

CITY OF CROWLEY, TEXAS

ANNUAL FINANCIAL REPORT FOR THE YEAR ENDED SEPTEMBER 30, 2021



CITY OF CROWLEY, TEXAS
Annual Financial Report
For the Year Ended September 30, 2021

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INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor and City Council
City of Crowley
Crowley, Texas

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of Crowley, Texas, (the "City") as of and for the year ended September 30, 2021, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City, as of September 30, 2021, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that management's discussion and analysis, budgetary comparison information, schedule of changes in net pension liability and related ratios, schedule of contributions and schedule of changes in total OPEB liability on pages 4 - 14 and pages 53 - 62 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

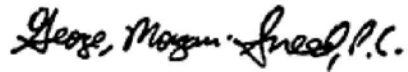
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The combining nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

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

The other supplementary information listed in the table of contents is presented for purposes of additional analysis and are not a required part of the basic financial statements of the City. Such additional information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by Governmental Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated February 9, 2022, on our consideration of the City of Crowley, Texas' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Crowley, Texas' internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "George Morgan Freed, P.C." in a cursive style.

Weatherford, Texas
February 9, 2022

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FINANCIAL SECTION

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MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of The City of Crowley, Texas, we offer readers of The City of Crowley's financial statements this narrative overview and analysis of the financial activities of The City of Crowley for the fiscal year ended September 30, 2021.

FINANCIAL HIGHLIGHTS

- The assets and deferred outflows of resources of the City of Crowley exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$55,056,987 (*net position*) compared to \$47,008,265 for the prior year. Of this amount, \$15,721,269 (*unrestricted net position*) may be used to meet the City's ongoing obligations to citizens and creditors.
- The City's total net position increased by \$8,048,722. The City's governmental activities net position increased by \$5,822,645 and the business-type activities net position increased by \$2,226,077.
- As of the close of the current year, the City of Crowley's governmental funds reported combined ending fund balances of \$38,754,322 compared to \$28,254,104 for the prior year.
- At the end of the current year, unassigned fund balance for the general fund was \$10,974,750, or 82% of total general fund expenditures.

OVERVIEW OF THE FINANCIAL STATEMENTS

The City's annual financial report consists of three components (1) management's discussion and analysis, (2) the basic financial statements (government –wide financial statements, fund financial statements and notes to the financial statements) and (3) supplementary information.

Government-wide financial statements.

The government-wide financial statements report information about the City as a whole using accounting methods similar to those used by private-sector companies. The statement of net position includes all of the government's assets, deferred outflows of resources, liabilities, and deferred inflows of resources, with the difference reported as net position. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The two government-wide statements report the City's net position and how they have changed. Net position – the difference between the City's assets, deferred outflows of resources, liabilities, and deferred inflows of resources – are one way to measure the City's financial health or position.

- Over time, increases or decreases in the City's net position are an indicator of whether its financial health is improving or deteriorating, respectively.
- To assess the overall health of the City, one needs to consider additional nonfinancial factors such as changes in the City's tax base.

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). All of the City's services are included here, such as general government, public works and safety, and community services in the governmental activities and stormwater utility and water and sewer services in the business-type or proprietary activities.

The government-wide financial statements can be found on Exhibits A-1 and B-1 of this report.

Fund financial statements.

The fund financial statements provide more detailed information about the City's most significant funds-not the City as a whole. Funds are used by the City to keep track of specific sources of funding and spending for particular purposes.

- Some funds are required by State law and by bond covenants.
- The City Council establishes other funds to control and manage money for particular purposes or to show that it is properly using certain taxes and grants.

All of the funds of the City can be divided into two categories: governmental funds and proprietary funds.

Governmental funds. Most of the City's basic services are included in governmental funds, which focus on (1) short-term inflows and outflows of spendable resources and (2) the balances left at year-end that are available for spending. Consequently, the governmental fund statements provide a detailed short-term view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs. Because this information does not encompass the additional long-term focus of the government-wide statements, we provide a reconciliation that explains the relationship (or differences) between them.

Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund, debt service fund, economic development corporation and capital projects fund which are considered major funds. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements elsewhere in this report.

The City adopts an annual appropriated budget for the general fund, debt service fund, crime control and prevention district, economic development corporation and water and sewer fund. A budgetary comparison schedule has been provided for the general fund and economic development corporation to demonstrate compliance with this budget.

The basic governmental fund financial statements can be found on Exhibits C-1 through C-4 of this report.

Proprietary funds. Services for which the City charges customers a fee are generally reported in proprietary funds. Proprietary funds, like the government-wide statements, provide both long-term and short-term financial information. The City maintains two types of proprietary funds. The City uses enterprise funds to account for its water and sewer and stormwater utility operations.

The basic proprietary fund financial statements can be found on Exhibits D-1 through D-3 of this report.

Notes to the financial statements provide additional information that is necessary for a complete understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 25 – 52 of this report.

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$55,056,987 as of September 30, 2021. Below is a summary of the City's Statement of Net Position.

Condensed Statement of Net Position

	Governmental Activities		Business-type Activities		Total	
	2021	2020	2021	2020	2021	2020
Current and other assets	\$ 44,089,849	\$ 30,824,790	\$ 20,033,796	\$ 18,619,597	\$ 64,123,645	\$ 49,444,387
Capital assets	41,810,830	34,441,164	12,414,888	12,911,264	54,225,718	47,352,428
Total Assets	85,900,679	65,265,954	32,448,684	31,530,861	118,349,363	96,796,815
Deferred outflows of resources	1,126,895	1,238,220	104,369	121,537	1,231,264	1,359,757
Current liabilities	4,596,818	1,821,424	1,187,192	1,526,488	5,784,010	3,347,912
Noncurrent liabilities	44,492,481	32,514,833	13,670,039	14,652,229	58,162,520	47,167,062
Total liabilities	49,089,299	34,336,257	14,857,231	16,178,717	63,946,530	50,514,974
Deferred inflows of resources	536,712	588,999	40,398	44,334	577,110	633,333
Net position:						
Net investment in capital assets	20,427,721	13,766,357	9,352,962	9,328,866	29,780,683	23,095,223
Restricted	8,024,337	9,690,850	1,530,698	1,149,332	9,555,035	10,840,182
Unrestricted	8,949,505	8,121,711	6,771,764	4,951,149	15,721,269	13,072,860
Total net position	\$ 37,401,563	\$ 31,578,918	\$ 17,655,424	\$ 15,429,347	\$ 55,056,987	\$ 47,008,265

The largest portion of the City's net position (54%) reflects its investment in capital assets (e.g. land, buildings and improvements, infrastructure/utility systems and equipment and furniture); less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since capital assets themselves cannot be used to liquidate these liabilities.

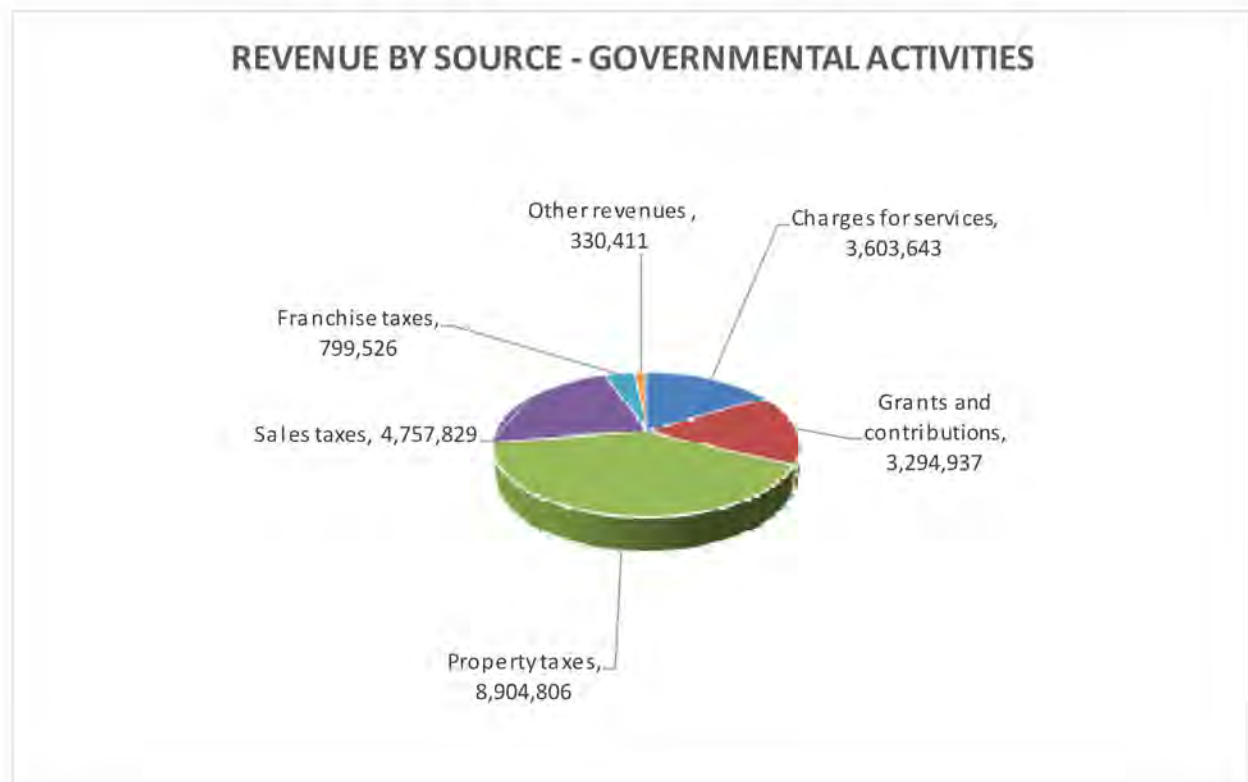
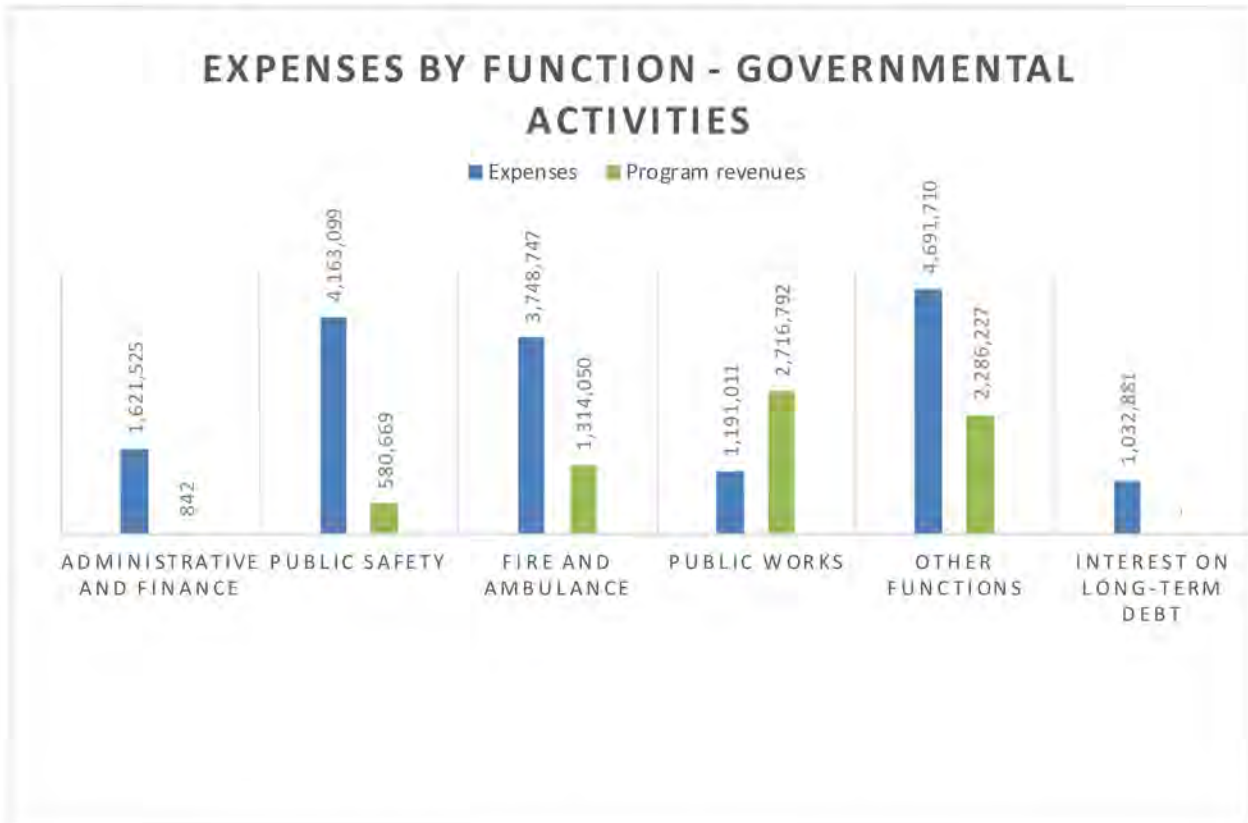
An additional portion of the City's net position (17%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position of \$15,721,269 may be used to meet the government's ongoing obligations to citizens and creditors.

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

Below is a summary of the City's Statement of Activities.

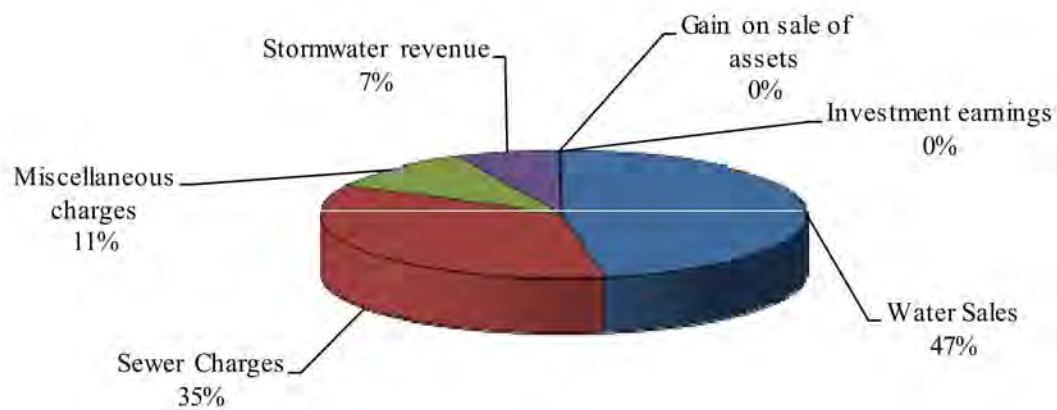
Changes in Net Position						
	Governmental Activities		Business-type Activities		Total	
	2021	2020	2021	2020	2021	2020
Revenues:						
Program revenues:						
Charges for services	\$ 3,603,643	\$ 3,332,460	\$ 8,473,188	\$ 8,373,499	\$ 12,076,831	\$ 11,705,959
Operating grants and contributions	503,145	1,146,962	-	-	503,145	1,146,962
Capital grants and contributions	2,791,792	1,093,227	-	244,930	2,791,792	1,338,157
General revenues:						
Property taxes	8,904,806	8,009,099	-	-	8,904,806	8,009,099
Sales taxes	4,757,829	4,272,785	-	-	4,757,829	4,272,785
Franchise taxes	799,526	730,282	-	-	799,526	730,282
Oil & gas royalties	118,389	94,589	-	-	118,389	94,589
Investment earnings	15,778	309,620	5,660	68,268	21,438	377,888
Other revenue	107,351	100,025	-	-	107,351	100,025
Insurance recoveries	88,893	1,524	12,194	-	101,087	1,524
Total revenues	21,691,152	19,090,573	8,491,042	8,686,697	30,182,194	27,777,270
Expenses						
Administration and finance	1,621,525	1,495,646	-	-	1,621,525	1,495,646
Municipal court	253,763	256,789	-	-	253,763	256,789
Library	614,066	628,145	-	-	614,066	628,145
Senior citizens	19,804	24,625	-	-	19,804	24,625
Public safety	4,163,099	4,100,115	-	-	4,163,099	4,100,115
Fire and ambulance	3,748,747	3,494,105	-	-	3,748,747	3,494,105
Public works	1,191,011	1,387,498	-	-	1,191,011	1,387,498
Parks	470,853	535,932	-	-	470,853	535,932
Recreation center	786,883	764,345	-	-	786,883	764,345
Animal control	341,886	310,510	-	-	341,886	310,510
Code enforcement	71,615	66,979	-	-	71,615	66,979
Community development	390,186	545,362	-	-	390,186	545,362
Community center	12,422	3,871	-	-	12,422	3,871
Sanitation	931,611	890,514	-	-	931,611	890,514
Economic development	106,460	105,624	-	-	106,460	105,624
Nondepartmental	692,161	595,492	-	-	692,161	595,492
Interest and fiscal charges	1,032,881	961,069	-	-	1,032,881	961,069
Stormwater utility	-	-	142,274	32,129	142,274	32,129
Water and Sewer	-	-	5,542,225	5,995,039	5,542,225	5,995,039
Total expenses	16,448,973	16,166,621	5,684,499	6,027,168	22,133,472	22,193,789
Increase (decrease) in net position before transfers	5,242,179	2,923,952	2,806,543	2,659,529	8,048,722	5,583,481
Transfers	580,466	580,466	(580,466)	(580,466)	-	-
Increase (decrease) in net position	5,822,645	3,504,418	2,226,077	2,079,063	8,048,722	5,583,481
Net position-beginning	31,578,918	28,074,500	15,429,347	13,350,284	47,008,265	41,424,784
Net position-ending	\$ 37,401,563	\$ 31,578,918	\$ 17,655,424	\$ 15,429,347	\$ 55,056,987	\$ 47,008,265

Below are two graphs summarizing governmental revenues and expenses:

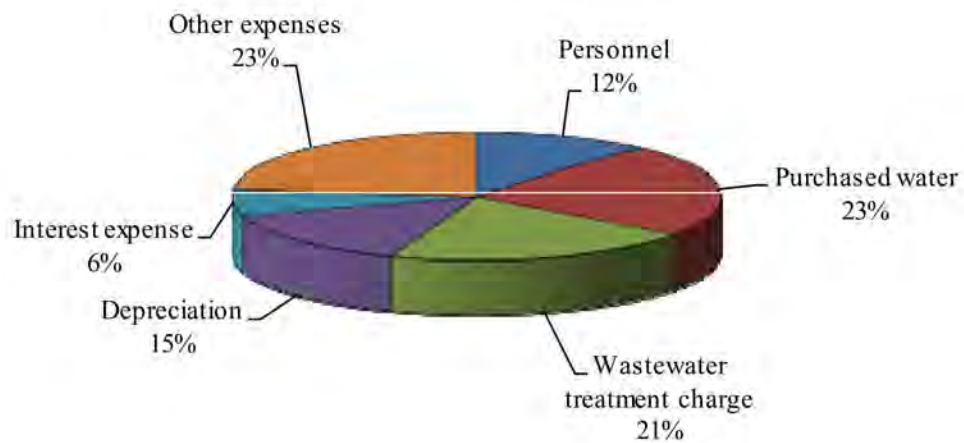


Below are two graphs summarizing business-type activities revenues and expenses:

Revenues by source - Business-type Activities



Expenses - Business-type Activities



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 the City's net resources available for spending at the end of the fiscal year.

At year end, the City's governmental funds reported combined ending fund balances of \$38,754,322. \$10,974,750 (28%) constitutes unassigned fund balance, which is available for spending at the government's discretion. The remainder of fund balance is restricted and nonspendable.

The general fund is the chief operating fund of the City. At the end of the current fiscal year, unassigned fund balance of the general fund was \$10,974,750. The fund balance of the general fund increased \$927,932 compared to an increase of \$1,122,567 in the prior year. Key factors contributing to the decrease in fund balance between the two fiscal years are highlighted below:

- Revenues increased \$495,771 (4%) primarily due to an increase in property tax revenue attributable to increase in property tax values of approximately \$117 million and a decrease in rate of \$.017814 and an decrease in grants and contribution revenue due to grant money received under the CARES Act for the ongoing COVID-19 pandemic in the prior year.
- Expenditures increased \$690,406 (5%) primarily due to an increase in capital projects for various street projects.

Below is a comparison of the general fund's net change in fund balance for 2021 and 2020.

	09/30/2021	09/30/2020	Increase (Decrease)	Percent Increase (Decrease)
REVENUES				
Taxes:				
Property	\$ 6,314,409	\$ 5,528,444	\$ 785,965	14%
Sales	2,416,269	2,176,697	239,572	11%
Franchise	766,435	761,778	4,657	1%
Charges for service	2,131,247	2,046,763	84,484	4%
Fees and Fines	600,086	373,708	226,378	61%
Licenses and permits	705,654	772,454	(66,800)	-9%
Grants and contributions	430,974	1,095,383	(664,409)	-61%
Oil & Gas Revenue	118,389	94,589	23,800	25%
Investment Earnings	12,401	244,822	(232,421)	-95%
Other revenue	123,234	101,549	21,685	21%
Total revenues	13,619,098	13,196,187	422,911	3%
EXPENDITURES				
Administrative and finance	1,058,230	973,523	84,707	9%
Municipal court	226,227	221,374	4,853	2%
Library	573,951	554,627	19,324	3%
Senior citizens	19,178	24,625	(5,447)	-22%
Public safety	3,291,192	3,336,475	(45,283)	-1%
Fire and ambulance	3,474,620	3,253,953	220,667	7%
Public works	624,861	898,077	(273,216)	-30%
Parks	362,453	362,312	141	0%
Recreation Center	563,336	497,381	65,955	13%
Animal Control	285,447	279,327	6,120	2%
Code enforcement	69,611	62,975	6,636	0%
Community development	387,177	418,518	(31,341)	-7%
Community center	12,422	3,871	8,551	221%
Sanitation	931,611	890,514	41,097	5%
Nondepartmental	692,161	637,607	54,554	9%
Capital outlay	772,015	238,927	533,088	0%
Total expenditures	13,344,492	12,654,086	690,406	5%
OTHER FINANCING SOURCES (USES)				
Transfers in	580,466	580,466	-	0%
Proceeds from sale of capital assets	72,860	-	72,860	100%
Total other financing sources (uses)	653,326	580,466	72,860	13%
NET CHANGE IN FUND BALANCE	<u>\$ 927,932</u>	<u>\$ 1,122,567</u>	<u>\$ (194,635)</u>	

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

Unrestricted net position of the proprietary funds at the end of the year amounted to \$6,771,764. Total net position increased \$2,226,077. Total revenues decreased \$195,655 (2%) and total expenses decreased \$342,669 (6%). Key factors of these changes are as follows:

- Charges for services increased \$99,689 primarily due to an increase in impact fees.
- Capital grants and contributions decreased \$244,930 because of developer contributions of a drainage system in the prior year.
- Water and sewer expenses decreased \$452,814 due to a credit received for water purchases for an overcharge in the prior year in the amount of \$344,042 and a decrease in bond interest of \$173,602.
- Stormwater utility expenses increased \$110,145 primarily due to an increase in professional services of \$64,960 and an increase in depreciation expense of \$36,662.

General Fund Budgetary Highlights

The City made amendments to the general fund original appropriations approved by the City Council. Overall these changes resulted in an increase in expenditures from the original budget of 8% or \$1,068,645.

Overall, general fund actual expenditures were under budget by \$628,832.

Capital Assets

The City's investment in capital assets for its governmental and business type activities as of September 30, 2021, amounts to \$54,225,718 (net of accumulated depreciation).

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

Governmental Activities:

- \$742,992 was spent on the fire station.
- \$396,836 was spent on the Quiet Zone.
- \$4,175,932 was spent on Main St improvements.
- \$608,142 was spent on the Downtown Plaza.
- \$1,671,012 was spent on downtown parking.
- \$944,221 was spent on the purchase of property.
- \$322,800 was spent on an ambulance.
- \$265,502 was spent on a roof on Main St.

Business-type activities:

- \$221,243 was spent on water and sewer line improvements.

**The City of Crowley's Capital Assets
(Net of Depreciation)**

	Governmental Activities		Business-type Activities		Total	
	2021	2020	2021	2020	2021	2020
Land	\$ 5,243,743	\$ 4,299,522	\$ 121,751	\$ 121,751	\$ 5,365,494	\$ 4,421,273
Construction in progress	11,452,588	3,857,674	45,598	83,202	11,498,186	3,940,876
Buildings and improvements	15,776,199	16,354,324	1,443,096	1,492,145	17,219,295	17,846,469
Infrastructure/utility system	6,799,707	7,356,913	10,275,752	10,615,804	17,075,459	17,972,717
Equipment and furniture	2,538,593	2,572,731	528,691	598,362	3,067,284	3,171,093
Total	<u>\$ 41,810,830</u>	<u>\$ 34,441,164</u>	<u>\$ 12,414,888</u>	<u>\$ 12,911,264</u>	<u>\$ 54,225,718</u>	<u>\$ 47,352,428</u>

Additional information on the City's capital assets can be found in the notes to the financial statements.

Debt Administration

At the end of the year, the City had a total bonded debt of \$54,552,050. Of this amount, \$9,474,444 are bonded debt backed by the full faith and credit of the government, \$43,346,212 are certificates of obligation secured by ad valorem taxes and surplus revenues and \$1,731,394 are revenue bonds secured by sales tax revenue. Outstanding at year-end are as follows:

	Governmental Activities		Business-type Activities		Total	
	2021	2020	2021	2020	2021	2020
General Obligation Bonds	\$ 6,053,096	\$ 7,162,548	\$ 3,421,348	\$ 2,409,636	\$ 9,474,444	\$ 9,572,184
Certificates of Obligation	33,345,632	20,153,898	10,000,580	11,993,799	43,346,212	32,147,697
Revenue Bonds	1,731,394	1,871,533	-	-	1,731,394	1,871,533
Total	<u>\$ 41,130,122</u>	<u>\$ 29,187,979</u>	<u>\$ 13,421,928</u>	<u>\$ 14,403,435</u>	<u>\$ 54,552,050</u>	<u>\$ 43,591,414</u>

The City's bond ratings are listed below:

	Standard & Poor's
General obligation bonds	AA-
Certificate of obligation bonds	AA-

No direct funded debt limitation is imposed on the City under current state law or the City's Home Rule Charter.

Additional information on the City's long-term debt can be found in Notes 8 through 9 to the financial statements.

Economic factors and the Next Year's Budgets and Rates

General fund revenues are budgeted to increase 4% (\$495,790) in fiscal year 2021-2022 when compared to the 2020-2021 amended budget to \$13,673,509. The adopted tax rate is \$.729546 per \$100 assessed value. The largest increases in the revenue budget are on intergovernmental revenue (\$551,341) and property tax revenue (\$134,993). The largest decrease is on interest income (\$100,000).

General fund expenditures are budgeted to decrease 2% (\$301,735) when compared to the prior year amended appropriations to \$13,671,589. The largest increase is \$438,518 in fire and ambulance appropriations. The largest decreases are \$771,048 capital projects appropriations.

Request for Information

This financial report is designed to provide our citizens, taxpayers, customers and all investors and creditors with a general overview of the City's finances and to demonstrate the City's accountability for the money it receives. If you have questions about this report or need additional financial information, you may contact the City Offices at 201 E Main St or by telephone at 817-297-2201.

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BASIC FINANCIAL STATEMENTS

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CITY OF CROWLEY
Statement of Net Position
September 30, 2021

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 2,810,688	\$ 3,076,442	\$ 5,887,130
Investments	38,102,129	5,066,849	43,168,978
Receivables (net of allowance for uncollectibles)			
Property taxes	68,146	-	68,146
Other taxes	1,099,240	-	1,099,240
Accounts	611,958	1,002,696	1,614,654
Miscellaneous	1,372,184	20,159	1,392,343
Inventory	25,504	36,811	62,315
Restricted assets			
Investments	-	10,830,839	10,830,839
Capital assets			
Nondepreciable	16,696,331	167,349	16,863,680
Depreciable, net of accumulated depreciation	25,114,499	12,247,539	37,362,038
Total Assets	85,900,679	32,448,684	118,349,363
Deferred Outflows of Resources			
Deferred outflow related to pension	932,100	70,158	1,002,258
Deferred outflow related to OPEB	80,205	6,037	86,242
Deferred charges on refunding	114,590	28,174	142,764
Total Deferred Outflows of Resources	1,126,895	104,369	1,231,264
LIABILITIES			
Accounts payable	1,962,068	363,295	2,325,363
Accrued payroll liabilities	188,825	16,374	205,199
Due to other governments	63,733	-	63,733
Unearned revenue	2,159,694	-	2,159,694
Interest payable	222,498	84,058	306,556
Customer deposits payable	-	723,465	723,465
Noncurrent liabilities:			
Due within one year	2,885,855	1,053,792	3,939,647
Due in more than one year	41,606,626	12,616,247	54,222,873
Total liabilities	49,089,299	14,857,231	63,946,530
DEFERRED INFLOWS OF RESOURCES			
Deferred inflow related to TMRS pension	522,128	39,300	561,428
Deferred inflow related to OPEB	14,584	1,098	15,682
Total deferred inflows of resources	536,712	40,398	577,110
NET POSITION			
Net investment in capital assets	20,427,721	9,352,962	29,780,683
Restricted for:			
Capital improvements	-	1,530,698	1,530,698
Debt service	403,871	-	403,871
Public safety	1,642,933	-	1,642,933
Economic development	5,580,611	-	5,580,611
Grant program	75,321	-	75,321
Donations	68,685	-	68,685
Community program	252,916	-	252,916
Unrestricted	8,949,505	6,771,764	15,721,269
Total net position	\$ 37,401,563	\$ 17,655,424	\$ 55,056,987

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

CITY OF CROWLEY
Statement of Activities
For the Year Ended September 30, 2021

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government				
Governmental activities:				
Administration and finance	\$ 1,621,525	\$ 842	\$ -	\$ -
Municipal court	253,763	37,118	-	-
Library	614,066	5,913	8,236	-
Senior citizens	19,804	-	-	-
Public safety	4,163,099	542,294	38,375	-
Fire and ambulance	3,748,747	793,931	445,119	75,000
Public works	1,191,011	-	-	2,716,792
Parks	470,853	104,136	-	-
Recreation Center	786,883	102,479	150	-
Animal control	341,886	12,335	4,283	-
Code enforcement	71,615	-	-	-
Community development	390,186	897,576	-	-
Community center	12,422	-	1,132	-
Sanitation	931,611	994,503	-	-
Economic development	106,460	112,516	-	-
Nondepartmental	692,161	-	5,850	-
Interest and fiscal charges	1,032,881	-	-	-
Total governmental activities	16,448,973	3,603,643	503,145	2,791,792
Business-type activities:				
Water and sewer	5,542,225	7,895,997	-	-
Stormwater utility	142,274	577,191	-	-
Total business-type activities	5,684,499	8,473,188	-	-
Total primary government	\$ 22,133,472	\$ 12,076,831	\$ 503,145	\$ 2,791,792

General Revenues:

Taxes:

Property taxes, levied for general purposes

Property taxes, levied for debt service

Property taxes, levied for TIRZ #1

Sales taxes

Franchise

Oil and gas royalties

Investment earnings

Gain (loss) on sale of capital assets

Other revenue

Transfers

Insurance recoveries

Total general revenues and transfers

Change in net position

Net position - beginning

Net position - ending

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

Exhibit B-1

Net (Expense) Revenue and Changes in Net Position		
Primary Government		
Governmental Activities	Business-type Activities	Total
\$ (1,620,683)	\$ -	\$ (1,620,683)
(216,645)	-	(216,645)
(599,917)	-	(599,917)
(19,804)	-	(19,804)
(3,582,430)	-	(3,582,430)
(2,434,697)	-	(2,434,697)
1,525,781	-	1,525,781
(366,717)	-	(366,717)
(684,254)	-	(684,254)
(325,268)	-	(325,268)
(71,615)	-	(71,615)
507,390	-	507,390
(11,290)	-	(11,290)
62,892	-	62,892
6,056	-	6,056
(686,311)	-	(686,311)
(1,032,881)	-	(1,032,881)
(9,550,393)	-	(9,550,393)
-	2,353,772	2,353,772
-	434,917	434,917
-	2,788,689	2,788,689
\$ (9,550,393)	\$ 2,788,689	\$ (6,761,704)
\$ 6,315,116	\$ -	\$ 6,315,116
2,143,866	-	2,143,866
445,824	-	445,824
4,757,829	-	4,757,829
799,526	-	799,526
118,389	-	118,389
15,778	5,660	21,438
72,860	12,194	85,054
34,491	-	34,491
580,466	(580,466)	-
88,893	-	88,893
15,373,038	(562,612)	14,810,426
5,822,645	2,226,077	8,048,722
31,578,918	15,429,347	47,008,265
\$ 37,401,563	\$ 17,655,424	\$ 55,056,987

CITY OF CROWLEY
Balance Sheet
Governmental Funds
September 30, 2021

	General	Debt Service	Capital Projects	Economic Development Corporation	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS						
Cash and cash equivalents	\$ 2,366,400	\$ -	\$ 340,000	\$ 23,645	\$ 80,643	\$ 2,810,688
Investments	10,873,125	402,686	19,663,709	4,209,454	2,953,155	38,102,129
Receivables (Net of allowances for uncollectibles)						
Property taxes	50,864	17,282	-	-	-	68,146
Other taxes	664,933	-	-	218,007	216,300	1,099,240
Accounts	611,958	-	-	-	-	611,958
Miscellaneous	255,727	-	1,116,441	-	16	1,372,184
Inventory	25,504	-	-	-	-	25,504
Due from other funds	55,491	-	-	-	-	55,491
Total assets	<u>14,904,002</u>	<u>419,968</u>	<u>21,120,150</u>	<u>4,451,106</u>	<u>3,250,114</u>	<u>44,145,340</u>
LIABILITIES						
Accounts payable	501,537	-	1,373,137	80,247	7,147	1,962,068
Accrued payroll liabilities	188,825	-	-	-	-	188,825
Interest payable	-	16,097	-	4,519	-	20,616
Unearned revenue	2,157,659	-	-	-	2,035	2,159,694
Due to other governments	63,733	-	-	-	-	63,733
Due to other funds	-	-	-	-	55,491	55,491
Total liabilities	<u>2,911,754</u>	<u>16,097</u>	<u>1,373,137</u>	<u>84,766</u>	<u>64,673</u>	<u>4,450,427</u>
DEFERRED INFLOWS OF RESOURCES						
Unavailable revenue	923,309	17,282	-	-	-	940,591
Total deferred inflows of resources	<u>923,309</u>	<u>17,282</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>940,591</u>
FUND BALANCES						
Nonspendable						
Inventory	25,504	-	-	-	-	25,504
Restricted	68,685	386,589	19,747,013	4,366,340	3,185,441	27,754,068
Unassigned	10,974,750	-	-	-	-	10,974,750
Total fund balances	<u>11,068,939</u>	<u>386,589</u>	<u>19,747,013</u>	<u>4,366,340</u>	<u>3,185,441</u>	<u>38,754,322</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 14,904,002</u>	<u>\$ 419,968</u>	<u>\$ 21,120,150</u>	<u>\$ 4,451,106</u>	<u>\$ 3,250,114</u>	<u>\$ 44,145,340</u>

CITY OF CROWLEY
Reconciliation of the Governmental Funds Balance Sheet
To the Statement of Net Position
September 30, 2021

Total fund balances - governmental funds		\$	38,754,322
Capital assets used in governmental activities are not financial resources and therefore are reported in the governmental funds. The cost of these assets was \$73,940,318 and the accumulated depreciation was \$32,129,488. The net effect of including the ending balances of capital assets (net of depreciation) in the governmental activities is to increase net position.			41,810,830
Deferred charges on refunding related to governmental activity debt are not financial resources and, therefore, are not reported in the governmental funds.			114,590
Long-term liabilities, including \$41,130,122 bonds and \$720,462 compensated absences payable are not due and payable in the current period, and, therefore are not reported as liabilities in the fund financial statements.			(41,850,584)
Net pension liability and related deferred outflows and inflows of resources are reported in the Statement of Net Position of the governmental activities but are not reported in the governmental funds.			
Net pension liability	\$	(2,310,338)	
Deferred outflow related to pension		932,100	
Deferred inflow related to pension		(522,128)	(1,900,366)
Net OPEB liability and related deferred outflows of resources are reported in the Statement of Net Position of the governmental activities but are not reported in the governmental funds.			
Total OPEB liability	\$	(331,559)	
Deferred inflow related to OPEB		(14,584)	
Deferred outflow related to OPEB		80,205	(265,938)
Interest payable is not expected to be liquidated with available financial resources and is not reported as a liability in the fund financial statements.			(201,882)
Property taxes, franchise taxes, ems charges and municipal court fines and fees are not available soon enough to pay for the current period's expenditures and therefore are deferred revenue in the fund financial statements.			940,591
Net position of governmental activities	\$		<u>37,401,563</u>

CITY OF CROWLEY
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended September 30, 2021

	General	Debt Service	Capital Projects	Economic Development Corporation	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES						
Taxes						
Property	\$ 6,314,409	\$ 2,145,409	\$ -	\$ -	\$ 445,824	\$ 8,905,642
Sales	2,416,269	-	-	1,200,266	1,141,294	4,757,829
Franchise taxes	766,435	-	-	-	23,866	790,301
Charges for service	2,131,247	-	-	-	-	2,131,247
Fees and fines	600,086	-	-	-	32,078	632,164
Licenses and permits	705,654	-	-	-	-	705,654
Grants and contributions	430,974	-	2,791,792	-	72,171	3,294,937
Oil and gas revenue	118,389	-	-	-	-	118,389
Investment earnings	12,401	-	-	2,633	744	15,778
Other revenue	123,234	-	-	112,516	3,208	238,958
Total revenues	<u>13,619,098</u>	<u>2,145,409</u>	<u>2,791,792</u>	<u>1,315,415</u>	<u>1,719,185</u>	<u>21,590,899</u>
EXPENDITURES						
Current:						
Administrative and finance	1,058,230	-	-	729,433	309	1,787,972
Municipal court	226,227	-	-	-	24,959	251,186
Library	573,951	-	-	-	-	573,951
Senior citizens center	19,178	-	-	-	-	19,178
Public safety	3,291,192	-	-	-	518,868	3,810,060
Fire and ambulance	3,474,620	-	-	-	37,457	3,512,077
Public works	624,861	-	-	-	-	624,861
Parks	362,453	-	-	-	-	362,453
Recreation center	563,336	-	-	-	-	563,336
Animal control	285,447	-	-	-	-	285,447
Code enforcement	69,611	-	-	-	-	69,611
Community development	387,177	-	-	-	-	387,177
Community center	12,422	-	-	-	-	12,422
Sanitation	931,611	-	-	-	-	931,611
Economic development	-	-	-	2,499,268	-	2,499,268
Nondepartmental	692,161	-	-	-	-	692,161
Capital outlay	772,015	-	5,557,953	7,500	-	6,337,468
Debt service:						
Principal	-	1,490,000	-	325,000	245,000	2,060,000
Interest and fiscal charges	-	594,483	-	346,673	22,612	963,768
Bond issuance costs	-	-	117,634	-	-	117,634
Total expenditures	<u>13,344,492</u>	<u>2,084,483</u>	<u>5,675,587</u>	<u>3,907,874</u>	<u>849,205</u>	<u>25,861,641</u>
Excess (deficiency) of revenues over expenditures	<u>274,606</u>	<u>60,926</u>	<u>(2,883,795)</u>	<u>(2,592,459)</u>	<u>869,980</u>	<u>(4,270,742)</u>
OTHER FINANCING SOURCES (USES)						
Transfers in	580,466	-	-	-	-	580,466
Bond issuance proceeds	-	-	12,885,000	-	-	12,885,000
Bond Premium	-	-	1,232,634	-	-	1,232,634
Proceeds from sale of capital assets	72,860	-	-	-	-	72,860
Total other financing sources (uses)	<u>653,326</u>	<u>-</u>	<u>14,117,634</u>	<u>-</u>	<u>-</u>	<u>14,770,960</u>
Net change in fund balances	<u>927,932</u>	<u>60,926</u>	<u>11,233,839</u>	<u>(2,592,459)</u>	<u>869,980</u>	<u>10,500,218</u>
Fund balances - beginning	<u>10,141,007</u>	<u>325,663</u>	<u>8,513,174</u>	<u>6,958,799</u>	<u>2,315,461</u>	<u>28,254,104</u>
Fund balances - ending	<u>\$ 11,068,939</u>	<u>\$ 386,589</u>	<u>\$ 19,747,013</u>	<u>\$ 4,366,340</u>	<u>\$ 3,185,441</u>	<u>\$ 38,754,322</u>

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

CITY OF CROWLEY
Reconciliation of Statement of Revenues,
Expenditures and Changes in Fund Balances of
The Governmental Funds to the Statement of Activities
For the Year Ended September 30, 2021

Total net change in fund balances - governmental funds	\$ 10,500,218
Current year capital outlays and long-term debt principal payments are expenditures in the fund financial statements, but they should be shown as increases in capital assets and reductions in long-term debt in the government-wide financial statements. The net effect of including \$9,421,895 of capital outlays and \$2,060,000 of debt principal payments is to increase net position.	11,481,895
Current year proceeds from issuance of bonds are other financing sources in the fund financial statements. The net effect of the increase in certificates of obligation is a decrease in net position.	(14,117,634)
Depreciation is not recognized as an expense in governmental funds since it does not require the use of current financial resources. The net effect of the current year's depreciation is to decrease net position.	(2,052,229)
Revenues in the government-wide statement of activities that do not provide current financial resources are not reported as revenues in the funds.	27,393
GASB 68 required the City to recognize their net pension liability, deferred resource inflow related to pension, and deferred resource outflow related to pension. The changes in these balances decreased net position.	87,633
GASB 75 required the City to recognize their total OPEB liability and deferred resource inflow related to OPEB. The changes in these balances decreased net position.	(36,253)
Current year interest payable and compensated absences of the governmental funds are not due and payable in the current period, and, therefore are not reported as liabilities or assets in the funds. The \$37,946 increase in interest payable and \$116,899 increase in compensated absences and \$86,467 (net) amortization of deferred charges and premiums decreased net position.	(68,378)
Change in net position of governmental activities	\$ 5,822,645

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

CITY OF CROWLEY
Statement of Net Position
Proprietary Funds
September 30, 2021

	Water and Sewer Fund	Stormwater Utility	Totals
ASSETS			
Current Assets:			
Cash and cash equivalents	\$ 794,870	\$ 2,281,572	\$ 3,076,442
Investments	5,066,849	-	5,066,849
Receivables (Net of allowance for uncollectibles):			
Accounts	933,171	69,525	1,002,696
Miscellaneous	20,159	-	20,159
Inventory	36,811	-	36,811
Restricted Assets			
Investments	10,830,839	-	10,830,839
Total current assets	<u>17,682,699</u>	<u>2,351,097</u>	<u>20,033,796</u>
Noncurrent Assets:			
Capital assets, at cost			
Non-depreciable assets	167,349	-	167,349
Depreciable assets, net of accumulated depreciation	11,028,348	1,219,191	12,247,539
Total noncurrent assets	<u>11,195,697</u>	<u>1,219,191</u>	<u>12,414,888</u>
Total assets	<u>28,878,396</u>	<u>3,570,288</u>	<u>32,448,684</u>
Deferred Outflows of Resources			
Deferred outflows related to pension	70,158	-	70,158
Deferred outflows related to OPEB	6,037	-	6,037
Deferred charges on refunding	28,174	-	28,174
Total Deferred Outflows of Resources	<u>\$ 104,369</u>	<u>\$ -</u>	<u>\$ 104,369</u>
LIABILITIES			
Current Liabilities			
Accounts payable	\$ 362,600	\$ 695	\$ 363,295
Accrued payroll liabilities	16,374	-	16,374
Compensated absences	35,465	-	35,465
Current portion of long-term liabilities	1,018,327	-	1,018,327
Interest payable	84,058	-	84,058
Current Liabilities Payable from Restricted Assets			
Customer deposits payable	723,465	-	723,465
Total current liabilities	<u>2,240,289</u>	<u>695</u>	<u>2,240,984</u>
Noncurrent Liabilities			
Compensated absences	13,792	-	13,792
Net pension liability	173,897	-	173,897
Total OPEB liability	24,957	-	24,957
Bonds payable	12,403,601	-	12,403,601
Total noncurrent liabilities	<u>12,616,247</u>	<u>-</u>	<u>12,616,247</u>
Total liabilities	<u>14,856,536</u>	<u>695</u>	<u>14,857,231</u>
Deferred Inflows of Resources			
Deferred inflow related to pension	39,300	-	39,300
Deferred inflow related to OPEB	1,098	-	1,098
Total Deferred Inflows of Resources	<u>40,398</u>	<u>-</u>	<u>40,398</u>
NET POSITION			
Net investment in capital assets	8,133,771	1,219,191	9,352,962
Restricted for impact fees for capital improvements (Expendable)	1,530,698	-	1,530,698
Unrestricted	4,421,362	2,350,402	6,771,764
Total net position	<u>\$ 14,085,831</u>	<u>\$ 3,569,593</u>	<u>\$ 17,655,424</u>

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

CITY OF CROWLEY
Statement of Revenues, Expenses, and Changes in Fund Net Position
Proprietary Funds
For the Year Ended September 30, 2021

	Water and Sewer Fund	Stormwater Utility	Totals
Operating revenues			
Charges for services:			
Water Sales	\$ 4,016,298	\$ -	\$ 4,016,298
Sewer charges	2,985,859	-	2,985,859
Stormwater revenue	-	577,191	577,191
Miscellaneous water charges	893,840	-	893,840
Total operating revenue	<u>7,895,997</u>	<u>577,191</u>	<u>8,473,188</u>
Operating expenses			
Personnel services	675,035	-	675,035
Professional services	58,877	69,820	128,697
Purchased water	1,321,068	-	1,321,068
Wastewater treatment charge	1,167,591	-	1,167,591
Contractual services	299,289	1,007	300,296
Insurance	58,232	-	58,232
Administrative	12,435	2,274	14,709
Repairs and maintenance	760,147	8,517	768,664
Utilities	62,919	-	62,919
Depreciation	762,343	60,656	822,999
Total operating expenses	<u>5,177,936</u>	<u>142,274</u>	<u>5,320,210</u>
Operating income (loss)	<u>2,718,061</u>	<u>434,917</u>	<u>3,152,978</u>
Nonoperating revenues (expenses):			
Investment earnings	5,660	-	5,660
Gain (loss) on disposal of capital assets	12,194	-	12,194
Interest expense	(317,793)	-	(317,793)
Debt issuance costs	(46,496)	-	(46,496)
Total nonoperating revenues (expenses)	<u>(346,435)</u>	<u>-</u>	<u>(346,435)</u>
Income (loss) before capital contributions and transfers	2,371,626	434,917	2,806,543
Transfers out	<u>(580,466)</u>	<u>-</u>	<u>(580,466)</u>
Change in net position	1,791,160	434,917	2,226,077
Net position - beginning	<u>12,294,671</u>	<u>3,134,676</u>	<u>15,429,347</u>
Net position - ending	<u>\$ 14,085,831</u>	<u>\$ 3,569,593</u>	<u>\$ 17,655,424</u>

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

CITY OF CROWLEY
Statement of Cash Flows
Proprietary Funds
For the Year Ended September 30, 2021

	Water and Sewer Fund	Stormwater Utility	Totals
Cash flows from operating activities:			
Cash received from customers	\$ 7,922,870	\$ 579,165	\$ 8,502,035
Cash paid to suppliers	(4,128,300)	(130,648)	(4,258,948)
Cash paid to employees	(669,621)	-	(669,621)
Net cash provided by operating activities	<u>3,124,949</u>	<u>448,517</u>	<u>3,573,466</u>
Cash flow from noncapital financing activities:			
Transfers to other funds	(580,466)	-	(580,466)
Net cash provided (used) by noncapital financing activities	<u>(580,466)</u>	<u>-</u>	<u>(580,466)</u>
Cash flow from capital and related financing activities:			
Principal payments on long-term debt	(925,000)	-	(925,000)
Debt issuance costs	(46,233)	-	(46,233)
Auction proceeds	12,194	-	12,194
Capital outlay	(276,611)	(50,012)	(326,623)
Interest paid on capital debt	(354,340)	-	(354,340)
Net cash provided (used) by capital and related financing activities	<u>(1,589,990)</u>	<u>(50,012)</u>	<u>(1,640,002)</u>
Cash flow from investing activities:			
Purchase of investments	(471,141)	-	(471,141)
Investment earnings	5,660	-	5,660
Net cash provided (used) by investing activities	<u>(465,481)</u>	<u>-</u>	<u>(465,481)</u>
Net increase (decrease) in cash and cash equivalents	489,012	398,505	887,517
Cash and cash equivalents, beginning	<u>305,858</u>	<u>1,883,067</u>	<u>2,188,925</u>
Cash and cash equivalents, ending	<u>\$ 794,870</u>	<u>\$ 2,281,572</u>	<u>\$ 3,076,442</u>
Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities			
Operating income (loss)	<u>\$ 2,718,061</u>	<u>\$ 434,917</u>	<u>\$ 3,152,978</u>
Adjustments to reconcile operating income to net cash provided (used) by operating activities:			
Depreciation expense	762,343	60,656	822,999
(Increase) decrease in accounts receivable	(30,691)	1,974	(28,717)
(Increase) decrease in miscellaneous receivables	8,114	-	8,114
(Increase) decrease in inventory	(34,938)	-	(34,938)
Increase (decrease) in accounts payable	(346,129)	(49,030)	(395,159)
Increase (decrease) in accrued payroll liabilities	(28)	-	(28)
Increase (decrease) in customer meter deposits	57,564	-	57,564
Increase (decrease) in net pension balances	(17,519)	-	(17,519)
Increase (decrease) in total OPEB balances	2,730	-	2,730
Increase (decrease) in compensated absences payable	5,442	-	5,442
Total adjustments	<u>406,888</u>	<u>13,600</u>	<u>420,488</u>
Net cash provided by operating activities	<u>\$ 3,124,949</u>	<u>\$ 448,517</u>	<u>\$ 3,573,466</u>
Nocash Investing, Capital and Financing Activities			
Increase in bonds payable due to refunding	<u>\$ 30,000</u>	<u>\$ -</u>	<u>\$ 30,000</u>
	<u>\$ 30,000</u>	<u>\$ -</u>	<u>\$ 30,000</u>

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

CITY OF CROWLEY, TEXAS

Notes to Financial Statements

September 30, 2021

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. **Reporting Entity**

The City of Crowley, Texas (the City) is a Home Rule city which citizens elect the mayor and six council members at large. The City operates under the Council-Manager form of government and provides such services as are authorized by its charter to advance the welfare, health, comfort, safety, and convenience of the City and its inhabitants.

As required by generally accepted accounting principles, these financial statements present the City and its component units, entities for which the City is considered financially accountable or other organizations whose nature and significant relationship with the City are such that exclusion would cause the City's financial statements to be misleading or incomplete. The City is financially accountable if it appoints a voting majority of the organization's governing board and (1) it is able to impose its will on the organization or (2) there is a potential for the organization to provide specific financial burden or benefit on the City. Based on these considerations, the Crowley Crime Control and Prevention District and the Crowley Economic Development Corporation have been included in the City's reporting entity as blended component units. Blended component units, although legally separate entities, are, in substance, part of the government's operations and so data from these units are combined with data of the primary government. Both component units have September 30 year ends.

Blended Component Units

The *Crowley Crime Control and Prevention District* (the "Crime District") is an entity legally separate from the City and was created by resolution of the City Council with approval by vote of the residents of Crowley. The Crime District is funded with a one half percent sales tax. The City Council services as the board of directors of the Crime District. The day-to-day operations of the Crime District are performed by City employees. For financial reporting purposes, the Crime Control and Prevention District is reported as if it were a part of the City's operations because the Crime District's governing body is the same as that of the City.

The *Crowley Economic Development Corporation* (the "Corporation") is a nonprofit development corporation formed under the Development Corporation Act of 1979 and governed by Section 4B of the Act. The Corporation was created with approval of a vote of the residents of Crowley and is governed by a seven member board of directors appointed by the City Council. The Corporation is funded with a one half percent sales tax. The Corporation was created to promote economic development with the City and State of Texas in order to eliminate unemployment and under employment and to promote and encourage employment and the public welfare of, for, and on behalf of the City. The Corporation may finance and undertake any such project, subject to the regulations and limitations set forth in Section 4B of the Act and a special election held in the City on February 2, 2002. For financial reporting purposes, the Corporation is reported as if it were a part of the City's operations because it provides services entirely for the City.

CITY OF CROWLEY, TEXAS
Notes to Financial Statements
September 30, 2021

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. 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 activities of the primary government and its component units. 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.

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

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund financial statements. 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.

Governmental fund 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. The government considers all revenues available if they are collected within 60 days after year-end. Expenditures generally are recorded when the related fund liability is incurred, however, debt service expenditures and expenditures related to compensated absences and claims and judgments, are recognized when payment is due.

Property taxes, sales taxes, franchise taxes, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current period. All other revenue items are considered to be measurable and available only when the government receives payment.

CITY OF CROWLEY, TEXAS
Notes to Financial Statements
September 30, 2021

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The accounts of the City are organized and operated on the basis of funds. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds are maintained consistent with legal and managerial requirements.

The City reports the following major governmental funds:

The *general fund* is the City's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The *debt service fund* is used to account for the resources accumulated and payments made for principal and interest on long-term general obligation debt of governmental funds.

The *general capital projects fund* accounts for the acquisition or construction of major capital assets and facilities financed by general obligation bonds or certificates of obligation of the governmental activities.

The *special revenue fund* (economic development corporation) is used to account for the proceeds of specific revenue sources requiring separate accounting because of legal or regulatory provisions or administrative actions.

The City reports the following major enterprise fund:

The *water and sewer fund* accounts for the provision of water and sewer services to the residents of the City. All activities necessary to provide such services are accounted for in this fund.

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 and transfers between the governmental activities and the business-type activities, which cannot be eliminated.

Amounts reported as program revenues include 1) charges for customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. 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.

CITY OF CROWLEY, TEXAS
Notes to Financial Statements
September 30, 2021

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The principal operating revenues of the City's enterprise funds are charges to customers for sales and services. 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 nonoperating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first, then unrestricted resources as they are needed.

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

1. *Cash and Investments*

The City pools cash resources of its various funds to maximize its investment program. Cash applicable to a particular fund is readily identifiable. Investment income from this internal pooling is allocated to the respective funds based upon the sources of funds invested.

The City's cash and cash equivalents are considered to be cash on hand, demand deposits and short term investments that are highly liquid with maturity within three months or less when purchased. Amounts invested in Tex-Pool public investment pools are not considered cash and cash equivalents. Assets reported as cash and cash equivalents are considered cash and cash equivalents for the statement of cash flows.

2. *Interfund Receivables and Payables*

Transactions between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as "due to/from other funds". Any residual balances outstanding between the governmental activities and the business-type activities are reported in the government-wide financial statements as "internal balances".

3. *Unbilled Service*

Utility operating revenues (water and sewer) are billed on monthly cycles. The City records estimated revenues for services delivered during the fiscal year, which will be billed during the next fiscal year.

4. *Inventory*

The inventories of supplies are recorded under the purchase method. Under the purchase method the inventory is first recorded as an expense when purchased and then adjusted at the end of the year to reflect the value of inventory at that date. Inventories are valued at the lower of cost or market using the first-in-first-out ("FIFO") method.

CITY OF CROWLEY, TEXAS

Notes to Financial Statements

September 30, 2021

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

5. *Capital Assets*

Capital assets, which include property, plant, equipment and infrastructure, are reported in the applicable governmental activities or business-type activities columns in the government-wide financial statements and in the proprietary funds financial statements. The City defines capital assets as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated market value at the date of donation.

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

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities and proprietary funds is included as part of the capitalized value of the assets constructed. The total interest expense incurred by the water and sewer fund during the current fiscal year was \$375,784.

Property, plant and equipment of the primary government and component unit are depreciated using the straight-line method over the following estimated useful lives:

Buildings and improvements	15 - 30 years
Infrastructure/utility systems	10 - 50 years
Equipment and furniture	2 - 15 years

6. *Compensated Absences*

It is the City's policy to permit employees to accumulate a limited amount of earned but unused vacation and sick pay benefits. The City pays up to 200 hours of accrued sick leave when an employee retires. Vacation and sick pay benefits are accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in the governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

7. *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 statements of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of the applicable bond premium or discount.

CITY OF CROWLEY, TEXAS

Notes to Financial Statements

September 30, 2021

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

8. *Fund Balance – Governmental Funds*

In the fund financial statements, governmental funds report the following classifications of fund balance:

Nonspendable – includes amounts that cannot be spent because they are either not spendable in form (such as prepaids or inventory) or are legally or contractually required to be maintained intact (such as endowment funds).

Restricted – includes amounts restricted by external sources (creditors, laws of other governments, etc.) or by constitutional provision or enabling legislation.

Committed – includes amounts constrained to specific purposes by a government itself, using its highest decision-making authority; to be reported as committed, amounts cannot be used for any other purpose unless the government takes the same highest-level action to remove or change the constraint (City Council ordinance or resolution).

Assigned – includes amounts a government intends to use for a specific purpose; intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority. The City has not yet adopted a policy designating who can assign amounts.

Unassigned – All amounts not included in other spendable classifications.

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

CITY OF CROWLEY, TEXAS
Notes to Financial Statements
September 30, 2021

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The details of the fund balances of the governmental funds are as follows:

	General Fund	Debt Service Fund	Capital Projects	Economic Development Corporation	Nonmajor Governmental Funds	Total Governmental Funds
Nonspendable						
Inventory	\$ 25,504	\$ -	\$ -	\$ -	\$ -	\$ 25,504
Restricted						
Debt Service	-	386,589	-	-	-	386,589
Capital Projects	-	-	19,747,013	-	-	19,747,013
Public Safety - Police	-	-	-	-	1,603,454	1,603,454
Public Safety - Court	-	-	-	-	39,479	39,479
Economic Development	-	-	-	4,366,340	1,214,271	5,580,611
Grant programs	-	-	-	-	75,321	75,321
Public Education Grant	-	-	-	-	252,916	252,916
Donations	68,685	-	-	-	-	68,685
Unassigned	10,974,750	-	-	-	-	10,974,750
	<u>\$ 11,068,939</u>	<u>\$ 386,589</u>	<u>\$ 19,747,013</u>	<u>\$ 4,366,340</u>	<u>\$ 3,185,441</u>	<u>\$ 38,754,322</u>

9. *Net Position*

Net position represents the difference between assets and liabilities, 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 proceeds. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislations adopted by the City or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. The following is a reconciliation of restricted fund balance reported in the governmental fund financial statements to restricted net position of the governmental activities reported in the government-wide financial statements.

Restricted Fund Balance (Exhibit C-1)	\$ 27,754,068
Unspent proceeds from bonds reclassified to net investment in capital assets	(19,747,013)
Deferred tax revenue restricted for debt service	17,282
Restricted net position (Exhibit A-1)	<u>\$ 8,024,337</u>

When an expense is incurred for purposes for which both restricted and unrestricted net position is available, the City's policy is to apply restricted net position and then unrestricted net position.

10. *Use of Estimates*

The preparation of financial statements, in conformity with Generally Accepted Accounting Principles, requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual amounts could differ from those estimates.

CITY OF CROWLEY, TEXAS
Notes to Financial Statements
September 30, 2021

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

11. *Pensions*

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

NOTE 2: DEPOSITS AND INVESTMENTS

Substantially all operating cash and investments are maintained in consolidated cash and investment accounts. Investment income relating to consolidated investments is allocated to the individual funds monthly based on the funds' pro-rata share of total cash and investments.

The City's investment policy authorizes the City to invest in U.S. Treasury obligations, U.S. government agency and instrumentality obligations, certificates of deposit, investment-grade obligations of state, provincial and local governments and public authorities, money market mutual funds regulated by the SEC and local government investment pools wither state-administered or developed through joint powers statutes and other intergovernmental agreement legislation. During the year ended September 30, 2021, the City did not own any types of securities other than those permitted by statute.

The City invests in the TexPool, which is a local government investment pool in the State of Texas. All investments are stated at amortized cost, which is in most cases approximates the market value of the securities. The objective of TexPool is to maintain a stable \$1.00 net asset value; however, the \$1.00 net asset value is not guaranteed or insured by the State of Texas. All TexPool securities are marked to market daily.

The City's investments are as follows:

<u>Investment</u>	<u>Credit Rating (1)</u>	<u>Weighted Average Maturities</u>	<u>Percentage of Total Investments</u>	<u>Cost</u>	<u>Fair Value</u>
Investment in TexPool	AAAm	34 days	100.00%	<u>\$ 53,999,817</u>	<u>\$ 53,999,817</u>

(1) Per Standard and Poor's

CITY OF CROWLEY, TEXAS
Notes to Financial Statements
September 30, 2021

NOTE 2: DEPOSITS AND INVESTMENTS (Continued)

Custodial Credit Risk – Deposits

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The City's funds are required to be deposited and invested under the terms of a depository contract. The City's deposits are required to be collateralized with securities held by the pledging institution's trust department or agent in the City's name. The pledge of approved securities is waived only to the extent of the depository bank's dollar amount of Federal Deposit Insurance Corporation ("FDIC") Insurance. At September 30, 2021, the City's deposits were covered by FDIC Insurance or collateralized with securities held by the bank's agent in the City's name.

Credit Risk– Investments

The City controls credit risk by limiting its investments to those instruments allowed by its investment policy.

Interest Rate Risk – Investments

In accordance with its investment policy, the City manages its exposure to declines in fair market values by structuring its investment portfolio so that securities mature to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities on the open market prior to maturity and investing operating funds primarily in shorter-term securities, money market mutual funds or similar investment pools and limiting the average maturity of the portfolio.

The City's investments at September 30, 2021 included the following:

The following cash and investments in the water and sewer fund are restricted for the following purposes:

	<u>Investments</u>
Business-type Activities	
Customer deposits	\$ 723,465
Bonds construction accounts	10,107,374
Total	<u>\$ 10,830,839</u>

NOTE 3: PROPERTY TAX

The City's property tax is levied (assessed) each October 1, on the value listed as of the prior January 1, for all real property and personal property located in the City. Taxes are billed and due on October 1 of each year. The last date for payment without penalty is the following January 31. Delinquent penalties are added on February 1 with additional attorney fees being added on July 1. Lien attaches to properties on the January 1 following levy date. Tarrant County bills and collects the general property taxes for the City. In the governmental funds the City's property tax revenues are recognized when levied to the extent that they result in current receivables available for financing current operations. The remaining receivables are reflected in deferred revenue.

CITY OF CROWLEY, TEXAS
Notes to Financial Statements
September 30, 2021

NOTE 4: RECEIVABLES

All receivables are shown net of an allowance for uncollectible accounts. The allowances for uncollectible accounts are based upon historical experience. Property tax, EMS and municipal court allowances for uncollectible accounts are equal to approximately 60%, 58% and 85% of the outstanding balances, respectively, at September 30, 2021. The allowance for water, and sewer trade accounts receivable is equal to the accounts receivable that are inactive (final billed) as of September 30, 2021. Receivables as of year-end for the City's major and nonmajor funds, including the applicable allowances for uncollectible accounts are as follows:

	General	Debt Service	Capital Projects	Economic Development Corporation	Nonmajor Governmental	Water and Sewer	Stormwater Utility
Receivables:							
Property taxes	\$ 127,857	\$ 43,441	\$ -	\$ -	\$ -	\$ -	\$ -
Other taxes	664,933	-	-	218,007	216,300	-	-
Accounts	1,410,644	-	-	-	-	1,169,939	69,525
Miscellaneous	950,173	-	1,116,441	-	16	20,159	-
Gross receivables	3,153,607	43,441	1,116,441	218,007	216,316	1,190,098	69,525
Less: allowance							
for uncollectibles	(1,570,125)	(26,159)	-	-	-	(236,768)	-
Net total receivables	<u>\$ 1,583,482</u>	<u>\$ 17,282</u>	<u>\$ 1,116,441</u>	<u>\$ 218,007</u>	<u>\$ 216,316</u>	<u>\$ 953,330</u>	<u>\$ 69,525</u>

NOTE 5: DEFERRED OUTFLOWS/INFLOWS OF RESOURCES

In addition to assets, the statement of financial position and or balance sheet will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City has only three items that qualify for reporting in this category, deferred charges on refunding bonds, deferred outflows related to pensions and deferred outflows related to OPEB reported in the government-wide statement of net position and proprietary fund statement of net position. A deferred charge on refunding results from the difference in the carrying value of the refunded debt and its acquisition price. The amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

In addition to liabilities, the statement of financial position and or balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents acquisition of net position or fund balance that applies to future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The city has three types of items that qualifies for reporting in this category, unavailable revenues for governmental funds, deferred inflows related to pensions and deferred inflows related to OPEB in the government-wide statement of net position and proprietary fund statement of net position. At the end of the fiscal year the components of deferred inflows in the governmental funds were as follows:

CITY OF CROWLEY, TEXAS

Notes to Financial Statements

September 30, 2021

NOTE 5: DEFERRED INFLOWS OF RESOURCES (Continued)

	General	Debt Service	Total Governmental Funds
Deferred property tax revenue	\$ 50,864	\$ 17,282	\$ 68,146
Deferred franchise tax revenue	196,009	-	196,009
Deferred EMS charges revenue	553,875	-	553,875
Deferred municipal court fees and fines	122,561	-	122,561
	<u>\$ 923,309</u>	<u>\$ 17,282</u>	<u>\$ 940,591</u>

NOTE 6: INTERFUND RECEIVABLE, PAYABLES AND TRANSFERS

The composition of interfund balances for the City's individual major funds and nonmajor funds at September 30, 2021, is as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>	<u>Purpose</u>
General	Crime Control & Prevention	\$ 55,491	Crime Control Expenses
Total governmental funds		<u>\$ 55,491</u>	

The composition of interfund transfers for the City's individual major funds and nonmajor funds at September 30, 2021, is as follows:

<u>Transfer In</u>	<u>Transfer Out</u>	<u>Amount</u>	<u>Purpose</u>
General	Water and sewer	\$ 580,466	Use unrestricted revenues collected in the water and sewer fund to finance various general fund programs in accordance with budgetary authorization.
Total governmental funds transfers in		<u>\$ 580,466</u>	

CITY OF CROWLEY, TEXAS
Notes to Financial Statements
September 30, 2021

NOTE 7: CAPITAL ASSETS

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

	Beginning Balance	Increases	Decreases	Transfers & Adjustments	Ending Balance
Governmental activities:					
Non - Depreciable Assets:					
Land	\$ 4,299,522	\$ 944,221	\$ -	\$ -	\$ 5,243,743
Construction in progress	3,857,674	7,594,914	-	-	11,452,588
Total non-depreciable assets	<u>8,157,196</u>	<u>8,539,135</u>	<u>-</u>	<u>-</u>	<u>16,696,331</u>
Depreciable Assets:					
Building and improvements	26,149,963	323,103	-	-	26,473,066
Infrastructure/utility system	20,805,952	-	-	-	20,805,952
Equipment and furniture	10,504,925	559,657	(1,099,613)	-	9,964,969
Total capital assets being depr	<u>57,460,840</u>	<u>882,760</u>	<u>(1,099,613)</u>	<u>-</u>	<u>57,243,987</u>
Accumulated Depreciation:					
Building and improvements	(9,795,639)	(901,228)	-	-	(10,696,867)
Infrastructure/utility system	(13,449,039)	(557,206)	-	-	(14,006,245)
Equipment and furniture	(7,932,194)	(593,795)	1,099,613	-	(7,426,376)
Total accumulated depreciation	<u>(31,176,872)</u>	<u>(2,052,229)</u>	<u>1,099,613</u>	<u>-</u>	<u>(32,129,488)</u>
Governmental activities capital assets, net	<u>\$ 34,441,164</u>	<u>\$ 7,369,666</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 41,810,830</u>

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

Governmental activities:	
General government	\$ 311,323
Court	1,132
Library	64,431
Public safety	389,734
Fire and ambulance	221,004
Public works	602,504
Parks	151,478
Recreation center	256,463
Animal control	54,160
Total depreciation expense - governmental activities	<u>\$ 2,052,229</u>

CITY OF CROWLEY, TEXAS
Notes to Financial Statements
September 30, 2021

NOTE 7: CAPITAL ASSETS (Continued)

	Beginning Balance	Increases	Decreases	Transfers & Adjustments	Ending Balance
Business-type activities:					
Non - Depreciable Assets:					
Land	\$ 121,751	\$ -	\$ -	\$ -	\$ 121,751
Construction in progress	83,202	221,243	-	(258,847)	45,598
Total non-depreciable assets	<u>204,953</u>	<u>221,243</u>	<u>-</u>	<u>(258,847)</u>	<u>167,349</u>
Depreciable Assets:					
Building and improvements	2,261,429	20,024	-	-	2,281,453
Infrastructure/utility system	20,545,093	50,012	-	258,847	20,853,952
Equipment and furniture	3,003,328	35,344	(73,905)	-	2,964,767
Total capital assets being depr	<u>25,809,850</u>	<u>105,380</u>	<u>(73,905)</u>	<u>258,847</u>	<u>26,100,172</u>
Accumulated Depreciation:					
Building and improvements	(769,284)	(69,073)	-	-	(838,357)
Infrastructure/utility system	(9,929,289)	(648,911)	-	-	(10,578,200)
Equipment and furniture	(2,404,966)	(105,015)	73,905	-	(2,436,076)
Total accumulated depreciation	<u>(13,103,539)</u>	<u>(822,999)</u>	<u>73,905</u>	<u>-</u>	<u>(13,852,633)</u>
Business-type activities capital assets, net	<u>\$ 12,911,264</u>	<u>\$ (496,376)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 12,414,888</u>

Depreciation expense was charged to functions/programs of the business-type activities as follows:

Business-type activities:	
Water and sewer	\$ 762,343
Stormwater utility	<u>60,656</u>
Total depreciation expense - business-type activities	<u>\$ 822,999</u>

NOTE 8: GOVERNMENTAL ACTIVITIES LONG-TERM DEBT

The general obligation bonds and certificates of obligation bonds principal and interest are paid by the debt service fund, economic development corporation and crime control and prevention district while the sales tax revenue bonds are paid solely by the economic development corporation. Repayment of principal and interest maturities is principally made from property and sales tax revenues. Also, for governmental activities, compensated absences, pension liability and other postemployment benefit liability are generally liquidated by the general fund.

CITY OF CROWLEY, TEXAS

Notes to Financial Statements

September 30, 2021

NOTE 8: GOVERNMENTAL ACTIVITIES LONG-TERM DEBT (continued)

As of September 30, 2021, the City had the following governmental activities long-term debt outstanding:

	<u>09/30/2020</u>	<u>Additions</u>	<u>Retirements</u>	<u>09/30/2021</u>	<u>Due Within One Year</u>
General Obligation Bonds					
Direct Placements					
\$4,920,000; General Obligation Refunding Bonds, Series 2013, due in semi-annual installments from 2/1/2014; 2.19% until 2/1/2025.	\$ 2,185,000	\$ -	\$ 460,000	\$ 1,725,000	\$ 475,000
Total	2,185,000	-	460,000	1,725,000	475,000
Not Direct Placements					
\$1,855,000; General Obligation Refunding Bonds, Series 2012; due in semi-annual installments from 2/1/2013; 2.00% - 3.00% until 2/1/2022.	190,000	-	95,000	95,000	95,000
Series 2012 unamortized bond premium	77,041	-	38,521	38,520	38,520
 \$590,000; General Obligation Refunding Bonds, Series 2012A; due in semi-annual installments from 2/1/2014; 2.00% 3.00% until 2/1/2023.	200,000	-	65,000	135,000	65,000
Series 2012A unamortized bond premium	14,974	-	4,991	9,983	4,991
 \$4,745,000; General Obligation Refunding Bonds, Series 2017, due in semi-annual installments from 2/1/2018; 3.00% until 2/1/2029.	4,310,000	-	425,000	3,885,000	435,000
Series 2017 unamortized bond premium	185,533	-	20,940	164,593	20,940
Total	4,977,548	-	649,452	4,328,096	659,451
 Total General Obligation Bonds	<u>\$ 7,162,548</u>	<u>\$ -</u>	<u>\$ 1,109,452</u>	<u>\$ 6,053,096</u>	<u>\$ 1,134,451</u>
 Revenue Bonds					
\$2,180,000; Sales Tax Revenue Bonds, Taxable Series 2016 due in annual installments from 8/1/17; 3.00% - 5.00% until 8/1/2031.	\$ 1,760,000	\$ -	\$ 130,000	\$ 1,630,000	\$ 135,000
Series 2016 unamortized premium	111,533	-	10,139	101,394	10,139
Total Revenue Bonds	<u>\$ 1,871,533</u>	<u>\$ -</u>	<u>\$ 140,139</u>	<u>\$ 1,731,394</u>	<u>\$ 145,139</u>

CITY OF CROWLEY, TEXAS
Notes to Financial Statements
September 30, 2021

NOTE 8: GOVERNMENTAL ACTIVITIES LONG-TERM DEBT (Continued)

	<u>09/30/2020</u>	<u>Additions</u>	<u>Retirements</u>	<u>09/30/2021</u>	<u>Due Within One Year</u>
Certificates of Obligation					
\$4,890,000; Certificates of Obligation, Series 2012 due in semi-annual installments from 2/1/2013; 2.00% - 3.50% until 2/1/2032.	\$ 3,275,000	\$ -	\$ 225,000	\$ 3,050,000	\$ 230,000
Series 2012 unamortized premium	35,897	-	2,992	32,905	2,992
 \$2,970,000; Combination Tax and Limited Pledge Revenue Certificates of Obligation, Series 2016 due in annual installments from 2/1/17; 2.00% - 3.00% until 2/1/2025.	2,545,000	-	130,000	2,415,000	135,000
Series 2016 unamortized premium	58,136	-	3,633	54,503	3,633
 \$11,080,000; Combination and Limited Pledge Revenue Certificates of Obligation, Series 2018 due in annual installments from 8/1/19; 3.50% - 5.00% until 8/1/2038.	10,615,000	-	480,000	10,135,000	410,000
Series 2018 unamortized premium	545,514	-	30,307	515,207	30,307
 \$3,000,000; Combination and Limited Pledge Revenue Certificates of Obligation, Series 2020 due in annual installments from 2/1/21; 3.00% - 6.00% until 2/1/2040.	3,000,000	-	50,000	2,950,000	75,000
Series 2020 unamortized premium	79,351	-	3,968	75,383	3,968
 \$12,885,000; Combination and Limited Pledge Revenue Certificates of Obligation, Series 2021 due in annual installments from 2/1/22; 2.00% - 5.00% until 2/1/2041.	-	12,885,000	-	12,885,000	135,000
Series 2021 unamortized premium	-	1,232,634	-	1,232,634	61,632
Total Certificates of Obligation	<u>\$ 20,153,898</u>	<u>\$ 14,117,634</u>	<u>\$ 925,900</u>	<u>\$ 33,345,632</u>	<u>\$ 1,087,532</u>
 Total OPEB liability	<u>\$ 269,463</u>	<u>\$ 62,096</u>	<u>\$ -</u>	<u>\$ 331,559</u>	<u>\$ -</u>
 Net pension liability	<u>\$ 2,453,828</u>	<u>\$ -</u>	<u>\$ 143,490</u>	<u>\$ 2,310,338</u>	<u>\$ -</u>
 Compensated absences	<u>\$ 603,563</u>	<u>\$ 551,464</u>	<u>\$ 434,565</u>	<u>\$ 720,462</u>	<u>\$ 518,733</u>
Total Governmental Activities	<u>\$ 32,514,833</u>	<u>\$ 14,731,194</u>	<u>\$ 2,753,546</u>	<u>\$ 44,492,481</u>	<u>\$ 2,885,855</u>

CITY OF CROWLEY, TEXAS
Notes to Financial Statements
September 30, 2021

NOTE 8: GOVERNMENTAL ACTIVITIES LONG-TERM DEBT (Continued)

The aggregate debt service payments to maturity of the governmental activities general obligation bonds (not direct placement), certificates of obligation bonds and sales tax revenue bonds are as follows:

Year Ending September 30,	General Obligation		Certificates of Obligation		Sales Tax Revenue Bonds		Total
	Principal	Interest	Principal	Interest	Principal	Interest	
2022	\$ 595,000	\$ 116,950	\$ 985,000	\$ 1,043,375	\$ 135,000	\$ 74,250	\$ 2,949,575
2023	520,000	100,225	1,020,000	1,035,394	140,000	68,850	2,884,469
2024	460,000	85,525	1,225,000	987,144	145,000	63,250	2,965,919
2025	475,000	70,906	1,465,000	929,669	150,000	57,450	3,148,025
2026	495,000	55,144	1,590,000	862,469	155,000	51,450	3,209,063
2027 - 2031	1,570,000	71,700	9,110,000	3,173,375	905,000	140,250	14,970,325
2032 - 2036	-	-	9,390,000	1,530,949	-	-	10,920,949
2037 - 2041	-	-	6,650,000	358,113	-	-	7,008,113
Total debt service requirements	4,115,000	500,450	31,435,000	9,920,488	1,630,000	455,500	48,056,438
Add: Unamortized premium	213,096	-	1,910,632	-	101,394	-	2,225,122
	<u>\$ 4,328,096</u>	<u>\$ 500,450</u>	<u>\$ 33,345,632</u>	<u>\$ 9,920,488</u>	<u>\$ 1,731,394</u>	<u>\$ 455,500</u>	<u>\$ 50,281,560</u>

Governmental bonds from direct placements include a provision that in the event the City defaults in the payments or performance of covenants, conditions, or obligations, the holders of the bonds shall be entitled to seek a writ of mandamus issued by a court of proper jurisdiction compelling and requiring the governing body of the City to observe and perform the covenant, condition and obligation prescribed by the bond ordinance.

Year Ending September 30,	General Obligation		Total
	Principal	Interest	
2022	\$ 475,000	\$ 32,576	\$ 507,576
2023	485,000	22,064	507,064
2024	500,000	11,279	511,279
2025	265,000	2,902	267,902
Total debt service requirements	<u>\$ 1,725,000</u>	<u>\$ 68,821</u>	<u>\$ 1,793,821</u>

CITY OF CROWLEY, TEXAS
Notes to Financial Statements
September 30, 2021

NOTE 9: BUSINESS-TYPE LONG-TERM DEBT

	<u>09/30/2020</u>	<u>Additions</u>	<u>Retirements</u>	<u>09/30/2021</u>	<u>Due Within One Year</u>
General Obligation Bonds					
\$1,945,000; General Obligation Refunding Bonds, Series 2012A; due in semi-annual installments from 2/1/2014; 2.00% 3.00% until 2/1/2023.	\$ 660,000	\$ -	\$ 210,000	\$ 450,000	\$ 220,000
Series 2012A unamortized bond premium	49,629	-	15,510	34,119	15,510
 \$1,800,000; General Obligation Refunding Bonds, Series 2017, due in semi-annual installments from 2/1/2018; 3.00% until 2/1/2029.	 1,630,000	 -	 160,000	 1,470,000	 165,000
Series 2017 unamortized bond premium	70,007	-	7,778	62,229	7,778
 \$1,405,000; General Obligation Refunding Bonds, Series 2020, due in semi-annual installments from 2/1/2022; 1.31% until 2/1/2031.	 -	 1,405,000	 -	 1,405,000	 135,000
Total General Obligation Bonds	<u>\$ 2,409,636</u>	<u>\$ 1,405,000</u>	<u>\$ 393,288</u>	<u>\$ 3,421,348</u>	<u>\$ 543,288</u>
Certificates of Obligation					
\$2,500,000; Combination Tax and Limited Pledge Revenue Certificates of Obligation, Series 2011 due in annual installments from 2/1/2012; 2.00% - 4.50% until 2/1/2029.	\$ 1,485,000	\$ -	\$ 1,485,000	\$ -	\$ -
Series 2011 unamortized premium	43,180	-	43,180	-	-
 \$2,965,000; Combination Tax and Limited Pledge Revenue Certificates of Obligation, Series 2016 due in annual installments from 2/1/17; 2.00% - 3.00% until 2/1/2025.	 2,600,000	 -	 160,000	 2,440,000	 160,000
Series 2016 unamortized premium	57,560	-	3,825	53,735	3,825
 \$7,810,000; Combination Tax and Limited Pledge Revenue Certificates of Obligation, Series 2019 due in annual installments from 2/1/20; 2.00% - 5.00% until 2/1/2039.	 7,500,000	 -	 285,000	 7,215,000	 295,000
Series 2019 unamortized premium	308,059	-	16,214	291,845	16,214
Total Certificates of Obligation	<u>\$ 11,993,799</u>	<u>\$ -</u>	<u>\$ 1,993,219</u>	<u>\$ 10,000,580</u>	<u>\$ 475,039</u>
 Total OPEB liability	 <u>\$ 20,282</u>	 <u>\$ 4,675</u>	 <u>\$ -</u>	 <u>\$ 24,957</u>	 <u>\$ -</u>
 Net pension liability	 <u>\$ 184,697</u>	 <u>\$ -</u>	 <u>\$ 10,800</u>	 <u>\$ 173,897</u>	 <u>\$ -</u>
 Compensated absences	 <u>\$ 43,815</u>	 <u>\$ 36,989</u>	 <u>\$ 31,547</u>	 <u>\$ 49,257</u>	 <u>\$ 35,465</u>
 Total Business-Type Activities	<u>\$ 14,652,229</u>	<u>\$ 1,446,664</u>	<u>\$ 2,428,854</u>	<u>\$ 13,670,039</u>	<u>\$ 1,053,792</u>

CITY OF CROWLEY, TEXAS
Notes to Financial Statements
September 30, 2021

NOTE 9: BUSINESS-TYPE ACTIVITIES LONG-TERM DEBT (Continued)

The aggregate debt service requirements to maturity for business-type activities general obligation bonds and certificates of obligation outstanding as of September 30, 2021, are as follows:

Year Ending September 30,	General Obligation		Certificates of Obligation		Total
	Principal	Interest	Principal	Interest	
2022	\$ 520,000	\$ 70,271	\$ 455,000	\$ 254,720	\$ 1,299,991
2023	535,000	56,728	480,000	234,595	1,306,323
2024	305,000	46,409	470,000	213,895	1,035,304
2025	315,000	39,166	485,000	197,970	1,037,136
2026	330,000	31,352	500,000	183,857	1,045,209
2027 - 2031	1,320,000	50,865	2,740,000	677,419	4,788,284
2032 - 2036	-	-	3,085,000	345,409	3,430,409
2037 - 2041	-	-	1,440,000	52,815	1,492,815
Total debt service requirements	3,325,000	294,791	9,655,000	2,160,680	15,435,471
Add: Unamortized premium	96,348	-	345,580	-	441,928
	<u>\$ 3,421,348</u>	<u>\$ 294,791</u>	<u>\$ 10,000,580</u>	<u>\$ 2,160,680</u>	<u>\$ 15,877,399</u>

On November 5, 2020, the City issued \$1,405,000 of General Obligation Refunding Bonds, Series 2020. The bonds consisted of General Obligation bonds with an interest rate of 1.31%. The net proceeds were used to refund the Certificates of Obligation, Series 2011. The refunding decreased debt service payments for the City by \$201,934 with a net present value savings (economic gain) of \$186,657 or 13.58%.

The various bond ordinances contain a number of limitations and restrictions. Management believes the City is in compliance with all significant limitation and restrictions at September 30, 2021.

NOTE 10: RISK MANAGEMENT

The City is exposed to various risk of loss related to torts; theft of, damage to and destruction of assets, errors and omissions; injuries to employees; and natural disasters. The City is a member of the Texas Municipal League and participates in the Intergovernmental Risk Pool insurance coverage and are 100% covered through third-party insurance policies. The City has maintained insurance coverage in all major categories of risk comparable to that of the prior year with not reduction in coverage. The amount of settlements during the past three years has not exceeded the insurance coverage.

CITY OF CROWLEY, TEXAS
Notes to Financial Statements
September 30, 2021

NOTE 11: DEFINED BENEFIT PENSION PLANS

Plan Description

The City participates in one of 895 plans in the defined benefit cash-balance 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 cities. The TRMS 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 Comprehensive Annual Financial Report (Annual Report) that can be obtained at www.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 Member may select one of seven monthly benefit 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 Member contributions and interest.

The plan provisions are adopted by the governing body of the City, within the options available in the state statutes governing TMRS. Plan provisions for the City were as follows:

	<u>Plan Year 2020</u>
Employee deposit rate	6%
Matching ratio (city to employee)	2-1
Years required for vesting	5
Service retirement eligibility (expressed as age/years of service)	60/5, 0/20
Updated service credit	100%
Annuity increase (to retirees)	70% of CPI

CITY OF CROWLEY, TEXAS
Notes to Financial Statements
September 30, 2021

NOTE 11: DEFINED BENEFIT PENSION PLANS (continued)

Employees Covered by Benefit Terms

At the December 31, 2020 valuation and measurement date, the following employees were covered by the benefit terms:

Active employees	114
Inactive employees or beneficiaries currently receiving benefits	65
Inactive employees entitled to but not yet receiving benefits	99
	<u>278</u>

Contributions

Member contribution rates in 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 6% of their annual gross earnings during the fiscal year. The contribution rates for the City were 10.95% and 11.33% in calendar years 2020 and 2021, respectively. The city's contributions to TMRS for the year ended September 30, 2021, were \$864,843, and were equal to the required contributions.

Net Pension Liability

The City's Net Pension Liability (NPL) was measured as of December 31, 2020, and the Total Pension Liability (TPL) used to calculate the Net Pension Liability was determined by an actuarial valuation as of that date.

Actuarial Assumptions

The Total Pension Liability in the December 31, 2020 actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.50% 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

CITY OF CROWLEY, TEXAS

Notes to Financial Statements

September 30, 2021

NOTE 11: DEFINED BENEFIT PENSION PLANS (continued)

Salary increases are based on a service-related table. Mortality rates for active members are based on the PUB(10) mortality tables with Public Safety table used for males and the General Employee table used for females. Mortality rates for healthy retirees and beneficiaries are based on the Gender-distinct 2019 Municipal Retirees of Texas mortality tables. The rates for actives, healthy retirees and beneficiaries are projected on a fully generational basis by Scale UMP to account for future mortality improvements. For disabled annuitants, the same mortality tables for healthy retirees 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 UMP to account for future mortality improvements subject to the floor.

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

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. In determining their best estimate of a recommended investment return assumption under the various alternative asset allocation portfolios, GRS focused on the area between (1) arithmetic mean (aggressive) without an adjustment for time (conservative) and (2) the geometric mean (conservative) with an adjustment for time (aggressive). The target allocation and best estimates of arithmetic real rates of return for each major asset class in fiscal year 2021 are summarized in the following table:

Assest Class	Target Allocation	Long-Term Expected Rate of Return (Arithmetic)
Global Equity	30.00%	5.30%
Core Fixed Income	10.00%	1.25%
Non-Core Fixed Income	20.00%	4.14%
Real Return	10.00%	3.85%
Real Estate	10.00%	4.00%
Absolute Return	10.00%	3.48%
Private Equity	10.00%	7.75%
Total	100.00%	

CITY OF CROWLEY, TEXAS
Notes to Financial Statements
September 30, 2021

NOTE 11: DEFINED BENEFIT PENSION PLANS (continued)

Discount Rate

The discount rate used to measure the Total Pension Liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that 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

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
	(a)	(b)	(a) - (b)
Balance at 12/31/19	\$ 22,332,948	\$ 19,694,423	\$ 2,638,525
Changes for the year:			
Service cost	1,041,224	-	1,041,224
Interest	1,517,914	-	1,517,914
Changes in net benefit terms	-	-	-
Difference between expected and actual experience	11,496	-	11,496
Change of assumptions	-	-	-
Contributions - employer	-	800,661	(800,661)
Contributions - employee	-	438,718	(438,718)
Net investment income	-	1,495,595	(1,495,595)
Benefit payments, including refunds of employee contributions	(731,880)	(731,880)	-
Administrative expense	-	(9,673)	9,673
Other changes	-	(376)	376
Net changes	1,838,754	1,993,045	(154,291)
Balance at 12/31/20	<u>\$ 24,171,702</u>	<u>\$ 21,687,468</u>	<u>\$ 2,484,234</u>

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

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

	1% Decrease in Discount Rate (5.75%)	Discount Rate (6.75%)	1% Increase in Discount Rate (7.75%)
City's Net Pension Liability	\$6,494,576	\$2,484,234	(\$742,353)

CITY OF CROWLEY, TEXAS
Notes to Financial Statements
September 30, 2021

NOTE 11: DEFINED BENEFIT PENSION PLANS (continued)

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 www.tmr.com.

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

For the year ended September 30, 2021, the City recognized pension expense of \$759,689.

At September 30, 2021, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference in expected and actual experience	\$ 279,333	\$ -
Difference in assumption changes	56,920	-
Difference in projected and actual earnings	-	561,428
Contributions subsequent to the measurement date	666,005	-
Total	<u>\$ 1,002,258</u>	<u>\$ 561,428</u>

\$666,005 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction to the net pension liability for the year ending September 30, 2021. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended September 30:	
2021	\$ (32,645)
2022	135,052
2023	(294,336)
2024	(33,246)
2025	-
Thereafter	-
	<u>\$ (225,175)</u>

CITY OF CROWLEY, TEXAS

Notes to Financial Statements

September 30, 2021

NOTE 12. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)

Plan Description

The City's defined benefit OPEB plan, Supplemental Death Benefits Fund (SDBF), provides OPEB for active employees and retirees. The SDBF is a single employer defined benefit plan administered by the Texas Municipal Retirement System (TMRS). This is a voluntary program in which participating member cities may elect, by ordinance, to provide group-term life insurance benefit for their active members, including or not including retirees.

The City may terminate coverage and discontinue participation in the SDBF by adopting an ordinance before November 1 of any year to be effective the following January 1. No assets are accumulated in a trust that meets the criteria in paragraph 4 of *GASB Statement No. 75*.

Benefits Provided

The death benefit for active employees provides a lump sum payment approximately equal to the employee's annual salary (calculated based on the employee's actual earnings, for the 12-month period preceding the month of death). The death benefit for retirees is considered an other postemployment benefit (OPEB) and is a fixed amount of \$7,500.

At December 31, 2020 valuation and measurement date, the following employees were covered by the benefit terms:

Active employees	114
Inactive employees currently receiving benefits	39
Inactive employees entitled to but not yet receiving benefits	15
	<u>168</u>

Contributions

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

Total OPEB Liability

The City's Total OPEB Liability of \$356,515 was measured as of December 31, 2020 and was determined by an actuarial valuation as of that date.

CITY OF CROWLEY, TEXAS
Notes to Financial Statements
September 30, 2021

NOTE 12. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (continued)

Actuarial Assumptions and Other Inputs

The Total OPEB Liability in the December 31, 2020 actuarial valuation was determined using actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.50% per year
Salary increases	3.50% to 11.50% including inflation
Retiree's share of benefit-related costs	\$0

All administrative expenses are paid through the Pension Trust and accounted for under reporting requirements under GASB Statement No. 68.

Mortality rates for service retirees were based on the 2019 Municipal Retirees of Texas Mortality Tables. The rates are projected on a fully generational basis with scale UMP.

Mortality rates for disabled retirees were based on the 2019 Municipal Retirees of Texas Mortality Tables with a 4 year set-forward for males and a 3 year set-forward for females. In addition, a 3.5% and 3% minimum mortality rate will be applied to reflect the impairment for younger members who become disabled for males and females, respectively. The rates are projected on a fully generational basis by scale UMP to account for future mortality improvements subject to the floor.

The actuarial assumptions used in the December 31, 2019 valuation were based on the results of an actuarial experience study for the period December 31, 2014 to December 31, 2018.

Discount Rate

The discount rate used to measure the Total OPEB Liability was 2.00%. The discount rate was based on the Fidelity Index's "20-Year Municipal GO AA Index" rate as of December 31, 2020.

CITY OF CROWLEY, TEXAS
Notes to Financial Statements
September 30, 2021

NOTE 12. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (continued)

Changes in the Total OPEB Liability

	Total OPEB Liability
Balance at 12/31/19	\$ 289,745
Changes for the year:	
Service cost	19,742
Interest	8,219
Changes in net benefit terms	-
Difference between expected and actual experience	(11,498)
Changes of assumptions or other inputs	51,769
Benefit payments**	(1,462)
Net changes	66,770
Balance at 12/31/20	<u>\$ 356,515</u>

**Due to the SDBF being considered an unfunded OPEB plan under GASB 75, benefit payments are treated as being equal to the employer's yearly contributions for retirees.

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate

The following presents the total OPEB liability of the City, calculated using the discount rate of 2.75%, as well as what the City's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.00%) or 1-percentage-point higher (3.00%) than the current rate:

	1% Decrease in Discount Rate (1.00%)	Discount Rate (2.00%)	1% Increase in Discount Rate (3.00%)
City's Total OPEB Liability	\$444,133	\$356,515	\$289,815

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

For the year ended September 30, 2021, the City recognized OPEB expense of \$40,979.

At September 30, 2021, the City reported deferred outflows of resources and deferred outflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference in expected and actual experience	\$ -	\$ 15,682
Difference in assumption changes	78,012	-
Contributions subsequent to the measurement date	8,230	-
Total	<u>\$ 86,242</u>	<u>\$ 15,682</u>

CITY OF CROWLEY, TEXAS

Notes to Financial Statements

September 30, 2021

NOTE 12. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (continued)

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

Amounts reported as deferred outflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ended September 30:

2021	\$	13,018
2022		13,018
2023		12,730
2024		10,531
2025		12,242
Thereafter		791
	\$	<u>62,330</u>

NOTE 13: CONTINGENT LIABILITIES

Federal and State Programs

Federal and state funding received related to various grant programs are based upon periodic reports detailing reimbursable expenditures made, in compliance with program guidelines, to the grantor agency.

These programs are governed by various statutory rules and regulations of grantors. Amounts received and receivable under these various funding programs are subject to periodic audit and adjustment by the funding agencies. To the extent, if any, the City has not complied with all the rules and regulations with respect to performance, financial or otherwise, adjustment to or return of fund monies may be required.

As it pertains to other matters of compliance, in the opinion of the City's administration, there are no significant contingent liabilities relating to matters of compliance and accordingly, no provision has been made in the accompanying financial statements for such contingencies.

Litigation

Various claims and lawsuits are pending against the City. Although the outcome of these lawsuits is not presently determinable, it is the opinion of City management and legal counsel that the potential loss on all claims will be covered by the City's insurance policy or will not have a material adverse effect on the financial condition of the City.

CITY OF CROWLEY, TEXAS

Notes to Financial Statements

September 30, 2021

NOTE 14: CONTRACTS AND COMMITMENTS

A. Water and Sewer Contracts

The City has separate contracts with the City of Fort Worth, Texas for the purchase of treated water and for the treatment of wastewater. The contracts require the City to pay varying amounts based on the costs associated with water purchased and treated. Purchases during 2021 of treated water were \$1,321,068 and for the treatment of wastewater were \$1,167,591.

B. Construction Contracts

The City entered into an \$8,237,558 construction contract for the Main Street renovation project. TxDOT will pay 80% of the costs up to \$4,500,000. Expenditures for the project as of September 30, 2021 were \$4,500,858.

NOTE 15: CORONAVIRUS LOCAL FISCAL RECOVERY FUND

Under the American Rescue Plan Act of 2021, the Coronavirus Local Fiscal Recovery Fund (CLFRF) provides emergency funding for eligible local governments. The U.S. Treasury manages the distribution of these funds to Texas counties and cities with populations above 50,000. Cities, villages, towns, and townships serving populations of less than 50,000 are classified as non-entitlement units of local government (NEUs) and will receive funding distributed by TDEM. \$2,039,278 or 50%, of the total award amount of \$4,078,557 was received during the year ended September 30, 2021. The funds have not been spent yet and are reported as unearned revenue.

NOTE 16: SUBSEQUENT EVENTS

On October 21, 2021, City Council approved the issuance of the General Obligation Refunding Bonds, Series 2021 in the amount of \$2,580,000. The bonds will refund the Combination Tax and Limited Pledge Revenue Certificates of Obligation, Series 2012. The City's debt service payments will be reduced by \$269,721 as a result of the refunding.

Subsequent events were evaluated through February 9, 2022, which is the date the financial statements were available to be issued.

NOTE 17: FUTURE ACCOUNTING PRONOUNCEMENTS

GASB Statement No. 87, *Leases*. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This statement is effective for reporting periods beginning after June 15, 2021. The City has not yet determined the effect of this statement will have on its financial reporting.

REQUIRED SUPPLEMENTARY INFORMATION

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CITY OF CROWLEY, TEXAS
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
General Fund
For the Year Ended September 30, 2021

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
REVENUES				
Taxes:				
Property	\$ 6,158,644	\$ 6,352,500	\$ 6,314,409	\$ (38,091)
Sales	2,057,500	2,307,500	2,416,269	108,769
Franchise	797,500	797,500	766,435	(31,065)
Charges for service	1,776,000	1,999,862	2,131,247	131,385
Fees and fines	356,700	507,657	600,086	92,429
Licenses and permits	755,800	755,800	705,654	(50,146)
Grants and contributions	301,000	332,500	430,974	98,474
Oil & gas revenue	-	-	118,389	118,389
Investment earnings	110,000	110,000	12,401	(97,599)
Other revenue	14,400	14,400	196,094	181,694
Total revenues	12,327,544	13,177,719	13,691,958	514,239
EXPENDITURES				
Administrative and finance	978,584	978,584	1,058,230	(79,646)
Municipal court	253,809	253,809	226,227	27,582
Library	548,592	583,312	573,951	9,361
Senior center	27,279	27,279	19,178	8,101
Public safety	3,408,350	3,451,235	3,291,192	160,043
Fire and ambulance	3,495,746	3,505,856	3,474,620	31,236
Public works	778,236	792,716	624,861	167,855
Parks	391,020	456,180	362,453	93,727
Recreation Center	590,611	680,804	563,336	117,468
Animal Control	272,856	278,236	285,447	(7,211)
Code enforcement	70,950	70,950	69,611	1,339
Community development	572,376	572,376	387,177	185,199
Community center	17,405	17,405	12,422	4,983
Sanitation	815,000	815,000	931,611	(116,611)
Capital project	-	771,048	772,015	(967)
Nondepartmental	683,865	718,534	692,161	26,373
Total expenditures	12,904,679	13,973,324	13,344,492	628,832
Excess (deficiency) of revenues over (under) expenditures	(577,135)	(795,605)	347,466	1,143,071
OTHER FINANCING SOURCES (USES)				
Transfers in	580,466	580,466	580,466	-
Total other financing sources (uses)	580,466	580,466	580,466	-
Net change in fund balances	3,331	(215,139)	927,932	1,143,071
Fund balance - beginning	10,141,007	10,141,007	10,141,007	-
Fund balance - ending	\$ 10,144,338	\$ 9,925,868	\$ 11,068,939	\$ 1,143,071

The accompanying notes to the required supplementay information are an integral part of this schedule.

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CITY OF CROWLEY, TEXAS
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
Economic Development Corporation
For the Year Ended September 30, 2021

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
REVENUES				
Sales tax	\$ 1,025,000	\$ 1,025,000	\$ 1,200,266	\$ 175,266
Other revenue	266,668	266,668	112,516	(154,152)
Investment earnings	8,000	8,000	2,633	(5,367)
Total revenues	<u>1,299,668</u>	<u>1,299,668</u>	<u>1,315,415</u>	<u>15,747</u>
EXPENDITURES				
Administrative	219,510	603,715	729,433	(125,718)
Economic development	69,000	341,278	2,499,268	(2,157,990)
Capital outlay	-	7,500	7,500	-
Debt service				
Principal	325,000	325,000	325,000	-
Interest and fiscal charges	345,725	345,725	346,673	(948)
Total expenditures	<u>959,235</u>	<u>1,623,218</u>	<u>3,907,874</u>	<u>(2,284,656)</u>
Net change in fund balances	340,433	(323,550)	(2,592,459)	(2,268,909)
Fund balance - beginning	<u>6,958,799</u>	<u>6,958,799</u>	<u>6,958,799</u>	<u>-</u>
Fund balance - ending	<u>\$ 7,299,232</u>	<u>\$ 6,635,249</u>	<u>\$ 4,366,340</u>	<u>\$ (2,268,909)</u>

The accompanying notes to the required supplementay information are an integral part of this schedule.

CITY OF CROWLEY, TEXAS

Schedule of Changes in Net Pension Liability and Related Ratios

Last 10 Years (will ultimately be displayed)

	2014	2015	2016
Total Pension Liability			
Service cost	\$ 689,124	\$ 737,801	\$ 761,876
Interest (on the Total Pension Liability)	961,835	1,028,535	1,094,661
Changes in net benefit terms (TMRS Plan Participation)	-	-	-
Difference between expected and actual experience	(314,507)	199,815	(171,608)
Change of assumptions	-	22,670	-
Benefit payments, including refunds of employee contributions	(332,931)	(482,919)	(471,107)
Net change in total pension liability	1,003,521	1,505,902	1,213,822
Total pension liability - beginning	13,562,397	14,565,918	16,071,820
Total pension liability - ending	<u>\$ 14,565,918</u>	<u>\$ 16,071,820</u>	<u>17,285,642</u>
Plan Fiduciary Net Position			
Contributions - employer	\$ 509,970	\$ 560,076	\$ 547,783
Contributions - employee	301,460	316,426	320,340
Net investment income	679,713	19,225	906,744
Benefit payments, including refunds of employee contributions	(332,931)	(482,919)	(471,107)
Administrative expense	(7,095)	(11,712)	(10,251)
Other	(583)	(578)	(552)
Net change in plan fiduciary net position	1,150,534	400,518	1,292,957
Plan fiduciary net position - beginning	11,879,419	13,029,953	13,430,471
Plan fiduciary net position - ending	<u>\$ 13,029,953</u>	<u>\$ 13,430,471</u>	<u>\$ 14,723,428</u>
Net Pension Liability	<u>\$ 1,535,965</u>	<u>\$ 2,641,349</u>	<u>\$ 2,562,214</u>
 Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	 89.46%	 83.57%	 85.18%
 Covered-employee Payroll	 \$ 5,024,334	 \$ 5,273,772	 \$ 5,339,006
 Net Pension Liability as a Percentage of Covered Employee Payroll	 30.57%	 50.08%	 47.99%

The accompanying notes to the required supplementay information are an integral part of this schedule.

Exhibit E-3

2017	2018	2019	2020
\$ 809,245	\$ 885,458	\$ 945,202	\$ 1,041,224
1,165,642	1,262,609	1,379,106	1,517,914
-	-	-	-
143,078	234,189	331,400	11,496
-	-	106,850	-
(842,986)	(596,064)	(776,423)	(731,880)
1,274,979	1,786,192	1,986,135	1,838,754
17,285,642	18,560,621	20,346,813	22,332,948
18,560,621	20,346,813	22,332,948	24,171,702
\$ 612,770	\$ 658,211	\$ 713,371	\$ 800,661
341,694	371,521	397,422	438,718
2,039,047	(504,971)	2,593,887	1,495,595
(842,986)	(596,064)	(776,423)	(731,880)
(10,575)	(9,762)	(14,659)	(9,673)
(537)	(510)	(441)	(376)
2,139,413	(81,575)	2,913,157	1,993,045
14,723,428	16,862,841	16,781,266	19,694,423
\$ 16,862,841	\$ 16,781,266	\$ 19,694,423	\$ 21,687,468
\$ 1,697,780	\$ 3,565,547	\$ 2,638,525	\$ 2,484,234
90.85%	82.48%	88.19%	89.72%
\$ 5,694,899	\$ 6,192,015	\$ 6,623,700	\$ 7,311,968
29.81%	57.58%	39.83%	33.97%

CITY OF CROWLEY, TEXAS**Schedule of Contributions****Last 10 Fiscal Years (will ultimately be displayed)**

	2014	2015	2016	2017
Actuarially Determined Contributions	\$ 518,829	\$ 554,893	\$ 543,837	\$ 595,975
Contributions in relation to the actuarially determined contributions	505,650	551,534	543,837	595,975
Contribution deficiency (excess)	\$ 13,179	\$ 3,359	\$ -	\$ -
Covered employee payroll	\$ 4,987,378	\$ 5,257,985	\$ 5,248,757	\$ 5,611,602
Contributions as a percentage of covered employee payroll	10.14%	10.49%	10.36%	10.62%

The accompanying notes to the required supplementary information are an integral part of this schedule.

Exhibit E-4

2018	2019	2020	2021
<u>\$ 647,135</u>	<u>\$ 692,597</u>	<u>\$ 811,200</u>	<u>\$ 864,843</u>
<u>647,135</u>	<u>692,597</u>	<u>811,200</u>	<u>864,843</u>
\$ -	\$ -	\$ -	\$ -
\$ 6,067,638	\$ 6,453,864	\$ 7,440,180	\$ 7,694,112
10.67%	10.73%	10.90%	11.24%

CITY OF CROWLEY, TEXAS**Schedule of Changes in Total OPEB Liability and Related Ratios****Last 10 Years (will ultimately be displayed)**

	2017	2018	2019
Total OPEB Liability			
Service cost	\$ 11,390	\$ 14,242	\$ 13,910
Interest (on the Total OPEB Liability)	7,276	7,656	8,317
Changes in net benefit terms	-	-	-
Difference between expected and actual experience	-	(9,834)	(716)
Change of assumptions or other inputs	19,900	(17,734)	51,672
Benefit payments	(1,139)	(1,238)	(1,325)
Net change in total OPEB liability	37,427	(6,908)	71,858
Total OPEB liability - beginning	187,368	224,795	217,887
Total OPEB Liability	\$ 224,795	\$ 217,887	\$ 289,745
 Covered-employee payroll	 \$ 5,694,899	 \$ 6,192,015	 \$ 6,623,700
 Total OPEB liability as a percentage of covered employee payroll	 3.95%	 3.52%	 4.37%

The accompanying notes to the required supplementay information are an integral part of this schedule.

Exhibit E-5

<u>2020</u>	
\$	19,742
	8,219
	-
	(11,498)
	51,769
	<u>(1,462)</u>
	66,770
	<u>289,745</u>
\$	<u><u>356,515</u></u>
\$	7,311,968

4.88%

CITY OF CROWLEY
Notes to the Required Supplementary Information
For the Year Ended September 30, 2021

Budget

The City Council adopts an annual budget on a basis consistent with generally accepted accounting principles for the general fund, debt service fund and major special revenue funds. The water and sewer fund budget is adopted on the modified accrual basis of accounting which is not GAAP basis for enterprise funds. City management may transfer part or all of any unencumbered appropriation balance within specific programs; however, any revisions that alter the total expenditures of a program must be approved by the City Council. The legal level of control is at the fund level.

All unused appropriations, except appropriations for capital expenditures, lapse at the close of the fiscal year to the extent they have not been expended or encumbered. An appropriation for capital expenditures shall continue in force until the purpose for which it was made is accomplished or abandoned.

Excess of Expenditures over Appropriations

In the general fund, administrative and finance, animal control, sanitation, and capital projects exceeded appropriations by \$79,646, \$7,211, \$116,611, and \$967, respectively. Overall, total actual expenditures were under budget by \$628,832.

In the economic development corporation, administrative, economic development, and debt service interest exceeded appropriations by \$125,718, \$2,157,990, and \$948, respectively. Overall, total actual expenditures were over budget by \$2,268,909. Economic development construction costs on the Downtown Plaza project were paid with proceeds from bonds issued in the prior year in the amount of \$3,000,000.

Schedule of Contributions – Pensions

Valuation Date:

Notes	Actuarially determined contribution rates are calculated as of December 31 and become effective in January 13 months later.
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Methods and Assumptions Used to Determine Contribution Rates:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percentage of Payroll, Closed
Remaining Amortization Period	25 Years
Asset Valuation Method	10 Year smooth market, 12% soft corridor
Inflation	2.50% per year
Salary increases	3.50% to 11.50% including inflation
Investment Rate of Return	6.75%

CITY OF CROWLEY
Notes to the Required Supplementary Information
For the Year Ended September 30, 2021

Schedule of Contributions – Pensions (continued)

Methods and Assumptions Used to Determine Contribution Rates (continued):

Retirement Age	Experience-based table of rates that are specific to the City's plan of benefits. Last updated for the 2019 valuation pursuant to an experience study of the period 2014-2018.
Mortality	Post-retirement: 2019 Municipal Retirees of Texas Mortality Tables. The rates are projected on a fully generational basis with scale UMP. Pre-retirement: PUB(10) mortality tables, with Public Safety table used for males and the General Employee table used for females. The rates are projected on a fully generational basis with scale UMP.

Other Information:

There were no benefit changes during the year.

Schedule of Contributions – OPEB (Retiree-only portion of rate)

Plan/ Calendar Year	Total SDB Contribution Rate	Retiree Portion of SDB Contribution (Rate)
2017	0.14%	0.02%
2018	0.15%	0.02%
2019	0.13%	0.02%
2020	0.14%	0.02%
2021	0.14%	0.06%

Due to the SDBF being considered an unfunded OPEB plan, benefit payments are treated as being equal to the employer's yearly contributions for retirees.

No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75 to pay related benefits.

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COMBINING FINANCIAL STATEMENTS
NONMAJOR GOVERNMENTAL FUNDS

CITY OF CROWLEY
Nonmajor Governmental Funds
Combining Balance Sheet
September 30, 2021

	Nonmajor		
	Court Technology & Security	Grant	LEOSE Training
Assets			
Cash and cash equivalents	\$ -	\$ 67,214	\$ 13,429
Investments	39,479	-	-
Receivables (Net of allowances for uncollectibles)			
Other taxes	-	-	-
Miscellaneous	-	13	-
Total assets	<u>\$ 39,479</u>	<u>\$ 67,227</u>	<u>\$ 13,429</u>
Liabilities			
Accounts payable	\$ -	\$ 2,891	\$ 409
Due to other funds	-	-	-
Unearned revenue	-	2,035	-
Total liabilities	<u>-</u>	<u>4,926</u>	<u>409</u>
Fund balance			
Restricted	<u>39,479</u>	<u>62,301</u>	<u>13,020</u>
Total fund balances	<u>39,479</u>	<u>62,301</u>	<u>13,020</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 39,479</u>	<u>\$ 67,227</u>	<u>\$ 13,429</u>

Exhibit F-1

Governmental Funds				
Crime Control & Prevention District	TIRZ #1	Truancy	Public, Educational, and Government Access (PEG)	Total Nonmajor Funds
\$ - 1,438,127	\$ - 1,214,268	\$ - 11,821	\$ - 249,460	\$ 80,643 2,953,155
212,844 -	- 3	- -	3,456 -	216,300 16
<u>\$ 1,650,971</u>	<u>\$ 1,214,271</u>	<u>\$ 11,821</u>	<u>\$ 252,916</u>	<u>\$ 3,250,114</u>
\$ 3,847 55,491 -	\$ - - -	\$ - - -	\$ - - -	\$ 7,147 55,491 2,035
<u>59,338</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>64,673</u>
<u>1,591,633</u> <u>1,591,633</u>	<u>1,214,271</u> <u>1,214,271</u>	<u>11,821</u> <u>11,821</u>	<u>252,916</u> <u>252,916</u>	<u>3,185,441</u> <u>3,185,441</u>
<u>\$ 1,650,971</u>	<u>\$ 1,214,271</u>	<u>\$ 11,821</u>	<u>\$ 252,916</u>	<u>\$ 3,250,114</u>

CITY OF CROWLEY

Nonmajor Governmental Funds

Combining Statement of Revenues, Expenditures and Changes in Fund Balance

For the Year Ended September 30, 2021

	Nonmajor		
	Court Technology & Security	Grant	LEOSE Training
Revenues			
Sales tax	\$ -	\$ -	\$ -
Property taxes	-	-	-
Fees and fines	22,524	-	-
Franchise fees	-	-	-
Grants and contributions	-	72,171	-
Investment earnings	-	-	-
Other	-	-	3,058
Total revenue	<u>22,524</u>	<u>72,171</u>	<u>3,058</u>
Expenditures			
Current			
Administrative	-	-	-
Municipal court	24,959	-	-
Public safety	-	27,269	6,752
Fire and ambulance	-	36,716	741
Debt Service			
Principal	-	-	-
Interest and fiscal charges	-	-	-
Total expenditures	<u>24,959</u>	<u>63,985</u>	<u>7,493</u>
Net change in fund balances	(2,435)	8,186	(4,435)
Fund balances - beginning	41,914	54,115	17,455
Fund balances - ending	<u>\$ 39,479</u>	<u>\$ 62,301</u>	<u>\$ 13,020</u>

Governmental Funds				
Crime Control & Prevention District	TIRZ #1	Truancy	Public, Educational, and Government Access (PEG)	Total Nonmajor Funds
\$ 1,141,294	\$ -	\$ -	\$ -	\$ 1,141,294
-	445,824	-	-	445,824
-	-	9,554	-	32,078
-	-	-	23,866	23,866
-	-	-	-	72,171
579	165	-	-	744
150	-	-	-	3,208
<u>1,142,023</u>	<u>445,989</u>	<u>9,554</u>	<u>23,866</u>	<u>1,719,185</u>
-	-	-	309	309
-	-	-	-	24,959
484,847	-	-	-	518,868
-	-	-	-	37,457
245,000	-	-	-	245,000
22,612	-	-	-	22,612
<u>752,459</u>	<u>-</u>	<u>-</u>	<u>309</u>	<u>849,205</u>
389,564	445,989	9,554	23,557	869,980
1,202,069	768,282	2,267	229,359	2,315,461
<u>\$ 1,591,633</u>	<u>\$ 1,214,271</u>	<u>\$ 11,821</u>	<u>\$ 252,916</u>	<u>\$ 3,185,441</u>

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OTHER SUPPLEMENTARY INFORMATION

(Unaudited)

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CITY OF CROWLEY, TEXAS
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
Debt Service Fund
For the Year Ended September 30, 2021

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Property taxes	\$ 2,092,468	\$ 2,092,468	\$ 2,145,409	\$ 52,941
Total revenues	<u>2,092,468</u>	<u>2,092,468</u>	<u>2,145,409</u>	<u>52,941</u>
EXPENDITURES				
Debt service				
Principal	1,490,000	1,490,000	1,490,000	-
Interest and fiscal charges	594,472	594,472	594,483	(11)
Bond issuance costs	-	-	117,634	(117,634)
Total debt service	<u>2,084,472</u>	<u>2,084,472</u>	<u>2,202,117</u>	<u>(117,645)</u>
Total expenditures	<u>2,084,472</u>	<u>2,084,472</u>	<u>2,202,117</u>	<u>(117,645)</u>
Excess (deficiency) of revenues over expenditures	<u>7,996</u>	<u>7,996</u>	<u>(56,708)</u>	<u>(64,704)</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	-	-	(14,000,000)	(14,000,000)
Bond issuance proceeds	-	-	14,117,634	14,117,634
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>117,634</u>	<u>117,634</u>
Net change in fund balance	7,996	7,996	60,926	52,930
FUND BALANCE - BEGINNING	<u>325,663</u>	<u>325,663</u>	<u>325,663</u>	<u>-</u>
FUND BALANCE - ENDING	<u>\$ 333,659</u>	<u>\$ 333,659</u>	<u>\$ 386,589</u>	<u>\$ 52,930</u>

CITY OF CROWLEY
Schedule of Revenues, Expenses, and Changes in Fund Net Position - Budget and Actual
Water and Sewer Fund
For the Year Ended September 30, 2021

	Budget Amounts		Actual Amounts	Variance
	Original	Final	Budgetary Basis	Positive (Negative)
Operating revenues:				
Water sales	\$ 3,770,000	\$ 3,770,000	\$ 4,016,298	\$ 246,298
Sewer charges	2,918,450	2,918,450	2,985,859	67,409
Miscellaneous	471,700	471,700	893,840	422,140
Total operating revenue	<u>7,160,150</u>	<u>7,160,150</u>	<u>7,895,997</u>	<u>735,847</u>
Operating expenses:				
Personnel	846,606	846,606	675,035	171,571
Professional services	63,181	63,181	58,877	4,304
Purchased water	1,750,000	1,687,252	1,321,068	366,184
Wastewater treatment charge	1,350,000	1,350,000	1,167,591	182,409
Contractual services	284,393	284,393	299,289	(14,896)
Insurance	58,049	58,049	58,232	(183)
Administrative	12,337	12,637	12,435	202
Repairs and maintenance	796,170	849,962	760,147	89,815
Utilities	64,400	64,400	62,919	1,481
Capital outlay	-	36,556	276,611	(240,055)
Total operating expenses	<u>5,225,136</u>	<u>5,253,036</u>	<u>4,692,204</u>	<u>560,832</u>
Operating income (loss)	<u>1,935,014</u>	<u>1,907,114</u>	<u>3,203,793</u>	<u>1,296,679</u>
Nonoperating revenues (expenses):				
Investment earnings	28,000	28,000	5,660	(22,340)
Gain (loss) on the disposal of capital assets	-	-	12,194	12,194
Debt service - principal	(925,000)	(925,000)	(925,000)	-
Interest expense	(400,873)	(400,873)	(317,793)	83,080
Total nonoperating revenues (expenses)	<u>(1,297,873)</u>	<u>(1,297,873)</u>	<u>(1,224,939)</u>	<u>72,934</u>
Income (loss) before capital contributions and transfers	637,141	609,241	1,978,854	1,369,613
Transfers out	<u>(580,466)</u>	<u>(580,466)</u>	<u>(580,466)</u>	<u>-</u>
Change in net position	56,675	28,775	1,398,388	1,369,613
Net position - beginning	<u>12,294,671</u>	<u>12,294,671</u>	<u>12,294,671</u>	<u>-</u>
Net position - ending	<u>\$ 12,351,346</u>	<u>\$ 12,323,446</u>	<u>\$ 13,693,059</u>	<u>\$ 1,369,613</u>
Reconciliation from Budgetary Basis to GAAP Basis:				
Bond issuance costs			(46,496)	
Capitalized expenditures			276,611	
Depreciation expense			(762,343)	
Principal payments on long-term debt			925,000	
Net Position - ending (GAAP Basis)			<u>\$ 14,085,831</u>	

**OVERALL COMPLIANCE AND INTERNAL CONTROL
SECTION**

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

To the Honorable Mayor and City Council
City of Crowley, Texas

We have audited, in accordance with auditing standards general accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of Crowley, Texas (the "City") as of and for the year ended September 30, 2021, and the related notes to the financial statements, which collectively comprise the City's basic financial statements and have issued our report thereon dated February 9, 2022.

Internal Control over Financial Reporting

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

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

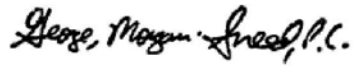
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not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

Compliance and Other Matters

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

Purpose of this Report

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



Weatherford, Texas

February 9, 2022

SINGLE AUDIT REPORT

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**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM
AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM
GUIDANCE**

To the Honorable Mayor and City Council
City of Crowley, Texas

Report on Compliance for Each Major Federal Program

We have audited the City of Crowley, Texas's (the "City") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that that could have a direct and material effect on each of the City's major federal programs for the year ended September 30, 2021. The City's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the City's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 *U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)*. Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the City's compliance.

Opinion on Each Major Federal Program

In our opinion, the City, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2021.

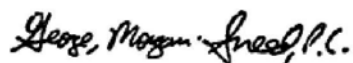
Report on Internal Control Over Compliance

Management of the City is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.



Weatherford, Texas
February 9, 2022

CITY OF CROWLEY, TEXAS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED SEPTEMBER 30, 2021

A. Summary of Auditor's Results

1. Financial Statements

Type of auditor's report issued:	<u>Unmodified</u>
Internal control over financial reporting:	
Material weakness identified?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Significant deficiency identified that are not considered to be material weaknesses?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> None Reported
Noncompliance material to financial statements noted	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No

2. Federal Awards

Internal control over major programs:	
Material weakness(es) identified?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Significant deficiency(s) identified that are not considered to be material weaknesses?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> None Reported
Type of auditor's report issued on compliance for major programs:	<u>Unmodified</u>
Any audit findings disclosed that are required to be reported in accordance with the Uniform Guidance?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
20.205	Highway Planning and Construction

Dollar threshold used to distinguish between type A and type B programs:	<u>\$750,000</u>
Auditee qualified as low-risk auditee?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No

B. Financial Statement Findings

None

C. Federal Award Findings and Questioned Costs

None

CITY OF CROWLEY, TEXAS
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
YEAR ENDED SEPTEMBER 30, 2021

None

CITY OF CROWLEY, TEXAS
CORRECTIVE ACTION PLAN
YEAR ENDED SEPTEMBER 30, 2021

Contact for Corrective Action Plan:

Robert Loftin
City Manager

Federal Statement Findings

None reported

Federal Award Findings and Questioned Costs

None reported

CITY OF CROWLEY, TEXAS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED SEPTEMBER 30, 2021

Federal Grantor/Pass-through Grantor/Program or Cluster Title	Federal CFDA Number	Pass-through Entity Identifying Number	Federal Expenditures
<u>U.S. Department of Treasury</u>			
Passed Through from Tarrant County			
Coronavirus Relief Fund	21.019	39041249	\$ 76,254
Total U.S. Department of Treasury			<u>76,254</u>
<u>U.S. Department of Transportation</u>			
Passed Through Texas Department of Transportation			
Highway Planning and Construction	20.205	0902-90-089	2,716,792
Total U.S. Department of Transportation			<u>2,716,792</u>
<u>U.S. Department of National Endowment for the Humanities</u>			
Passed Through Texas State Library and Archives Commission			
Grants to States	45.310	LS-00-19-0044-19	6,574
Total U.S. Department of National Endowment for the Humanities			<u>6,574</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u>\$ 2,799,620</u>

See accompanying notes to schedule of expenditures of federal awards.

CITY OF CROWLEY, TEXAS
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED SEPTEMBER 30, 2021

Reporting Entity

The City of Crowley is a charter city in which the citizens elect the mayor at large and five council members by wards. The financial statements of the City of Crowley, Texas ("City") include all governmental activities, organizations, and functions of the City.

Basis of Presentation

The accompanying schedule of expenditures of federal awards includes the federal program activity of the City of Crowley, Texas and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Because the Schedule presents only a selected portion of the City, it is not intended to and does not present the financial position, changes in net position, or cash flows of the City.

Indirect Cost Rate

The City has elected not to use the 10-percent de minimus indirect cost rate allowed under the Uniform guidance.

