

CITY OF CROWLEY, TEXAS

ANNUAL FINANCIAL REPORT FOR THE YEAR ENDED SEPTEMBER 30, 2020



CITY OF CROWLEY, TEXAS
Annual Financial Report
For the year ended September 30, 2020

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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, 2020, 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, 2020, 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 52 - 60 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

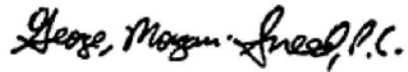
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The combining nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial 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, 2021, 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.



Weatherford, Texas
February 9, 2021

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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, 2020.

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 \$47,008,265 (*net position*) compared to \$41,424,784 for the prior year. Of this amount, \$13,072,860 (*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 \$5,583,481. The City's governmental activities net position increased by \$3,504,418 and the business-type activities net position increased by \$2,079,063.
- As of the close of the current year, the City of Crowley's governmental funds reported combined ending fund balances of \$28,254,104 compared to \$27,337,130 for the prior year.
- At the end of the current year, unassigned fund balance for the general fund was \$10,054,817, or 79% 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 \$47,008,265 as of September 30, 2020. Below is a summary of the City's Statement of Net Position.

Condensed Statement of Net Position

	Governmental Activities		Business-type Activities		Total	
	2020	2019	2020	2019	2020	2019
Current and other assets	\$ 30,824,790	\$ 30,236,332	\$ 18,619,597	\$ 10,134,549	\$ 49,444,387	\$ 40,370,881
Capital assets	34,441,164	30,518,699	12,911,264	12,093,008	47,352,428	42,611,707
Total Assets	65,265,954	60,755,031	31,530,861	22,227,557	96,796,815	82,982,588
Deferred outflows of resources	1,238,220	2,323,212	121,537	222,846	1,359,757	2,546,058
Current liabilities	1,821,424	2,146,117	1,526,488	1,488,512	3,347,912	3,634,629
Noncurrent liabilities	32,514,833	32,179,454	14,652,229	7,560,562	47,167,062	39,740,016
Total liabilities	34,336,257	34,325,571	16,178,717	9,049,074	50,514,974	43,374,645
Deferred inflows of resources	588,999	678,172	44,334	51,045	633,333	729,217
Net position:						
Net investment in capital assets	13,766,357	13,249,609	9,328,866	7,284,775	23,095,223	20,534,384
Restricted	9,690,850	7,493,962	1,149,332	862,277	10,840,182	8,356,239
Unrestricted	8,121,711	7,330,929	4,951,149	5,203,232	13,072,860	12,534,161
Total net position	\$ 31,578,918	\$ 28,074,500	\$ 15,429,347	\$ 13,350,284	\$ 47,008,265	\$ 41,424,784

The largest portion of the City's net position (49%) 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.

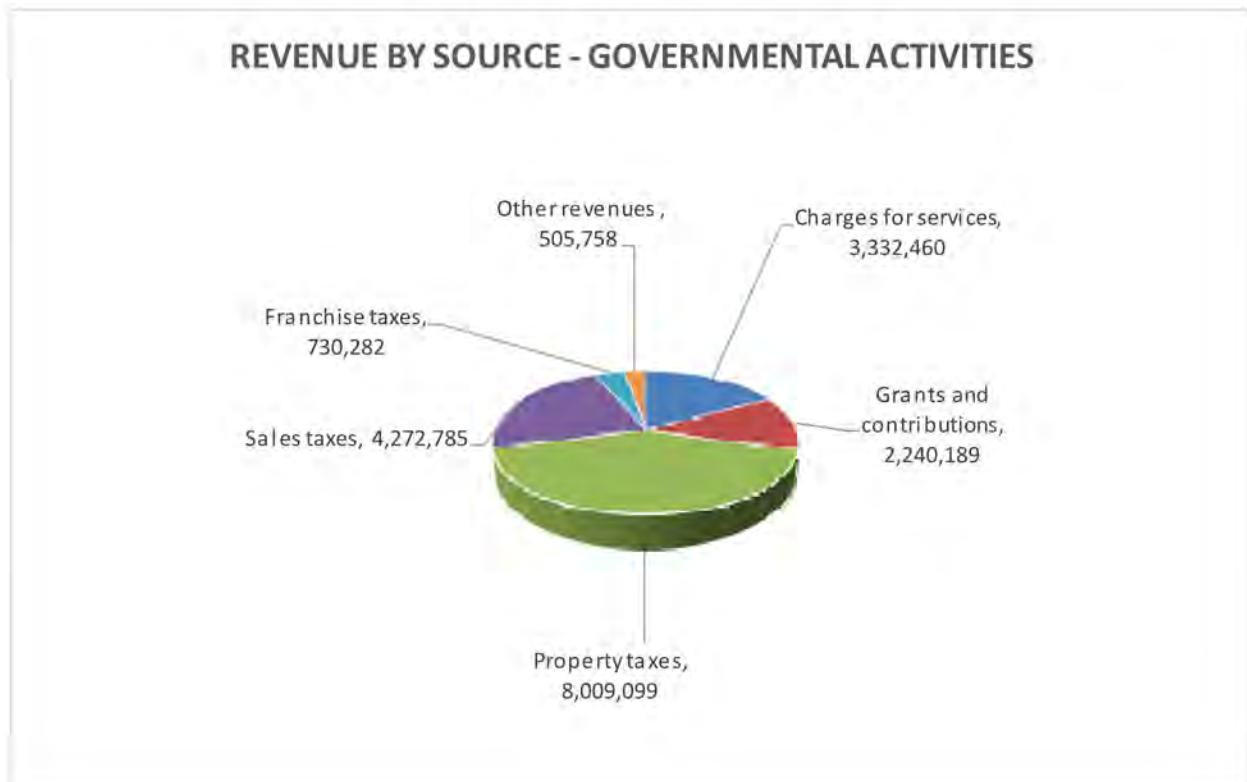
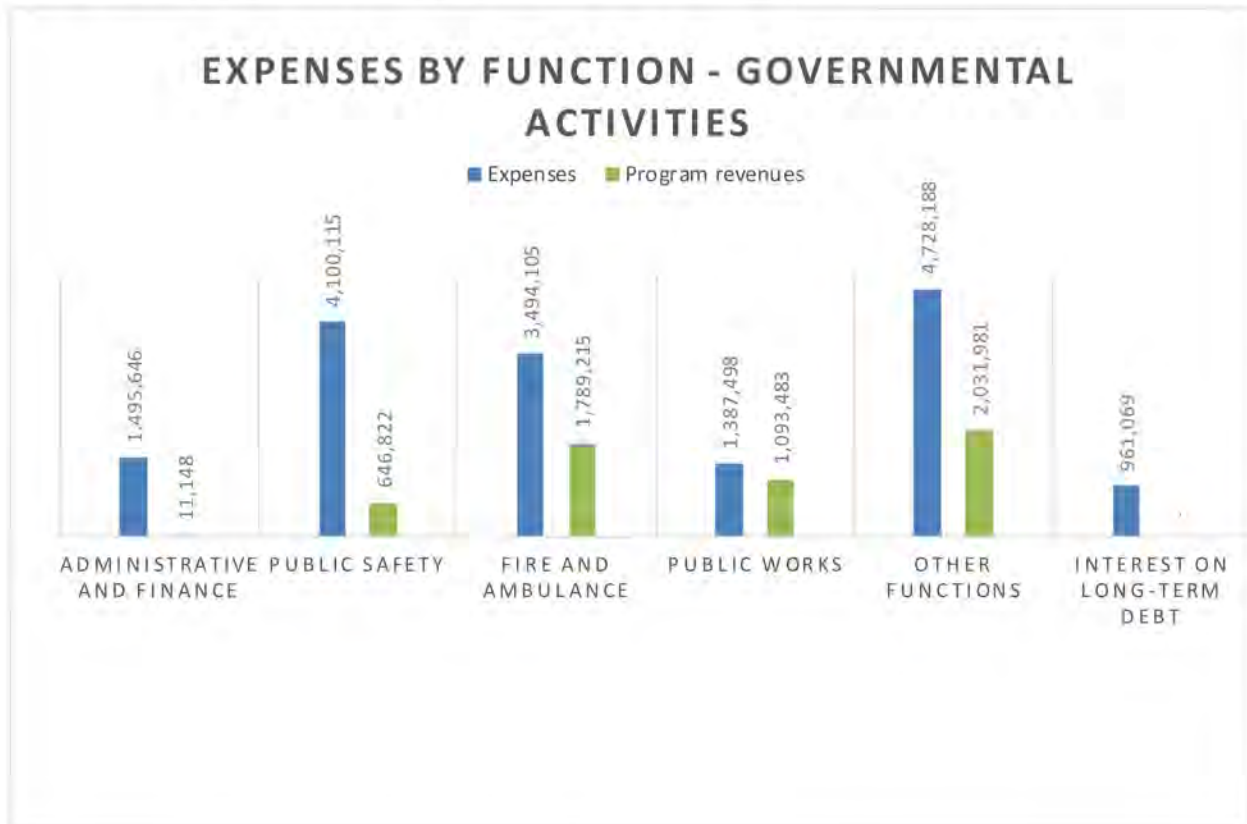
An additional portion of the City's net position (23%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position of \$13,072,860 may be used to meet the government's ongoing obligations to citizens and creditors.

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.

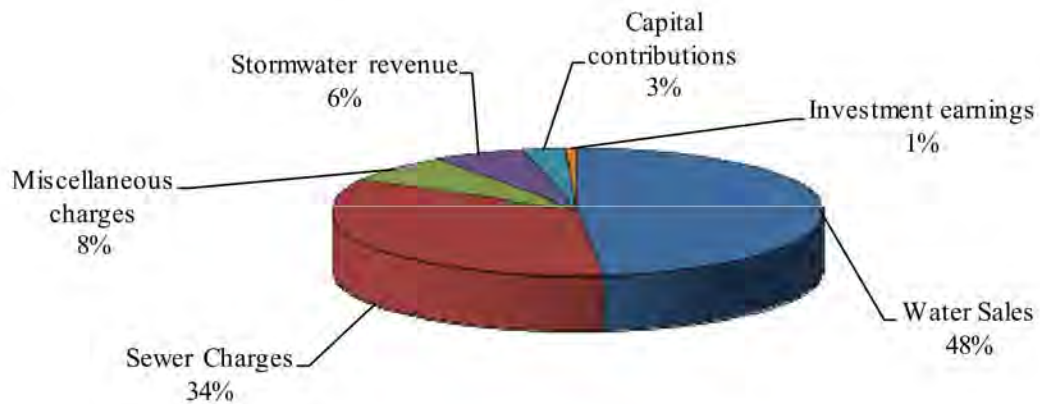
Changes in Net Position						
	Governmental Activities		Business-type Activities		Total	
	2020	2019	2020	2019	2020	2019
Revenues:						
Program revenues:						
Charges for services	\$ 3,332,460	\$ 3,917,074	\$ 8,373,499	\$ 7,798,225	\$ 11,705,959	\$ 11,715,299
Operating grants and contributions	1,146,962	371,098	-	-	1,146,962	371,098
Capital grants and contributions	1,093,227	177,529	244,930	47,000	1,338,157	224,529
General revenues:						
Property taxes	8,009,099	6,635,854	-	-	8,009,099	6,635,854
Sales taxes	4,272,785	3,730,124	-	-	4,272,785	3,730,124
Franchise taxes	730,282	878,263	-	-	730,282	878,263
Oil & gas royalties	94,589	112,458	-	-	94,589	112,458
Investment earnings	309,620	715,288	68,268	68,067	377,888	783,355
Other revenue	100,025	46,868	-	-	100,025	46,868
Insurance recoveries	1,524	4,245	-	-	1,524	4,245
Total revenues	19,090,573	16,588,801	8,686,697	7,913,292	27,777,270	24,502,093
Expenses						
Administration and finance	1,495,646	1,325,346	-	-	1,495,646	1,325,346
Municipal court	256,789	256,117	-	-	256,789	256,117
Library	628,145	596,896	-	-	628,145	596,896
Senior citizens	24,625	39,663	-	-	24,625	39,663
Public safety	4,100,115	3,770,700	-	-	4,100,115	3,770,700
Fire and ambulance	3,494,105	3,178,615	-	-	3,494,105	3,178,615
Public works	1,387,498	1,052,432	-	-	1,387,498	1,052,432
Parks	535,932	558,221	-	-	535,932	558,221
Recreation center	764,345	804,249	-	-	764,345	804,249
Animal control	310,510	313,895	-	-	310,510	313,895
Code enforcement	66,979	65,768	-	-	66,979	65,768
Community development	545,362	508,391	-	-	545,362	508,391
Community center	3,871	-	-	-	3,871	-
Sanitation	890,514	798,908	-	-	890,514	798,908
Economic development	105,624	69,115	-	-	105,624	69,115
Nondepartmental	595,492	532,074	-	-	595,492	532,074
Interest and fiscal charges	961,069	885,474	-	-	961,069	885,474
Stormwater utility	-	-	32,129	34,345	32,129	34,345
Water and Sewer	-	-	5,995,039	6,059,395	5,995,039	6,059,395
Total expenses	16,166,621	14,755,864	6,027,168	6,093,740	22,193,789	20,849,604
Increase (decrease) in net position before transfers	2,923,952	1,832,937	2,659,529	1,819,552	5,583,481	3,652,489
Transfers	580,466	580,492	(580,466)	(580,492)	-	-
Increase (decrease) in net position	3,504,418	2,413,429	2,079,063	1,239,060	5,583,481	3,652,489
Net position-beginning	28,074,500	25,661,071	13,350,284	12,111,224	41,424,784	37,772,295
Net position-ending	\$ 31,578,918	\$ 28,074,500	\$ 15,429,347	\$ 13,350,284	\$ 47,008,265	\$ 41,424,784

Below are two graphs summarizing governmental revenues and expenses:

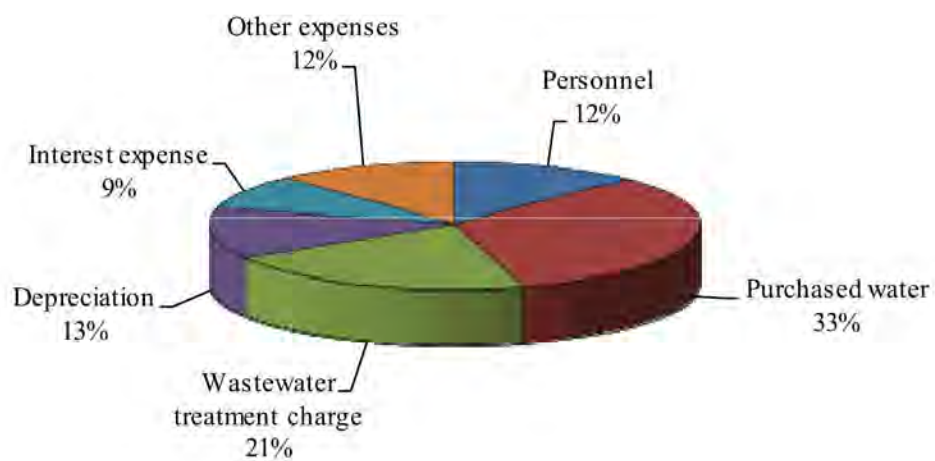


Below are two graphs summarizing business-type activities revenues and expenses:

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 \$28,254,104. \$10,054,817 (36%) 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 \$10,054,817. The fund balance of the general fund increased \$1,122,567 compared to an increase of \$1,513,800 in the prior year. Key factors contributing to the decrease in fund balance between the two fiscal years are highlighted below:

- Revenues increased \$855,174 (7%) primarily due to an increase in property tax revenue attributable to increase in property tax values of approximately \$196 million and a decrease in rate of \$.014871 and an increase in grants and contribution revenue due to grant money received under the CARES Act for the ongoing COVID-19 pandemic.
- Expenditures increased \$1,322,424 (12%) primarily due to an increase payroll costs for public safety and fire and ambulance and an increase in street projects in the current year

Below is a comparison of the general fund's net change in fund balance for 2020 and 2019.

	09/30/2020	09/30/2019	Increase (Decrease)	Percent Increase (Decrease)
REVENUES				
Taxes:				
Property	\$ 5,528,444	\$ 4,758,016	\$ 770,428	16%
Sales	2,176,697	1,911,651	265,046	14%
Franchise	761,778	793,131	(31,353)	-4%
Charges for service	2,046,763	2,096,010	(49,247)	-2%
Fees and Fines	373,708	461,043	(87,335)	-19%
Licenses and permits	772,454	1,264,566	(492,112)	-39%
Grants and contributions	1,095,383	319,312	776,071	243%
Oil & Gas Revenue	94,589	112,458	(17,869)	-16%
Investment Earnings	244,822	573,782	(328,960)	-57%
Other revenue	101,549	51,044	50,505	99%
Total revenues	13,196,187	12,341,013	855,174	7%
EXPENDITURES				
Administrative and finance	973,523	867,029	106,494	12%
Municipal court	221,374	225,763	(4,389)	-2%
Library	554,627	530,863	23,764	4%
Senior citizens	24,625	39,663	(15,038)	-38%
Public safety	3,336,475	2,967,647	368,828	12%
Fire and ambulance	3,253,953	2,966,046	287,907	10%
Public works	898,077	610,378	287,699	47%
Parks	362,312	371,825	(9,513)	-3%
Recreation Center	497,381	542,330	(44,949)	-8%
Animal Control	279,327	249,591	29,736	12%
Code enforcement	62,975	62,607	368	0%
Community development	418,518	498,908	(80,390)	-16%
Community center	3,871			
Sanitation	890,514	798,908	91,606	11%
Nondepartmental	637,607	532,074	105,533	20%
Capital outlay	238,927	64,160	174,767	0%
Total expenditures	12,654,086	11,327,792	1,322,423	12%
OTHER FINANCING SOURCES (USES)				
Transfers in	580,466	580,466	-	
Transfers out	-	(79,887)	79,887	
NET CHANGE IN FUND BALANCE	<u>\$ 1,122,567</u>	<u>\$ 1,513,800</u>	<u>\$ (387,362)</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 \$4,951,149. Total net position increased \$2,079,063. Total revenues increased \$773,405 (10%) and total expenses decreased \$66,572 (1%). Key factors of these changes are as follows:

- Charges for services increased \$575,274. Water revenues and sewer revenues increased due to an increase in the number of customers as a result of a new subdivision built in the prior year and impact fees decreased due to a decrease in development from the prior year.

- Capital grants and contributions increased \$197,930 because of developer contributions of a drainage system in the current year.
- Purchased water increased \$246,930 primarily due to an increase in water costs and an increase in the number of customers.
- Wastewater treatment charges decreased \$188,590 because of a decrease in cost and a decrease in volume of wastewater being treated.
- Administrative expenses decreased \$543,689 primarily due to settlement of a lawsuit in the prior year.
- Interest expense increased \$206,208 and bond issuance costs increased \$134,273 due to the issuance of new bonds.

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 6% or \$799,074.

Overall, general fund actual expenditures were under budget by \$656,895.

Capital Assets

The City's investment in capital assets for its governmental and business type activities as of September 30, 2020, amounts to \$47,352,428 (net of accumulated depreciation).

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

Governmental Activities:

- \$1,021,377 was spent on the new community center during the year.
- \$164,348 was spent on the fire station.
- \$1,291,943 was spent on Main St improvements.
- \$1,326,907 was spent on the Downtown Plaza.
- \$217,780 was spent on downtown parking.
- \$238,927 was spent on the purchase of property.
- \$765,000 was spent on a fire truck.
- \$128,961 was spent on police vehicles.

Business-type activities:

- \$348,186 was spent on a sewer vac truck.

- \$936,878 was spent on stormwater system improvements.

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

	Governmental Activities		Business-type Activities		Total	
	2020	2019	2020	2019	2020	2019
Land	\$ 4,299,522	\$ 4,060,595	\$ 121,751	\$ 121,751	\$ 4,421,273	\$ 4,182,346
Construction in progress	3,857,674	1,376,390	83,202	45,598	3,940,876	1,421,988
Buildings and improvements	16,354,324	15,701,676	1,492,145	1,545,565	17,846,469	17,247,241
Infrastructure/utility system	7,356,913	7,478,153	10,615,804	10,004,068	17,972,717	17,482,221
Equipment and furniture	2,572,731	1,901,885	598,362	376,026	3,171,093	2,277,911
Total	<u>\$ 34,441,164</u>	<u>\$ 30,518,699</u>	<u>\$ 12,911,264</u>	<u>\$ 12,093,008</u>	<u>\$ 47,352,428</u>	<u>\$ 42,611,707</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 \$43,591,414. Of this amount, \$9,572,184 are bonded debt backed by the full faith and credit of the government, \$32,147,697 are certificates of obligation secured by ad valorem taxes and surplus revenues and \$1,871,533 are revenue bonds secured by sales tax revenue. Outstanding at year-end are as follows:

	Governmental Activities		Business-type Activities		Total	
	2020	2019	2020	2019	2020	2019
General Obligation Bonds	\$ 7,162,548	\$ 8,362,000	\$ 2,409,636	\$ 2,792,924	\$ 9,572,184	\$ 11,154,924
Certificates of Obligation	20,153,898	17,746,479	11,993,799	4,458,830	32,147,697	22,205,309
Revenue Bonds	1,871,533	2,006,672	-	-	1,871,533	2,006,672
Total	<u>\$ 29,187,979</u>	<u>\$ 28,115,151</u>	<u>\$ 14,403,435</u>	<u>\$ 7,251,754</u>	<u>\$ 43,591,414</u>	<u>\$ 35,366,905</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 decrease 1% (\$144,209) in fiscal year 2020-2021 when compared to the 2019-2020 amended budget to \$12,327,544. The adopted tax rate is \$.699806 per \$100 assessed value. The largest increase in the revenue budget is on property tax revenue (\$576,600). The largest decreases are on charges for services (\$504,929) and permit fees (\$215,880).

General fund expenditures are budgeted to decrease 3% (\$408,941) when compared to the prior year amended appropriations to \$12,902,040. The largest increase is \$161,642 in fire and ambulance appropriations. The largest decreases are \$240,337 in police appropriations, \$202,190 in public works appropriations, and \$122,567 in nondepartmental 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, 2020

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 1,905,612	\$ 2,188,925	\$ 4,094,537
Investments	26,261,910	4,224,542	30,486,452
Receivables (net of allowance for uncollectibles)			
Property taxes	117,748	-	117,748
Other taxes	983,571	-	983,571
Accounts	583,650	973,979	1,557,629
Miscellaneous	958,211	28,273	986,484
Inventory	14,088	1,873	15,961
Restricted assets			
Investments	-	11,202,005	11,202,005
Capital assets			
Nondepreciable	8,157,196	204,953	8,362,149
Depreciable, net of accumulated depreciation	26,283,968	12,706,311	38,990,279
Total Assets	65,265,954	31,530,861	96,796,815
Deferred Outflows of Resources			
Deferred outflow related to pension	1,047,766	67,941	1,115,707
Deferred outflow related to OPEB	46,840	3,526	50,366
Deferred charges on refunding	143,614	50,070	193,684
Total Deferred Outflows of Resources	1,238,220	121,537	1,359,757
LIABILITIES			
Accounts payable	1,201,909	758,454	1,960,363
Accrued payroll liabilities	231,415	16,402	247,817
Due to other governments	22,975	-	22,975
Unearned revenue	196,670	-	196,670
Interest payable	168,455	85,731	254,186
Customer deposits payable	-	665,901	665,901
Noncurrent liabilities:			
Due within one year	2,610,056	1,004,914	3,614,970
Due in more than one year	29,904,777	13,647,315	43,552,092
Total liabilities	34,336,257	16,178,717	50,514,974
DEFERRED INFLOWS OF RESOURCES			
Deferred inflow related to TMRS pension	581,937	43,802	625,739
Deferred inflow related to OPEB	7,062	532	7,594
Total deferred inflows of resources	588,999	44,334	633,333
NET POSITION			
Net investment in capital assets	13,766,357	9,328,866	23,095,223
Restricted for:			
Capital improvements	-	1,149,332	1,149,332
Debt service	344,488	-	344,488
Public safety	1,246,250	-	1,246,250
Economic development	7,727,081	-	7,727,081
Grant program	71,570	-	71,570
Donations	72,102	-	72,102
Community program	229,359	-	229,359
Unrestricted	8,121,711	4,951,149	13,072,860
Total net position	\$ 31,578,918	\$ 15,429,347	\$ 47,008,265

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, 2020

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government				
Governmental activities:				
Administration and finance	\$ 1,495,646	\$ 123	\$ 11,025	\$ -
Municipal court	256,789	17,112	348	-
Library	628,145	6,902	5,921	-
Senior citizens	24,625	-	-	-
Public safety	4,100,115	618,994	27,828	-
Fire and ambulance	3,494,105	727,695	1,061,520	-
Public works	1,387,498	-	256	1,093,227
Parks	535,932	48,729	944	-
Recreation Center	764,345	77,629	2,923	-
Animal control	310,510	16,015	8,635	-
Code enforcement	66,979	-	-	-
Community development	545,362	825,161	-	-
Community center	3,871	-	107	-
Sanitation	890,514	948,303	-	-
Economic development	105,624	45,797	-	-
Nondepartmental	595,492	-	27,455	-
Interest and fiscal charges	961,069	-	-	-
Total governmental activities	16,166,621	3,332,460	1,146,962	1,093,227
Business-type activities:				
Water and sewer	5,995,039	7,837,836	-	19,006
Stormwater utility	32,129	535,663	-	225,924
Total business-type activities	6,027,168	8,373,499	-	244,930
Total primary government	\$ 22,193,789	\$ 11,705,959	\$ 1,146,962	\$ 1,338,157

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

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
\$ (1,484,498)	\$ -	\$ (1,484,498)
(239,329)	-	(239,329)
(615,322)	-	(615,322)
(24,625)	-	(24,625)
(3,453,293)	-	(3,453,293)
(1,704,890)	-	(1,704,890)
(294,015)	-	(294,015)
(486,259)	-	(486,259)
(683,793)	-	(683,793)
(285,860)	-	(285,860)
(66,979)	-	(66,979)
279,799	-	279,799
(3,764)	-	(3,764)
57,789	-	57,789
(59,827)	-	(59,827)
(568,037)	-	(568,037)
(961,069)	-	(961,069)
(10,593,972)	-	(10,593,972)
-	1,861,803	1,861,803
-	729,458	729,458
-	2,591,261	2,591,261
\$ (10,593,972)	\$ 2,591,261	\$ (8,002,711)
\$ 5,523,745	\$ -	\$ 5,523,745
2,072,074	-	2,072,074
413,280	-	413,280
4,272,785	-	4,272,785
730,282	-	730,282
94,589	-	94,589
309,620	68,268	377,888
100,025	-	100,025
580,466	(580,466)	-
1,524	-	1,524
14,098,390	(512,198)	13,586,192
3,504,418	2,079,063	5,583,481
28,074,500	13,350,284	41,424,784
\$ 31,578,918	\$ 15,429,347	\$ 47,008,265

CITY OF CROWLEY
Balance Sheet
Governmental Funds
September 30, 2020

	General	Debt Service	Capital Projects	Economic Development Corporation	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS						
Cash and cash equivalents	\$ 1,040,229	\$ 27,144	\$ -	\$ 367	\$ 837,872	\$ 1,905,612
Investments	9,389,339	298,519	8,311,186	6,998,880	1,263,986	26,261,910
Receivables (Net of allowances for uncollectibles)						
Property taxes	50,157	18,825	-	-	48,766	117,748
Other taxes	610,741	-	-	192,857	179,973	983,571
Accounts	583,650	-	-	-	-	583,650
Miscellaneous	254,313	-	703,860	-	38	958,211
Inventory	14,088	-	-	-	-	14,088
Due from other funds	209,350	-	-	-	-	209,350
Total assets	<u>12,151,867</u>	<u>344,488</u>	<u>9,015,046</u>	<u>7,192,104</u>	<u>2,330,635</u>	<u>31,034,140</u>
LIABILITIES						
Accounts payable	667,462	-	501,872	19,436	13,139	1,201,909
Accrued payroll liabilities	231,415	-	-	-	-	231,415
Interest payable	-	-	-	4,519	-	4,519
Unearned revenue	194,635	-	-	-	2,035	196,670
Due to other governments	22,975	-	-	-	-	22,975
Due to other funds	-	-	-	209,350	-	209,350
Total liabilities	<u>1,116,487</u>	<u>-</u>	<u>501,872</u>	<u>233,305</u>	<u>15,174</u>	<u>1,866,838</u>
DEFERRED INFLOWS OF RESOURCES						
Unavailable revenue	894,373	18,825	-	-	-	913,198
Total deferred inflows of resources	<u>894,373</u>	<u>18,825</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>913,198</u>
FUND BALANCES						
Nonspendable						
Inventory	14,088	-	-	-	-	14,088
Restricted	72,102	325,663	8,513,174	6,958,799	2,315,461	18,185,199
Unassigned	10,054,817	-	-	-	-	10,054,817
Total fund balances	<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>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 12,151,867</u>	<u>\$ 344,488</u>	<u>\$ 9,015,046</u>	<u>\$ 7,192,104</u>	<u>\$ 2,330,635</u>	<u>\$ 31,034,140</u>

CITY OF CROWLEY
Reconciliation of the Governmental Funds Balance Sheet
To the Statement of Net Position
September 30, 2020

Total fund balances - governmental funds		\$ 28,254,104
Capital assets used in governmental activities are not financial resources and therefore are reported in the governmental funds. The cost of these assets was \$65,618,036 and the accumulated depreciation was \$31,176,872. The net effect of including the ending balances of capital assets (net of depreciation) in the governmental activities is to increase net position.		34,441,164
Deferred charges on refunding related to governmental activity debt are not financial resources and, therefore, are not reported in the governmental funds.		143,614
Long-term liabilities, including \$29,187,979 bonds and \$603,563 compensated absences payable are not due and payable in the current period, and, therefore are not reported as liabilities in the fund financial statements.		(29,791,542)
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	\$ (2,453,828)	
Deferred outflow related to pension	1,047,766	
Deferred inflow related to pension	<u>(581,937)</u>	(1,987,999)
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	\$ (269,463)	
Deferred inflow related to OPEB	(7,062)	
Deferred outflow related to OPEB	<u>46,840</u>	(229,685)
Interest payable is not expected to be liquidated with available financial resources and is not reported as a liability in the fund financial statements.		(163,936)
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.		913,198
Net position of governmental activities		<u><u>\$ 31,578,918</u></u>

CITY OF CROWLEY
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended September 30, 2020

	General	Debt Service	Capital Projects	Economic Development Corporation	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES						
Taxes						
Property	\$ 5,528,444	\$ 2,074,582	\$ -	\$ -	\$ 413,280	\$ 8,016,306
Sales	2,176,697	-	-	1,084,635	1,011,453	4,272,785
Franchise taxes	761,778	-	-	-	23,674	785,452
Charges for service	2,046,763	-	-	-	-	2,046,763
Fees and fines	373,708	-	-	-	15,067	388,775
Licenses and permits	772,454	-	-	-	-	772,454
Grants and contributions	1,095,383	-	703,860	-	51,579	1,850,822
Oil and gas revenue	94,589	-	-	-	-	94,589
Investment earnings	244,822	-	-	56,315	8,483	309,620
Other revenue	101,549	-	-	45,797	3,370	150,716
Total revenues	<u>13,196,187</u>	<u>2,074,582</u>	<u>703,860</u>	<u>1,186,747</u>	<u>1,526,906</u>	<u>18,688,282</u>
EXPENDITURES						
Current:						
Administrative and finance	973,523	-	-	218,675	15,897	1,208,095
Municipal court	221,374	-	-	-	29,913	251,287
Library	554,627	-	-	-	-	554,627
Senior citizens center	24,625	-	-	-	-	24,625
Public safety	3,336,475	-	-	-	494,133	3,830,608
Fire and ambulance	3,253,953	-	-	-	28,720	3,282,673
Public works	898,077	-	-	-	-	898,077
Parks	362,312	-	-	-	-	362,312
Recreation center	497,381	-	-	-	-	497,381
Animal control	279,327	-	-	-	-	279,327
Code enforcement	62,975	-	-	-	-	62,975
Community development	418,518	-	-	120,000	-	538,518
Community center	3,871	-	-	-	-	3,871
Sanitation	890,514	-	-	-	-	890,514
Economic development	-	-	-	1,914,033	-	1,914,033
Nondepartmental	637,607	-	-	-	-	637,607
Capital outlay	238,927	-	3,036,747	-	-	3,275,674
Debt service:						
Principal	-	1,395,000	-	260,000	240,000	1,895,000
Interest and fiscal charges	-	635,841	-	280,806	27,923	944,570
Bond issuance costs	-	-	-	79,351	-	79,351
Total expenditures	<u>12,654,086</u>	<u>2,030,841</u>	<u>3,036,747</u>	<u>2,872,865</u>	<u>836,586</u>	<u>21,431,125</u>
Excess (deficiency) of revenues over expenditures	<u>542,101</u>	<u>43,741</u>	<u>(2,332,887)</u>	<u>(1,686,118)</u>	<u>690,320</u>	<u>(2,742,843)</u>
OTHER FINANCING SOURCES (USES)						
Transfers in	580,466	-	-	-	-	580,466
Bond issuance proceeds	-	-	-	3,000,000	-	3,000,000
Bond Premium	-	-	-	79,351	-	79,351
Total other financing sources (uses)	<u>580,466</u>	<u>-</u>	<u>-</u>	<u>3,079,351</u>	<u>-</u>	<u>3,659,817</u>
Net change in fund balances	<u>1,122,567</u>	<u>43,741</u>	<u>(2,332,887)</u>	<u>1,393,233</u>	<u>690,320</u>	<u>916,974</u>
Fund balances - beginning	<u>9,018,440</u>	<u>281,922</u>	<u>10,846,061</u>	<u>5,565,566</u>	<u>1,625,141</u>	<u>27,337,130</u>
Fund balances - ending	<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>

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, 2020

Total net change in fund balances - governmental funds	\$ 916,974
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 \$5,520,716 of capital outlays and \$1,895,000 of debt principal payments is to increase net position.	7,415,716
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.	(3,079,351)
The net effect of various miscellaneous transaction involving capital assets (i.e. donations and disposal) is to increase net position.	389,367
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.	(1,987,618)
Revenues in the government-wide statement of activities that do not provide current financial resources are not reported as revenues in the funds.	12,924
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.	(167,300)
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.	(18,270)
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 \$16,747 increase in interest payable and \$40,876 increase in compensated absences and \$79,599 (net) amortization of deferred charges and premiums decreased net position.	21,976
Change in net position of governmental activities	<u>\$ 3,504,418</u>

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

CITY OF CROWLEY
Statement of Net Position
Proprietary Funds
September 30, 2020

	Water and Sewer Fund	Stormwater Utility	Totals
ASSETS			
Current Assets:			
Cash and cash equivalents	\$ 305,858	\$ 1,883,067	\$ 2,188,925
Investments	4,224,542	-	4,224,542
Receivables (Net of allowance for uncollectibles):			
Accounts	902,480	71,499	973,979
Miscellaneous	28,273	-	28,273
Inventory	1,873	-	1,873
Restricted Assets			
Investments	11,202,005	-	11,202,005
Total current assets	<u>16,665,031</u>	<u>1,954,566</u>	<u>18,619,597</u>
Noncurrent Assets:			
Capital assets, at cost			
Non-depreciable assets	204,953	-	204,953
Depreciable assets, net of accumulated depreciation	11,476,476	1,229,835	12,706,311
Total noncurrent assets	<u>11,681,429</u>	<u>1,229,835</u>	<u>12,911,264</u>
Total assets	<u>28,346,460</u>	<u>3,184,401</u>	<u>31,530,861</u>
Deferred Outflows of Resources			
Deferred outflows related to pension	67,941	-	67,941
Deferred outflows related to OPEB	3,526	-	3,526
Deferred charges on refunding	50,070	-	50,070
Total Deferred Outflows of Resources	<u>\$ 121,537</u>	<u>\$ -</u>	<u>\$ 121,537</u>
LIABILITIES			
Current Liabilities			
Accounts payable	\$ 708,729	\$ 49,725	\$ 758,454
Accrued payroll liabilities	16,402	-	16,402
Compensated absences	31,547	-	31,547
Current portion of long-term liabilities	973,367	-	973,367
Interest payable	85,731	-	85,731
Current Liabilities Payable from Restricted Assets			
Customer deposits payable	665,901	-	665,901
Total current liabilities	<u>2,481,677</u>	<u>49,725</u>	<u>2,531,402</u>
Noncurrent Liabilities			
Compensated absences	12,268	-	12,268
Net pension liability	184,697	-	184,697
Total OPEB liability	20,282	-	20,282
Bonds payable	13,430,068	-	13,430,068
Total noncurrent liabilities	<u>13,647,315</u>	<u>-</u>	<u>13,647,315</u>
Total liabilities	<u>16,128,992</u>	<u>49,725</u>	<u>16,178,717</u>
Deferred Inflows of Resources			
Deferred inflow related to pension	43,802	-	43,802
Deferred inflow related to OPEB	532	-	532
Total Deferred Inflows of Resources	<u>44,334</u>	<u>-</u>	<u>44,334</u>
NET POSITION			
Net investment in capital assets	8,099,031	1,229,835	9,328,866
Restricted for impact fees for capital improvements (Expendable)	1,149,332	-	1,149,332
Unrestricted	3,046,308	1,904,841	4,951,149
Total net position	<u>\$ 12,294,671</u>	<u>\$ 3,134,676</u>	<u>\$ 15,429,347</u>

CITY OF CROWLEY
Statement of Revenues, Expenses, and Changes in Fund Net Position
Proprietary Funds
For the Year Ended September 30, 2020

	Water and Sewer Fund	Stormwater Utility	Totals
Operating revenues			
Charges for services:			
Water Sales	\$ 4,191,575	\$ -	\$ 4,191,575
Sewer charges	2,992,939	-	2,992,939
Stormwater revenue	-	535,663	535,663
Miscellaneous water charges	653,322	-	653,322
Total operating revenue	<u>7,837,836</u>	<u>535,663</u>	<u>8,373,499</u>
Operating expenses			
Personnel services	759,667	-	759,667
Professional services	47,750	-	47,750
Purchased water	1,979,170	-	1,979,170
Wastewater treatment charge	1,244,127	-	1,244,127
Contractual services	261,165	-	261,165
Insurance	51,168	-	51,168
Administrative	26,514	8,135	34,649
Repairs and maintenance	266,850	-	266,850
Utilities	60,616	-	60,616
Depreciation	760,121	23,994	784,115
Total operating expenses	<u>5,457,148</u>	<u>32,129</u>	<u>5,489,277</u>
Operating income (loss)	<u>2,380,688</u>	<u>503,534</u>	<u>2,884,222</u>
Nonoperating revenues (expenses):			
Investment earnings	68,268	-	68,268
Interest expense	(403,618)	-	(403,618)
Debt issuance costs	(134,273)	-	(134,273)
Total nonoperating revenues (expenses)	<u>(469,623)</u>	<u>-</u>	<u>(469,623)</u>
Income (loss) before capital contributions and transfers	1,911,065	503,534	2,414,599
Capital contributions	19,006	225,924	244,930
Transfers out	(580,466)	-	(580,466)
Change in net position	1,349,605	729,458	2,079,063
Net position - beginning	10,945,066	2,405,218	13,350,284
Net position - ending	<u>\$ 12,294,671</u>	<u>\$ 3,134,676</u>	<u>\$ 15,429,347</u>

CITY OF CROWLEY
Statement of Cash Flows
Proprietary Funds
For the Year Ended September 30, 2020

	Water and Sewer Fund	Stormwater Utility	Totals
Cash flows from operating activities:			
Cash received from customers	\$ 7,979,878	\$ 522,108	\$ 8,501,986
Cash paid to suppliers	(4,060,711)	41,418	(4,019,293)
Cash paid to employees	(760,385)	-	(760,385)
Net cash provided by operating activities	<u>3,158,782</u>	<u>563,526</u>	<u>3,722,308</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	(935,000)	-	(935,000)
Proceeds from issuance of bonds	8,000,000	-	8,000,000
Capital grants and contributions	2,500	-	2,500
Capital outlay	(423,062)	(936,878)	(1,359,940)
Interest paid on capital debt	(375,784)	-	(375,784)
Net cash provided (used) by capital and related financing activities	<u>6,268,654</u>	<u>(936,878)</u>	<u>5,331,776</u>
Cash flow from investing activities:			
Purchase of investments	(9,551,550)	-	(9,551,550)
Investment earnings	68,268	-	68,268
Net cash provided (used) by investing activities	<u>(9,483,282)</u>	<u>-</u>	<u>(9,483,282)</u>
Net increase (decrease) in cash and cash equivalents	(636,312)	(373,352)	(1,009,664)
Cash and cash equivalents, beginning	<u>942,170</u>	<u>2,256,419</u>	<u>3,198,589</u>
Cash and cash equivalents, ending	<u>\$ 305,858</u>	<u>\$ 1,883,067</u>	<u>\$ 2,188,925</u>
Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities			
Operating income (loss)	<u>\$ 2,380,688</u>	<u>\$ 503,534</u>	<u>\$ 2,884,222</u>
Adjustments to reconcile operating income to net cash provided (used) by operating activities:			
Depreciation expense	760,121	23,994	784,115
(Increase) decrease in accounts receivable	63,212	(13,555)	49,657
(Increase) decrease in miscellaneous receivables	3,276	-	3,276
(Increase) decrease in inventory	3,903	-	3,903
Increase (decrease) in accounts payable	(137,166)	49,553	(87,613)
Increase (decrease) in accrued payroll liabilities	(17,543)	-	(17,543)
Increase (decrease) in customer meter deposits	78,830	-	78,830
Increase (decrease) in net pension balances	5,261	-	5,261
Increase (decrease) in total OPEB balances	1,375	-	1,375
Increase (decrease) in compensated absences payable	16,825	-	16,825
Total adjustments	<u>778,094</u>	<u>59,992</u>	<u>838,086</u>
Net cash provided by operating activities	<u>\$ 3,158,782</u>	<u>\$ 563,526</u>	<u>\$ 3,722,308</u>
Contribution of capital assets from developers	<u>\$ 16,506</u>	<u>\$ 225,924</u>	<u>\$ 242,430</u>

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

CITY OF CROWLEY, TEXAS
Notes to Financial Statements
September 30, 2020

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, 2020

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, 2020

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, 2020

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, 2020

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, 2020

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, 2020

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	\$ 14,088	\$ -	\$ -	\$ -	\$ -	\$ 14,088
Restricted						
Debt Service	-	325,663	-	-	-	325,663
Capital Projects	-	-	8,513,174	-	-	8,513,174
Public Safety - Police	-	-	-	-	1,204,336	1,204,336
Public Safety - Court	-	-	-	-	41,914	41,914
Economic Development	-	-	-	6,958,799	768,282	7,727,081
Grant programs	-	-	-	-	71,570	71,570
Public Education Grant	-	-	-	-	229,359	229,359
Donations	72,102	-	-	-	-	72,102
Unassigned	10,054,817	-	-	-	-	10,054,817
	<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>

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)	\$ 18,185,199
Unspent proceeds from bonds reclassified to net investment in capital assets	(8,513,174)
Deferred tax revenue restricted for debt service	18,825
Restricted net position (Exhibit A-1)	<u>\$ 9,690,850</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, 2020

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, 2020, 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	38 days	100.00%	<u>\$ 41,688,457</u>	<u>\$ 41,688,457</u>

(1) Per Standard and Poor's

CITY OF CROWLEY, TEXAS
Notes to Financial Statements
September 30, 2020

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, 2020, 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, 2020 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	\$ 665,901
Bonds construction accounts	10,536,104
Total	<u>\$ 11,202,005</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, 2020

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 58%, 66% and 85% of the outstanding balances, respectively, at September 30, 2020. The allowance for water, and sewer trade accounts receivable is equal to the accounts receivable that are inactive (final billed) as of September 30, 2020. 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	\$ 120,649	\$ 45,283	\$ -	\$ -	\$ 48,766	\$ -	\$ -
Other taxes	610,741	-	-	192,857	179,973	-	-
Accounts	1,647,886	-	-	-	-	1,151,450	71,499
Miscellaneous	984,334	-	703,860	-	38	28,273	-
Gross receivables	3,363,610	45,283	703,860	192,857	228,777	1,179,723	71,499
Less: allowance for uncollectibles	(1,864,749)	(26,458)	-	-	-	(248,970)	-
Net total receivables	<u>\$1,498,861</u>	<u>\$ 18,825</u>	<u>\$ 703,860</u>	<u>\$ 192,857</u>	<u>\$ 228,777</u>	<u>\$ 930,753</u>	<u>\$ 71,499</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, 2020

NOTE 5: DEFERRED INFLOWS OF RESOURCES (Continued)

	General	Debt Service	Total Governmental Funds
Deferred property tax revenue	\$ 50,157	\$ 18,825	\$ 68,982
Deferred franchise tax revenue	186,784	-	186,784
Deferred EMS charges revenue	528,593	-	528,593
Deferred municipal court fees and fines	128,839	-	128,839
	<u>\$ 894,373</u>	<u>\$ 18,825</u>	<u>\$ 913,198</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, 2020, is as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>	<u>Purpose</u>
General	Economic Development	\$ 209,350	Economic Development
Total governmental funds		<u>\$ 209,350</u>	

The composition of interfund transfers for the City's individual major funds and nonmajor funds at September 30, 2020, 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, 2020

NOTE 7: CAPITAL ASSETS

Capital asset activity for the year ended September 30, 2020 was as follows:

	Beginning Balance	Increases	Decreases	Transfers & Adjustments	Ending Balance
Governmental activities:					
Non - Depreciable Assets:					
Land	\$ 4,060,595	\$ 238,927	\$ -	\$ -	\$ 4,299,522
Construction in progress	1,376,390	4,022,354	-	(1,541,070)	3,857,674
Total non-depreciable assets	<u>5,436,985</u>	<u>4,261,281</u>	<u>-</u>	<u>(1,541,070)</u>	<u>8,157,196</u>
Depreciable Assets:					
Building and improvements	24,624,892	-	-	1,525,071	26,149,963
Infrastructure/utility system	20,379,224	426,728	-	-	20,805,952
Equipment and furniture	9,534,070	1,222,074	(267,218)	15,999	10,504,925
Total capital assets being depr	<u>54,538,186</u>	<u>1,648,802</u>	<u>(267,218)</u>	<u>1,541,070</u>	<u>57,460,840</u>
Accumulated Depreciation:					
Building and improvements	(8,923,216)	(872,423)	-	-	(9,795,639)
Infrastructure/utility system	(12,901,071)	(547,968)	-	-	(13,449,039)
Equipment and furniture	(7,632,185)	(567,227)	267,218	-	(7,932,194)
Total accumulated depreciation	<u>(29,456,472)</u>	<u>(1,987,618)</u>	<u>267,218</u>	<u>-</u>	<u>(31,176,872)</u>
Governmental activities capital assets, net	<u>\$ 30,518,699</u>	<u>\$ 3,922,465</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 34,441,164</u>

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

Governmental activities:	
General government	\$ 253,938
Court	1,132
Library	61,859
Public safety	391,211
Fire and ambulance	185,974
Public works	586,198
Parks	177,777
Recreation center	271,222
Animal control	58,307
Total depreciation expense - governmental activities	<u>\$ 1,987,618</u>

CITY OF CROWLEY, TEXAS
Notes to Financial Statements
September 30, 2020

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	45,598	37,604	-	-	83,202
Total non-depreciable assets	167,349	37,604	-	-	204,953
Depreciable Assets:					
Building and improvements	2,246,057	15,372	-	-	2,261,429
Infrastructure/utility system	19,343,885	1,201,208	-	-	20,545,093
Equipment and furniture	2,700,035	348,187	(44,894)	-	3,003,328
Total capital assets being depr	24,289,977	1,564,767	(44,894)	-	25,809,850
Accumulated Depreciation:					
Building and improvements	(700,492)	(68,792)	-	-	(769,284)
Infrastructure/utility system	(9,319,588)	(609,701)	-	-	(9,929,289)
Equipment and furniture	(2,344,238)	(105,622)	44,894	-	(2,404,966)
Total accumulated depreciation	(12,364,318)	(784,115)	44,894	-	(13,103,539)
Business-type activities capital assets, net	\$ 12,093,008	\$ 818,256	\$ -	\$ -	\$ 12,911,264

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

Business-type activities:	
Water and sewer	\$ 760,121
Stormwater utility	23,994
Total depreciation expense - business-type activities	<u>\$ 784,115</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, 2020

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

As of September 30, 2020, the City had the following governmental activities long-term debt outstanding:

	<u>09/30/2019</u>	<u>Additions</u>	<u>Retirements</u>	<u>09/30/2020</u>	<u>Due Within One Year</u>
General Obligation Bonds					
Direct Placements					
\$2,880,000; General Obligation Refunding Bonds, Series 2005 due in semi-annual installments from 2/1/2005; 3.92% until 2/1/2020.	\$ 115,000	\$ -	\$ 115,000	\$ -	\$ -
\$4,920,000; General Obligation Refunding Bonds, Series 2013, due in semi-annual installments from 2/1/2014; 2.19% until 2/1/2025.	2,635,000	-	450,000	2,185,000	460,000
Total	2,750,000	-	565,000	2,185,000	460,000
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.	290,000	-	100,000	190,000	95,000
Series 2012 unamortized bond premium	115,562	-	38,521	77,041	38,521
\$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.	260,000	-	60,000	200,000	65,000
Series 2012A unamortized bond premium	19,965	-	4,991	14,974	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.	4,720,000	-	410,000	4,310,000	425,000
Series 2017 unamortized bond premium	206,473	-	20,940	185,533	20,940
Total	5,612,000	-	634,452	4,977,548	649,452
Total General Obligation Bonds	<u>\$ 8,362,000</u>	<u>\$ -</u>	<u>\$ 1,199,452</u>	<u>\$ 7,162,548</u>	<u>\$ 1,109,452</u>

CITY OF CROWLEY, TEXAS
Notes to Financial Statements
September 30, 2020

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

	<u>09/30/2019</u>	<u>Additions</u>	<u>Retirements</u>	<u>09/30/2020</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.	\$ 3,495,000	\$ -	\$ 220,000	\$ 3,275,000	\$ 225,000
Series 2012 unamortized premium	38,889	-	2,992	35,897	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.	2,675,000	-	130,000	2,545,000	130,000
Series 2016 unamortized premium	61,769	-	3,633	58,136	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.	10,900,000	-	285,000	10,615,000	480,000
Series 2018 unamortized premium	575,821	-	30,307	545,514	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	-	3,000,000	50,000
Series 2020 unamortized premium	-	79,351	-	79,351	3,968
Total Certificates of Obligation	<u>\$ 17,746,479</u>	<u>\$ 3,079,351</u>	<u>\$ 671,932</u>	<u>\$ 20,153,898</u>	<u>\$ 925,900</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.	\$ 1,885,000	\$ -	\$ 125,000	\$ 1,760,000	\$ 130,000
Series 2016 unamortized premium	121,672	-	10,139	111,533	10,139
Total Revenue Bonds	<u>\$ 2,006,672</u>	<u>\$ -</u>	<u>\$ 135,139</u>	<u>\$ 1,871,533</u>	<u>\$ 140,139</u>
Total OPEB liability	<u>\$ 202,635</u>	<u>\$ 66,828</u>	<u>\$ -</u>	<u>\$ 269,463</u>	<u>\$ -</u>
Net pension liability	<u>\$ 3,298,981</u>	<u>\$ -</u>	<u>\$ 845,153</u>	<u>\$ 2,453,828</u>	<u>\$ -</u>
Compensated absences	<u>\$ 562,687</u>	<u>\$ 446,011</u>	<u>\$ 405,135</u>	<u>\$ 603,563</u>	<u>\$ 434,565</u>
Total Governmental Activities	<u>\$ 32,179,454</u>	<u>\$ 3,592,190</u>	<u>\$ 3,256,811</u>	<u>\$ 32,514,833</u>	<u>\$ 2,610,056</u>

CITY OF CROWLEY, TEXAS
Notes to Financial Statements
September 30, 2020

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	
2021	\$ 585,000	\$ 134,650	\$ 885,000	\$ 705,194	\$ 130,000	\$ 78,150	\$ 2,517,994
2022	595,000	116,950	850,000	666,644	135,000	74,250	2,437,844
2023	520,000	100,225	915,000	628,968	140,000	68,850	2,373,043
2024	460,000	85,525	965,000	588,019	145,000	63,250	2,306,794
2025	475,000	70,906	1,005,000	544,944	150,000	57,450	2,303,300
2026 - 2030	2,065,000	126,844	5,680,000	2,040,937	860,000	181,700	10,954,481
2031 - 2035	-	-	5,705,000	1,024,848	200,000	10,000	6,939,848
2036 - 2040	-	-	3,430,000	236,584	-	-	3,666,584
Total debt service requirements	4,700,000	635,100	19,435,000	6,436,138	1,760,000	533,650	33,499,888
Add: Unamortized premium	277,548	-	718,898	-	111,533	-	1,107,979
	<u>\$ 4,977,548</u>	<u>\$ 635,100</u>	<u>\$ 20,153,898</u>	<u>\$ 6,436,138</u>	<u>\$ 1,871,533</u>	<u>\$ 533,650</u>	<u>\$ 34,607,867</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..

Payments to maturity on the direct placement bonds include the following:

Year Ending September 30,	General Obligation		Total
	Principal	Interest	
2021	\$ 460,000	\$ 42,815	\$ 502,815
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>\$ 2,185,000</u>	<u>\$ 111,636</u>	<u>\$ 2,296,636</u>

CITY OF CROWLEY, TEXAS
Notes to Financial Statements
September 30, 2020

NOTE 9: BUSINESS-TYPE LONG-TERM DEBT

	<u>09/30/2019</u>	<u>Additions</u>	<u>Retirements</u>	<u>09/30/2020</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.	\$ 865,000	\$ -	\$ 205,000	\$ 660,000	\$ 210,000
Series 2012A unamortized bond premium	65,139	-	15,510	49,629	16,285
 \$1,800,000; General Obligation Refunding Bonds, Series 2017, due in semi-annual installments from 2/1/2018; 3.00% until 2/1/2029.	 1,785,000	 -	 155,000	 1,630,000	 160,000
Series 2017 unamortized bond premium	77,785	-	7,778	70,007	7,778
Total General Obligation Bonds	<u>\$ 2,792,924</u>	<u>\$ -</u>	<u>\$ 383,288</u>	<u>\$ 2,409,636</u>	<u>\$ 394,063</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.	\$ 1,590,000	\$ -	\$ 105,000	\$ 1,485,000	\$ 110,000
Series 2011 unamortized premium	47,445	-	4,265	43,180	4,265
 \$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.	 2,760,000	 -	 160,000	 2,600,000	 160,000
Series 2016 unamortized premium	61,385	-	3,825	57,560	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.	 -	 7,810,000	 310,000	 7,500,000	 285,000
Series 2019 unamortized premium	-	324,273	16,214	308,059	16,214
Total Certificates of Obligation	<u>\$ 4,458,830</u>	<u>\$ 8,134,273</u>	<u>\$ 599,304</u>	<u>\$ 11,993,799</u>	<u>\$ 579,304</u>
 Total OPEB liability	 <u>\$ 15,252</u>	 <u>\$ 5,030</u>	 <u>\$ -</u>	 <u>\$ 20,282</u>	 <u>\$ -</u>
 Net pension liability	 <u>\$ 266,566</u>	 <u>\$ -</u>	 <u>\$ 81,869</u>	 <u>\$ 184,697</u>	 <u>\$ -</u>
 Compensated absences	 <u>\$ 26,990</u>	 <u>\$ 36,268</u>	 <u>\$ 19,443</u>	 <u>\$ 43,815</u>	 <u>\$ 31,547</u>
 Total Business-Type Activities	<u><u>\$ 7,560,562</u></u>	<u><u>\$ 8,175,571</u></u>	<u><u>\$ 1,083,904</u></u>	<u><u>\$ 14,652,229</u></u>	<u><u>\$ 1,004,914</u></u>

CITY OF CROWLEY, TEXAS
Notes to Financial Statements
September 30, 2020

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, 2020, are as follows:

Year Ending September 30,	General Obligation		Certificates of Obligation		Total
	Principal	Interest	Principal	Interest	
2021	\$ 370,000	\$ 64,075	\$ 555,000	\$ 335,557	\$ 1,324,632
2022	385,000	52,750	570,000	311,895	1,319,645
2023	400,000	40,975	600,000	287,070	1,328,045
2024	170,000	32,425	590,000	261,570	1,053,995
2025	180,000	26,950	610,000	240,745	1,057,695
2026 - 2030	785,000	47,863	3,395,000	874,703	5,102,566
2031 - 2035	-	-	3,180,000	415,892	3,595,892
2036 - 2040	-	-	2,085,000	94,571	2,179,571
Total debt service requirements	2,290,000	265,038	11,585,000	2,822,003	16,962,041
Add: Unamortized premium	119,636	-	408,799	-	528,435
	<u>\$ 2,409,636</u>	<u>\$ 265,038</u>	<u>\$ 11,993,799</u>	<u>\$ 2,822,003</u>	<u>\$ 17,490,476</u>

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, 2020.

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, 2020

NOTE 11: DEFINED BENEFIT PENSION PLANS

Plan Description

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

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 benefit is calculated as if the sum of the employee's contributions, with interest, and the city-financed monetary credits with interest were used to purchase an annuity. Members may choose to receive their retirement benefit in one of seven payments options. Members may also choose to receive a portion of their benefit as a Partial Lump Sum Distribution in an amount equal to 12, 24, or 36 monthly payments, which cannot exceed 75% of the member's deposits and interest.

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 2019</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, 2020

NOTE 11: DEFINED BENEFIT PENSION PLANS (continued)

Employees Covered by Benefit Terms

At the December 31, 2019 valuation and measurement date, the following employees were covered by the benefit terms:

Active employees	114
Inactive employees or beneficiaries currently receiving benefits	59
Inactive employees entitled to but not yet receiving benefits	93
	<u>266</u>

Contributions

The contribution rates for employees in TMRS are either 5%, 6%, or 7% of employee gross earnings, 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 actuarially determined rate is the estimated amount necessary to finance the cost of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability.

Employees for the City were required to contribute 6% of their annual gross earnings during the fiscal year. The contribution rates for the City were 10.77% and 10.95% in calendar years 2019 and 2020, respectively. The city's contributions to TMRS for the year ended September 30, 2020, were \$811,200, and were equal to the required contributions.

Net Pension Liability

The City's Net Pension Liability (NPL) was measured as of December 31, 2019, 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, 2019 actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.50% per year
Overall payroll growth	2.75% per year
Investment Rate of Return	6.75%, net of pension plan investment expense, including inflation

CITY OF CROWLEY, TEXAS
Notes to Financial Statements
September 30, 2020

NOTE 11: DEFINED BENEFIT PENSION PLANS (continued)

Salary increases were 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 rates. The rates for actives, health 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 health retirees is used with a 4-year set-forward for males and a 3-year set-forward for females. In addition, a 3.5% and 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 2015 and first used in the December 31, 2019 actuarial valuation. The postretirement 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 real rates of return for each major asset class 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, 2020

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 employee 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 employees. 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 (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balance at 12/31/18	\$ 20,346,813	\$ 16,781,266	\$ 3,565,547
Changes for the year:			
Service cost	945,202	-	945,202
Interest	1,379,106	-	1,379,106
Changes in net benefit terms	-	-	-
Difference between expected and actual experience	331,400	-	331,400
Change of assumptions	106,850	-	106,850
Contributions - employer	-	713,371	(713,371)
Contributions - employee	-	397,422	(397,422)
Net investment income	-	2,593,887	(2,593,887)
Benefit payments, including refunds of employee contributions	(776,423)	(776,423)	-
Administrative expense	-	(14,659)	14,659
Other changes	-	(441)	441
Net changes	1,986,135	2,913,157	(927,022)
Balance at 12/31/19	<u>\$ 22,332,948</u>	<u>\$ 19,694,423</u>	<u>\$ 2,638,525</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	\$6,404,272	\$2,638,525	(\$388,887)

CITY OF CROWLEY, TEXAS
Notes to Financial Statements
September 30, 2020

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 a separately-issued TMRS financial report. That report may be obtained on the Internet at www.tmrs.com.

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

For the year ended September 30, 2020, the City recognized pension expense of \$983,762.

At September 30, 2020, 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	\$ 431,998	\$ 24,620
Difference in assumption changes	81,885	-
Difference in projected and actual earnings	-	601,119
Contributions subsequent to the measurement date	601,824	-
Total	<u>\$ 1,115,707</u>	<u>\$ 625,739</u>

\$601,824 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, 2020. 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:	
2020	\$ (11,172)
2021	(2,410)
2022	165,287
2023	(263,561)
2024	-
Thereafter	-
	<u>\$ (111,856)</u>

CITY OF CROWLEY, TEXAS

Notes to Financial Statements

September 30, 2020

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, 2019 valuation and measurement date, the following employees were covered by the benefit terms:

Active employees	114
Inactive employees currently receiving benefits	37
Inactive employees entitled to but not yet receiving benefits	15
	<u>166</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 \$289,745 was measured as of December 31, 2019 and was determined by an actuarial valuation as of that date.

CITY OF CROWLEY, TEXAS
Notes to Financial Statements
September 30, 2020

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

Actuarial Assumptions and Other Inputs

The Total OPEB Liability in the December 31, 2019 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
Discount rate*	2.75%
Retiree's share of benefit-related costs	\$0

* The discount rate was based on the Fidelity Index's "20-Year Municipal GO AA Index" rate as of December 31, 2019.

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.

Changes in the Total OPEB Liability

	<u>Total OPEB Liability</u>
Balance at 12/31/18	\$ 217,887
Changes for the year:	
Service cost	13,910
Interest	8,317
Changes in net benefit terms	-
Difference between expected and actual experience	(716)
Changes of assumptions or other inputs	51,672
Benefit payments**	<u>(1,325)</u>
Net changes	71,858
Balance at 12/31/19	<u>\$ 289,745</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.

CITY OF CROWLEY, TEXAS

Notes to Financial Statements

September 30, 2020

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

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 (1.75%) or 1-percentage-point higher (3.75%) than the current rate:

	1% Decrease in Discount Rate (1.75%)	Discount Rate (2.75%)	1% Increase in Discount Rate (3.75%)
City's Total OPEB Liability	\$358,720	\$289,745	\$237,099

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

For the year ended September 30, 2020, the City recognized OPEB expense of \$28,665.

At September 30, 2020, 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	\$ -	\$ 7,594
Difference in assumption changes	42,671	-
Contributions subsequent to the measurement date	7,695	-
Total	<u>\$ 50,366</u>	<u>\$ 7,594</u>

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

Year ended September 30:

2020	\$ 6,438
2021	6,438
2022	6,438
2023	6,150
2024	3,951
Thereafter	5,662
	<u>\$ 35,077</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.

CITY OF CROWLEY, TEXAS
Notes to Financial Statements
September 30, 2020

NOTE 13: CONTINGENT LIABILITIES (continued)

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.

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 2020 of treated water were \$1,979,170 and for the treatment of wastewater were \$1,244,127.

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, 2020 were \$1,003,677.

NOTE 15: SUBSEQUENT EVENTS

The COVID-19 outbreak in the United States has caused business disruption through mandated and voluntary closings of businesses. While the disruption is currently expected to be temporary, there is considerable uncertainty around the duration of the closings. However, the related financial impact on the City and the duration cannot be estimated at this time.

Subsequent events were evaluated through February 9, 2021, which is the date the financial statements were available to be issued.

CITY OF CROWLEY, TEXAS
Notes to Financial Statements
September 30, 2020

NOTE 16: 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, 2020

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
REVENUES				
Taxes:				
Property	\$ 5,274,544	\$ 5,560,044	\$ 5,528,444	\$ (31,600)
Sales	1,773,500	2,020,147	2,176,697	156,550
Franchise	809,562	809,562	761,778	(47,784)
Charges for service	2,253,529	2,253,529	2,046,763	(206,766)
Fees and fines	425,700	425,700	373,708	(51,992)
Licenses and permits	971,680	971,680	772,454	(199,226)
Grants and contributions	298,000	298,000	1,095,383	797,383
Oil & gas revenue	-	-	94,589	94,589
Investment earnings	110,000	110,000	244,822	134,822
Other revenue	33,000	33,000	101,549	68,549
Total revenues	11,949,515	12,481,662	13,196,187	714,525
EXPENDITURES				
Administrative and finance	945,339	950,325	973,523	(23,198)
Municipal court	232,435	232,435	221,374	11,061
Library	537,522	546,122	554,627	(8,505)
Senior center	27,167	27,167	24,625	2,542
Public safety	3,602,876	3,648,687	3,336,475	312,212
Fire and ambulance	3,254,595	3,331,464	3,253,953	77,511
Public works	651,118	891,426	898,077	(6,651)
Parks	324,039	384,149	362,312	21,837
Recreation Center	561,277	603,241	497,381	105,860
Animal Control	297,075	313,591	279,327	34,264
Code enforcement	55,945	55,945	62,975	(7,030)
Community development	573,209	573,209	418,518	154,691
Community center	7,787	7,787	3,871	3,916
Sanitation	801,792	801,792	890,514	(88,722)
Capital project	-	266,927	238,927	28,000
Nondepartmental	639,731	676,714	637,607	39,107
Total expenditures	12,511,907	13,310,981	12,654,086	656,895
Excess (deficiency) of revenues over (under) expenditures	(562,392)	(829,319)	542,101	1,371,420
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	18,074	(248,853)	1,122,567	1,371,420
Fund balance - beginning	9,018,440	9,018,440	9,018,440	-
Fund balance - ending	\$ 9,036,514	\$ 8,769,587	\$ 10,141,007	\$ 1,371,420

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, 2020

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
REVENUES				
Sales tax	\$ 910,000	\$ 910,000	\$ 1,084,635	\$ 174,635
Other revenue	20,000	20,000	45,797	25,797
Investment earnings	8,000	8,000	56,315	48,315
Total revenues	938,000	938,000	1,186,747	248,747
EXPENDITURES				
Administrative	186,239	186,239	218,675	(32,436)
Community development	-	-	120,000	(120,000)
Economic development	69,000	69,000	1,914,033	(1,845,033)
Debt service				
Principal	260,000	260,000	260,000	-
Interest and fiscal charges	241,525	241,525	280,806	(39,281)
Bond issuance costs	-	-	79,351	(79,351)
Total expenditures	756,764	756,764	2,872,865	(2,116,101)
Excess (deficiency) of revenues over (under) expenditures	181,236	181,236	(1,686,118)	(1,867,354)
OTHER FINANCING SOURCES (USES)				
Bond issuance proceeds	-	-	3,000,000	3,000,000
Bond Premium	-	-	79,351	79,351
Total other financing sources (uses)	-	-	3,079,351	3,079,351
Net change in fund balances	181,236	181,236	1,393,233	1,211,997
Fund balance - beginning	5,565,566	5,565,566	5,565,566	-
Fund balance - ending	\$ 5,746,802	\$ 5,746,802	\$ 6,958,799	\$ 1,211,997

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
\$ 809,245	\$ 885,458	\$ 945,202
1,165,642	1,262,609	1,379,106
-	-	-
143,078	234,189	331,400
-	-	106,850
(842,986)	(596,064)	(776,423)
1,274,979	1,786,192	1,986,135
17,285,642	18,560,621	20,346,813
18,560,621	20,346,813	22,332,948
\$ 612,770	\$ 658,211	\$ 713,371
341,694	371,521	397,422
2,039,047	(504,971)	2,593,887
(842,986)	(596,064)	(776,423)
(10,575)	(9,762)	(14,659)
(537)	(510)	(441)
2,139,413	(81,575)	2,913,157
14,723,428	16,862,841	16,781,266
\$ 16,862,841	\$ 16,781,266	\$ 19,694,423
\$ 1,697,780	\$ 3,565,547	\$ 2,638,525
90.85%	82.48%	88.19%
\$ 5,694,899	\$ 6,192,015	\$ 6,623,700
29.81%	57.58%	39.83%

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

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

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

Exhibit E-4

<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
\$ 595,975	\$ 647,135	\$ 692,597	\$ 811,200
<u>595,975</u>	<u>647,135</u>	<u>692,597</u>	<u>811,200</u>
\$ -	\$ -	\$ -	\$ -
\$ 5,611,602	\$ 6,067,638	\$ 6,453,864	\$ 7,440,180
10.62%	10.67%	10.73%	10.90%

CITY OF CROWLEY
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	<u>\$ 224,795</u>	<u>\$ 217,887</u>	<u>\$ 289,745</u>
 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 supplementary information are an integral part of this schedule.

CITY OF CROWLEY
Notes to the Required Supplementary Information
For the Year Ended September 30, 2020

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, library, public works, code enforcement, and sanitation exceeded appropriations by \$23,198, \$8,505, \$6,651, \$7,030, and \$88,722, respectively. Overall, total actual expenditures were under budget by \$656,895.

In the economic development corporation, administrative, community development, economic development, debt service interest, and bond issuance costs exceeded appropriations by \$32,436, \$120,000, \$1,845,033, \$39,281, and \$79,351, respectively. Overall, total actual expenditures were over budget by \$2,116,101. Economic development construction costs on the Downtown Plaza project were paid with proceeds from bonds issued in the current 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	26 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

CITY OF CROWLEY
Notes to the Required Supplementary Information
For the Year Ended September 30, 2020

Schedule of Contributions – Pensions (continued)

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

Investment Rate of Return	6.75%
Retirement Age	Experience-based table of rates that are specific to the City's plan of benefits. Last updated for the 2019 valuation pursuant to an experience study of the period 2014-2018.
Mortality	Post-retirement: 2019 Municipal Retirees of Texas Mortality Tables. The rates are projected on a fully generational basis with scale UMP. Pre-retirement: PUB(10) mortality tables, with 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.

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%

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.

COMBINING FINANCIAL STATEMENTS
NONMAJOR GOVERNMENTAL FUNDS

CITY OF CROWLEY
Nonmajor Governmental Funds
Combining Balance Sheet
September 30, 2020

	Nonmajor		
	Court Technology & Security	Grant	LEOSE Training
Assets			
Cash and cash equivalents	\$ -	\$ 60,386	\$ 17,864
Investments	41,914	-	-
Receivables (Net of allowances for uncollectibles)			
Property taxes	-	-	-
Other taxes	-	-	-
Miscellaneous	-	13	-
Total assets	<u>\$ 41,914</u>	<u>\$ 60,399</u>	<u>\$ 17,864</u>
Liabilities			
Accounts payable	\$ -	\$ 4,249	\$ 409
Unearned revenue	-	2,035	-
Total liabilities	<u>-</u>	<u>6,284</u>	<u>409</u>
Fund balance			
Restricted	41,914	54,115	17,455
Total fund balances	<u>41,914</u>	<u>54,115</u>	<u>17,455</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 41,914</u>	<u>\$ 60,399</u>	<u>\$ 17,864</u>

Exhibit F-1

Governmental Funds				
Crime Control & Prevention District	TIRZ #1	Truancy	Public, Educational, and Government Access (PEG)	Total Nonmajor Funds
\$ - 1,034,294	\$ 719,491 -	\$ 2,267 -	\$ 37,864 187,778	\$ 837,872 1,263,986
-	48,766	-	-	48,766
176,256	-	-	3,717	179,973
-	25	-	-	38
<u>\$ 1,210,550</u>	<u>768,282</u>	<u>2,267</u>	<u>\$ 229,359</u>	<u>\$ 2,330,635</u>
\$ 8,481	\$ -	\$ -	\$ -	\$ 13,139
-	-	-	-	2,035
<u>8,481</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>15,174</u>
1,202,069	768,282	2,267	229,359	2,315,461
<u>1,202,069</u>	<u>768,282</u>	<u>2,267</u>	<u>229,359</u>	<u>2,315,461</u>
<u>\$ 1,210,550</u>	<u>\$ 768,282</u>	<u>\$ 2,267</u>	<u>\$ 229,359</u>	<u>\$ 2,330,635</u>

CITY OF CROWLEY**Nonmajor Governmental Funds****Combining Statement of Revenues, Expenditures and Changes in Fund Balance****For the Year Ended September 30, 2020**

	Nonmajor		
	Court Technology & Security	Grant	LEOSE Training
Revenues			
Sales tax	\$ -	\$ -	\$ -
Property taxes	-	-	-
Fees and fines	12,800	-	-
Franchise fees	-	-	-
Grants and contributions	-	51,579	-
Investment earnings	-	-	-
Other	-	-	3,370
Total revenue	<u>12,800</u>	<u>51,579</u>	<u>3,370</u>
Expenditures			
Current			
Administrative	-	-	-
Municipal court	29,913	-	-
Public safety	-	6,210	2,692
Fire and ambulance	-	28,720	-
Debt Service			
Principal	-	-	-
Interest and fiscal charges	-	-	-
Total expenditures	<u>29,913</u>	<u>34,930</u>	<u>2,692</u>
Net change in fund balances	(17,113)	16,649	678
Fund balances - beginning	59,027	37,466	16,777
Fund balances - ending	<u>\$ 41,914</u>	<u>\$ 54,115</u>	<u>\$ 17,455</u>

Governmental Funds				
Crime Control & Prevention District	TIRZ #1	Truancy	Public, Educational, and Government Access (PEG)	Total Nonmajor Funds
\$ 1,011,453	\$ -	\$ -	\$ -	\$ 1,011,453
-	413,280	-	-	413,280
-	-	2,267	-	15,067
-	-	-	23,674	23,674
-	-	-	-	51,579
8,027	456	-	-	8,483
-	-	-	-	3,370
<u>1,019,480</u>	<u>413,736</u>	<u>2,267</u>	<u>23,674</u>	<u>1,526,906</u>
-	-	-	15,897	15,897
-	-	-	-	29,913
485,231	-	-	-	494,133
-	-	-	-	28,720
240,000	-	-	-	240,000
27,923	-	-	-	27,923
<u>753,154</u>	<u>-</u>	<u>-</u>	<u>15,897</u>	<u>836,586</u>
266,326	413,736	2,267	7,777	690,320
935,743	354,546	-	221,582	1,625,141
<u>\$ 1,202,069</u>	<u>\$ 768,282</u>	<u>\$ 2,267</u>	<u>\$ 229,359</u>	<u>\$ 2,315,461</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, 2020

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Property taxes	\$ 2,040,121	\$ 2,040,121	\$ 2,074,582	\$ 34,461
Total revenues	<u>2,040,121</u>	<u>2,040,121</u>	<u>2,074,582</u>	<u>34,461</u>
EXPENDITURES				
Debt service				
Principal	1,395,000	1,395,000	1,395,000	-
Interest and fiscal charges	<u>636,130</u>	<u>636,130</u>	<u>635,841</u>	<u>289</u>
Total debt service	<u>2,031,130</u>	<u>2,031,130</u>	<u>2,030,841</u>	<u>289</u>
Total expenditures	<u>2,031,130</u>	<u>2,031,130</u>	<u>2,030,841</u>	<u>289</u>
Excess (deficiency) of revenues over expenditures	<u>8,991</u>	<u>8,991</u>	<u>43,741</u>	<u>34,750</u>
FUND BALANCE - BEGINNING	<u>281,922</u>	<u>281,922</u>	<u>281,922</u>	<u>-</u>
FUND BALANCE - ENDING	<u>\$ 290,913</u>	<u>\$ 290,913</u>	<u>\$ 325,663</u>	<u>\$ 34,750</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, 2020

	Budget Amounts		Actual Amounts	Variance
	Original	Final	Budgetary Basis	Positive (Negative)
Operating revenues:				
Water sales	\$ 3,783,012	\$ 3,783,012	\$ 4,191,575	\$ 408,563
Sewer charges	2,708,500	2,708,500	2,992,939	284,439
Miscellaneous	530,642	530,642	653,322	122,680
Total operating revenue	7,022,154	7,022,154	7,837,836	815,682
Operating expenses:				
Personnel	815,628	815,628	759,667	55,961
Professional services	68,181	68,181	47,750	20,431
Purchased water	1,625,500	1,625,500	1,979,170	(353,670)
Wastewater treatment charge	1,465,500	1,465,500	1,244,127	221,373
Contractual services	187,481	187,481	261,165	(73,684)
Insurance	51,445	51,445	51,168	277
Administrative	79,741	79,741	26,514	53,227
Repairs and maintenance	275,740	275,740	266,850	8,890
Utilities	61,040	61,040	60,616	424
Capital outlay	400,786	400,786	423,062	(22,276)
Total operating expenses	5,031,042	5,031,042	5,120,089	(89,047)
Operating income (loss)	1,991,112	1,991,112	2,717,747	726,635
Nonoperating revenues (expenses):				
Investment earnings	28,000	28,000	68,268	40,268
Debt service - principal	(900,000)	(900,000)	(935,000)	(35,000)
Interest expense	(498,909)	(498,909)	(403,618)	95,291
Total nonoperating revenues (expenses)	(1,370,909)	(1,370,909)	(1,270,350)	100,559
Income (loss) before capital contributions and transfers	620,203	620,203	1,447,397	827,194
Capital contributions	-	-	2,500	2,500
Transfers out	(580,466)	(580,466)	(580,466)	-
Change in net position	39,737	39,737	869,431	829,694
Net position - beginning	10,945,066	10,945,066	10,945,066	-
Net position - ending	\$ 10,984,803	\$ 10,984,803	\$ 11,814,497	\$ 829,694
Reconciliation from Budgetary Basis to GAAP Basis:				
Bond issuance costs			(134,273)	
Capitalized expenditures			423,062	
Depreciation expense			(760,121)	
Noncash capital contributions			16,506	
Principal payments on long-term debt			935,000	
Net Position - ending (GAAP Basis)			\$ 12,294,671	

**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, 2020, 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, 2021.

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.

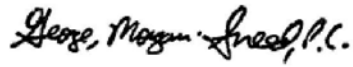
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not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

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

Weatherford, Texas
February 9, 2021

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, 2020. 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, 2020.

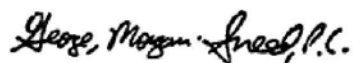
Report on Internal Control Over Compliance

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, 2021

CITY OF CROWLEY, TEXAS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED SEPTEMBER 30, 2020

A. Summary of Auditor's Results

1. Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

Material weakness identified? Yes X No

Significant deficiency identified that are not considered to be material weaknesses? Yes X None Reported

Noncompliance material to financial statements noted Yes X No

2. Federal Awards

Internal control over major programs:

Material weakness(es) identified? Yes X No

Significant deficiency(s) identified that are not considered to be material weaknesses? Yes X None Reported

Type of auditor's report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with the Uniform Guidance? Yes X No

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
21.019	Coronavirus Relief Fund

Dollar threshold used to distinguish between type A and type B programs: \$750,000

Auditee qualified as low-risk auditee? X Yes 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, 2020

None

CITY OF CROWLEY, TEXAS
CORRECTIVE ACTION PLAN
YEAR ENDED SEPTEMBER 30, 2020

Contact for Corrective Action Plan:

Robert Loftin
City Manager

Federal Statement Findings

None

Federal Award Findings and Questioned Costs

None

CITY OF CROWLEY, TEXAS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED SEPTEMBER 30, 2020

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	\$ 778,446
Total U.S. Department of Treasury			<u>778,446</u>
<u>U.S. Department of Transportation</u>			
Passed Through Texas Department of Transportation			
Highway Planning and Construction	20.205	0902-90-089	703,860
Total U.S. Department of Transportation			<u>703,860</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	2,922
Total U.S. Department of National Endowment for the Humanities			<u>2,922</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u>\$ 1,485,228</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, 2020

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.