

City of Crawford, Texas
Financial Statements and
Supplementary Information
September 30, 2024
(With Independent Auditor's Report Thereon)

City of Crawford, Texas

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INDEPENDENT AUDITOR’S REPORT

The Honorable Members of City Council
City of Crawford, Texas:

Opinions

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, and each major fund of the City of Crawford, Texas (the “City”) as of September 30, 2024 and for the year then ended, and the related notes to the financial statements, which collectively comprise the City’s basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, and each major fund of the City as of September 30, 2024, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (“GAAS”). Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

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

Auditor’s Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS, we:

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management’s discussion and analysis on pages iv through xiii, the budgetary comparison information on pages 32 and 33, and other required supplementary information on pages 34 and 35 (collectively, “the required supplementary information”) be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United

States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management’s responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City’s basic financial statements. The combining schedules on pages 36 and 37, (collectively, the “supplementary information”) are presented for purposes of additional analysis and are not a required part of the basic financial statements. The supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information, the schedule of revenues, expenditures, and changes in fund balance – budget and actual – water and sewer fund – budget basis on page 38 included in the annual financial report. The information comprises the schedule of revenues, expenditures, and changes in fund balance – budget and actual – water and sewer fund – budget basis on page 38, but does not include the financial statements and our auditor’s report thereon. Our opinions on the financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon. In connection with our audit of the financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the financial statements, or the other information otherwise appears to be materially misstated. If, based upon the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

February 14, 2025

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the City of Crawford, Texas (the "City"), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City of Crawford, Texas for the fiscal year ended September 30, 2024. Please read it in conjunction with the City's financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

- The assets and deferred outflows of the City exceeded its liabilities and deferred inflows at the close of the most recent fiscal year by \$4,070,662 (*net position*). Of this amount, \$1,447,667 represents unrestricted net position, which may be used to meet the government's ongoing obligations to citizens and creditors.
- The government's total net position increased by \$435,748 during the year ended September 30, 2024 due to (1) an increase in capital grants and contributions of \$36,152 due to an increase in local contributions from the Crawford Economic Development Corporation of \$37,072 for the purchase a building in the current year; (2) an increase in property taxes of \$48,520 due to increases in assessed values within the City; (3) the recognition of a gain of \$43,800 related to insurance proceeds received for damage to a water well and police vehicles during the current year; and (4) an increase in water and sewer revenue of \$29,730 due to the severe drought in the fourth quarter of the current year.
- As of the close of the current fiscal year, the City's governmental funds reported ending fund balances of \$1,071,362, an increase of \$207,672 from the prior year. Approximately 85% of the fund balances, \$905,538 (unassigned fund balance), is available for spending at the government's discretion.
- Fund balances for the City's combined discretely presented component units amounted to \$312,352, a decrease of \$3,001 from the prior year.

Overview of the Financial Statements

The discussion and analysis provided here are intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements consist of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) the notes to the financial statements. This report also includes supplementary information intended to furnish additional detail to support the basic financial statements themselves.

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

The *statement of net position* presents financial information on all of the City's assets, liabilities, and deferred inflows/outflows of resources, 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 is improving or deteriorating.

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

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

The government-wide financial statements can be found on pages 1 – 2 of this report.

Fund Financial Statements. A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, 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 can be divided into two categories: governmental funds and proprietary funds.

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

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

The City maintains two governmental funds – the general fund and a debt service fund. Information is presented in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures, and changes in fund balances for the general fund, which is always considered to be a major fund, and the debt service fund.

The basic governmental funds financial statements can be found on pages 3 through 5 of this report.

Proprietary fund. The City maintains one type of proprietary fund. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The City uses an enterprise fund to account for its water and sewer operations.

The proprietary fund provides the same type of information as the business-type activities government wide financial statements, only in more detail.

The basic proprietary fund financial statements can be found on pages 6 - 8 of this report.

Notes to the financial statements. The notes provide additional information that is necessary to acquire 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 9 – 31 of this report.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information* concerning the City’s budgetary data for the general fund and information related to the net pension liability (asset). Required supplementary information can be found on pages 32 through 35 of this report. Additionally, combining statements for discretely presented component units are presented as *supplementary information* on pages 36 through 37. Finally, the schedule of revenues, expenditures, and changes in fund balances – budget and actual – water and sewer fund – budget basis is presented as *other information* on page 38.

Government-wide Overall Financial Analysis

As noted earlier, net position over time, may serve as a useful indicator of a government’s financial position. In the case of the City, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$4,070,662 at the close of the most recent fiscal year.

City of Crawford Net Position September 30, 2024 and 2023

	Governmental Activities		Business-type Activities		Total	
	2024	2023	2024	2023	2024	2023
Current and other assets	\$ 1,116,137	907,351	1,110,497	2,537,623	2,226,634	3,444,974
Capital assets, net	818,007	742,266	5,952,115	4,465,531	6,770,122	5,207,797
Total assets	<u>1,934,144</u>	<u>1,649,617</u>	<u>7,062,612</u>	<u>7,003,154</u>	<u>8,996,756</u>	<u>8,652,771</u>
Deferred outflows of resources	<u>9,270</u>	<u>15,707</u>	<u>3,088</u>	<u>5,234</u>	<u>12,358</u>	<u>20,941</u>
Other current liabilities	39,771	44,925	356,999	297,862	396,770	342,787
Noncurrent liabilities	<u>1,189,258</u>	<u>1,252,126</u>	<u>3,342,775</u>	<u>3,433,397</u>	<u>4,532,033</u>	<u>4,685,523</u>
Total liabilities	<u>1,229,029</u>	<u>1,297,051</u>	<u>3,699,774</u>	<u>3,731,259</u>	<u>4,928,803</u>	<u>5,028,310</u>
Deferred inflows of resources	<u>7,237</u>	<u>7,866</u>	<u>2,412</u>	<u>2,622</u>	<u>9,649</u>	<u>10,488</u>
Net position:						
Net investment in capital assets	(364,974)	(502,975)	2,821,944	2,620,644	2,456,970	2,117,669
Restricted	166,025	167,952	-	-	166,025	167,952
Unrestricted	<u>906,097</u>	<u>695,430</u>	<u>541,570</u>	<u>653,863</u>	<u>1,447,667</u>	<u>1,349,293</u>
Total net position	<u>\$ 707,148</u>	<u>360,407</u>	<u>3,363,514</u>	<u>3,274,507</u>	<u>4,070,662</u>	<u>3,634,914</u>

By far, the largest portion of the City’s net position (60%) reflects its investment in capital assets (e.g., land, buildings, infrastructure, vehicles, and equipment) less any related outstanding debt that was used to acquire those assets. The City uses these capital assets to provide a variety of services to its citizens. Accordingly, these assets are not available for future spending. Although the City’s investment in capital assets is reported net of related debt, it should be noted that the resources used to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the City’s net position (4%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$1,447,667 is unrestricted and may be used to meet the government’s ongoing obligations to citizens and creditors.

At the end of the current fiscal year, the City is able to report positive balances in all three categories of net assets, both for the government as a whole, as well as for its separate government activities and business-type activities, except for its net investment in capital assets for governmental activities which is a negative balance due to the series 2008 combination tax and revenue bonds (which were refunded with the series 2021 refunding bonds) for which the bond proceeds were utilized for improvements to the water and sewer systems but the debt service for the bonds is being paid through a levy of property taxes. The same situation held true for the prior year.

City of Crawford
Changes in Net Position
For the Years Ended September 30, 2024 and 2023

	Governmental Activities		Business-type Activities		Total	
	2024	2023	2024	2023	2024	2023
Program revenues:						
Charges for services:						
Water and sewer	\$ -	-	552,523	522,793	552,523	522,793
Tonkawa Park	129,702	134,623	-	-	129,702	134,623
Sanitation	83,416	80,692	-	-	83,416	80,692
Fines, licenses and permits	53,514	57,701	-	-	53,514	57,701
Capital grants and contributions	68,708	24,366	40,486	48,676	109,194	73,042
General revenues:						
Property taxes	477,131	428,611	-	-	477,131	428,611
Sales taxes	131,139	104,803	-	-	131,139	104,803
Franchise taxes	31,073	32,686	-	-	31,073	32,686
Gain on disposal of capital assets	32,806	-	10,994	-	43,800	-
Investment earnings and other general revenues	3,773	1,213	9,367	2,856	13,140	4,069
Total revenues	<u>1,011,262</u>	<u>864,695</u>	<u>613,370</u>	<u>574,325</u>	<u>1,624,632</u>	<u>1,439,020</u>

	Governmental Activities		Business-type Activities		Total	
	2024	2023	2024	2023	2024	2023
Expenses:						
General government	290,517	261,926	-	-	290,517	261,926
Public safety	171,265	186,704	-	-	171,265	186,704
Highways and streets	14,912	20,009	-	-	14,912	20,009
Sanitation	67,876	62,035	-	-	67,876	62,035
Economic development	22,979	10,814	-	-	22,979	10,814
Culture and recreation	118,583	136,353	-	-	118,583	136,353
Interest on long-term debt	29,422	31,671	-	-	29,422	31,671
Water and sewer	-	-	473,330	445,390	473,330	445,390
	<u>715,554</u>	<u>709,512</u>	<u>473,330</u>	<u>445,390</u>	<u>1,188,884</u>	<u>1,154,902</u>
Increase (decrease) in net position before transfers	295,708	155,183	140,040	128,935	435,748	284,118
Transfers	<u>51,033</u>	<u>37,227</u>	<u>(51,033)</u>	<u>(37,227)</u>	<u>-</u>	<u>-</u>
Change in net position	346,741	192,410	89,007	91,708	435,748	284,118
Net position, beginning of the period	<u>360,407</u>	<u>167,997</u>	<u>3,274,507</u>	<u>3,182,799</u>	<u>3,634,914</u>	<u>3,350,796</u>
Net position, end of the period	\$ <u>707,148</u>	<u>360,407</u>	<u>3,363,514</u>	<u>3,274,507</u>	<u>4,070,662</u>	<u>3,634,914</u>

The City's net position increased by \$435,748 during the year ended September 30, 2024 due to (1) an increase in capital grants and contributions of \$36,152 due to an increase in local contributions from the Crawford Economic Development Corporation of \$37,072 for the purchase a building in the current year; (2) an increase in property taxes of \$48,520 due to increases in assessed values within the City; (3) the recognition of a gain of \$43,800 related to insurance proceeds received for damage to a water well and police vehicles during the current year; and (4) an increase in water and sewer revenue of \$29,730 due to the severe drought in the fourth quarter of the current year. Additional reasons for this overall increase are discussed in the following sections for governmental activities and business-type activities.

Governmental activities. Governmental activities increased the City's net position by \$346,741 during the current fiscal year as compared to an increase of \$192,410 during the prior year, primarily as a result of the following:

- Property taxes increased by \$48,520 during the year, primarily due to increased assessed property values.
- Sales taxes increased \$26,336 due to a new restaurant and bar that was in operation from May 2024 to late September 2024, when the restaurant closed. Also, another small eating establishment opened in late August 2024.
- Capital grants and contributions increased by \$44,342 due to the current year receipt of a contribution from the Crawford Economic Development Corporation for the purchase of a building during the current fiscal year.
- Recognition of a gain from insurance proceeds of \$32,806 received for damage to police vehicles during the current year.

For the most part, expenses meet budgeted expectations, except for public safety, which was under budget by \$77,465 due to resignations of the court clerk and various police officers who were not replaced during the current year. Also, highways and streets were under budget by \$53,075 due to resignations of personnel who were not replaced until later in the year. Budget overages in the general fund for general government, sanitation, economic development, and capital outlay were funded through higher than anticipated revenues within the general fund.

Business-type activities. Business-type activities increased the City's net position by \$89,007 during the current year as compared to the increase in net position of \$91,708 in the prior year. Key elements of this change are as follows.

- Charges for services increased \$29,730 from the prior year due to increases in gallons sold during the fourth quarter of the fiscal year as a result of a severe drought.
- The City recognized a gain from insurance proceeds of \$10,994 received for damage to a water well pump during the current year.
- Expenses increased \$33,982 from the prior year due to (1) additional contract labor of \$15,770 needed to comply with the state mandated inventory report that was required to be filed in the current year; (2) additional professional services, testing, and utilities costs of \$14,551 due to general inflation; (3) additional repair and maintenance costs on the water system in the amount of \$15,663; offset by (4) a decrease in salaries and benefits of \$17,481 due to personnel resignations that were not replaced until late in the year.
- Transfers out were \$51,033 in the current year compared to \$37,227 in the prior year. Transfers out represent payments in lieu of taxes and are determined annually by management.

Financial Analysis of the Government's Funds

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

Governmental funds. The focus of the City'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's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for discretionary use as they represent the portion of fund balance which has not yet been limited to use for a particular purpose by either an external party, the City itself, or a group or individual that has been delegated authority to assign resources for use for particular purposes by the City Council.

The general fund is the chief operating fund of the City. As of the end of the current fiscal year, the City's general fund reported ending fund balance of \$920,366, an increase of \$212,240 from the prior period. Approximately 2% (\$14,828) of the fund balance is classified as restricted. Restricted fund balance represents balances with constraints placed on the use of resources by creditors, grantors, contributors, or laws or regulations of other governments. The remaining 98% of the fund balance (\$905,538) is reported as unassigned and represents the net residual resources. As a measure of the general fund's liquidity, it may be useful to compare unassigned fund balance to total fund expenditures. Unassigned fund balance represents approximately 116% of the current year general fund expenditures.

The fund balance of the City's general fund increased by \$212,240 during the current fiscal year. Key factors in this increase are as follows:

- Property taxes increased \$147,435, which resulted from an increase in the maintenance and operations tax rate of \$0.116285 per \$100 valuation (approximately 40%) and increases in assessed values. The total tax rate was consistent at \$0.49000 per \$100 valuation in both the current year and prior year.
- Sales taxes increased \$26,336 due to a new restaurant and bar that was in operation from May 2024 to late September 2024, when the restaurant closed. Also, another small eating establishment opened in late August 2024.
- Contributions increased \$44,342 during the year, which is primarily due to the current year receipt of a \$24,366 contribution from the Crawford Economic Development Corporation for City Hall renovations that were completed during the current fiscal year.
- General government expenses increased \$17,031 due to raises for City management and general inflation for operating expenses.
- Public safety expenditures increased \$23,439, primarily due to increases for salaries and benefits due to the addition of a full-time court clerk and the purchase of additional supplies for the police department.
- Capital outlay expenditures for the current year consisted of \$61,438 for the purchase of an existing building; \$31,500 for a new vehicle for the City Manager; \$22,250 for new fencing around Tonkawa Park; \$8,250 for a new air conditioning system; and \$7,249 for a new mower. Capital outlay expenditures for the prior year consisted of \$24,628 for improvements to City Hall and \$36,500 for the purchase of a new vehicle for the park supervisor.
- Transfers in were \$51,033 in the current year compared to \$37,227 in the prior year. Transfers in represent payments in lieu of taxes from the water and sewer fund and are determined solely by management.

The debt service fund of the City is used to account for property taxes levied for the payment of principal and interest on long-term obligations of governmental activities. Restricted fund balance represents balances with constraints placed on the use of resources by creditors, grantors, contributors, or laws or regulations of other governments. As of the end of the current fiscal year, the City's debt service fund reported restricted ending fund balance of \$150,996, a decrease of \$4,568 from the prior period.

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

Total net position of the water and sewer fund at the end of the year amounted to \$3,363,514. The net position increased by \$89,007 in the current year as compared to an increase of \$91,708 in the prior year, primarily due to an increase in charges for services of \$30,938 due to the severe drought in the summer that was offset by increases in operating costs due to general inflation. Other factors concerning the finances of this fund have already been addressed in the discussion of the City's business-type activities.

General Fund Budgetary Highlights

There were no significant differences between the original budget and the final amended budget for general fund appropriations. Significant variances from the amended budget for the year ended September 30, 2024 were as follows:

- Contributions exceeded budgeted amounts by \$68,708 due to the contribution from the Crawford Economic Development Corporation for the purchase of a building that was not budgeted.
- Public safety expenditures were below budgeted amounts by \$77,465 due to resignations of the court clerk and various police officers who were not replaced until later in the current year.
- Highways and streets were below budgeted amounts by \$53,075 due to personnel resignations that were not replaced until later in the current year.
- Capital outlay exceeded budgeted amounts by \$115,687 due to the purchase of a building and the purchase of a new vehicle and other equipment during the current year that were not budgeted.

Budget overages in the general fund were funded through higher than anticipated revenues and lower than anticipated expenditures in other functions within the general fund.

Capital Assets and Debt Administration

Capital assets. The City's investment in capital assets for its governmental and business type activities as of September 30, 2024, amounts to \$6,770,122 (net of accumulated depreciation). This investment in capital assets includes land, buildings and improvements, infrastructure, water and sewer system facilities, vehicles and equipment, and construction in progress.

City of Crawford Capital Assets September 30, 2024 and 2023

	Governmental Activities		Business-type Activities		Total	
	2024	2023	2024	2023	2024	2023
Land	\$ 94,448	94,448	14,200	14,200	108,648	108,648
Buildings and improvements	155,003	92,970	11,803	12,471	166,806	105,441
Infrastructure	502,370	500,246	-	-	502,370	500,246
Water and sewer system facilities	-	-	2,789,659	2,871,708	2,789,659	2,871,708
Vehicles and equipment	66,186	54,602	57,188	70,603	123,374	125,205
Construction in progress	-	-	3,079,265	1,496,549	3,079,265	1,496,549
	<u>\$ 818,007</u>	<u>742,266</u>	<u>5,952,115</u>	<u>4,465,531</u>	<u>6,770,122</u>	<u>5,207,797</u>

Significant capital asset acquisitions for the current year consisted of \$1,582,716 for the ongoing construction of a new water well. During the year, the City also spent \$61,438 for the purchase of an existing building; \$31,500 for a new vehicle for the City Manager; \$22,250 for new fencing around Tonkawa Park; \$8,250 for a new air conditioning system; \$7,249 for a new mower; \$13,631 for various public safety equipment; and \$71,965 for additional water and sewer system improvements. Additional information on the City’s capital assets can be found in Note 7 on pages 20 - 22 of this report.

Long-term debt. At the end of the current fiscal year, the City had total long-term bonded debt outstanding of \$4,525,756. Of this amount, \$1,485,000 comprises debt backed by the full faith and credit of the government. The remainder of the bonded debt in the amount of \$2,790,000 represents bonds secured solely by specified revenue sources (i.e. revenue bonds).

City of Crawford
Outstanding Long-Term Liabilities
September 30, 2024 and 2023

	Governmental Activities		Business-type Activities		Total	
	2024	2023	2024	2023	2024	2023
General obligation bonds	\$ 1,113,750	1,155,000	371,250	385,000	1,485,000	1,540,000
Certificates of obligation	-	-	2,790,000	2,860,000	2,790,000	2,860,000
Premiums	69,231	72,241	181,525	188,397	250,756	260,638
Total bonded debt	1,182,981	1,227,241	3,342,775	3,433,397	4,525,756	4,660,638
Capital financing leases	-	18,000	-	-	-	18,000
Compensated absences	6,277	6,885	-	-	6,277	6,885
	<u>\$ 1,189,258</u>	<u>1,252,126</u>	<u>3,342,775</u>	<u>3,433,397</u>	<u>4,532,033</u>	<u>4,685,523</u>

The City’s total long-term debt decreased by \$153,490 during the current fiscal year, which resulted primarily from scheduled debt payments.

The Texas Attorney General limits the amount of general obligation debt a governmental entity may issue to an amount no greater than that which can be serviced by a debt service tax of \$1.50 per \$100 assessed valuation, based on 90% collections. Administratively, the Attorney General of the State of Texas will permit allocation of \$1.00 of the \$1.50 maximum tax rate for all general obligation debt service, as calculated at the time of issuance. The City’s adopted debt service rate for tax collections during the current year is \$0.073532 per \$100 assessed valuation. This represents only 7%, or \$0.926468 below the rate allowable by the Attorney General’s imposed limit.

Additional information on the City’s long-term debt can be found in Note 8 on pages 22 - 24 of this report.

Economic Factors and Next Year's Budgets and Rates

The City has adopted an original budget for 2025 in the amount of \$944,077 for the general fund, and the budget for the general fund is a balanced budget. At the end of the current fiscal year, unassigned fund balance for the general fund was \$905,538. The City made no changes to water and sewer rates for 2025.

Requests for Information

This financial report is designed to provide a general overview of the City of Crawford's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the City Secretary, City of Crawford, P.O. Box 7, Crawford, Texas 76638.

Basic Financial Statements

City of Crawford, Texas

Statement of Net Position

September 30, 2024

	Governmental Activities	Business-type Activities	Total Primary Government	Combined Component Units
Assets				
Cash	\$ 1,055,860	625,135	1,680,995	298,487
Accounts receivable, net	46,033	53,314	99,347	14,399
Net pension asset	14,244	4,748	18,992	-
Restricted cash and cash equivalents	-	427,300	427,300	-
Capital assets not being depreciated:				
Land	94,448	14,200	108,648	-
Construction in progress	-	3,079,265	3,079,265	-
Capital assets, net of accumulated depreciation:				
Buildings and improvements	155,003	11,803	166,806	-
Infrastructure	502,370	-	502,370	-
Water and sewer facilities	-	2,789,659	2,789,659	-
Vehicles and equipment	66,186	57,188	123,374	-
Total assets	<u>1,934,144</u>	<u>7,062,612</u>	<u>8,996,756</u>	<u>312,886</u>
Deferred Outflows of Resources				
Deferred outflows of resources	<u>9,270</u>	<u>3,088</u>	<u>12,358</u>	<u>-</u>
Liabilities				
Accounts payable	26,908	196,727	223,635	534
Accrued liabilities	12,863	29,227	42,090	-
Customer deposits payable	-	19,656	19,656	-
Unearned revenue	-	111,389	111,389	-
Noncurrent liabilities:				
Due within one year	47,527	88,750	136,277	-
Due in more than one year	1,141,731	3,254,025	4,395,756	-
Total liabilities	<u>1,229,029</u>	<u>3,699,774</u>	<u>4,928,803</u>	<u>534</u>
Deferred Inflows of Resources				
Deferred inflows of resources	<u>7,237</u>	<u>2,412</u>	<u>9,649</u>	<u>-</u>
Net Position				
Net investment in capital assets	(364,974)	2,821,944	2,456,970	-
Restricted:				
Public safety	14,828	-	14,828	-
Debt service	151,197	-	151,197	-
Unrestricted	<u>906,097</u>	<u>541,570</u>	<u>1,447,667</u>	<u>312,352</u>
Total net position	<u>\$ 707,148</u>	<u>3,363,514</u>	<u>4,070,662</u>	<u>312,352</u>

See accompanying notes to financial statements.

City of Crawford, Texas
Statement of Activities
For the Year Ended September 30, 2024

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position			Component Units Combined
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		Total	
					Governmental Activities	Business-type Activities		
Primary Government:								
Governmental activities:								
General government	\$ 290,517	-	-	-	(290,517)	-	(290,517)	
Public safety	171,265	39,595	-	-	(131,670)	-	(131,670)	
Highways and streets	14,912	-	-	-	(14,912)	-	(14,912)	
Sanitation	67,876	83,416	-	-	15,540	-	15,540	
Economic development	22,979	13,919	-	68,708	59,648	-	59,648	
Culture and recreation	118,583	129,702	-	-	11,119	-	11,119	
Interest on long-term debt	29,422	-	-	-	(29,422)	-	(29,422)	
Total governmental activities	<u>715,554</u>	<u>266,632</u>	<u>-</u>	<u>68,708</u>	<u>(380,214)</u>	<u>-</u>	<u>(380,214)</u>	
Business-type activities:								
Water and sewer	473,330	552,523	-	40,486	-	119,679	119,679	
Total business-type activities	<u>473,330</u>	<u>552,523</u>	<u>-</u>	<u>40,486</u>	<u>-</u>	<u>119,679</u>	<u>119,679</u>	
Total	\$ <u>1,188,884</u>	<u>819,155</u>	<u>-</u>	<u>109,194</u>	<u>(380,214)</u>	<u>119,679</u>	<u>(260,535)</u>	
Component Units:								
Economic development	\$ <u>84,115</u>	<u>-</u>	<u>-</u>	<u>-</u>				<u>(84,115)</u>
General revenues:								
Property taxes, levied for general purposes					410,179	-	410,179	-
Property taxes, levied for debt service					66,952	-	66,952	-
Sales taxes					131,139	-	131,139	65,569
Franchise taxes					31,073	-	31,073	-
Interest income					3,593	9,367	12,960	7,445
Gain on disposition of equipment					32,806	10,994	43,800	-
Miscellaneous					180	-	180	8,100
Transfers					51,033	(51,033)	-	-
Total general revenues and transfers					<u>726,955</u>	<u>(30,672)</u>	<u>696,283</u>	<u>81,114</u>
Change in net position					346,741	89,007	435,748	(3,001)
Net position - beginning of period					<u>360,407</u>	<u>3,274,507</u>	<u>3,634,914</u>	<u>315,353</u>
Net position - end of period					\$ <u>707,148</u>	<u>3,363,514</u>	<u>4,070,662</u>	<u>312,352</u>

See accompanying notes to financial statements.

City of Crawford, Texas

Balance Sheet –
Governmental Funds

September 30, 2024

	General	Debt Service	Total Governmental Funds
<u>Assets</u>			
Cash	\$ 904,864	150,996	1,055,860
Accounts receivable, net	45,832	201	46,033
Total assets	\$ 950,696	151,197	1,101,893
<u>Liabilities</u>			
Accounts payable	\$ 26,908	-	26,908
Accrued liabilities	2,722	-	2,722
Total liabilities	29,630	-	29,630
<u>Deferred Inflows of Resources</u>			
Unavailable revenue - property taxes	700	201	901
<u>Fund Balances</u>			
Restricted for public safety	14,828	-	14,828
Restricted for debt service	-	150,996	150,996
Unassigned	905,538	-	905,538
Total fund balances	920,366	150,996	1,071,362
Total liabilities, deferred inflows of resources, and fund balances	\$ 950,696	151,197	

Amounts reported for governmental activities in the statement of net position are different because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	818,007
Deferred inflows of resources are not available to pay for current period expenditures and, therefore, are deferred in the funds.	901
Long-term liabilities are not due and payable in the current period and therefore, are not reported in the funds.	(1,183,122)
Net position of governmental activities	\$ 707,148

See accompanying notes to financial statements.

City of Crawford, Texas

Statement of Revenues, Expenditures and Changes
in Fund Balances - Governmental Funds

For the Year Ended September 30, 2024

	<u>General</u>	<u>Debt Service</u>	<u>Total Governmental Funds</u>
Revenue:			
Taxes:			
Property	\$ 410,161	66,952	477,113
Sales	131,139	-	131,139
Franchise	31,073	-	31,073
License and permits	13,919	-	13,919
Charges for services - Tonkawa Park	129,702	-	129,702
Charges for services - Sanitation	83,416	-	83,416
Fines	39,595	-	39,595
Contributions and donations	68,708	-	68,708
Interest	1,904	1,689	3,593
Miscellaneous	180	-	180
Total revenue	<u>909,797</u>	<u>68,641</u>	<u>978,438</u>
Expenditures:			
Current:			
General government	272,988	-	272,988
Public safety	177,144	-	177,144
Highways and streets	1,925	-	1,925
Sanitation	67,876	-	67,876
Economic development	22,979	-	22,979
Cultural and recreation - Tonkawa Park	88,912	-	88,912
Debt service:			
Principal	18,000	41,250	59,250
Interest and other fees	885	31,959	32,844
Capital outlay	130,687	-	130,687
Total expenditures	<u>781,396</u>	<u>73,209</u>	<u>854,605</u>
Excess of revenue over expenditures	<u>128,401</u>	<u>(4,568)</u>	<u>123,833</u>
Other financing sources:			
Proceeds from disposition of capital assets	32,806	-	32,806
Transfers in	51,033	-	51,033
Total other financing sources	<u>83,839</u>	<u>-</u>	<u>83,839</u>
Net change in fund balance	212,240	(4,568)	207,672
Fund balance, beginning of period	<u>708,126</u>	<u>155,564</u>	<u>863,690</u>
Fund balance, at end of period	<u>\$ 920,366</u>	<u>150,996</u>	<u>1,071,362</u>

See accompanying notes to financial statements.

City of Crawford, Texas

Reconciliation of the Statement of Revenues,
Expenditures, and Changes in Fund Balances of the
Governmental Funds to the Statement of Activities

For the Year Ended September 30, 2024

Net changes in fund balances - total governmental funds	\$ 207,672
<p>Amounts reported for governmental activities in the statement of activities are different because:</p>	
<p>The governmental funds report capital outlays as expenditures. However in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital additions (\$144,318) exceeded depreciation expense (\$68,577) in the current period.</p>	75,741
<p>Property tax revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.</p>	18
<p>The issuance of long-term debt (e.g., bonds, notes payable) provides current financial resources to the governmental funds, while the repayment the principal of long-term debt consumes the current financial resources of the governmental funds. Neither transaction, however, has any effect on net position. Also, the governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.</p>	63,280
<p>Governmental funds report contributions to pension plans as expenditures, whereas pension expense is recognized in the statement of activities. This is the amount by which pension expense (\$1,553) exceeded contributions to the plan (\$1,523) in the current period.</p>	<u>30</u>
Change in net position of governmental activities	\$ <u><u>346,741</u></u>

See accompanying notes to financial statements.

City of Crawford, Texas

Statement of Net Position –
Proprietary Fund

September 30, 2024

	<u>Business-type Activities- Enterprise Fund</u>
	<u>Water and Sewer</u>
Assets	
Current assets:	
Cash	\$ 625,135
Accounts receivable, net	53,314
Total current assets	<u>678,449</u>
Noncurrent assets:	
Restricted cash	427,300
Capital assets:	
Land	14,200
Buildings and improvements	28,224
Water and sewer system facilities	5,240,966
Equipment	133,382
Construction in progress	3,079,265
Total capital assets	<u>8,496,037</u>
Less: accumulated depreciation	<u>(2,543,922)</u>
Total capital assets, net	<u>5,952,115</u>
Net pension asset	<u>4,748</u>
Total noncurrent assets	<u>6,384,163</u>
Total assets	<u>7,062,612</u>
Deferred Outflows of Resources	
Deferred outflows on net pension asset	<u>3,088</u>

(Continued)

	Business-type Activities- Enterprise Fund
	<u>Water and Sewer</u>
Liabilities	
Current liabilities:	
Accounts payable	\$ 196,727
Accrued liabilities	29,227
Unearned revenue	111,389
Payable from restricted assets:	
Customer deposits	19,656
Revenue bonds, current portion	<u>88,750</u>
Total current liabilities	<u>445,749</u>
Noncurrent liabilities:	
Revenue bonds	<u>3,254,025</u>
Total noncurrent liabilities	<u>3,254,025</u>
Total liabilities	<u>3,699,774</u>
Deferred Inflows of Resources	
Deferred inflows on net pension asset	<u>2,412</u>
Net Position	
Net investment in capital assets	2,821,944
Unrestricted	<u>541,570</u>
Total net position	<u>\$ 3,363,514</u>

See accompanying notes to financial statements.

City of Crawford, Texas

Statement of Revenues, Expenses and Changes in Net Position -
Proprietary Fund

For the Year Ended September 30, 2024

	Business-type activities - Enterprise Fund
	Water and Sewer
Operating revenue:	
Charges for services	\$ 538,347
Tap fees	13,740
Other	436
	552,523
Operating expenses:	
Personnel services	72,077
Maintenance, operations, and contractual services	128,587
Materials and supplies	21,056
Depreciation	168,097
	389,817
Operating income	162,706
Nonoperating revenue (expenses):	
Interest income	9,367
Interest charges	(83,513)
Gain on disposition of capital assets	10,994
Total nonoperating revenues (expenses)	(63,152)
Income before contributions and transfers	99,554
Capital contributions	40,486
Transfers out	(51,033)
Change in net position	89,007
Net position, at beginning of period	3,274,507
Net position, at end of period	\$ 3,363,514

See accompanying notes to financial statements.

City of Crawford, Texas
Statement of Cash Flows -
Proprietary Fund
For the Year Ended September 30, 2024

	Business-type activities- Enterprise Fund
	Water and Sewer
Cash flows from operating activities:	
Receipts from customers and users	\$ 540,850
Payments to suppliers	(194,266)
Payments to employees	(43,466)
Net cash provided by operating activities	303,118
Cash flows from noncapital and related financing activities:	
Transfers to other funds	(51,033)
Net cash used in noncapital and related financing activities	(51,033)
Cash flows from capital and related financing activities:	
Proceeds from disposition of capital assets	10,994
Acquisition of capital assets	(1,545,594)
Principal paid on bonds	(83,750)
Interest paid on bonds	(91,214)
Net cash used in capital and related financing activities	(1,709,564)
Cash flows from investing activities:	
Interest income	9,367
Net cash provided by investing activities	9,367
Net decrease in cash	(1,448,112)
Cash, at beginning of year	2,500,547
Cash, at end of year	\$ 1,052,435
Cash flows from operating activities:	
Operating income	\$ 162,706
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation	168,097
Change in assets and liabilities:	
Increase in accounts receivable	(11,673)
Decrease in due from other funds	36,500
Increase in net pension asset	(1,946)
Decrease in pension related deferred outflows	2,146
Decrease in accounts payable	(9,645)
Decrease in due to other funds	(43,867)
Increase in customer deposits	1,010
Decrease in pension related deferred inflows	(210)
Net cash provided by operating activities	\$ 303,118

See accompanying notes to financial statements.

City of Crawford, Texas

Notes to Financial Statements

September 30, 2024

(1) Nature of Operations and Reporting Entity

The City of Crawford, Texas (the “City”) is a general-law municipal corporation organized and existing under the provisions of the Constitution of the State of Texas. The City operates under a Council-Mayor form of government and provides the following services: public safety (police), highways and streets, sanitation, economic and physical development, culture and recreation, public improvements, planning and zoning, and general administrative services.

The accompanying financial statements present the City and its component units, entities for which the government is considered financially accountable. The combined component units of the City are discretely presented and are reported in a separate column in the government-wide financial statements to emphasize that they are legally separate from the primary government. The combined component units of the City are comprised of the following entities:

Crawford Economic Development Corporation – The Crawford Economic Development Corporation (the “EDC”) is a governmental nonprofit corporation organized for the purpose of promoting, assisting, and enhancing economic development activities of the City of Crawford, Texas. The City Council appoints a governing body that must include two members from the City Council. Budgets of the EDC and debt to be incurred must be approved by the Council. The EDC does not issue separate financial statements.

Crawford Health Facilities Development Corporation – The Crawford Health Facilities Development Corporation (the “CHFDC”) was created under the Health Facilities Development Act as a public, nonprofit corporation for the purpose of issuing obligations in order to finance all or part of the cost of one or more health facilities to assist with the maintenance of public health. The CHFDC is governed by five members who are appointed by the City Council and may only be removed with cause. Additionally, the CHFDC is prohibited from issuing bonded debt without the approval of the City Council. The CHFDC does not issue separate financial statements.

Crawford Education Facilities Corporation – The Crawford Education Facilities Corporation (the “CEFC”) was created under the Higher Education Authority Act as a public, nonprofit corporation for the purpose of issuing obligations in order to finance all or part of the cost of one or more educational and housing facilities. The CEFC is governed by seven members who are appointed by the City Council and may only be removed with cause. Additionally, the CEFC is prohibited from issuing bonded debt without the approval of the City Council. The CEFC does not issue separate financial statements.

City of Crawford, TexasNotes to Financial Statements
(Continued)(1) Nature of Operations and Reporting Entity (continued)

Crawford Cultural Facilities Corporation – The Crawford Cultural Facilities Corporation (the “CCFC”) was created under the Cultural Education Facilities Finance Corporation Act as a public, nonprofit corporation for the purpose of issuing obligations in order to finance all or part of the cost of one or more cultural facilities to assist with the health, education and welfare of the citizens of Texas. The CCFC is governed by seven members who are appointed by the City Council and may only be removed with cause. Additionally, the CCFC is prohibited from issuing bonded debt without the approval of the City Council. The CCFC does not issue separate financial statements.

(2) Summary of Significant Accounting Policies(a) Government-wide and fund financial statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. 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 segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the City’s water and sewer functions and various other functions of the government. Elimination of these charges would distort the direct costs and program revenue reported for the various functions concerned.

City of Crawford, TexasNotes to Financial Statements
(Continued)(2) Summary of Significant Accounting Policies (continued)(b) Measurement focus, basis of accounting
and financial statement presentation

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 when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

The governmental funds financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to claims and judgments, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under leases are reported as other financing sources.

Property taxes, sales taxes, franchise taxes, and interest associated with the current fiscal period are all considered to be susceptible to accrual and have been recognized as revenues of the current fiscal period. Fines and miscellaneous revenues are considered to be measurable and available only when cash is received by the City.

The proprietary fund is reported using the *economic resources measurement focus*, and the *accrual basis of accounting*.

City of Crawford, TexasNotes to Financial Statements
(Continued)(2) Summary of Significant Accounting Policies (continued)(b) Measurement focus, basis of accounting
and financial statement presentation (continued)

The City reports the following major governmental funds:

General Fund - The general fund is the City's primary operating fund. It is used to account for all financial resources of the general government except those required to be accounted for in another fund.

Debt Service Fund – The debt service fund accounts for the resources accumulated and payments made for principal and interest on long-term general obligation debt of governmental activities.

The City reports the following major proprietary fund:

Water and Sewer Fund - The water and sewer fund accounts for the activities of the water distribution system, the sewage treatment plant, sewage pumping stations and collection systems.

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

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

(c) Deposits and investments

The City's cash for purposes of reporting cash flows of the proprietary fund consist of cash on hand and demand deposits.

City of Crawford, TexasNotes to Financial Statements
(Continued)(2) Summary of Significant Accounting Policies (continued)(c) Deposits and investments (continued)

State statutes authorize the City to invest in U.S. Treasury and agency securities, commercial paper, guaranteed investment contracts, repurchase agreements, and certain governmental investment pools. The City's local investment policy limits the City to invest in U.S. Treasury and agency securities, certificates of deposit, fully collateralized repurchase agreements secured by U.S. Treasury and agency securities, and public funds investment pools.

(d) Receivables and payables

Activity between funds that is representative of lending/borrowing arrangements outstanding at the end of the fiscal year is referred to as either "due to/from other funds" or "advances to/from other funds." All other outstanding balances between funds are reported as "due to/from other funds."

All trade and property tax receivables are shown net of an allowance for uncollectibles.

(e) Restricted assets

Restricted cash accounts in the water and sewer fund are used to report (1) customer deposits and (2) unspent bond proceeds of the enterprise fund.

(f) Capital assets

Capital assets, which include land, buildings and improvements, infrastructure, water and sewer facilities, vehicles and equipment, and right-of-use assets are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. The City has elected to report general infrastructure assets prospectively from October 1, 2003 as permitted by Governmental Accounting Standards Board Statement No. 34. Capital assets are defined by the City as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of two years and are recorded at acquisition cost. Donated capital assets are recorded at acquisition value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

City of Crawford, Texas

Notes to Financial Statements
(Continued)

(2) Summary of Significant Accounting Policies (continued)

(f) Capital assets (continued)

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

<u>Assets</u>	<u>Years</u>
Buildings and improvements	20 - 40
Water and sewer systems	10 - 40
Infrastructure	10 - 40
Vehicles and equipment	4 - 10

(g) Compensated absences

It is the City's policy to permit employees to accumulate earned but unused vacation benefits. All vacation is accrued when incurred in the government-wide and proprietary fund financial statements. A liability for compensated absences is reported in the governmental fund only if they have matured, for example, as a result of employee resignations and retirements.

(h) Pensions

For purposes of measuring the net pension liability (asset), deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense (benefit), information about the Fiduciary Net Position of the Texas Municipal Retirement System ("TMRS") and additions to/deductions from TMRS's Fiduciary Net Position have been determined on the same basis as they are reported by TMRS. For this purpose, plan contributions are recognized in the period that compensation is reported for the employee, which is when contributions are legally due. Benefit payments and refunds are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

(i) Deferred outflows and inflows of resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then.

City of Crawford, TexasNotes to Financial Statements
(Continued)(2) Summary of Significant Accounting Policies (continued)(i) Deferred outflows and inflows of resources (continued)

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

(j) Long-term obligations

In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are expensed as incurred.

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

(k) Fund balance

In the fund financial statements, governmental fund balance is classified as restricted when constraints are placed on the use of resources by creditors, grantors, contributors, or laws or regulations of other governments. Fund balances classified as committed can only be used for specific purposes pursuant to constraints imposed by the City Council through a resolution. Assigned fund balances are constrained by the intent to be used for specific purposes but are neither restricted nor committed. Assignments may be made by City management based upon City Council direction. The order of spending available resources is as follows: restricted, committed, assigned, and unassigned.

City of Crawford, Texas

Notes to Financial Statements
(Continued)

(2) Summary of Significant Accounting Policies (continued)

(1) Net position

In the government-wide and proprietary fund financial statements, net position represents the difference between assets, deferred outflows of resources, liabilities, and deferred inflows of resources. Net investment in capital assets 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 bond proceeds.

Net position is reported as restricted when there are limitations imposed on its use either through the enabling legislations adopted by the City or through external restrictions imposed by creditors, grantors, laws or regulations of other governments. When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, then unrestricted resources as they are needed.

(3) Reconciliation of Government-wide and Fund Financial Statements

(a) Explanation of Certain Differences Between the Governmental Funds Balance Sheet and the Government-wide Statement of Net Position

The governmental funds balance sheet includes a reconciliation between *fund balances – total governmental funds* and *net position – governmental activities* as reported in the government-wide statement of net position. One element of that reconciliation explains, “long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.” The details of this \$1,183,122 difference are as follows:

General obligation bonds payable	\$ (1,113,750)
Premiums	(69,231)
Accrued interest payable	(10,141)
Compensated absences	(6,277)
Net pension asset, and related deferred inflows of \$7,237 and deferred outflows of \$9,270	<u>16,277</u>
Net adjustment to reduce <i>fund balance - total government funds</i> to arrive at <i>net position - governmental activities</i>	<u><u>\$ (1,183,122)</u></u>

City of Crawford, Texas

Notes to Financial Statements (Continued)

(3) Reconciliation of Government-wide and Fund Financial Statements (continued)

(b) Explanation of Certain Differences Between the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances and the Government-wide Statement of Activities

The governmental funds' statement of revenues, expenditures and changes in fund balances includes a reconciliation between *net changes in fund balances – total governmental funds* and *changes in net position of governmental activities* as reported in the government-wide statement of activities. One element of that reconciliation explains, "The issuance of long-term debt (e.g., bonds, notes payable) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items." The details of this \$63,280 difference are as follows:

Principal repayments:	
Refunding bonds	\$ 41,250
Capital financing leases	18,000
Amortization of premiums	3,010
Change in accrued interest payable	412
Change in compensated absences	608
Net adjustment to increase <i>net changes in fund balances - total governmental funds</i> to arrive at <i>changes in net position of governmental activities</i>	\$ 63,280

(4) Budgets and Budgetary Accounting

The following procedures are implemented by the City in establishing budgetary data:

- Prior to the beginning of each fiscal year, the Mayor submits to the City Council a proposed budget for the fiscal year beginning on the following October 1. The operating budget includes proposed expenditures and the means of financing those expenditures.
- Public hearings are conducted at which all interested persons' comments concerning the budget are heard.

City of Crawford, TexasNotes to Financial Statements
(Continued)(4) Budgets and Budgetary Accounting (continued)

- The budgets are then legally enacted by the City Council. Formal budgetary integration is employed for the general fund.
- Budget revisions are made during the year.
- Actual expenditures and operating transfers out may not legally exceed budget appropriations at the individual fund level. However, budgetary control is maintained at the department level.

The City prepares its budget on a basis of accounting that differs from generally accepted accounting principles (“GAAP”). In order to provide a meaningful comparison of actual results with the budget, the actual and budget amounts are presented in accordance with the City’s budgetary basis of accounting. The major differences between the budgetary basis and GAAP is that all leases of the City are deemed to be operating leases for budgetary purposes. For the general fund, there are no differences between the net change in fund balance – GAAP and the net change in fund balance – budget basis for the year ended September 30, 2024.

Significant variances from the amended budget for the general fund for the year ended September 30, 2024 were as follows:

- Contributions exceeded budgeted amounts by \$68,708 due to the contribution from the Crawford Economic Development Corporation for the purchase of a building that was not budgeted.
- Public safety expenditures were below budgeted amounts by \$77,465 due to resignations of the court clerk and various police officers who were not replaced until later in the current year.
- Highways and streets were below budgeted amounts by \$53,075 due to personnel resignations that were not replaced until later in the current year.
- Capital outlay exceeded budgeted amounts by \$115,687 due to the purchase of a building and the purchase of a new vehicle and other equipment during the current year that were not budgeted.

Budget overages in the general fund were funded through higher than anticipated revenues and lower than anticipated expenditures in other functions within the general fund.

City of Crawford, Texas

Notes to Financial Statements (Continued)

(5) Deposits

The City's cash at September 30, 2024 for the primary government is comprised of demand deposits and money market accounts of \$2,108,295. Cash balances for the combined component units consist of money market accounts in the amount of \$298,487.

Custodial Credit Risk. The custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. City policy requires all deposits to be fully secured in accordance with the Texas Government Code, Chapter 2257, by either surety bonds, letters of credit of the United States or its agencies and instrumentalities, or by eligible securities held by an independent third-party custodian. At September 30, 2024, cash deposits amounting to \$10,927 were not fully secured.

(6) Receivables

Receivables as of September 30, 2024 for the City's individual major funds, including the applicable allowances for uncollectible accounts, are as follows:

	General	Debt Service	Water and Sewer	Total
Receivables:				
Property taxes	\$ 6,363	1,825	-	8,188
Sales taxes	28,797	-	-	28,797
Accounts	6,420	-	53,314	59,734
Other	9,915	-	-	9,915
	51,495	1,825	53,314	106,634
Gross receivables	51,495	1,825	53,314	106,634
Less: allowance for uncollectibles	(5,663)	(1,624)	-	(7,287)
	\$ 45,832	201	53,314	99,347

The City's property tax is levied each October 1 on the assessed value listed as of the prior January 1 for all real and business personal property located in the City. The net assessed value upon which the 2024 levy was based was \$96,589,493.

Taxes are due by January 31 following the October 1 levy date. Current tax collections for the year ended September 30, 2024 were 99.02% of the tax levy.

City of Crawford, Texas

Notes to Financial Statements
(Continued)

(7) Capital Assets

Capital asset activity for the year ended September 30, 2024 was as follows:

	Balance October 1, 2023	Additions	Deletions	Balance September 30, 2024
<u>Governmental activities:</u>				
Capital assets, not depreciated:				
Land	\$ 94,448	-	-	94,448
Total capital assets not being depreciated	94,448	-	-	94,448
Capital assets, being depreciated:				
Buildings and improvements	299,496	69,689	-	369,185
Infrastructure	748,439	24,175	-	772,614
Vehicles and equipment	384,278	50,454	-	434,732
Right-of-use asset - vehicle	16,735	-	(16,735)	-
Total capital assets being depreciated	1,448,948	144,318	(16,735)	1,576,531
Less: accumulated depreciation for:				
Buildings and improvements	(206,526)	(7,656)	-	(214,182)
Infrastructure	(248,193)	(22,051)	-	(270,244)
Vehicles and equipment	(329,676)	(38,870)	-	(368,546)
Right-of-use asset - vehicle	(16,735)	-	16,735	-
Total accumulated depreciation	(801,130)	(68,577)	16,735	(852,972)
Total capital assets, being depreciated, net	647,818	75,741	-	723,559
Governmental activities capital assets, net	\$ 742,266	75,741	-	818,007

City of Crawford, Texas

Notes to Financial Statements
(Continued)

(7) Capital Assets (continued)

	Balance October 1, 2023	Additions	Deletions	Balance September 30, 2024
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
<u>Business-type activities:</u>				
Capital assets, not depreciated:				
Land	\$ 14,200	-	-	14,200
Construction in progress	1,496,549	1,582,716	-	3,079,265
Total capital assets not being depreciated	<u>1,510,749</u>	<u>1,582,716</u>	<u>-</u>	<u>3,093,465</u>
Capital assets, being depreciated:				
Buildings and improvements	28,224	-	-	28,224
Water and sewer system facilities	5,170,226	71,965	(1,225)	5,240,966
Vehicles and equipment	133,382	-	-	133,382
Total capital assets being depreciated	<u>5,331,832</u>	<u>71,965</u>	<u>(1,225)</u>	<u>5,402,572</u>
Less accumulated depreciation for:				
Buildings and improvements	(15,753)	(668)	-	(16,421)
Water and sewer system facilities	(2,298,518)	(154,014)	1,225	(2,451,307)
Vehicles and equipment	(62,779)	(13,415)	-	(76,194)
Total accumulated depreciation	<u>(2,377,050)</u>	<u>(168,097)</u>	<u>1,225</u>	<u>(2,543,922)</u>
Total capital assets, being depreciated, net	<u>2,954,782</u>	<u>(96,132)</u>	<u>-</u>	<u>2,858,650</u>
Business-type activities capital assets, net	<u>\$ 4,465,531</u>	<u>1,486,584</u>	<u>-</u>	<u>5,952,115</u>

City of Crawford, Texas

Notes to Financial Statements (Continued)

(7) Capital Assets (continued)

Depreciation expense was charged to functions/programs of the City as follows:

Governmental activities:	
General government	\$ 17,848
Public safety	8,071
Highways and streets	12,987
Culture and recreation	<u>29,671</u>
Total depreciation expense - governmental activities	<u>\$ 68,577</u>
Business-type activities:	
Water and sewer	<u>\$ 168,097</u>

For business-type activities, construction in progress at September 30, 2024 consisted \$3,079,265 for construction of a new water well, and the remaining commitment for this project was approximately \$1,500.

(8) Long-Term Liabilities

The City issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities, including water and sewer systems. General obligation bonds are direct obligations and pledge the full faith and credit of the government. Additionally, revenue bonds have been issued for the water and sewer system, and the City pledges income derived from the acquired or constructed assets to pay debt service. Also, the City has entered into capital financing lease agreements for the purchase of police vehicles and related police equipment. For the governmental activities, compensated absences are generally liquidated by the general fund and the enterprise fund.

Long-term liability activity for the year ended September 30, 2024, was as follows:

	October 1, 2023	Additions	Retirements	September 30, 2024	Due Within One Year
Governmental activities:					
General obligation bonds \$	1,155,000	-	(41,250)	1,113,750	41,250
Premiums	<u>72,241</u>	-	<u>(3,010)</u>	<u>69,231</u>	-
Total bonded debt	1,227,241	-	(44,260)	1,182,981	41,250
Capital financing leases	18,000	-	(18,000)	-	-
Compensated absences	<u>6,885</u>	<u>12,868</u>	<u>(13,476)</u>	<u>6,277</u>	<u>6,277</u>
	<u>\$ 1,252,126</u>	<u>12,868</u>	<u>(75,736)</u>	<u>1,189,258</u>	<u>47,527</u>
Business-type activities:					
Revenue bonds \$	3,245,000	-	(83,750)	3,161,250	88,750
Premiums	<u>188,397</u>	-	<u>(6,872)</u>	<u>181,525</u>	-
	<u>\$ 3,433,397</u>	<u>-</u>	<u>(90,622)</u>	<u>3,342,775</u>	<u>88,750</u>

City of Crawford, Texas

Notes to Financial Statements
(Continued)

(8) Long-Term Liabilities (continued)

Long-term debt for governmental activities at September 30, 2024, consisted of the following:

\$1,226,250 - 2021 general obligation refunding bonds; due in annual installments of \$41,250 to \$63,750 through June 2047; interest at 3.0%	\$ <u>1,113,750</u>
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Annual debt service requirements to maturity for governmental activities are as follows:

Year Ended September 30,	Principal	Interest
2025	\$ 41,250	30,422
2026	41,250	30,009
2027	41,250	29,597
2028	41,250	29,030
2029	45,000	28,463
2030-2034	236,250	121,725
2035-2039	281,250	83,700
2040-2044	251,250	41,288
2045-2047	135,000	8,100
	\$ 1,113,750	402,334

For business-type activities, revenue bonds outstanding at September 30, 2024 are comprised of the following individual issues:

\$408,750 - 2021 general obligation refunding bonds; due in annual installments of \$13,750 to \$21,250 through June 2047; interest at 3.0%	\$ 371,250
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\$3,010,000 - 2021 certificates of obligation; due in annual installments of \$70,000 to \$145,000 through June 2051; interest at 3.0%	<u>2,790,000</u> <u>\$ 3,161,250</u>
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City of Crawford, Texas

Notes to Financial Statements
(Continued)

(8) Long-Term Liabilities (continued)

Annual debt service requirements to maturity for revenue bonds are as follows:

<u>Year Ended</u> <u>September 30,</u>	<u>Principal</u>	<u>Interest</u>
2025	\$ 88,750	88,403
2026	88,750	87,516
2027	88,750	86,628
2028	88,750	85,408
2029	90,000	84,188
2030-2034	498,750	378,375
2035-2039	578,750	299,100
2040-2044	648,750	207,412
2045-2049	700,000	106,350
2050-2051	<u>290,000</u>	<u>13,050</u>
	<u>\$ 3,161,250</u>	<u>1,436,430</u>

The City is required under provisions of certain bond ordinances to maintain interest and sinking funds adequate for payments of principal and interest and has pledged certain net operating revenues (after the payment of operation and maintenance expenses) of the water and sewer fund to repay \$2.8 million in revenue bonds issued in 2021. Proceeds from the bonds provided financing for improvements to the City's waterworks and sewer system. The total principal and interest remaining to be paid on the bonds is \$4.1 million. Principal and interest paid for the current year and total of pledged net operating revenues of the water and sewer fund were \$150,362 and \$330,803, respectively. The City is in compliance with all significant financial limitations and restrictions mentioned above.

(9) Interfund Transfers

The City made payments from the water and sewer fund to the general fund in lieu of taxes in the amount of \$51,033. The City reported these payments as transfers.

(10) Defined Benefit Pension Plan

Plan Description - The City participates as one of 934 plans in the defined benefit cash-balance pension plan administered by the Texas Municipal Retirement System ("TMRS"). TMRS is a statewide public retirement plan created by the State of Texas and administered in accordance with the TMRS Act, Subtitle G, Title 8, Texas Government Code (the "TMRS Act") as an agent multiple-employer retirement system for employees of Texas participating

City of Crawford, Texas

Notes to Financial Statements
(Continued)

(10) Defined Benefit Pension Plan (continued)

cities. The TMRS Act places the general administration and management of TMRS with a six-member, Governor-appointed Board of Trustees; however, TMRS is not fiscally dependent on the State of Texas. TMRS issues a publicly available Annual Comprehensive Financial Report (“Annual Report”) that can be obtained at tmrs.com.

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

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

At retirement, the member’s benefit is calculated based on the sum of the member’s contributions, with interest, and the City-financed monetary credits with interest. The retiring members may select one of seven monthly benefit payment options. Members may also choose to receive a portion of their benefit as a lump sum distribution in an amount equal to 12, 24, or 36 monthly payments, which cannot exceed 75% of the total member’s contributions and interest.

Employees covered by benefit terms: At the December 31, 2023 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	1
Inactive employees entitled to but not yet receiving benefits	3
Active employees	<u>6</u>
	<u>10</u>

Contributions – Member contribution rates TMRS are either 5%, 6%, or 7% of the member’s total compensation, and the City matching percentages are either 100%, 150%, or 200%, 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 City’s contribution rate is based on the liabilities created from the benefit plan options selected by the City and any changes in benefits or actual experience over time.

Employees for the City were required to contribute 5% of their annual compensation during the fiscal year. The contribution rates for the City were 1.14% and 0.96% in calendar years 2024 and 2023, respectively. The City’s contributions to TMRS for the year ended September 30, 2024 were \$2,894 and were \$46 in excess of the required contributions.

City of Crawford, Texas

Notes to Financial Statements
(Continued)

(10) Defined Benefit Pension Plan (continued)

Net Pension Liability (Asset) - The City's net pension liability (asset) was measured as of December 31, 2023, and the total pension liability used to calculate the net pension liability (asset) was determined by an actuarial valuation as of that date.

Actuarial assumptions: The total pension liability (asset) in the December 31, 2023 actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.5% per year
Overall payroll growth	2.75% per year, adjusted down for population declines, if any
Investment rate of return	6.75%, net of pension plan investment expense, including inflation

Salary increases are based on a service-related table. Mortality rates for active members are based on the PUB(10) mortality tables with 110% of the Public Safety table used for males and 100% of the General Employee table used for females. Mortality rates for healthy retirees and beneficiaries are based on the gender-distinct 2019 Municipal Retirees of Texas mortality tables. Male rates are multiplied by 103% and female rates are multiplied by 105%. The rates for actives, healthy retirees and beneficiaries are projected on fully generational basis by Scale MP-2021 to account for future mortality improvements. For disabled annuitants, the same mortality tables for healthy retirees are used with a 4-year set-forward for males and a 3-year set-forward for females. In addition, a 3.5% and a 3.0% minimum mortality rate is applied, for males and females respectively, to reflect the impairment for younger members who become disabled. The rates are projected on a fully generational basis by Scale MP-2021 to account for future mortality improvements subject to the 3% floor.

The actuarial assumptions were developed primarily from the actuarial investigation of the experience of TMRS over the four-year period from December 31, 2018 to December 31, 2022. The assumptions were adopted in 2023 and first used in the December 31, 2023 actuarial valuation. The post-retirement mortality assumption for Annuity Purchase Rates (APRs) is based on the Mortality Experience Investigation Study covering 2009 through 2011, and dated December 31, 2013. Plan assets are managed on a total return basis with an emphasis on both capital appreciation as well as the production of income to satisfy the short-term and long-term funding needs of TMRS.

The long-term expected rate of return on pension plan investments was determined by best estimate ranges of expected returns for each major asset class. The long-term expected rate of return is determined by weighting the expected return for each major asset class by the respective target asset allocation percentage.

City of Crawford, Texas

Notes to Financial Statements (Continued)

(10) Defined Benefit Pension Plan (continued)

The target allocation and best estimates of the expected return for each major asset class in fiscal year 2024 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return (Arithmetic)
Global equity	35.0%	6.7%
Core fixed income	6.0%	4.7%
Non-core fixed income	20.0%	8.0%
Other public and private markets	12.0%	8.0%
Real estate	12.0%	7.6%
Hedge funds	5.0%	6.4%
Private equity	10.0%	11.6%
Totals	100.0%	

Discount Rate: The discount rate used to measure the total pension liability (asset) was 6.75%. The projection of cash flows used to determine the discount rate assumed that member and employer contributions will be made at the rates specified in statute. Based on that assumption, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Changes in the Net Pension Liability (Asset)

		Increase (Decrease)		
		Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability (Asset)
		(a)	(b)	(a) - (b)
Balance at December 31, 2022	\$	205,028	216,236	(11,208)
Changes for the year:				
Service cost		16,861	-	16,861
Interest		14,239	-	14,239
Difference between expected and actual experience		3,639	-	3,639
Change in assumptions		(1,267)	-	(1,267)
Contributions - employer		-	3,032	(3,032)
Contributions - employee		-	13,297	(13,297)
Net investment income		-	25,087	(25,087)
Benefit payments, including refunds of employee contributions		(5,025)	(5,025)	-
Administrative expense		-	(159)	159
Other changes		-	(1)	1
Net changes		28,447	36,231	(7,784)
Balance at December 31, 2023	\$	233,475	252,467	(18,992)

City of Crawford, Texas

Notes to Financial Statements
(Continued)

(10) Defined Benefit Pension Plan (continued)

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

	1% Decrease in Discount Rate (5.75%)	Current Discount Rate (6.75%)	1% Increase in Discount Rate (7.75%)
City's net pension liability (asset) \$	21,929	(18,992)	(52,045)

Pension Plan Fiduciary Net Position: Detailed information about the pension plan's Fiduciary Net Position is available in the Schedule of Changes in Fiduciary Net Position, by Participating City. That report may be obtained at tmrs.com.

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

For the year ended September 30, 2024, the City recognized pension expense of \$2,057. At September 30, 2024, the City reported deferred outflows and inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Contributions subsequent to the measurement date	\$ 2,030	-
Differences between expected and actual experience	4,574	8,580
Change in assumptions	541	1,069
Net differences between projected and actual earnings on pension plan investments	5,213	-
Total	\$ 12,358	9,649

The \$2,030 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 (asset) for the year ending September 30, 2025. Other amounts reported

City of Crawford, Texas

Notes to Financial Statements
(Continued)

(10) Defined Benefit Pension Plan (continued)

as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Measurement Year Ended December 31:	
2024	\$ 512
2025	757
2026	3,313
2027	(3,083)
2028	<u>(820)</u>
	<u>\$ 679</u>

(11) Deferred Outflows and Inflows of Resources

The statement of financial position and the balance sheet includes the following deferred outflows and inflows of resources at September 30, 2024:

	Statements of Net Position		Balance Sheets	
	Governmental Activities	Business- Type Activities	General Fund	Debt Service Fund
Deferred outflows of resources:				
Net pension liability (asset)	9,270	3,088	-	-
	\$ 9,270	3,088	-	-
Deferred inflows of resources:				
Unavailable property tax revenues	\$ -	-	700	201
Net pension liability (asset)	7,237	2,412	-	-
	\$ 7,237	2,412	700	201

Deferred Outflows of Resources: Post-measurement date contributions will be recognized as a reduction of the net pension liability (asset) in the following fiscal year. Other pension related deferred amounts will be amortized into pension expense.

City of Crawford, TexasNotes to Financial Statements
(Continued)(11) Deferred Outflows and Inflows of Resources (continued)

Deferred Inflows of Resources: The general and debt service funds, under the modified accrual basis of accounting, report unavailable revenues from property taxes, which are deferred and recognized as an inflow of resources in the period that the amounts become available. The pension related deferred amounts will be amortized into pension expense.

(12) Risk Management

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets, errors and omissions, injuries to employees, and natural disasters. The City has joined together with other governments in Texas to form the Texas Municipal League Intergovernmental Risk Pool, a public entity risk pool currently operating as a common risk management and insurance program for liability, property, and workmen's compensation coverages. The City pays a quarterly contribution to the pool for its insurance coverage. The agreement for formation of the Texas Municipal League Intergovernmental Risk Pool provides that the Pool will be self-sustaining through member contributions and will reinsure through commercial companies for claims in excess of specific limits.

The Texas Municipal League Intergovernmental Risk Pool has published its own financial report, which can be obtained by writing the Texas Municipal League Intergovernmental Risk Pool, 1821 Rutherford Lane, Austin, Texas 78754.

(13) Commitments and Contingencies

The City has contracted with private companies for the collection and disposal of refuse. The City negotiated a collection contract, and the contract has been extended until March 31, 2027, at which time the contract will automatically renew for another five years unless either party, at least 120 days prior to the expiration date, gives written notice of its intent to not renew the contract. Under the terms of the contract, the City will be responsible for billing and collection of all waste collection fees and will pay collection fees to the companies on a monthly basis as authorized in the contract regardless of the amount collected from residents.

Amounts received from federal and state agencies are subject to audit and adjustments by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable fund. The amount, if any, of expenditures that may be disallowed by the grantor cannot be determined at this time, although the City expects such amounts, if any, to be immaterial.

City of Crawford, TexasNotes to Financial Statements
(Continued)(14) Tax Abatements

The City negotiates property tax abatements on an individual basis. All abatements are governed by Section 312 of the Texas Tax Code and the City of Crawford Economic Incentives Statement which are revised and adopted every two years in accordance with state law. These guidelines permit the City to abate property taxes for a variety of economic development purposes such as business relocation, retention, and expansion and include abatements for real and personal property improvements.

The City had not granted any tax abatements as of September 30, 2024.

(15) Authoritative Pronouncements Not Yet Effective

A summary of pronouncements issued by the Governmental Accounting Standards Board (“GASB”) which may impact the City but are not yet effective follows. The City has not yet determined the effects of the adoption of these pronouncements on the financial statements.

GASB Statement No. 101, *Compensated Absences* (issued June 2022) – the objective of this statement is to better meet the information needs of financial statements users by updating the recognition and measurement guidance for compensated absences. The requirements of this statement are effective for the City’s financial statements beginning October 1, 2024.

GASB Statement No. 102, *Certain Risk Disclosures* (issued December 2023) – the objective of this statement is to provide users of government financial statements with essential information about risks related to a government’s vulnerabilities due to certain concentrations or constraints. The requirements of this statement are effective for the City’s financial statements beginning October 1, 2024.

GASB Statement No. 103, *Financial Reporting Model Improvements* (issued April 2024) – the objective of this statement is to improve key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government’s accountability. This statement also addresses certain application issues. The requirements of this statement are effective for the City’s financial statements beginning October 1, 2025.

Required Supplementary Information

City of Crawford, Texas

Schedule of Revenues, Expenditures and Changes in Fund Balance –
Budget and Actual – General Fund – Budget Basis

For the Year Ended September 30, 2024

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
Revenue:				
Taxes:				
Property	\$ 392,332	392,332	410,161	17,829
Sales	103,000	103,000	131,139	28,139
Franchise	32,100	32,100	31,073	(1,027)
License and permits	15,000	15,000	13,919	(1,081)
Charges for services - Tonkawa Park	131,500	131,500	129,702	(1,798)
Charges for services - Sanitation	75,000	75,000	83,416	8,416
Fines	57,300	57,300	39,595	(17,705)
Contributions	-	-	68,708	68,708
Interest	-	-	1,904	1,904
Miscellaneous	3,000	3,000	180	(2,820)
Total revenue	<u>809,232</u>	<u>809,232</u>	<u>909,797</u>	<u>100,565</u>
Expenditures:				
Current:				
General government	264,238	264,238	272,988	(8,750)
Public safety	273,494	273,494	196,029	77,465
Highways and streets	55,000	55,000	1,925	53,075
Sanitation	65,000	65,000	67,876	(2,876)
Economic development	15,000	15,000	22,979	(7,979)
Cultural and recreation - Tonkawa Park	121,500	121,500	88,912	32,588
Capital outlay	15,000	15,000	130,687	(115,687)
Total expenditures	<u>809,232</u>	<u>809,232</u>	<u>781,396</u>	<u>27,836</u>
Excess of revenue over expenditures	<u>-</u>	<u>-</u>	<u>128,401</u>	<u>128,401</u>
Other financing sources:				
Proceeds from disposition of capital assets	-	-	32,806	32,806
Transfers in	-	-	51,033	51,033
Total other financing sources	<u>-</u>	<u>-</u>	<u>83,839</u>	<u>83,839</u>
Change in fund balance	-	-	212,240	212,240
Fund balance, at beginning of period	<u>708,126</u>	<u>708,126</u>	<u>708,126</u>	<u>-</u>
Fund balance, at end of period	<u>\$ 708,126</u>	<u>708,126</u>	<u>920,366</u>	<u>212,240</u>

See accompanying independent auditor's report.

City of Crawford, TexasNote to Schedule of Revenues, Expenditures and
Changes in Fund Balance – Budget and Actual –
General Fund – Budget Basis

For the Year Ended September 30, 2024

(1) Budgetary Information

The City prepares its budget on a basis of accounting that differs from generally accepted accounting principles (“GAAP”). In order to provide a meaningful comparison of actual results with the budget, the actual and budget amounts are presented in accordance with the City’s budgetary basis of accounting. The major difference between the budgetary basis and GAAP is that all leases of the City are deemed to be operating leases for budgetary purposes. For the general fund, there are no differences between the net change in fund balance – GAAP and the net change in fund balance – budget basis for the year ended September 30, 2024.

Significant variances from the amended budget for the general fund for the year ended September 30, 2024 were as follows:

- Contributions exceeded budgeted amounts by \$68,708 due to the contribution from the Crawford Economic Development Corporation for the purchase of a building that was not budgeted.
- Public safety expenditures were below budgeted amounts by \$77,465 due to resignations of the court clerk and various police officers who were not replaced until later in the current year.
- Highways and streets were below budgeted amounts by \$53,075 due to personnel resignations that were not replaced until later in the current year.
- Capital outlay exceeded budgeted amounts by \$115,687 due to the purchase of a building and the purchase of a new vehicle and other equipment during the current year that were not budgeted.

Budget overages in the general fund were funded through higher than anticipated revenues and lower than anticipated expenditures in other functions within the general fund.

City of Crawford, Texas

Schedule of Changes in Net Pension Liability (Asset) and Related Ratios

Last Ten Measurement Dates

	December 31,			
	2023	2022	2021	2020
Total Pension Liability				
Service cost	\$ 16,861	15,973	15,397	13,821
Interest (on the Total Pension Liability)	14,239	12,688	11,184	11,280
Difference between expected and actual experience	3,639	(1,097)	2,221	(11,170)
Change of assumptions	(1,267)	-	-	-
Benefit payments, including refunds of employee contributions	<u>(5,025)</u>	<u>(5,025)</u>	<u>(8,616)</u>	<u>(23,652)</u>
Net change in Total Pension Liability	28,447	22,539	20,186	(9,721)
Total Pension Liability - Beginning	<u>205,028</u>	<u>182,489</u>	<u>162,303</u>	<u>172,024</u>
Total Pension Liability - Ending (a)	<u>\$ 233,475</u>	<u>205,028</u>	<u>182,489</u>	<u>162,303</u>
Plan Fiduciary Net Position				
Contributions - employer	\$ 3,032	2,780	2,305	1,810
Contributions - employee	13,297	12,325	11,753	11,146
Net investment income	25,087	(16,254)	25,052	14,326
Benefit payments, including refunds of employee contributions	(5,025)	(5,025)	(8,616)	(23,652)
Administrative expense	(159)	(140)	(116)	(93)
Other	<u>(1)</u>	<u>168</u>	<u>1</u>	<u>(2)</u>
Net Change in Plan Fiduciary Net Position	36,231	(6,146)	30,379	3,535
Plan Fiduciary Net Position - Beginning	<u>216,236</u>	<u>222,382</u>	<u>192,003</u>	<u>188,468</u>
Plan Fiduciary Net Position - Ending (b)	<u>\$ 252,467</u>	<u>216,236</u>	<u>222,382</u>	<u>192,003</u>
Net Pension Liability (Asset) - ending (a) - (b)	<u>\$ (18,992)</u>	<u>(11,208)</u>	<u>(39,893)</u>	<u>(29,700)</u>
Plan Fiduciary Net Position as a percentage of Total Pension Liability	108.13%	105.47%	121.86%	118.30%
Covered payroll	\$ 265,944	246,503	235,067	222,922
Net Pension Liability (Asset) as a percentage of Covered Payroll	-7.14%	-4.55%	-16.97%	-13.32%

See accompanying independent auditor's report.

December 31,					
2019	2018	2017	2016	2015	2014
12,427	10,468	11,188	12,538	10,934	9,200
10,637	9,826	9,019	8,000	7,157	6,114
600	(2,511)	(698)	4,471	(2,082)	1,724
1,222	-	-	-	4,028	-
<u>(8,476)</u>	<u>(5,025)</u>	<u>(9,359)</u>	<u>(9,112)</u>	<u>-</u>	<u>(6,028)</u>
16,410	12,758	10,150	15,897	20,037	11,010
<u>155,614</u>	<u>142,856</u>	<u>132,706</u>	<u>116,809</u>	<u>96,772</u>	<u>85,762</u>
<u><u>172,024</u></u>	<u><u>155,614</u></u>	<u><u>142,856</u></u>	<u><u>132,706</u></u>	<u><u>116,809</u></u>	<u><u>96,772</u></u>
2,022	1,369	1,521	390	350	630
9,974	8,243	9,052	9,857	9,297	8,756
24,815	(4,816)	19,432	8,810	178	6,345
(8,476)	(5,025)	(9,359)	(9,112)	-	(6,028)
(140)	(93)	(101)	(99)	(108)	(66)
<u>(5)</u>	<u>(4)</u>	<u>(6)</u>	<u>(5)</u>	<u>(5)</u>	<u>(5)</u>
28,190	(326)	20,539	9,841	9,712	9,632
<u>160,278</u>	<u>160,604</u>	<u>140,065</u>	<u>130,224</u>	<u>120,512</u>	<u>110,880</u>
<u>188,468</u>	<u>160,278</u>	<u>160,604</u>	<u>140,065</u>	<u>130,224</u>	<u>120,512</u>
<u><u>(16,444)</u></u>	<u><u>(4,664)</u></u>	<u><u>(17,748)</u></u>	<u><u>(7,359)</u></u>	<u><u>(13,415)</u></u>	<u><u>(23,740)</u></u>
109.56%	103.00%	112.42%	105.55%	111.48%	124.53%
199,473	164,851	181,035	197,132	185,948	175,130
-8.24%	-2.83%	-9.80%	-3.73%	-7.21%	-13.56%

City of Crawford, Texas

Schedule of Pension Contributions

Fiscal Years Ended

	September 30,			
	2024	2023	2022	2021
Actuarially determined contribution	\$ 2,848	2,819	2,684	2,130
Contributions in relation to the actuarially determined contribution	2,894	2,933	2,684	2,130
Contribution deficiency (excess)	\$ (46)	(114)	-	-
Covered payroll	\$ 287,238	257,274	244,616	228,702
Contributions as a percentage of covered payroll	0.99%	1.10%	1.10%	0.93%

Notes to Schedule of Pension Contributions

Valuation Date:

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

Methods and Assumptions Used to Determine Contribution Rates:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percentage of Payroll, Closed
Remaining Amortization Period	Not applicable
Asset Valuation Method	10 Year smoothed market; 12% soft corridor
Inflation	2.50%
Salary Increases	3.60% to 11.85%, including inflation
Investment Rate of Return	6.75%
Retirement Age	Experience-based table of rates that vary by age. Last updated for the 2023 valuation pursuant to an experience study for the period ending 2022.
Mortality	Post-retirement: 2019 Municipal Retirees of Texas Mortality Tables. Male rates are multiplied by 103% and female rates are multiplied by 105%. The rates are projected on a fully generational basis by the most recent scale MP-2021 (with intermediate convergence). Pre-retirement: PUB(10) mortality tables, with 110% of the Public Safety table used for males and 100% of the General Employees table used for females. The rates are projected on a fully generational basis by the most recent Scale MP-2021 (with immediate convergence).
Other	There were no benefit changes during the year.

September 30,					
<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
1,674	1,898	1,437	1,316	369	419
<u>1,674</u>	<u>1,898</u>	<u>1,437</u>	<u>1,316</u>	<u>369</u>	<u>419</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>198,519</u>	<u>196,945</u>	<u>164,729</u>	<u>180,292</u>	<u>197,649</u>	<u>183,822</u>
<u>0.84%</u>	<u>0.96%</u>	<u>0.87%</u>	<u>0.73%</u>	<u>0.19%</u>	<u>0.23%</u>

Supplementary Information

City of Crawford, Texas

Combining Schedule – Statement of Net Position
Discretely Presented Component Units

September 30, 2024

	<u>Crawford Economic Development Corporation</u>	<u>Crawford Health Facilities Development Corporation</u>	<u>Crawford Education Facilities Corporation</u>	<u>Crawford Cultural Facilities Corporation</u>	<u>Total Component Units</u>
Assets					
Cash	\$ 260,927	2,912	23,533	11,115	298,487
Accounts receivable - sales taxes	<u>14,399</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>14,399</u>
Total assets	<u>\$ 275,326</u>	<u>2,912</u>	<u>23,533</u>	<u>11,115</u>	<u>312,886</u>
Liabilities					
Accounts payable	<u>\$ 534</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>534</u>
Total liabilities	<u>534</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>534</u>
Net Position					
Unrestricted	<u>274,792</u>	<u>2,912</u>	<u>23,533</u>	<u>11,115</u>	<u>312,352</u>
Total liabilities and net position	<u>\$ 275,326</u>	<u>2,912</u>	<u>23,533</u>	<u>11,115</u>	<u>312,886</u>

See accompanying independent auditor's report.

City of Crawford, Texas

Combining Schedule – Statement of Activities
Discretely Presented Component Units

For the Year Ended September 30, 2024

	<u>Crawford Economic Development Corporation</u>	<u>Crawford Health Facilities Development Corporation</u>	<u>Crawford Education Facilities Corporation</u>	<u>Crawford Cultural Facilities Corporation</u>	<u>Total Component Units</u>
Revenues:					
Sales taxes	\$ 65,569	-	-	-	65,569
Interest income	7,056	30	244	115	7,445
Other income	-	-	8,100	-	8,100
Total revenues	<u>72,625</u>	<u>30</u>	<u>8,344</u>	<u>115</u>	<u>81,114</u>
Expenses:					
Economic development	<u>84,115</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>84,115</u>
Change in net position	(11,490)	30	8,344	115	(3,001)
Net position, beginning of period	<u>286,282</u>	<u>2,882</u>	<u>15,189</u>	<u>11,000</u>	<u>315,353</u>
Net position, end of period	<u>\$ 274,792</u>	<u>2,912</u>	<u>23,533</u>	<u>11,115</u>	<u>312,352</u>

See accompanying independent auditor's report.

Other Information

City of Crawford, Texas

Schedule of Revenues, Expenditures and Changes in Fund Balance -
Budget and Actual - Water and Sewer Fund - Budget Basis

For the Year Ended September 30, 2024

	Original Budget	Final Budget	Actual	Variance with Final Budget
Revenue:				
Charges for services	476,650	476,650	538,347	61,697
Tap fees	6,000	6,000	13,740	7,740
Intergovernmental	-	-	40,486	40,486
Interest income and other	-	-	9,803	9,803
Total revenue	482,650	482,650	602,376	119,726
Expenditures:				
Current:				
Personnel services	137,844	137,844	72,077	65,767
Maintenance, operations, and contractual services	144,800	144,800	138,401	6,399
Materials and supplies	38,723	38,723	21,056	17,667
Debt service:				
Principal	91,283	91,283	83,750	7,533
Interest	-	-	83,513	(83,513)
Capital outlay	70,000	70,000	1,654,681	(1,584,681)
Total expenditures	482,650	482,650	2,053,478	(1,570,828)
Excess (deficiency) of revenue over (under) expenditures	-	-	(1,451,102)	(1,451,102)
Other financing sources (uses):				
Proceeds from disposition of capital assets			10,994	10,994
Transfers out	-	-	(51,033)	(51,033)
Total other sources (uses)	-	-	(40,039)	(40,039)
Change in fund balance	-	-	(1,491,141)	(1,491,141)
Fund balance, at beginning of period	2,293,190	2,293,190	2,293,190	-
Fund balance, at end of period	\$ 2,293,190	2,293,190	802,049	(1,491,141)

See accompanying independent auditor's report.