
Vehicles and Equipment	437,156	-	-	437,156
Total Assets	<u>10,267,790</u>	<u>282,791</u>	<u>-</u>	<u>10,550,581</u>
Accumulated Depreciation:				
Land and improvements	-	-	-	-
Construction in Progress	-	-	-	-
Water System and Improvements	3,086,059	200,417	-	3,286,476
Buildings and Improvements	64,454	1,556	-	66,010
Vehicles and Equipment	360,360	20,177	-	380,538
Total Accumulated Depreciation	<u>3,510,873</u>	<u>222,150</u>	<u>-</u>	<u>3,733,023</u>
Net Basis	<u>6,756,916</u>	<u>60,641</u>	<u>-</u>	<u>6,817,557</u>

Depreciation expense was charged to the departments/funds of the business-type activities of the primary government as follows:

Business-type activities:	
Utilities	\$ 222,150
Total Depreciation Allocation	<u>\$ 222,150</u>

NOTE 5 – INTER-FUND RECEIVABLES, PAYABLES AND TRANSFERS

The primary purpose for inter-fund transfers is to reimburse or supplement resources between the funds. There were no interfund transfers in the year ended September 30, 2022.

**CITY OF RANGER, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED SEPTEMBER 30, 2022**

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

The primary purpose of inter-fund receivables and payables is the loaning of resources between funds for the purpose of meeting current year expenditures. The following is a summary of items due to/from various funds (labeled internal balances on the Government-wide financial statements) as of September 30, 2022:

	Governmental type		Business-type
	General Fund	Development Corporation Fund	Water & Sewer Fund
Due (to)/from	\$ (269,588)	\$ -	\$ -
Due (to)/from		112,901	-
Due (to)/from	-	-	156,687
Total Due to/(from)	\$ (269,588)	\$ 112,901	\$ 156,687

NOTE 6 – LONG-TERM DEBT

Business-Type

On October 24, 2012, the City issued \$300,000 in Combination Tax and Surplus Revenue Certificates of Obligation, Series 2012 in order to finance improvements to its sewer system including constructing and equipping a wastewater treatment plant. The bonds have variable interest rates varying from 0.00% to 2.03% with semi-annual payments due on February 15th and August 15th each year with final maturity on February 15, 2023.

On June 13, 2018, the City issued \$570,000 in Combination Tax and Surplus Revenue Certificates of Obligation, Series 2018A in order to finance improvements to its water and sewer system. The bonds have variable interest rates varying from 0.00% to 2.54% with semi-annual payments due on February 15th and August 15th each year with final maturity on February 15, 2049.

On June 13, 2018, the City issued \$420,000 in Combination Tax and Surplus Revenue Certificates of Obligation, Series 2018B in order to finance improvements to its water and sewer system. The bonds have fixed interest rates of 0.00% with semi-annual payments due on February 15th and August 15th each year with final maturity on February 15, 2049.

On June 8, 2021, the City issued \$920,000 in General Obligation, Series 2021A in order to redeem the Series 1998 Tax and Waterworks and Sewer System Revenue Certificates of Obligation. The certificates had an interest rate of .8% to 2.5% with final maturity on February 15 2038.

On June 8, 2021, the City issued \$655,000 in General Obligation, Series 2021B in order to redeem the Series 2005 Waterworks and Sewer System Revenue Bonds. The bonds have interest rates from 2.5% to 3.38% with final maturity on February 15, 2045.

CITY OF RANGER, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED SEPTEMBER 30, 2022
NOTE 6 – LONG-TERM DEBT--Continued

Year Ending September 30,	Business-type Bonds		
	Principal	Interest	Total
2023	\$ 124,000	\$ 47,571	\$ 171,571
2024	99,000	46,110	145,110
2025	104,000	45,053	149,053
2026	104,000	43,641	147,641
2027	104,000	41,917	145,917
2028-2032	530,000	181,497	711,497
2033-2037	605,000	124,020	729,020
2038-2042	398,000	61,442	459,442
2043-2047	305,000	19,956	324,956
2048-2049	75,000	1,270	76,270
Total	\$ 2,448,000	\$ 612,476	\$ 3,060,476

Changes in Long Term Liabilities

The following is a summary of changes in long term debt for the year ended September 30, 2022:

Description	Outstanding 9/30/2021	Issued	Refinance Premium	Retired	Outstanding 9/30/2022	Due in One Year
Combination Tax & Surplus Revenue C of O, Series 2012	\$ 60,000	\$ -	\$ -	\$ 30,000	\$ 30,000	\$ 30,000
Certificates of Obligation, Series 2018A	545,000	-	-	15,000	530,000	15,000
Certificates of Obligation, Series 2018B	392,000	-	-	14,000	378,000	14,000
Certificates of Obligation Series 2021 A	925,000	-	16,887	50,000	875,000	45,000
Certificates of Obligation Series 2021 B	655,000	-	55,207	20,000	635,000	20,000
	\$ 2,577,000	\$ -	\$ 72,094	\$ 129,000	\$ 2,448,000	\$ 124,000

Interest expense of paid or accrued as of and for the year ended September 30, 2022 is recognized by the Utility fund.

**CITY OF RANGER, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED SEPTEMBER 30, 2022**

NOTE 7 – OTHER CITY ASSETS AND LIABILITIES

Prepaid expenses are made up of dispatch and software services expenses paid for prior to September 30, 2022, for contract services to be received after September 30, 2022. Total prepaid expenses as of September 30, 2021 were and for governmental type and business-type activities, respectively.

Deposits payable represents amounts of Utility customer deposits that are refundable or applicable to customers' final utility bills upon their termination of their utility services contract with the City. Total deposits payable as of September 30, 2022, were for the City's business-type activities.

Compensated absences liability represents the portion of earned but unused employee benefits including vacation and sick leave that the City pays upon retirement or death of certain employees. Total compensated absences liabilities as of September 30, 2022, were \$8,852 and \$6,182 for governmental type and business-type activities, respectively.

Deferred revenue is made up of utility payments received by the City prior to the City's rendering the services for which they were paid. As of September 30, 2022, total deferred revenue was for the City's business-type activities.

NOTE 8 – RISK MANAGEMENT

The City has established risk management programs for liability, worker's compensation, property damage, and employee health care. These risks of loss are handled through the purchase of commercial insurance policies with an insurance company and a public entity risk pool in which all risk is transferred to those entities for all the above areas. The City pays a deductible per incident except on the employee health insurance in which the deductible is the responsibility of the employee. There have been no significant reductions in insurance coverage from the prior year and settlements have not exceeded insurance coverage for the current year or the previous three years.

NOTE 9 – PENSION PLAN

Plan Description.

The City participates as one of 888 plans in the nontraditional, joint contributory, hybrid defined benefit pension plan administered by the Texas Municipal Retirement System (TMRS). TMRS is an agency created by the State of Texas and administered in accordance with the TMRS Act, Subtitle G, Title 8, Texas Government Code (the TMRS Act) as retirement system for municipal employees in the State of Texas. The TMRS Act places the general administration and management of the System with a six-member Board of Trustees. Although the Governor, with the advice and consent of the Senate, appoints the Board, TMRS is not fiscally dependent on the State of Texas. TMRS's defined benefit pension plan is a tax-qualified plan under Section 401 (a) of the Internal Revenue Code. TMRS issues a publicly available comprehensive annual financial report (CAFR) that can be obtained at www.tmr.com.

Benefits Provided

TMRS provides retirement, disability, and death benefits. Benefit provisions are adopted by the governing body of the city, within the options available in the state statutes governing TMRS. At retirement, the benefit is calculated as if the sum of the employee's contributions, with interest, and the City-financed monetary credits, with interest, were used to purchase an annuity. Members May choose to receive their retirement benefit in one of seven payment options. Members May also choose to receive a portion of their benefits as a Partial Lump Sum Distribution in an amount equal to 12, 24 or 36 monthly payments, which cannot exceed 75% of the member's deposits and interest. Members can retire at ages 60 and above with five or more years of service or with twenty years of service. A member is vested after five years. The plan provisions are adopted by the governing body of the City, within the options available in the state statutes governing TMRS and within the actuarial constraints also in the statutes.

**CITY OF RANGER, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED SEPTEMBER 30, 2022**

NOTE 9 – PENSION PLAN—Continued

Employees covered by benefit terms.

At the December 31, 2021, valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	5
Inactive employees entitled to but not yet receiving benefits	53
Active employees	21
Total	79

Contributions

The contribution rates for employees in TMRS are 5% of employee gross earnings, and the city matching percentage is 100%, both as adopted by the governing body of the City. Under the state law governing TMRS, the contribution rate for each city is determined annually by the actuary, using the Entry Age Normal (EAN) actuarial cost method. The actuarially determined rate is the estimated amount necessary to finance the cost of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability.

Employees for the City were required to contribute 5.00% of their annual gross earnings during the fiscal period. The City's contributions to TMRS for the year ended September 30, 2022, were approximately \$0 and were equal to the required contributions.

Net Pension Liability or Asset.

The City's Net Pension Liability (NPL) or Asset (NPA) was measured as of December 31, 2021, and the Total Pension Liability (TPL) used to calculate the Net Pension Liability was determined by an actuarial valuation as of that date.

Actuarial assumptions—Continued

The Total Pension Liability in the December 31, 2021, actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.50% per year
Salary increases	3.50% to 11.50% including inflation
Overall payroll growth	2.75% per year
Investment Rate of Return	6.75%

These actuarial assumptions used in the December 31, 2021, valuation was 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. Economic assumptions used in the actuarial valuations are on the following page.

Discount/Crediting Rates, System-wide Investment Return Assumption: 6.75% per year, compounded annually, composed of an assumed 2.50% inflation rate and a 4.25% net real rate of return. This rate represents the assumed return, net of all investment and administrative expenses. This is the discount rate used to value the liabilities of the individual employers.

Assumed discount/crediting rate for Supplemental Disability Benefits Fund and individual employee accounts: an annual rate of 5.00% for (1) accumulating prior service credit and updated service credit after the valuation date, (2) accumulating the employee current service balances, (3) determining the amount of the monthly benefit at future dates of retirement or disability, and (4) calculating the actuarial liability of the system-wide Supplemental Disability Benefits Fund.

CITY OF RANGER, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED SEPTEMBER 30, 2022

NOTE 9 – PENSION PLAN—Continued

Overall Payroll Growth – 2.75% per year, which is used to calculate the contribution rates for the retirement plan of each participating city as a level percentage of payroll. This represents the expected increase in total payroll. This increase rate is solely due to the effect of wage inflation on salaries, with no allowance for future membership growth. However, for cities with a decrease in the number of contributing members from 2008 to 2018, the payroll growth is decreased by half the annual percentage decrease in the count capped at a 1.0% decrease per year and rounded down to the nearest 0.1%.

Individual Salary Increases: Salary increases are assumed to occur once a year, on January 1. Therefore, the pay used for the period year following the valuation date is equal to the reported pay for the prior year, increased by the salary increase assumption. Salaries are assumed to increase by the following graduated service-based scale.

Annuity Increase: The Consumer Price Index (CPI) is assumed to be 2.50% per year prospectively. For the City of Ranger annual annuity increases of 0.00% are assumed when calculating the TPL.

Load for Updated Service Credit: To reflect the asymmetric nature of the credits due to the USC provision, there is a load on the final average earnings used in the calculation of 0.1% per year into the future that the calculation is performed.

Demographic assumptions used in the actuarial valuations are as follows:

Actuarial assumptions—Continued

Termination rates: For the first 10 years of service, the base table rates vary by gender, entry age, and length of service. For City of Ranger the base table is then multiplied by a factor of 75.0% based on the experience of the city in comparison to the group as a whole. A further multiplier is applied depending on an employee's classification: 1) Fire – 68%, 2) Police – 86%, or 3) Other – 108%. After 10 years of service, base termination rates vary by gender and by the number of years remaining until first retirement eligibility. For City of Ranger the base table is then multiplied by a factor of 115.0% based on the experience of the city in comparison to the group as a whole. A further multiplier is applied depending on an employee's classification: 1) Fire – 54%, 2) Police – 83%, or 3) Other – 113%. Termination rates end at first eligibility for retirement.

Forfeiture Rates: (Withdrawal of Member Deposits from TMRS) for vested members vary by age and employer match, and they are expressed as a percentage of the termination rates described above. The withdrawal rates for cities with a 2-to-1 match are shown below. 4% is added to the rates for 1½-to-1 cities, and 8% is added for 1-to-1 cities. The City of Ranger is a 1-to-1 city.

Service Retirees and Beneficiary Mortality Rates: For calculating the actuarial liability and the retirement contribution rates, the Gender-distinct 2019 Municipal Retirees of Texas mortality tables. The rates are projected on a fully generational basis by Scale UMP to account for future mortality improvements. Based on the size of the city, rates are multiplied by an additional factor of 88.0%.

Disabled Annuitant Mortality Rates: For calculating the actuarial liability and the retirement contribution rates, the mortality tables for healthy retirees is used with a 4 year set -forward for males and a 3 year set-forward for females. In addition, a 3.5% and 3% 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.

Pre-Retirement Mortality: For calculating the actuarial liability and the retirement contribution rates, the 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 by Scale UMP to account for future mortality improvements.

CITY OF RANGER, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED SEPTEMBER 30, 2022

NOTE 9 – PENSION PLAN—Continued

Annuity Purchase Rates: For determining the amount of the monthly benefit at the time of retirement for both healthy and disabled annuitants, the annuity purchase rates (APRs) until 2027 are based on a mortality study performed in 2013, with the factors phasing into being based on a unisex blend of the RP-2000 Combined Healthy Mortality Tables with Blue Collar Adjustment for males and females with both male and female rates multiplied by 107.5% and projected on a fully generational basis with scale BB. The current table of APRs is explicitly valued through 2032 and then it is assumed the APRs and the valuation mortality assumptions will be consistent over time. For members, a unisex blend of 70% of the males table and 30% of the female table is used, while 30% of the male table and 70% of the female table is used for beneficiaries.

The following table summarizes changes in the Total Pension Liability and Plan Fiduciary Net Position (the difference of which is the Net Pension Liability) between the December 31, 2020, and December 31, 2021, measurement dates:

	Increase (Decrease)		Net Pension Liability / (Asset) (a) - (b)
	Total Pension Liability (a)	Fiduciary Net Position (b)	
Changes in Net Pension Liability / (Asset)			
Balances as of December 31, 2020	\$ 2,492,828	2,800,012	\$ (307,184)
Changes for the year:			
Service cost	148,571		148,571
Interest on total pension liability	171,111		171,111
Changes of benefit terms			-
Difference in expected and actual experience	(111,802)		(111,802)
Benefit payments	(64,275)	(64,275)	-
Administrative expenses		(1,689)	1,689
Member contributions		59,667	(59,667)
Net investment income		364,105	(364,105)
Employer contributions		77,169	(77,169)
Other		12	(12)
Balances as of December 31, 2021	\$ 2,636,433	\$ 3,235,001	\$ (598,568)

Sensitivity of the Discount Rate

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

	Current		
	1% Decrease (5.75%)	Discount Rate (6.75%)	1% Increase (7.75%)
Net pension liability (asset)	\$ (184,721)	\$ (598,568)	\$ (930,937)

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's Fiduciary Net Position is available in a separately issued TMRS financial report. That report may be obtained on the internet at www.TMRS.com.

**CITY OF RANGER, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED SEPTEMBER 30, 2022**

NOTE 9 – PENSION PLAN—Continued

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

For the year ended September 30, 2022, the City recognized pension income of \$39,374.

At September 30, 2022, the City reported deferred outflows and inflows of resources related to pensions from the following sources:

	<u>Deferred Inflows of Resources</u>	<u>Deferred Outflows of Resources</u>
Differences between expected and actual economic experience	\$ (55,901)	\$ -
Changes in actuarial assumptions	-	-
Net difference between projected and actual investment earnings	(140,083)	
Contributions paid to TMRS subsequent to the measurement date	-	113,648
Total	\$ (195,984)	\$ 113,648

\$20,525 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability for the year ending September 30, 2022. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year ended December 31:</u>	
2022	\$ (90,690)
2023	(75,913)
2024	(39,126)
2025	(35,020)
2026	-
Thereafter	-
	\$ (240,749)

Required Supplementary Information

The City is required to present its Schedule of Changes in its Net Pension Liability and Related Ratios which shows the changes in the Total Pension Liability and the Fiduciary Net Position, resulting in the Net Pension Asset as of September 30, 2022. This supplementary information beginning on page 37 includes further details regarding the actuarial assumptions for the December 31, 2021, valuation date.

NOTE 10 – PRIOR PERIOD ADJUSTMENT

A prior period addition was made to the Economic Development Corporation’s cash account in the amount of \$155,961. The adjustment was needed because the prior year financial statements reported the EDC’s cash value too low by \$155,961.

NOTE 11 – SUBSEQUENT EVENTS

We have considered all events and transactions between the fiscal year end of September 30, 2022 and the date this report was available to be issued, February 12, 2024, and noted nothing requiring disclosure.

REQUIRED SUPPLEMENTARY INFORMATION

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

CITY OF RANGER, TEXAS
 STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
 BUDGET AND ACTUAL – GENERAL FUND
 FOR THE YEAR ENDED SEPTEMBER 30, 2022

	Actual Results Cash Basis	Final Budget Results	Variance from		Actual Results GAAP Basis
			Budget Favorable (Unfavorable)	GAAP Adjustments	
REVENUES					
Taxes					
Property	\$ 418,010	\$ 468,850	\$ (50,840)	\$ -	418,010
Sales and use	485,364	475,000	10,364	(61,924)	423,440
Franchise	106,116	110,000	(3,884)	-	106,116
Licenses and permits	245	150	95	-	245
Fines and forfeitures	100,965	75,000	25,965	-	100,965
Charges for services	278,288	166,825	111,463	(41,016)	237,272
Investment earnings	1,349	1,000	349	(1,349)	0
Grants and contributions	2,280	18,000	(15,720)	-	2,280
Miscellaneous	36,000	128,486	(92,486)	(9)	35,991
Total revenues	1,428,617	1,443,311	(14,694)	(104,298)	1,324,319
EXPENDITURES					
Current:					
General administrative	1,542,848	586,310	(956,538)	(391,139)	1,151,709
Public safety	14,678	1,024,688	1,010,010	160,252	174,930
Public works	381	348,406	348,025	86,520	86,901
Capital outlay	-	-	-	30,835	30,835
Total expenditures	1,713,971	1,959,404	245,433	(114,246)	1,599,725
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES	(285,354)	(516,093)	230,739	9,948	(275,406)
TRANSFERS IN	-	516,093	(516,093)	-	302,000
CHANGE IN NET POSITION	\$ (285,354)	\$ -	\$ (285,354)	\$ 9,948	\$ 26,594

CITY OF RANGER, TEXAS
SCHEDULE OF CHANGES IN NET PENSION LIABILITY (ASSET) AND RELATED RATIOS
TEXAS MUNICIPAL RETIREMENT SYSTEM (TMRS)
FOR THE YEAR ENDED SEPTEMBER 30, 2022

	2021	2020	2019	2018	2017	2016	2015
Total Pension Liability (Asset)							
Service Cost	\$ 148,571	\$ 130,275	\$ 126,775	\$ 135,717	\$ 67,647	\$ 101,352	\$ 123,734
Interest (on total pension liability)	171,111	153,627	143,125	128,963	121,447	119,232	119,866
Change of benefit terms							
Difference between expected and actual experience	(111,802)	10,952	(66,938)	(4,841)	(57,456)	(102,894)	(126,459)
Change of assumptions			(16,147)				26,118
Benefit payments, including refunds to employee contributions	(64,275)	(25,680)	(40,296)	(50,807)	(57,840)	(78,229)	(77,846)
Net Change in Total Pension Liability	143,605	269,174	146,519	209,032	73,798	39,461	65,413
Total Pension Liability- Beginning	2,492,828	2,223,654	2,077,135	1,868,103	1,794,305	1,754,844	1,689,431
Total Pension Liability- Ending (a)	\$ 2,636,433	\$ 2,492,828	\$ 2,223,654	\$ 2,077,135	\$ 1,868,103	\$ 1,794,305	\$ 1,754,844
Plan Fiduciary Net Position							
Contributions - Employer	\$ 77,169	\$ 69,638	\$ 56,307	\$ 71,887	\$ 37,275	\$ 63,623	\$ 73,844
Contributions - Employee	59,667	52,957	50,880	54,323	27,611	43,406	52,690
Net Investment Income	364,105	190,230	327,170	(63,119)	255,874	115,120	2,445
Benefit payments, including refunds to employee contributions	(64,275)	(25,680)	(40,296)	(50,807)	(57,840)	(78,229)	(77,846)
Administrative expenses	(1,689)	(1,235)	(1,854)	(1,222)	(1,328)	(1,303)	(1,490)
Other	14	(48)	(56)	(64)	(67)	(70)	(74)
Net change in Fiduciary Net Position	434,991	285,862	392,151	10,998	261,525	142,547	49,569
Plan Fiduciary Net Position- Beginning	2,800,010	2,514,148	2,121,997	2,110,999	1,849,474	1,706,927	1,657,358
Plan Fiduciary Net Position- Ending (b)	\$ 3,235,001	\$ 2,800,010	\$ 2,514,148	\$ 2,121,997	\$ 2,110,999	\$ 1,849,474	\$ 1,706,927
Net Pension Liability (Asset) - Ending (a) - (b)	(598,568)	(307,182)	(290,494)	(44,862)	(242,896)	(55,169)	47,917
Plan Fiduciary Net Position as a Percentage of Total Pension Liability (Asset)	123%	112%	113%	102%	113%	103%	97%
Covered Employee Payroll	994,448	882,624	847,993	905,387	460,186	723,427	878,166
Net Pension Liability (Asset) as a Percentage of Covered Payroll	-60%	-35%	-34%	-5%	-53%	-8%	5%

A full 10 year schedule will be displayed as it becomes available.

**CITY OF RANGER, TEXAS
 SCHEDULE OF CITY'S CONTRIBUTIONS TO PENSION PLAN
 TEXAS MUNICIPAL RETIREMENT SYSTEM (TMRS)
 FOR THE YEAR ENDED SEPTEMBER 30, 2022**

	2021	2020	2019	2018	2017	2016	2015	2014
Actuarially Determined Contribution	\$ 79,456	\$ 68,744	\$ 61,856	\$ 61,253	\$ 64,579	\$ 37,922	\$ 71,558	\$ 72,421
Contributions in relation to the actuarially determined contribution	79,456	68,744	61,856	61,253	64,579	37,922	71,558	72,421
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered Payroll	994,448	882,624	847,993	905,387	460,186	723,427	878,166	793,419
Contributions as a percentage of covered payroll	7.99%	7.79%	7.29%	6.77%	14.03%	5.24%	8.15%	9.13%

A full 10 year schedule will be displayed as it becomes available.

**CITY OF RANGER, TEXAS
 ADDITIONAL REQUIRED SUPPLEMENTARY INFORMATION
 TEXAS MUNICIPAL RETIREMENT SYSTEM (TMRS)
 ACTUARIAL VALUATIONS FOR DECEMBER 31, 2021 VALUATION DATE**

Valuation Date	December 31, 2021
Actuarial Cost Method	Entry Age Normal
Amortization Method	Level percentage of payroll, closed
Remaining Amortization Period	N/A
Asset Valuation Method	10 year smoothed market
Inflation	12% soft corridor
Salary Increases	2.5%
Investment Rate of Return	3.5% to 11.5% including inflation
Retirement Age	6.75%
	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.

COMPLIANCE AND INTERNAL CONTROL SECTION



CAROLINE McLANE
CPA

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

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

I have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of Ranger, Texas (the City) as of and for the year ended September 30, 2022, and the related notes to the financial statements, which collectively comprise the City of Ranger, Texas' basic financial statements, and have issued my report thereon dated February 12, 2024.

Internal Control Over Financial Reporting

In planning and performing my audit of the financial statements, I considered the City of Ranger, Texas' internal control over financial reporting to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing my opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City of Ranger, Texas' internal control. Accordingly, I do not express an opinion on the effectiveness of the City of Ranger, Texas' internal control.

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

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

I consider the following deficiencies in internal control to be significant deficiencies:

- GAAP Accounting—the City does not focus its operations on an accrual basis of accounting nor a modified accrual basis of accounting, but rather a modified-cash basis, which is not in accordance with Generally Accepted Accounting Principles (GAAP). I recommend that the City begin to keep some GAAP basis reconciliations and integrate them into their system of internal control.
- Preparation of the financial statements—the City does not prepare its financial statements, notes to the financial statements, or management's discussion and analysis in accordance with Generally Accepted Accounting Principles (GAAP). Therefore, the City does not have internal controls over financial statement preparation or their reporting cycle.

Compliance and Other Matters

As part of obtaining reasonable assurance City of about whether City of Ranger, Texas' financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, and contracts, 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 my audit, and accordingly, I 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 my testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City of Ranger, Texas' internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Ranger, Texas' internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Caroline McLane, CPA

Caroline McLane, CPA
February 12, 2024