

CITY OF CROWLEY, TEXAS

ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED SEPTEMBER 30, 2017



CITY OF CROWLEY, TEXAS
Annual Financial Report
For the year ended September 30, 2017

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FINANCIAL SECTION

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INDEPENDENT AUDITOR'S REPORT

To the City Council
City of 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, 2017, 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, 2017, 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 schedule of contributions on pages 4 - 14 and pages 50 - 54 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 and individual nonmajor fund financial statements and schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements and schedules 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 and individual nonmajor fund financial statements and schedules 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 January 29, 2018, 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 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 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.

George Morgan Freed, P.C.

Weatherford, Texas
January 29, 2018

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, 2017.

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 \$34,368,399 (*net position*) compared to \$31,478,953 for the prior year. Of this amount, \$7,631,610 (*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 \$2,889,446. The City's governmental activities net position increased by \$1,990,551 and the business-type activities net position increased by \$898,895.
- As of the close of the current year, the City of Crowley's governmental funds reported combined ending fund balances of \$14,009,299 compared to \$13,506,353 for the prior year.
- At the end of the current year, unassigned fund balance for the general fund was \$6,984,467, or 67% 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, 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, 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 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 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 - 49 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 \$34,368,399 as of September 30, 2017. Below is a summary of the City's Statement of Net Position.

Condensed Statement of Net Position

	Governmental Activities		Business-type Activities		Total	
	2017	2016	2017	2016	2017	2016
Current and other assets	\$ 15,988,422	\$ 15,124,072	\$ 7,792,704	\$ 6,763,183	\$ 23,781,126	\$ 21,887,255
Capital assets	30,709,272	31,122,668	12,257,585	13,025,340	42,966,857	44,148,008
Total Assets	46,697,694	46,246,740	20,050,289	19,788,523	66,747,983	66,035,263
Deferred outflows of resources	1,295,866	1,232,772	203,615	135,625	1,499,481	1,368,397
Current liabilities	1,229,470	919,542	904,502	1,006,416	2,133,972	1,925,958
Noncurrent liabilities	22,703,810	24,555,662	8,770,226	9,247,554	31,474,036	33,803,216
Total liabilities	23,933,280	25,475,204	9,674,728	10,253,970	33,608,008	35,729,174
Deferred inflows resources	243,951	178,530	27,106	17,003	271,057	195,533
Net position						
Net investment in capital assets	16,772,495	14,512,454	7,406,736	7,773,039	24,179,231	22,285,493
Restricted	2,415,882	1,922,822	141,676	36,475	2,557,558	1,959,297
Unrestricted	4,627,952	5,390,502	3,003,658	1,843,661	7,631,610	7,234,163
Total net position	\$ 23,816,329	\$ 21,825,778	\$ 10,552,070	\$ 9,653,175	\$ 34,368,399	\$ 31,478,953

The largest portion of the City's net position (70%) 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 (7%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position of \$7,631,610 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	
	2017	2016	2017	2016	2017	2016
Revenues:						
Program revenues:						
Charges for services	\$ 3,237,847	\$ 2,634,128	\$ 6,302,356	\$ 5,512,007	\$ 9,540,203	\$ 8,146,135
Operating grants and contributions	365,947	383,764	-	-	365,947	383,764
Capital grants and contributions	-	326,941	-	133,783	-	460,724
General revenues:						
Property taxes	6,021,716	5,796,776	-	-	6,021,716	5,796,776
Sales taxes	3,190,638	2,881,333	-	-	3,190,638	2,881,333
Franchise taxes	783,558	797,294	-	-	783,558	797,294
Oil & gas royalties	484,816	290,643	-	-	484,816	290,643
Investment earnings	109,881	33,803	23,281	1,801	133,162	35,604
Gain on disposal of capital assets	-	12,189	-	3,418	-	15,607
Other revenue	29,197	36,621	-	-	29,197	36,621
Insurance recoveries	97,248	-	-	-	97,248	-
Total revenues	<u>14,320,848</u>	<u>13,193,492</u>	<u>6,325,637</u>	<u>5,651,009</u>	<u>20,646,485</u>	<u>18,844,501</u>
Expenses						
Administration and finance	944,131	945,021			944,131	945,021
Municipal court	280,147	276,323			280,147	276,323
Library	503,669	469,984			503,669	469,984
Senior citizens	30,702	33,362			30,702	33,362
Public safety	3,582,962	3,472,068			3,582,962	3,472,068
Fire and ambulance	2,854,557	2,570,601			2,854,557	2,570,601
Public works	933,676	928,403			933,676	928,403
Parks	516,296	475,700			516,296	475,700
Recreation center	688,487	688,476			688,487	688,476
Animal control	289,389	276,722			289,389	276,722
Code enforcement	51,899	44,053			51,899	44,053
Community development	272,968	278,359			272,968	278,359
Sanitation	703,660	687,741			703,660	687,741
Economic development	126,185	115,279			126,185	115,279
Nondepartmental	496,149	470,974			496,149	470,974
Interest and fiscal charges	635,886	744,040			635,886	744,040
Stormwater utility			22,340	22,329	22,340	22,329
Water and Sewer			4,823,936	5,255,603	4,823,936	5,255,603
Total expenses	<u>12,910,763</u>	<u>12,477,106</u>	<u>4,846,276</u>	<u>5,277,932</u>	<u>17,757,039</u>	<u>17,755,038</u>
Increase (decrease) in net position before transfers	1,410,085	716,386	1,479,361	373,077	2,889,446	1,089,463
Transfers	580,466	580,466	(580,466)	(580,466)	-	-
Increase (decrease) in net position	1,990,551	1,296,852	898,895	(207,389)	2,889,446	1,089,463
Net position-beginning	21,825,778	20,528,926	9,653,175	9,860,564	31,478,953	30,389,490
Net position-ending	<u>\$ 23,816,329</u>	<u>\$ 21,825,778</u>	<u>\$ 10,552,070</u>	<u>\$ 9,653,175</u>	<u>\$ 34,368,399</u>	<u>\$ 31,478,953</u>

Governmental Activities. Governmental activities increased the City's net position by \$1,990,551 in the current year compared with a \$1,296,852 increase in the prior year.

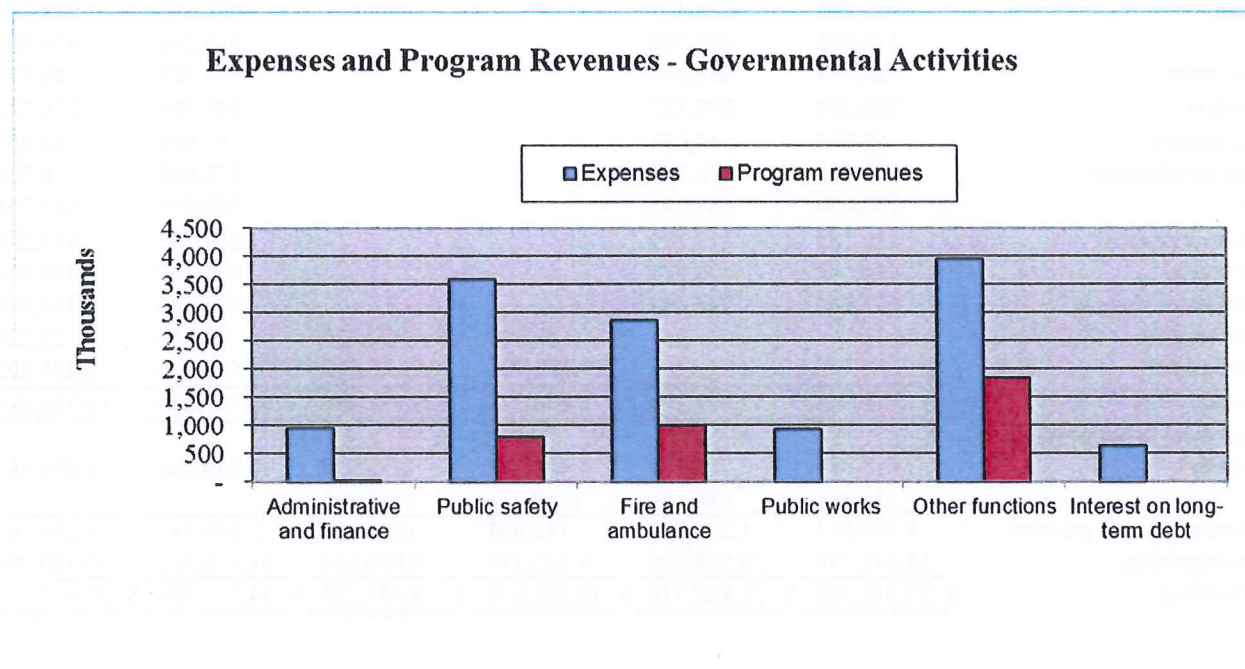
Total governmental activities revenues increased \$1,127,356 (9%) to \$14,320,848, primarily due to the following key factors:

- \$771,147 (8%) increase in general revenues primarily due to \$309,305 (11%) increase in sales tax revenue and \$194,173 increase in oil and gas royalties. Property taxes increased \$224,940 due to increase in property tax values (approximately \$19.6 million). Property tax rates remain the same.
- \$603,719 (23%) increase in charges for services primarily due to increase in EMS revenues and licenses and permits.
- Grant and contributions (operating and capital) decreased \$344,758 primarily due to grants from Green Ribbon Project of the Texas Department of Transportation in the prior year.

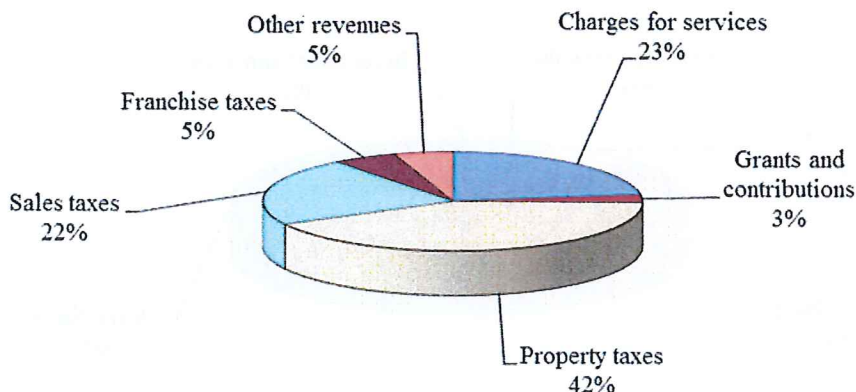
Total governmental activities expenses increased \$433,657 (3%) to \$12,910,763. Key elements of this increase are as follows.

- Public safety expenses increased \$110,894 primarily due to implementation of salary step program (pay scale), 3.5% raise and increase in overtime.
- Fire and ambulance expenses increased \$283,956 primarily due to implementation of salary step program (pay scale), 3.5% raise, increase in overtime and increase in operating and maintenance.

Below are two graphs summarizing governmental revenues and expenses:



Revenues by Source - Governmental Activities



Business-type activities. Business-type activities increased the City's net position by \$898,895 in the current year compared to a decrease in net position of \$207,389 in the prior year. The business-type activities total revenues increased \$674,628 (12%) to \$6,325,637 and total expenses decreased \$431,656 (8%) to \$4,846,276. Key elements of these changes are as follows.

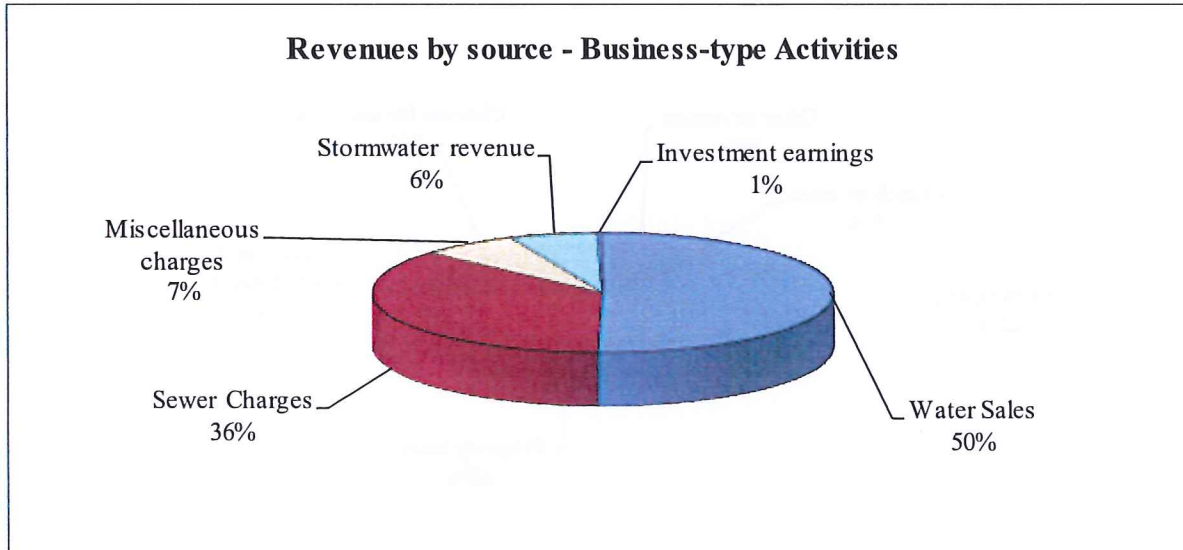
Revenues:

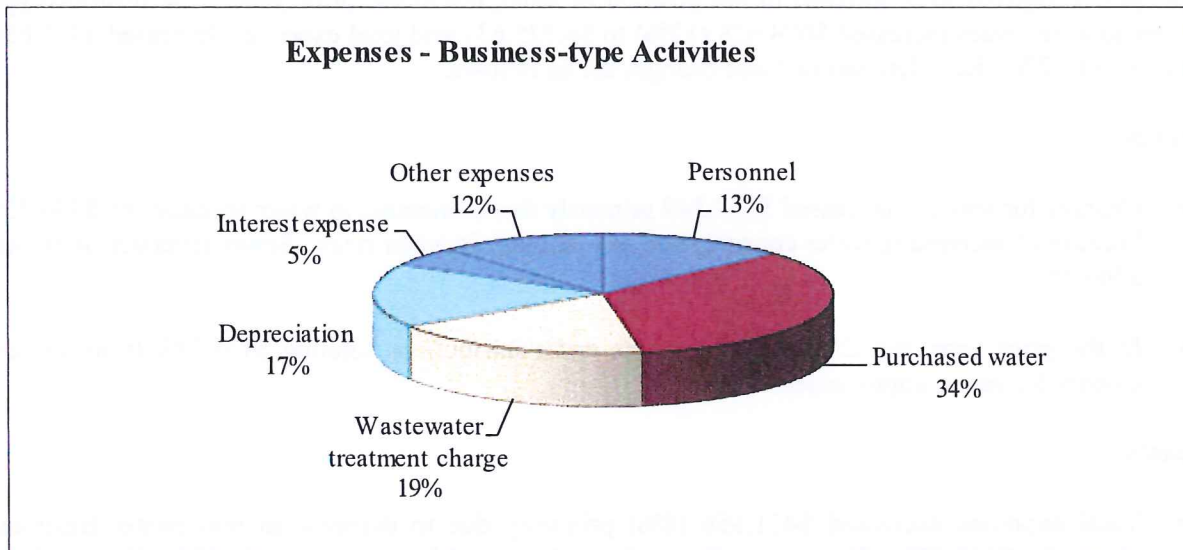
- Charges for services increased \$790,349 primarily due to increase in water revenues by \$344,339 because of increase in water consumption and increase in water rates. Sewer revenues increased \$360,551.
- In the prior year, the City received grants and contributions totaling \$133,783 from Tarrant County for sewer improvements.

Expenses:

- Total expenses decreased \$431,656 (8%) primarily due to decrease in wastewater treatment charge by \$412,379. Wastewater flow volume decreased by approximately 175 million gallons compared to last year.

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





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 \$14,009,299. \$6,984,467 (50%) 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 \$6,984,467. The fund balance of the general fund increased \$635,561. Below is a comparison of the general fund's net change in fund balance for 2017 and 2016.

	9/30/2017	9/30/2016	Increase (Decrease)	Percent Increase (Decrease)
REVENUES				
Taxes:				
Property	\$ 4,105,850	\$ 4,014,384	\$ 91,466	2.28%
Sales	1,631,604	1,491,561	140,043	9.39%
Franchise	754,735	777,685	(22,950)	-2.95%
Charges for service	1,969,515	1,697,325	272,190	16.04%
Fees and Fines	684,635	643,173	41,462	6.45%
Licenses and permits	483,554	308,830	174,724	56.58%
Grants and contributions	306,806	294,333	12,473	4.24%
Oil & Gas Revenue	484,816	290,643	194,173	66.81%
Investment Earnings	100,479	30,746	69,733	226.80%
Other revenue	126,145	63,163	62,982	99.71%
Total revenues	<u>10,648,139</u>	<u>9,611,843</u>	<u>1,036,296</u>	<u>10.78%</u>
EXPENDITURES				
Administrative and finance	724,198	738,625	(14,427)	-1.95%
Municipal court	244,795	242,744	2,051	0.84%
Library	424,406	382,066	42,340	11.08%
Senior citizens	30,702	33,362	(2,660)	-7.97%
Public safety	2,886,823	2,935,179	(48,356)	-1.65%
Fire and ambulance	2,583,444	2,406,417	177,027	7.36%
Public works	397,961	412,051	(14,090)	-3.42%
Parks	371,116	317,942	53,174	16.72%
Recreation Center	483,209	444,646	38,563	8.67%
Animal Control	233,968	219,785	14,183	6.45%
Code enforcement	50,079	43,174	6,905	0.00%
Community development	267,737	271,156	(3,419)	-1.26%
Sanitation	703,660	687,741	15,919	2.31%
Nondepartmental	1,043,239	513,490	529,749	103.17%
Capital outlay	1,850	589	1,261	214.09%
Total expenditures	<u>10,447,187</u>	<u>9,648,967</u>	<u>798,220</u>	<u>8.27%</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	580,466	580,466	-	0.00%
Transfers out	(145,857)	(22,332)	(123,525)	0.00%
NET CHANGE IN FUND BALANCE	<u>\$ 635,561</u>	<u>\$ 521,010</u>	<u>\$ 114,551</u>	<u>21.99%</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 on pages 22 - 24. Also, see page 9 for explanation of significant changes.

Unrestricted net position of the proprietary funds at the end of the year amounted to \$3,003,658. Total net position increased \$898,895. Other factors concerning the finances of this fund have already been addressed in the discussion of the City's business-type activities.

General Fund Budgetary Highlights

During the fiscal year the City amended its budget. General fund appropriations were increased \$646,717 including administration and finance (\$15,124), library (\$19,064), public safety (\$6,190), fire and ambulance (\$90,491), public works (\$2,950), parks (\$125,465), recreation center (\$72,633), animal control (\$8,700), community development (\$3,177) and nondepartmental (\$302,953). These increases were funded with increases in the property tax, sales tax, gas royalties and charges for services.

Overall, total actual expenditures of the general fund exceeded appropriations by \$14,118. Excess expenditures were funded by excess revenues.

Capital Assets

The City's investment in capital assets for its governmental and business type activities as of September 30, 2017, amounts to \$42,966,857 (net of accumulated depreciation).

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

Governmental Activities:

- Acquired real estate property at 128 Harris Drive and .174 acre lot at a total cost of \$345,624.
- Purchased two police vehicles at a total cost of \$108,137.
- Purchased various equipment (extrication tools, dual band radios, surveillance system, scanner, portable light tower and computer network) for a total cost of \$219,472.
- Major capital projects in progress such East Main Street façade, Main Street improvements, East 1187 expansion project for a total cost of \$684,251.

Business-type activities:

- Installed water meters at a total cost of \$22,099.
- Sewer line improvement project in progress at a cost of \$22,648.
- \$22,173 cost of fencing around tower – Hampton.

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

	Governmental Activities		Business-type Activities		Total	
	2017	2016	2017	2016	2017	2016
Land	\$ 4,762,002	4,416,378	34,751	34,751	4,796,753	4,451,129
Construction in progress	810,804	126,553	22,648	-	833,452	126,553
Buildings and improvements	15,413,451	16,156,388	1,669,121	1,716,208	17,082,572	17,872,596
Infrastructure/utility system	7,807,502	8,282,465	9,955,192	10,504,101	17,762,694	18,786,566
Equipment and furniture	1,915,513	2,140,884	575,873	770,280	2,491,386	2,911,164
Total	<u>30,709,272</u>	<u>31,122,668</u>	<u>12,257,585</u>	<u>13,025,340</u>	<u>42,966,857</u>	<u>44,148,008</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 and capital leases payable of \$28,506,733. Of this amount, \$13,413,505 comprises bonded debt backed by the full faith and credit of the government, \$12,821,278 are certificates of obligation secured by ad valorem taxes and surplus revenues of the water and sewer revenues and \$2,271,950 are revenue bonds secured by sale tax revenue. Outstanding at year-end are as follows:

	Governmental Activities		Business-type Activities		Total	
	2017	2016	2017	2016	2017	2016
General Obligation Bonds	\$ 10,065,904	\$ 6,214,278	\$ 3,347,601	\$ 1,746,668	\$ 13,413,505	\$ 7,960,946
Certificates of Obligation	7,666,534	13,080,588	5,154,744	7,216,706	12,821,278	20,297,294
Revenue Bonds	2,271,950	2,332,089	-	-	2,271,950	2,332,089
Capital lease	-	197,770	-	-	-	197,770
Total	<u>\$ 20,004,388</u>	<u>\$ 21,824,725</u>	<u>\$ 8,502,345</u>	<u>\$ 8,963,374</u>	<u>\$ 28,506,733</u>	<u>\$ 30,788,099</u>

The City's bond ratings are listed below:

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

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

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

Economic factors and the Next Year's Budgets and Rates

General fund revenues are budgeted to increase 1% (\$63,802) in fiscal year 2017-2018 when compared to the 2016-2017 amended budget to \$10,509,822. The adopted tax rate is \$.7190 per \$100 of taxable value. The largest increases in the revenue budget are on property tax revenue (\$331,404), charges for services (\$81,903), license and permits (\$55,665) and other revenues (\$75,011). The largest decreases are on sales tax revenue (\$31,500), franchise revenue (\$52,200), fees and fines (\$151,781), grants and

General fund expenditures are budgeted to increase 1% (\$73,144) when compared to the prior year amended appropriations to \$10,506,213. The largest increases are \$87,257 in administrative and finance appropriations, \$149,548 in public safety appropriations, \$325,758 in fire and ambulance appropriations and \$52,219 in community development appropriations. The largest decreases are \$29,677 municipal court appropriations, \$64,095 public works appropriations, \$125,689 parks appropriations, and \$339,591 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.

BASIC FINANCIAL STATEMENTS

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CITY OF CROWLEY, TEXAS

Statement of Net Position

September 30, 2017

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 1,026,920	\$ 1,897,504	\$ 2,924,424
Investments	13,318,579	1,428,408	14,746,987
Receivables (net of allowance for uncollectibles)			
Property taxes	169,690	-	169,690
Other taxes	822,777	-	822,777
Accounts	444,934	747,856	1,192,790
Miscellaneous	185,407	4,256	189,663
Inventory	20,115	5,394	25,509
Restricted assets			
Investments	-	3,709,286	3,709,286
Capital assets			
Nondepreciable	5,572,806	57,399	5,630,205
Depreciable, net of accumulated depreciation	25,136,466	12,200,186	37,336,652
Total Assets	46,697,694	20,050,289	66,747,983
Deferred Outflows of Resources			
Deferred outflow related to TMRS pension	1,044,991	116,110	1,161,101
Deferred charges on refunding	250,875	87,505	338,380
Total Deferred Outflows of Resources	1,295,866	203,615	1,499,481
LIABILITIES			
Accounts payable	771,356	334,634	1,105,990
Accrued payroll liabilities	276,836	24,459	301,295
Due to other governments	31,486	-	31,486
Unearned revenue	4,327	-	4,327
Internal balances	26	(26)	-
Interest payable	145,439	40,322	185,761
Current liabilities payable from restricted assets			
Customer deposits payable	-	505,113	505,113
Noncurrent liabilities:			
Due within one year	1,935,435	618,688	2,554,123
Due in more than one year	20,768,375	8,151,538	28,919,913
Total liabilities	23,933,280	9,674,728	33,608,008
DEFERRED INFLOWS OF RESOURCES			
Deferred inflow related to TMRS pension	243,951	27,106	271,057
Total deferred inflows of resources	243,951	27,106	271,057
NET POSITION			
Net investment in capital assets	16,772,495	7,406,736	24,179,231
Restricted for:			
Capital improvements	-	141,676	141,676
Debt service	277,615	-	277,615
Public safety	757,002	-	757,002
Economic development	1,152,683	-	1,152,683
Grant program	37,015	-	37,015
Community program	191,567	-	191,567
Unrestricted	4,627,952	3,003,658	7,631,610
Total net position	\$ 23,816,329	\$ 10,552,070	\$ 34,368,399

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

CITY OF CROWLEY, TEXAS
Statement of Activities
For the Year Ended September 30, 2017

		Program Revenues		
Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government				
Governmental activities:				
Administration and finance	\$ 944,131	\$ 275	\$ -	\$ -
Municipal court	280,147	19,494	-	-
Library	503,669	14,070	13,830	-
Senior citizens	30,702	-	-	-
Public safety	3,582,962	754,584	32,962	-
Fire and ambulance	2,854,557	682,366	303,589	-
Public works	933,676	-	-	-
Parks	516,296	132,195	1,300	-
Recreation Center	688,487	148,417	-	-
Animal control	289,389	12,076	7,916	-
Code enforcement	51,899	-	-	-
Community development	272,968	689,261	-	-
Sanitation	703,660	754,381	-	-
Economic development	126,185	30,728	-	-
Nondepartmental	496,149	-	6,350	-
Interest and fiscal charges	635,886	-	-	-
Total governmental activities	12,910,763	3,237,847	365,947	-
Business-type activities:				
Water and sewer	4,823,936	5,914,226	-	-
Stormwater utility	22,340	388,130	-	-
Total business-type activities	4,846,276	6,302,356	-	-
Total primary government	\$ 17,757,039	\$ 9,540,203	\$ 365,947	\$ -

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
\$ (943,856)	\$ -	\$ (943,856)
(260,653)	-	(260,653)
(475,769)	-	(475,769)
(30,702)	-	(30,702)
(2,795,416)	-	(2,795,416)
(1,868,602)	-	(1,868,602)
(933,676)	-	(933,676)
(382,801)	-	(382,801)
(540,070)	-	(540,070)
(269,397)	-	(269,397)
(51,899)	-	(51,899)
416,293	-	416,293
50,721	-	50,721
(95,457)	-	(95,457)
(489,799)	-	(489,799)
(635,886)	-	(635,886)
(9,306,969)	-	(9,306,969)
-	1,090,290	1,090,290
-	365,790	365,790
-	1,456,080	1,456,080
\$ (9,306,969)	\$ 1,456,080	\$ (7,850,889)
\$ 4,119,438	-	4,119,438
1,810,371	-	1,810,371
91,907	-	91,907
3,190,638	-	3,190,638
783,558	-	783,558
484,816	-	484,816
109,881	23,281	133,162
29,197	-	29,197
580,466	(580,466)	-
97,248	-	97,248
11,297,520	(557,185)	10,740,335
1,990,551	898,895	2,889,446
21,825,778	9,653,175	31,478,953
\$ 23,816,329	\$ 10,552,070	\$ 34,368,399

CITY OF CROWLEY, TEXAS
Balance Sheet
Governmental Funds
September 30, 2017

	General	Debt Service	Capital Projects	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS					
Cash and cash equivalents	\$ 963,044	\$ 11,588	\$ -	\$ 52,288	\$ 1,026,920
Investments	6,497,455	308,160	4,588,835	1,924,129	13,318,579
Receivables (Net of allowances for uncollectibles)					
Property taxes	117,888	51,802	-	-	169,690
Other taxes	555,033	-	-	267,744	822,777
Accounts	444,934	-	-	-	444,934
Miscellaneous	185,394	-	-	13	185,407
Inventory	20,115	-	-	-	20,115
Due from other funds	191,615	-	-	91,940	283,555
Total assets	<u>8,975,478</u>	<u>371,550</u>	<u>4,588,835</u>	<u>2,336,114</u>	<u>16,271,977</u>
LIABILITIES					
Accounts payable	767,158	-	-	4,195	771,353
Accrued payroll liabilities	276,836	-	-	-	276,836
Interest payable	-	16,641	-	-	16,641
Unearned revenue	2,292	-	-	2,035	4,327
Due to other governments	31,486	-	-	-	31,486
Due to other funds	66,475	25,492	-	191,617	283,584
Total liabilities	<u>1,144,247</u>	<u>42,133</u>	<u>-</u>	<u>197,847</u>	<u>1,384,227</u>
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue	826,649	51,802	-	-	878,451
Total deferred inflows of resources	<u>826,649</u>	<u>51,802</u>	<u>-</u>	<u>-</u>	<u>878,451</u>
FUND BALANCES					
Nonspendable					
Inventory	20,115	-	-	-	20,115
Restricted	-	277,615	4,588,835	2,138,267	7,004,717
Unassigned	6,984,467	-	-	-	6,984,467
Total fund balances	<u>7,004,582</u>	<u>277,615</u>	<u>4,588,835</u>	<u>2,138,267</u>	<u>14,009,299</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 8,975,478</u>	<u>\$ 371,550</u>	<u>\$ 4,588,835</u>	<u>\$ 2,336,114</u>	<u>\$ 16,271,977</u>

CITY OF CROWLEY, TEXAS
Reconciliation of the Governmental Funds Balance Sheet
To the Statement of Net Position
September 30, 2017

Total fund balances - governmental funds	\$ 14,009,299
Capital assets used in governmental activities are not financial resources and therefore are reported in the governmental funds. The cost of these assets was \$56,411,809 and the accumulated depreciation was \$25,702,537. The net effect of including the ending balances of capital assets (net of depreciation) in the governmental activities is to increase net position.	30,709,272
Deferred charges for refunding related to governmental activity debt are not financial resources\ and, therefore , are not reported in the governmental funds.	250,875
Long-term liabilities, including \$20,004,388 bonds and \$378,070 compensated absences payable are not due and payable in the current period, and, therefore are not reported as liabilities in the fund financial statements.	(20,382,458)
Included in the items related to noncurrent liabilities is the recognition of the City's net pension liability required by GASB 68 in the amount of \$2,321,352, deferred resource intflows related to TMRS pension of \$243,951, and a deferred resource outflow related to TMRS pension in the amount of \$1,044,991. The result is to decrease net position.	(1,520,312)
Interest payable is not expected to be liquidated with available financial resources and is not reported as a liability in the fund financial statements.	(128,798)
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.	878,451
Net position of governmental activities	<u><u>\$ 23,816,329</u></u>

CITY OF CROWLEY, TEXAS
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended September 30, 2017

	General	Debt Service	Capital Projects	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES					
Taxes					
Property	\$ 4,105,850	\$ 1,804,398	\$ -	\$ 91,908	\$ 6,002,156
Sales	1,631,604	-	-	1,559,034	3,190,638
Franchise taxes	754,735	-	-	25,006	779,741
Charges for service	1,969,515	-	-	-	1,969,515
Fees and fines	684,635	-	-	16,499	701,134
Licenses and permits	483,554	-	-	-	483,554
Grants and contributions	306,806	-	-	55,418	362,224
Oil and gas revenue	484,816	-	-	-	484,816
Investment earnings	100,479	-	-	9,402	109,881
Other revenue	126,145	-	-	34,751	160,896
Total revenues	<u>10,648,139</u>	<u>1,804,398</u>	<u>-</u>	<u>1,792,018</u>	<u>14,244,555</u>
EXPENDITURES					
Current:					
Administrative and finance	724,198	-	-	50,657	774,855
Municipal court	244,795	-	-	26,117	270,912
Library	424,406	-	-	10,643	435,049
Senior citizens center	30,702	-	-	-	30,702
Public safety	2,886,823	-	-	422,487	3,309,310
Fire and ambulance	2,583,444	-	-	26,878	2,610,322
Public works	397,961	-	-	-	397,961
Parks	371,116	-	-	-	371,116
Recreation center	483,209	-	-	-	483,209
Animal control	233,968	-	-	-	233,968
Code enforcement	50,079	-	-	-	50,079
Community development	267,737	-	-	-	267,737
Sanitation	703,660	-	-	-	703,660
Economic development	-	-	-	362,103	362,103
Nondepartmental	1,043,239	-	-	-	1,043,239
Capital outlay	1,850	-	280,089	13,633	295,572
Debt service:					
Principal	-	1,270,000	197,770	515,000	1,982,770
Interest and fiscal charges	-	426,675	6,703	144,981	578,359
Bond issuance costs	-	80,935	-	-	80,935
Total expenditures	<u>10,447,187</u>	<u>1,777,610</u>	<u>484,562</u>	<u>1,572,499</u>	<u>14,281,858</u>
Excess (deficiency) of revenues over expenditures	<u>200,952</u>	<u>26,788</u>	<u>(484,562)</u>	<u>219,519</u>	<u>(37,303)</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	580,466	121,152	6,560	165,818	873,996
Transfers out	(145,857)	-	(147,673)	-	(293,530)
Refunding bonds issued	-	4,745,000	-	-	4,745,000
Bond Premium	-	251,274	-	-	251,274
Payment to refund bond escrow agent	-	(5,036,491)	-	-	(5,036,491)
Total other financing sources (uses)	<u>434,609</u>	<u>80,935</u>	<u>(141,113)</u>	<u>165,818</u>	<u>540,249</u>
Net change in fund balances	635,561	107,723	(625,675)	385,337	502,946
Fund balances - beginning	<u>6,369,021</u>	<u>169,892</u>	<u>5,214,510</u>	<u>1,752,930</u>	<u>13,506,353</u>
Fund balances - ending	<u>\$ 7,004,582</u>	<u>\$ 277,615</u>	<u>\$ 4,588,835</u>	<u>\$ 2,138,267</u>	<u>\$14,009,299</u>

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

CITY OF CROWLEY, TEXAS
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, 2017

Total net change in fund balances - governmental funds	\$ 502,946
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 \$1,441,166 of capital outlays and \$1,982,770 of debt principal payments is to increase net position.	3,423,936
Transactions involving issuance of refunding bonds are expenditures and other financing sources (uses) in the fund financial statements but change in deferred charges for refunding and noncurrent liabilities in the government-wide financial statements. The net effect is a decrease in net position.	40,217
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.	(1,854,562)
The net effect of various miscellaneous transactions involving capital assets (i.e. disposal and donations) is to increase net position.	
Revenues in the government-wide statement of activities that do not provide current financial resources are not reported as revenues in the funds.	76,293
GASB 68 required the City to recognize their net pension liability, deferred resource inflow related to TMRS pension, and deferred resource outflow related to TMRS pension. The changes in these balances decreased net position.	(181,981)
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 \$24,817 increase in interest payable and \$39,706 increase in compensated absences and \$48,225 amortization of premiums increase net position.	(16,298)
Change in net position of governmental activities	<u>\$ 1,990,551</u>

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

CITY OF CROWLEY, TEXAS
Statement of Net Position
Proprietary Funds
September 30, 2017

	Water and Sewer Fund	Stormwater Utility	Totals
ASSETS			
Current Assets:			
Cash and cash equivalents	\$ 520,620	\$ 1,376,884	\$ 1,897,504
Investments	1,428,408	-	1,428,408
Receivables (Net of allowance for uncollectibles):			
Accounts	697,984	49,872	747,856
Miscellaneous	4,256	-	4,256
Due from other funds	26	-	26
Inventory	5,394	-	5,394
Restricted Assets			
Investments	3,709,286	-	3,709,286
Total current assets	<u>6,365,974</u>	<u>1,426,756</u>	<u>7,792,730</u>
Noncurrent Assets:			
Capital assets, at cost			
Non-depreciable assets	57,399	-	57,399
Depreciable assets, net of accumulated depreciation	12,068,701	131,485	12,200,186
Total noncurrent assets	<u>12,126,100</u>	<u>131,485</u>	<u>12,257,585</u>
Total assets	<u>18,492,074</u>	<u>1,558,241</u>	<u>20,050,315</u>
Deferred Outflows of Resources			
Deferred outflows related to TMRS pension	116,110	-	116,110
Deferred charges on refunding	87,505	-	87,505
Total Deferred Outflows of Resources	<u>\$ 203,615</u>	<u>\$ -</u>	<u>\$ 203,615</u>
LIABILITIES			
Current Liabilities			
Accounts payable	\$ 334,634	\$ -	\$ 334,634
Accrued payroll liabilities	24,459	-	24,459
Compensated absences	19,454	-	19,454
Current portion of long-term liabilities	599,234	-	599,234
Interest payable	40,322	-	40,322
Current Liabilities Payable from Restricted Assets			
Customer deposits payable	505,113	-	505,113
Total current liabilities	<u>1,523,216</u>	<u>-</u>	<u>1,523,216</u>
Noncurrent Liabilities			
Compensated absences	7,565	-	7,565
Net pension liability	240,862	-	240,862
Bonds payable	7,903,111	-	7,903,111
Total noncurrent liabilities	<u>8,151,538</u>	<u>-</u>	<u>8,151,538</u>
Total liabilities	<u>9,674,754</u>	<u>-</u>	<u>9,674,754</u>
Deferred Inflows of Resources			
Deferred inflow related to TMRS pension	27,106	-	27,106
Total Deferred Inflows of Resources	<u>27,106</u>	<u>-</u>	<u>27,106</u>
NET POSITION			
Net investment in capital assets	7,275,251	131,485	7,406,736
Restricted for impact fees for capital improvements (Expendable)	141,676	-	141,676
Unrestricted	1,576,902	1,426,756	3,003,658
Total net position	<u>\$ 8,993,829</u>	<u>\$ 1,558,241</u>	<u>\$ 10,552,070</u>

CITY OF CROWLEY, TEXAS
Statement of Revenues, Expenses, and Changes in Fund Net Position
Proprietary Funds
For the Year Ended September 30, 2017

	Water and Sewer Fund	Stormwater Utility	Totals
Operating revenues			
Charges for services:			
Water Sales	\$ 3,182,189	\$ -	\$ 3,182,189
Sewer charges	2,294,082	-	2,294,082
Stormwater revenue	-	388,130	388,130
Miscellaneous water charges	437,955	-	437,955
Total operating revenue	<u>5,914,226</u>	<u>388,130</u>	<u>6,302,356</u>
Operating expenses			
Personnel services	647,523	-	647,523
Professional services	90,986	-	90,986
Purchased water	1,639,813	-	1,639,813
Wastewater treatment charge	902,203	-	902,203
Contractual services	178,262	-	178,262
Insurance	45,442	-	45,442
Administrative	70,135	2,111	72,246
Repairs and maintenance	110,407	-	110,407
Utilities	69,810	-	69,810
Depreciation	814,446	20,229	834,675
Total operating expenses	<u>4,569,027</u>	<u>22,340</u>	<u>4,591,367</u>
Operating income (loss)	<u>1,345,199</u>	<u>365,790</u>	<u>1,710,989</u>
Nonoperating revenues (expenses):			
Investment earnings	23,281	-	23,281
Interest expense	(254,909)	-	(254,909)
Total nonoperating revenues (expenses)	<u>(231,628)</u>	<u>-</u>	<u>(231,628)</u>
Income (loss) before transfers	1,113,571	365,790	1,479,361
Transfers out	<u>(580,466)</u>	<u>-</u>	<u>(580,466)</u>
Change in net position	533,105	365,790	898,895
Net position - beginning	8,460,724	1,192,451	9,653,175
Net position - ending	<u>\$ 8,993,829</u>	<u>\$ 1,558,241</u>	<u>\$ 10,552,070</u>

CITY OF CROWLEY, TEXAS
Statement of Cash Flows
Proprietary Funds
For the Year Ended September 30, 2017

	Water and Sewer Fund	Stormwater Utility	Totals
Cash flows from operating activities:			
Cash received from customers	\$ 5,855,605	\$ 378,675	\$ 6,234,280
Cash paid to suppliers	(3,172,804)	(2,111)	(3,174,915)
Cash paid to employees	(657,796)	-	(657,796)
Net cash provided by operating activities	<u>2,025,005</u>	<u>376,564</u>	<u>2,401,569</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	(555,000)	-	(555,000)
Capital outlay	(66,920)	-	(66,920)
Interest paid on capital debt	(238,373)	-	(238,373)
Net cash used by capital and related financing activities	<u>(860,293)</u>	<u>-</u>	<u>(860,293)</u>
Cash flow from investing activities:			
Proceeds from sale of investments	1,911,258	-	1,911,258
Purchase of investments	(2,858,762)	-	(2,858,762)
Investment earnings	23,281	-	23,281
Net cash provided by investing activities	<u>(924,223)</u>	<u>-</u>	<u>(924,223)</u>
Net increase (decrease) in cash and cash equivalents	(339,977)	376,564	36,587
Cash and cash equivalents, beginning	<u>860,597</u>	<u>1,000,320</u>	<u>1,860,917</u>
Cash and cash equivalents, ending	<u>\$ 520,620</u>	<u>\$ 1,376,884</u>	<u>\$ 1,897,504</u>
Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities			
Operating income (loss)	\$ 1,345,199	\$ 365,790	\$ 1,710,989
Adjustments to reconcile operating income to net cash provided (used) by operating activities:			
Depreciation expense	814,446	20,229	834,675
(Increase) decrease in accounts receivable	(58,621)	(9,455)	(68,076)
(Increase) decrease in miscellaneous receivables	223	-	223
(Increase) decrease in inventory	22,423	-	22,423
Increase (decrease) in accounts payable	(130,874)	-	(130,874)
Increase (decrease) in accrued payroll liabilities	(1,887)	-	(1,887)
Increase (decrease) in customer meter deposits	20,777	-	20,777
Increase (decrease) in net pension balances	21,705	-	21,705
Increase (decrease) in compensated absences payable	(8,386)	-	(8,386)
Total adjustments	<u>679,806</u>	<u>10,774</u>	<u>690,580</u>
Net cash provided by operating activities	<u>\$ 2,025,005</u>	<u>\$ 376,564</u>	<u>\$ 2,401,569</u>
Increase in bonds payable due to refinancing	<u>\$ 118,205</u>	<u>\$ -</u>	<u>\$ 118,205</u>

CITY OF CROWLEY, TEXAS
Notes to Financial Statements
September 30, 2017

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, 2017

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, 2017

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 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, 2017

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, 2017

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 \$254,909. Of this amount \$0 was included as part of the cost of capital assets under construction in connection with water and sewer construction projects.

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, 2017

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, 2017

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	Nonmajor Governmental Funds	Total Governmental Funds
Nonspendable					
Inventory	\$ 20,115	\$ -	\$ -	\$ -	\$ 20,115
Restricted					
Debt Service	-	277,615	-	-	277,615
Capital Projects	-	-	4,588,835	-	4,588,835
Public Safety - Police	-	-	-	673,191	673,191
Public Safety - Court	-	-	-	83,811	83,811
Economic Development	-	-	-	1,152,683	1,152,683
Grant programs	-	-	-	37,015	37,015
Public Education Grant	-	-	-	191,567	191,567
Unassigned	6,984,467	-	-	-	6,984,467
	<u>\$ 7,004,582</u>	<u>\$ 277,615</u>	<u>\$ 4,588,835</u>	<u>\$ 2,138,267</u>	<u>\$ 14,009,299</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)	\$ 7,004,717
Adjustment:	
Unspent proceeds from bonds reclassified to net investment in capital assets	<u>(4,588,835)</u>
Total adjustments	<u>(4,588,835)</u>
Restricted net position (Exhibit A-1)	<u>\$ 2,415,882</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.

CITY OF CROWLEY, TEXAS
Notes to Financial Statements
September 30, 2017

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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 of the Texas Municipal Retirement System (TMRS) and additions to/deductions from TMRS's Fiduciary Net Position have been determined on the same basis as they are reported by TMRS. For this purpose, plan contributions are recognized in the period that compensation is reported for the employee, which is when contributions are legally due. Benefit payments and refunds are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

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, 2017, 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.

CITY OF CROWLEY, TEXAS
Notes to Financial Statements
September 30, 2017

NOTE 2: DEPOSITS AND INVESTMENTS (continued)

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	37 days	100.00%	<u>\$ 18,456,273</u>	<u>\$ 18,456,273</u>

(1) Per Standard and Poor's

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, 2017, 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, 2017 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	\$ 395,948
Bonds construction accounts	3,313,338
Total	<u>\$ 3,709,286</u>

CITY OF CROWLEY, TEXAS
Notes to Financial Statements
September 30, 2017

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.

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 38%, 79% and 85% of the outstanding balances, respectively, at September 30. The allowance for water, and sewer trade accounts receivable is equal to the accounts receivable that are inactive (final billed) as of September 30. 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	Nonmajor Governmental	Water and Sewer	Stormwater Utility
Receivables:					
Property taxes	\$ 189,868	\$ 83,431	\$ -	\$ -	\$ -
Other taxes	555,033	-	267,744	945,332	-
Accounts	1,850,107	-	-	-	49,872
Miscellaneous	860,295	-	13	4,256	-
Gross receivables	3,455,303	83,431	267,757	949,588	49,872
Less: allowance for uncollectibles	(2,152,054)	(31,629)	-	(247,348)	-
Net total receivables	<u>\$ 1,303,249</u>	<u>\$ 51,802</u>	<u>\$ 267,757</u>	<u>\$ 702,240</u>	<u>\$ 49,872</u>

NOTE 5: DEFERRED 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 two items that qualify for reporting in this category, deferred charges on refunding bonds and deferred outflows related to pensions 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.

CITY OF CROWLEY, TEXAS
Notes to Financial Statements
September 30, 2017

NOTE 5: DEFERRED INFLOWS OF RESOURCES (continued)

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 two types of items that qualifies for reporting in this category, unavailable revenues for governmental funds and deferred inflows related to pensions 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:

	General	Debt Service	Nonmajor Governmental	Total Governmental Funds
Deferred property tax revenue	\$ 117,888	\$ 51,802	\$ -	\$ 169,690
Deferred franchise tax revenue	220,492			220,492
Deferred EMS charges revenue	369,157			369,157
Deferred municipal court fees and fines	119,112			119,112
	<u>\$ 826,649</u>	<u>\$ 51,802</u>	<u>\$ -</u>	<u>\$ 878,451</u>

NOTE 6: INTERFUND RECEIVABLE, PAYABLES AND TRANSFERS

The composition of interfund transfers for the City's individual major funds and nonmajor funds at September 30, 2017, is as follows:

Transfer In	Transfer Out	Amount	Purpose
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 authorizations.
Capital projects	General	6,560	Transfer expenses.
Debt service	General	121,152	City's cash contribution in 2017 refunding bonds.
Crime Control	General	1,495	Transfer Crime Control & Prevention District expenses.
EDC	General	164,323	Transfer EDC expenses.
Total governmental funds transfers in		<u>\$ 873,996</u>	

CITY OF CROWLEY, TEXAS
Notes to Financial Statements
September 30, 2017

NOTE 7: CAPITAL ASSETS

Capital asset activity for the year ended September 30, 2017 was as follows:

	Beginning Balance	Increases	Decreases	Transfers & Adjustments	Ending Balance
Governmental activities:					
Non - Depreciable Assets:					
Land	\$ 4,416,378	\$ 345,624	\$ -	\$ -	\$ 4,762,002
Construction in progress	126,553	684,251	-	-	810,804
Total non-depreciable assets	<u>4,542,931</u>	<u>1,029,875</u>	<u>-</u>	<u>-</u>	<u>5,572,806</u>
Depreciable Assets:					
Building and improvements	22,619,758	42,370	-	-	22,662,128
Infrastructure/utility system	19,605,589	41,312	-	-	19,646,901
Equipment and furniture	8,202,365	327,609	-	-	8,529,974
Total capital assets being depreciated	<u>50,427,712</u>	<u>411,291</u>	<u>-</u>	<u>-</u>	<u>50,839,003</u>
Accumulated Depreciation:					
Building and improvements	(6,463,370)	(785,307)	-	-	(7,248,677)
Infrastructure/utility system	(11,323,124)	(516,275)	-	-	(11,839,399)
Equipment and furniture	(6,061,481)	(552,980)	-	-	(6,614,461)
Total accumulated depreciation	<u>(23,847,975)</u>	<u>(1,854,562)</u>	<u>-</u>	<u>-</u>	<u>(25,702,537)</u>
Governmental activities capital assets, net	<u>\$31,122,668</u>	<u>\$ (413,396)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$30,709,272</u>

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

Governmental activities:	
General government	\$ 156,385
Court	5,595
Library	73,702
Public safety	356,558
Fire and ambulance	244,842
Public works	528,436
Community development	1,591
Parks	174,546
Recreation center	261,126
Animal control	51,781
Total depreciation expense - governmental activities	<u>\$1,854,562</u>

CITY OF CROWLEY, TEXAS
Notes to Financial Statements
September 30, 2017

NOTE 7: CAPITAL ASSETS (Continued)

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Transfers & Adjustments</u>	<u>Ending Balance</u>
Business-type activities:					
Non - Depreciable Assets:					
Land	\$ 34,751	\$ -	\$ -	\$ -	\$ 34,751
Construction in progress	-	22,648	-	-	22,648
Total non-depreciable assets	<u>34,751</u>	<u>22,648</u>	<u>-</u>	<u>-</u>	<u>57,399</u>
Depreciable Assets:					
Building and improvements	2,209,959	22,173	-	-	2,232,132
Infrastructure/utility system	18,147,707	-	-	-	18,147,707
Equipment and furniture	<u>2,649,272</u>	<u>22,099</u>	<u>-</u>	<u>-</u>	<u>2,671,371</u>
Total capital assets being depreciated	<u>23,006,938</u>	<u>44,272</u>	<u>-</u>	<u>-</u>	<u>23,051,210</u>
Accumulated Depreciation:					
Building and improvements	(493,751)	(69,260)	-	-	(563,011)
Infrastructure/utility system	(7,643,606)	(548,909)	-	-	(8,192,515)
Equipment and furniture	<u>(1,878,992)</u>	<u>(216,506)</u>	<u>-</u>	<u>-</u>	<u>(2,095,498)</u>
Total accumulated depreciation	<u>(10,016,349)</u>	<u>(834,675)</u>	<u>-</u>	<u>-</u>	<u>(10,851,024)</u>
Business-type activities capital assets, net	<u>\$ 13,025,340</u>	<u>\$ (767,755)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 12,257,585</u>

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

Business-type activities:	
Water and sewer	\$ 814,446
Stormwater utility	20,229
Total depreciation expense - business-type activities	<u>\$ 834,675</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. Capital Leases principal and interest are paid by the capital projects fund.

In May 2017, the City issued \$6,545,000 General Obligation Refunding Bonds, Series 2017. The bonds consisted of general obligation bonds with interest rates ranging from 3.00% to 3.25%. The net proceeds were used to partially refund Combination Tax and Limited Pledge Revenue Certificates of Obligation, Series 2009 with a total principal amount of \$6,445,000. The refunding decreased debt service payments by \$753,377 with a net present value savings (economic gain) of \$647,770.

CITY OF CROWLEY, TEXAS
Notes to Financial Statements
September 30, 2017

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

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

	<u>9/30/2016</u>	<u>Additions</u>	<u>Retirements</u>	<u>9/30/2017</u>	<u>Due Within One Year</u>
General Obligation Bonds					
\$2,880,000; General Obligation Refunding Bonds, Series 2005 due in semi-annual installments from 2/1/2005; 3.92% until 2/1/2020.	\$ 680,000	\$ -	\$ 215,000	\$ 465,000	\$ 240,000
 \$580,000; General Obligation Refunding Bonds, Series 2010, due in semi-annual installments from 2/1/2012; 1.05% - 2.30% until 2/1/17.	100,000	-	100,000	-	-
 \$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.	790,000	-	300,000	490,000	100,000
 Series 2012 unamortized bond premium	205,588	-	12,984	192,604	12,984
 \$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.	435,000	-	55,000	380,000	60,000
 Series 2012A unamortized bond premium	33,690	-	3,743	29,947	3,743
 \$4,920,000; General Obligation Refunding Bonds, Series 2013, due in semi-annual installments from 2/1/2014; 2.19% until 2/1/2025.	3,970,000	-	455,000	3,515,000	435,000
 \$4,745,000; General Obligation Refunding Bonds, Series 2017, due in semi-annual installments from 2/1/2018; 3.00% until 2/1/2029.	-	4,745,000	-	4,745,000	-
 Series 2017 unamortized bond premium	-	251,274	2,921	248,353	2,921
Total General Obligation Bonds	<u>\$ 6,214,278</u>	<u>\$ 4,996,274</u>	<u>\$ 1,144,648</u>	<u>\$ 10,065,904</u>	<u>\$ 854,648</u>

CITY OF CROWLEY, TEXAS
Notes to Financial Statements
September 30, 2017

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

	<u>9/30/2016</u>	<u>Additions</u>	<u>Retirements</u>	<u>9/30/2017</u>	<u>Due Within One Year</u>
Certificates of Obligation					
\$8,000,000; Certificates of Obligation, Series 2009 due in semi-annual installments from 2/1/2011; 3.00% - 5.25% until 2/1/2029.	\$ 5,765,000	\$ -	\$ 5,040,000	\$ 725,000	\$ 355,000
Series 2009 unamortized bond premium	104,883	-	92,257	12,626	6,641
\$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.	4,115,000	-	200,000	3,915,000	205,000
Series 2012 unamortized premium	53,037	-	8,164	44,873	8,164
\$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.	2,970,000	-	70,000	2,900,000	100,000
Series 2016 unamortized premium	72,668	-	3,633	69,035	3,633
Total Certificates of Obligation	<u>\$ 13,080,588</u>	<u>\$ -</u>	<u>\$ 5,414,054</u>	<u>\$ 7,666,534</u>	<u>\$ 678,438</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.	2,180,000	-	50,000	2,130,000	120,000
Series 2016 unamortized premium	152,089	-	10,139	141,950	10,139
Total Revenue Bonds	<u>\$ 2,332,089</u>	<u>\$ -</u>	<u>\$ 60,139</u>	<u>\$ 2,271,950</u>	<u>\$ 130,139</u>
Capital Leases Payable					
\$957,493 Lease payable to Motorola Credit Corp in 5 annual payments of \$204,475 including interest at 3.39%. Secured by radio equipment.	197,770	-	197,770	-	-
Total Capital Leases	<u>\$ 197,770</u>	<u>\$ -</u>	<u>\$ 197,770</u>	<u>\$ -</u>	<u>\$ -</u>
Net pension liability	<u>\$ 2,392,573</u>	<u>\$ -</u>	<u>\$ 71,221</u>	<u>\$ 2,321,352</u>	<u>\$ -</u>
Compensated absences	<u>\$ 335,813</u>	<u>\$ 332,692</u>	<u>\$ 290,435</u>	<u>\$ 378,070</u>	<u>\$ 272,210</u>
Total Governmental Activities	<u>\$ 24,553,111</u>	<u>\$ 5,328,966</u>	<u>\$ 7,178,267</u>	<u>\$ 22,703,810</u>	<u>\$ 1,935,435</u>

CITY OF CROWLEY, TEXAS
Notes to Financial Statements
September 30, 2017

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

The aggregate debt service payments to maturity of the governmental activities general obligation bonds, certificates of obligation bonds and sales tax revenue bonds are as follows:

Year Ending September 30,	<u>General Obligation</u>		<u>Certificates of Obligation</u>		<u>Sales Tax Revenue Bonds</u>		Total
	Principal	Interest	Principal	Interest	Principal	Interest	
2018	\$ 835,000	\$ 290,108	\$ 660,000	\$ 215,250	\$ 120,000	\$ 89,250	\$ 2,209,608
2019	740,000	232,543	710,000	192,200	125,000	85,650	2,085,393
2020	1,135,000	207,008	350,000	175,725	125,000	81,900	2,074,633
2021	1,045,000	177,465	355,000	165,800	130,000	78,150	1,951,415
2022	1,070,000	149,526	365,000	155,000	135,000	74,250	1,948,776
2023 - 2027	3,705,000	387,570	2,025,000	586,525	755,000	286,250	7,745,345
2028 - 2032	1,065,000	32,175	2,355,000	254,248	740,000	95,000	4,541,423
2033 - 2036	-	-	720,000	29,828	-	-	749,828
Total debt service requirements	9,595,000	1,476,395	7,540,000	1,774,576	2,130,000	790,450	23,306,421
Add: Unamortized premium	470,904	-	126,534	-	141,950	-	739,388
	<u>\$ 10,065,904</u>	<u>\$ 1,476,395</u>	<u>\$ 7,666,534</u>	<u>\$ 1,774,576</u>	<u>\$ 2,271,950</u>	<u>\$ 790,450</u>	<u>\$ 24,045,809</u>

NOTE 9: BUSINESS-TYPE LONG-TERM DEBT

	<u>9/30/2016</u>	<u>Additions</u>	<u>Retirements</u>	<u>9/30/2017</u>	<u>Due Within One Year</u>
General Obligation Bonds					
\$1,025,000; General Obligation Refunding Bonds, Series 2005 due in semi-annual installments from 2/1/2005; 3.92% until 2/1/2020.	\$ 200,000	\$ -	\$ 100,000	\$ 100,000	\$ 100,000
\$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.	1,435,000	-	180,000	1,255,000	190,000
Series 2012A unamortized bond premium	111,668	-	12,408	99,260	12,408
\$1,800,000; General Obligation Refunding Bonds, Series 2017, due in semi-annual installments from 2/1/2018; 3.00% until 2/1/2029.	-	1,800,000	-	1,800,000	-
Series 2017 unamortized bond premium	-	95,311	1,970	93,341	1,970
Total General Obligation Bonds	<u>\$ 1,746,668</u>	<u>\$ 1,895,311</u>	<u>\$ 294,378</u>	<u>\$ 3,347,601</u>	<u>\$ 304,378</u>

CITY OF CROWLEY, TEXAS
Notes to Financial Statements
September 30, 2017

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

	<u>9/30/2016</u>	<u>Additions</u>	<u>Retirements</u>	<u>9/30/2017</u>	<u>Due Within One Year</u>
Certificates of Obligation					
\$3,000,000; Certificates of Obligation, Series 2009 due in semi-annual installments from 2/1/2011; 3.00% - 5.25% until 2/1/2029.	\$ 2,135,000	\$ -	\$ 1,870,000	\$ 265,000	\$ 130,000
Series 2009 unamortized bond premium	39,331	-	34,597	4,734	2,491
\$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.	1,945,000	-	125,000	1,820,000	130,000
Series 2011 unamortized premium	59,707	-	3,732	55,975	3,732
\$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.	2,965,000	-	25,000	2,940,000	25,000
Series 2016 unamortized premium	72,668	-	3,633	69,035	3,633
Total Certificates of Obligation	<u>\$ 7,216,706</u>	<u>\$ -</u>	<u>\$ 2,061,962</u>	<u>\$ 5,154,744</u>	<u>\$ 294,856</u>
Net pension liability	<u>\$ 248,856</u>	<u>\$ -</u>	<u>\$ 7,994</u>	<u>\$ 240,862</u>	<u>\$ -</u>
Compensated absences	<u>\$ 35,405</u>	<u>\$ 21,450</u>	<u>\$ 29,836</u>	<u>\$ 27,019</u>	<u>\$ 19,454</u>
Total Business-Type Activities	<u>\$ 9,247,635</u>	<u>\$ 1,916,761</u>	<u>\$ 2,394,170</u>	<u>\$ 8,770,226</u>	<u>\$ 618,688</u>

CITY OF CROWLEY, TEXAS
Notes to Financial Statements
September 30, 2017

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, 2017, are as follows:

Year Ending September 30,	General Obligation		Certificates of Obligation		Total
	Principal	Interest	Principal	Interest	
2018	\$ 290,000	\$ 105,416	\$ 285,000	\$ 147,653	\$ 828,069
2019	215,000	83,650	390,000	137,103	825,753
2020	360,000	75,025	265,000	127,784	827,809
2021	370,000	64,075	270,000	119,753	823,828
2022	385,000	52,750	275,000	110,590	823,340
2023 - 2027	1,135,000	136,213	1,395,000	412,236	3,078,449
2028 - 2032	400,000	12,000	1,430,000	172,893	2,014,893
2033 - 2036	-	-	715,000	29,674	744,674
Total debt service requirements	3,155,000	529,129	5,025,000	1,257,686	9,966,815
Add: Unamortized premium	192,601	-	129,744	-	322,345
	<u>\$ 3,347,601</u>	<u>\$ 529,129</u>	<u>\$ 5,154,744</u>	<u>\$ 1,257,686</u>	<u>\$10,289,160</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, 2017.

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, 2017

NOTE 11: DEFINED BENEFIT PENSION PLANS

Plan Description

The City participates as one of 872 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.tmrs.com.

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

Benefits Provided

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

At retirement, the 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 2017</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% Repeating, Transfers
Annuity increase (to retirees)	70% of CPI Repeating

CITY OF CROWLEY, TEXAS
Notes to Financial Statements
September 30, 2017

NOTE 11: DEFINED BENEFIT PENSION PLANS (continued)

At the December 31, 2016 valuation and measurement date, the following employees were covered by the benefit terms:

Active employees	110
Inactive employees or beneficiaries currently receiving benefits	47
Inactive employees entitled to but not yet receiving benefits	73
	<u>230</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 10.26% and 10.76% in calendar years 2016 and 2017, respectively. The city's contributions to TMRS for the year ended September 30, 2017, were \$595,975, and were equal to the required contributions.

Net Pension Liability

The city's Net Pension Liability (NPL) was measured as of December 31, 2016, 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, 2016 actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.5% per year
Overall payroll growth	3.0% per year
Investment Rate of Return	6.75%, net of pension plan investment expense, including inflation

Salary increases were based on a service-related table. Mortality rates for active members, retirees, and beneficiaries were based on the gender-distinct RP2000 Combined Healthy Mortality Table with Blue Collar Adjustment, with male rates multiplied by 109% and female rates multiplied by 103%. The rates were projected on a fully generational basis by scale BB to account to future mortality improvements. For disable annuitants, the gender-distinct RP2000 Combined Healthy Mortality Tables with Blue Collar Adjustment are used with males rates multiplied by 109% and

CITY OF CROWLEY, TEXAS
Notes to Financial Statements
September 30, 2017

NOTE 11: DEFINED BENEFIT PENSION PLANS (continued)

female rates multiplied by 103% with a 3-year set-forward for both males and females. In addition, a 3% minimum mortality rate is applied to reflect the impairment for younger members who become disabled. The rates are projected on a fully generational basis by scale BB to account for future mortality improvements subject to the 3% floor.

Actuarial assumptions used in the December 31, 2016, valuation were based on results of actuarial experience studies. The experience study in TMRS was for the period December 31, 2010 through December 31, 2014. Healthy post-retirement mortality rates and annuity purchase rates were updated based on a Mortality Experience Investigation Study covering 2009 through 2011, and dated December 31, 2013. These assumptions were first used in the December 31, 2013 valuation, along with a change to the Entry Age Normal (EAN) actuarial cost method. Assumptions are reviewed annually. Plan assets are managed on a total return basis with emphasis on both capital appreciation as well as the production of income, in order to satisfy the short-term and long-term funding needs of TMRS.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. In determining their best estimate of a recommended investment return assumption under the various alternative asset allocation portfolios, GRS focused on the area between (1) arithmetic mean (aggressive) without an adjustment for time (conservative) and (2) the geometric mean (conservative) with an adjustment for time (aggressive). The target allocation and best estimates of arithmetic real rates of return for each major asset class in fiscal year 2017 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Rate of Return (Arithmetic)
Domestic Equity	17.50%	4.55%
International Equity	17.50%	6.35%
Core Fixed Income	10.00%	1.00%
Non-Core Fixed Income	20.00%	4.15%
Real Return	10.00%	4.15%
Real Estate	10.00%	4.75%
Absolute Return	10.00%	4.00%
Private Equity	5.00%	7.75%
Total	100.00%	

CITY OF CROWLEY, TEXAS
Notes to Financial Statements
September 30, 2017

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	Plan Fiduciary Net Position	Net Pension Liability
	(a)	(b)	(a) - (b)
Balance at 12/31/15	\$ 16,071,820	\$ 13,430,471	\$ 2,641,349
Changes for the year:			
Service cost	761,876	-	761,876
Interest	1,094,661	-	1,094,661
Changes in net benefit terms	-	-	-
Difference between expected and actual experience	(171,608)	-	(171,608)
Change of assumptions	-	-	-
Contributions - employer	-	547,783	(547,783)
Contributions - employee	-	320,340	(320,340)
Net investment income	-	906,744	(906,744)
Benefit payments, including refunds of employee contributions	(471,107)	(471,107)	-
Administrative expense	-	(10,251)	10,251
Other changes	-	(552)	552
Net changes	1,213,822	1,292,957	(79,135)
Balance at 12/31/16	\$ 17,285,642	\$ 14,723,428	\$ 2,562,214

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	\$5,379,701	\$2,562,214	\$291,601

CITY OF CROWLEY, TEXAS
Notes to Financial Statements
September 30, 2017

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, 2017, the City recognized pension expense of \$799,660.

At September 30, 2017, 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	\$ 116,211	\$ 270,907
Difference in assumption changes	13,184	-
Difference in projected and actual earnings	596,463	150
Contributions subsequent to the measurement date	435,243	-
Total	<u>\$ 1,161,101</u>	<u>\$ 271,057</u>

\$435,243 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, 2017. 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:

2017	\$ 159,217
2018	159,218
2019	161,025
2020	(24,659)
2021	-
Thereafter	-
	<u>\$ 454,801</u>

NOTE 12. OTHER POSTEMPLOYMENT BENEFITS

Supplemental Death Benefits Fund

The City also participates in the cost sharing multiple-employer defined benefit group term life insurance plan operated by the Texas Municipal Retirement System (TMRS) known as the Supplemental Death Benefits Fund (SDBF). The City elected, by ordinance, to provide group-term life insurance coverage to both current and retired employees. The City may terminate coverage under and discontinue participation in the SDBF by adopting an ordinance before November 1 of any year to be effective the following January 1.

CITY OF CROWLEY, TEXAS
Notes to Financial Statements
September 30, 2017

NOTE 12. OTHER POSTEMPLOYMENT BENEFITS continued

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); retired employees are insured for \$7,500; this coverage is an "other postemployment benefit" or OPEB.

Your city offers supplemental death to:	Plan Year 2016	Plan Year 2017
Active employees (yes or no)	Yes	Yes
Retirees (yes or no)	Yes	Yes

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.

The City's contributions to the TMRS SDBF for the years ended 2017, 2016 and 2015 were \$7,856, \$6,823 and \$6,835, respectively, which equaled the required contributions each year.

NOTE 13: CONTINGENT LIABILITIES

Federal and State Programs

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

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

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

CITY OF CROWLEY, TEXAS
Notes to Financial Statements
September 30, 2017

NOTE 13: CONTINGENT LIABILITIES continued

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, which expire in 2031 and 2017, respectively. The contracts require the City to pay varying amounts based on the costs associated with water purchased and treated. Purchases during 2017 of treated water were \$1,639,813 and for the treatment of wastewater were \$902,203.

NOTE 15: SUBSEQUENT EVENTS

Subsequent events were evaluated through January 29, 2018, which is the date the financial statements were available to be issued.

NOTE 16: NEW ACCOUNTING PRONOUNCEMENTS

GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* replaces the requirements of Statements No. 45 and No. 57 for accounting and financial reporting of postemployment benefits other than pensions. This Statement is effective for fiscal years beginning after June 15, 2017. The City has not yet determined the effect these statements will have on its financial reporting.

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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, 2017

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final	Amounts	
REVENUES				
Taxes:				
Property	\$ 3,993,540	\$ 4,105,676	\$ 4,105,850	\$ 174
Sales	1,421,000	1,628,000	1,631,604	3,604
Franchise	802,700	802,700	754,735	(47,965)
Charges for service	1,733,083	1,733,083	1,969,515	236,432
Fees and fines	607,840	730,921	684,635	(46,286)
Licenses and permits	312,935	312,935	483,554	170,619
Grants and contributions	288,200	288,200	306,806	18,606
Oil & gas revenue	-	204,500	484,816	280,316
Investment earnings	25,000	25,000	100,479	75,479
Other revenue	22,200	22,200	126,145	103,945
Total revenues	<u>9,206,498</u>	<u>9,853,215</u>	<u>10,648,139</u>	<u>794,924</u>
EXPENDITURES				
Administrative and finance	701,290	716,414	724,198	(7,784)
Municipal court	245,169	245,169	244,795	374
Library	413,953	433,017	424,406	8,611
Senior center	34,840	34,840	30,702	4,138
Public safety	2,801,892	2,808,052	2,886,823	(78,771)
Fire and ambulance	2,361,707	2,452,198	2,583,444	(131,246)
Public works	398,607	401,557	397,961	3,596
Parks	300,303	425,768	371,116	54,652
Recreation Center	431,562	504,195	483,209	20,986
Animal Control	224,647	233,347	233,968	(621)
Code enforcement	46,591	46,591	50,079	(3,488)
Community development	263,363	266,540	267,737	(1,197)
Sanitation	695,000	695,000	703,660	(8,660)
Nondepartmental	867,428	1,170,381	1,043,239	127,142
Capital outlay	-	-	1,850	(1,850)
Total expenditures	<u>9,786,352</u>	<u>10,433,069</u>	<u>10,447,187</u>	<u>(14,118)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(579,854)</u>	<u>(579,854)</u>	<u>200,952</u>	<u>780,806</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	580,466	580,466	580,466	-
Transfers out	-	-	(145,857)	(145,857)
Total other financing sources (uses)	<u>580,466</u>	<u>580,466</u>	<u>434,609</u>	<u>(145,857)</u>
Net change in fund balances	612	612	635,561	634,949
Fund balance - beginning	<u>6,369,021</u>	<u>6,369,021</u>	<u>6,369,021</u>	<u>-</u>
Fund balance - ending	<u>\$ 6,369,633</u>	<u>\$ 6,369,633</u>	<u>\$ 7,004,582</u>	<u>\$ 634,949</u>

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

CITY OF CROWLEY
Schedule of Changes in Net Pension Liability and Related Ratios
Last 10 Years (will ultimately be displayed)

Total Pension Liability

	2014	2015	2016
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	-	-	-
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
	<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%

CITY OF CROWLEY
Schedule of Contributions
Last 10 Years (will ultimately be displayed)

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

CITY OF CROWLEY
Notes to the Required Supplementary Information
For the Year Ended September 30, 2017

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, public safety and fire and ambulance expenditures exceeded appropriations by \$7,784, \$78,771, and \$131,246, respectively. Overall, total actual expenditures exceeded appropriations by \$14,118. Excess expenditures were funded by excess revenues.

CITY OF CROWLEY
Notes to the Required Supplementary Information
For the Year Ended September 30, 2017

Schedule of Contributions

Valuation Date:

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

Methods and Assumptions Used to Determine Contribution Rates:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percentage of Payroll, Closed
Remaining Amortization Period	29 years
Asset Valuation Method	10 Year smoothed market; 15% soft corridor
Inflation	2.50%
Salary Increases	3.50% to 10.500% including inflation
Investment Rate of Return	6.75%
Retirement Age	Experience-based table of rates that are specific to the City's plan of benefits. Last updated for the 2015 valuation pursuant to an experience study of the period 2010 - 2014
Mortality	RP2000 Combined Mortality Table with Blue Collar Adjustment with Male rates multiplied by 109% and female rates multiplied by 103% and projected on a fully generational basis with scale BB

Other Information:

Notes There were no benefit changes during the year.

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COMBINING FINANCIAL STATEMENTS
NONMAJOR GOVERNMENTAL FUNDS

CITY OF CROWLEY, TEXAS
Nonmajor Governmental Funds
Combining Balance Sheet
September 30, 2017

	Nonmajor Special Revenue Funds		
	Court Technology & Security	Grant	LEOSE Training
Assets			
Cash and cash equivalents	\$ -	\$ 28,614	\$ 13,207
Investments	76,777	-	-
Receivables (Net of allowances for uncollectibles)			
Other taxes	-	-	-
Miscellaneous	-	13	-
Due from other funds	8,445	-	-
Total assets	<u>\$ 85,222</u>	<u>\$ 28,627</u>	<u>\$ 13,207</u>
Liabilities			
Accounts payable	\$ 1,411	\$ 2,246	\$ 538
Due to other funds	-	-	-
Unearned revenue	-	2,035	-
Total liabilities	<u>1,411</u>	<u>4,281</u>	<u>538</u>
Fund balance			
Restricted	83,811	24,346	12,669
Total fund balances	<u>83,811</u>	<u>24,346</u>	<u>12,669</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 85,222</u>	<u>\$ 28,627</u>	<u>\$ 13,207</u>

Exhibit F-1

Economic Development Corporation	Crime Control & Prevention District	TIRZ #1	Public, Educational, and Government Access (PEG)	Total Nonmajor Funds
\$ 1,653	\$ 401	\$ 8,413	\$ -	\$ 52,288
972,201	687,372	-	187,779	1,924,129
139,265	124,691	-	3,788	267,744
-	-	-	-	13
-	-	83,495	-	91,940
<u>\$ 1,113,119</u>	<u>\$ 812,464</u>	<u>91,908</u>	<u>\$ 191,567</u>	<u>\$ 2,336,114</u>
\$ -	\$ -	\$ -	\$ -	\$ 4,195
52,344	139,273	-	-	191,617
-	-	-	-	2,035
<u>52,344</u>	<u>139,273</u>	<u>-</u>	<u>-</u>	<u>197,847</u>
1,060,775	673,191	91,908	191,567	2,138,267
<u>1,060,775</u>	<u>673,191</u>	<u>91,908</u>	<u>191,567</u>	<u>2,138,267</u>
<u>\$ 1,113,119</u>	<u>\$ 812,464</u>	<u>\$ 91,908</u>	<u>\$ 191,567</u>	<u>\$ 2,336,114</u>

CITY OF CROWLEY, TEXAS**Nonmajor Governmental Funds****Combining Statement of Revenues, Expenditures and Changes in Fund Balance****For the Year Ended September 30, 2017**

	Nonmajor Special Revenue Funds		
	Court Technology & Security	Grant	LEOSE Training
Revenues			
Sales tax	\$ -	\$ -	\$ -
Property taxes	-	-	-
Fees and fines	16,498	-	-
Franchise fees	-	-	-
Grants and contributions	-	55,417	-
Investment earnings	-	-	-
Other	-	-	3,723
Total revenue	<u>16,498</u>	<u>55,417</u>	<u>3,723</u>
Expenditures			
Current			
Administrative	-	-	-
Municipal court	26,117	-	-
Library	-	10,643	-
Public safety	-	17,830	2,980
Economic development	-	-	-
Fire and ambulance	-	26,137	741
Capital outlay	-	-	-
Debt Service			
Principal	-	-	-
Interest and fiscal charges	-	-	-
Total expenditures	<u>26,117</u>	<u>54,610</u>	<u>3,721</u>
Excess (deficiency) of revenues over (under) expenditures	(9,619)	807	2
Other financing sources (uses)			
Transfers in	-	-	-
Net change in fund balances	<u>(9,619)</u>	<u>807</u>	<u>2</u>
Fund balances - beginning	93,430	23,539	12,667
Fund balances - ending	<u>\$ 83,811</u>	<u>\$ 24,346</u>	<u>\$ 12,669</u>

Economic Development Corporation	Crime Control & Prevention District	TIRZ #1	Public, Educational, and Government Access (PEG)	Total Nonmajor Funds
812,658	\$ 746,376	\$ -	\$ -	\$ 1,559,034
-	-	91,908	-	91,908
-	-	-	-	16,498
-	-	-	25,006	25,006
-	-	-	-	55,417
5,800	3,604	-	-	9,404
30,728	300	-	-	34,751
<u>849,186</u>	<u>750,280</u>	<u>91,908</u>	<u>25,006</u>	<u>1,792,018</u>
50,657	-	-	-	50,657
-	-	-	-	26,117
-	-	-	-	10,643
-	401,677	-	-	422,487
362,103	-	-	-	362,103
-	-	-	-	26,878
13,633	-	-	-	13,633
275,000	240,000	-	-	515,000
101,619	43,362	-	-	144,981
<u>803,012</u>	<u>685,039</u>	<u>-</u>	<u>-</u>	<u>1,572,499</u>
46,174	65,241	91,908	25,006	219,519
164,323	1,495	-	-	165,818
<u>210,497</u>	<u>66,736</u>	<u>91,908</u>	<u>25,006</u>	<u>385,337</u>
850,278	606,455	-	166,561	1,752,930
<u>\$ 1,060,775</u>	<u>\$ 673,191</u>	<u>\$ 91,908</u>	<u>\$ 191,567</u>	<u>\$ 2,138,267</u>

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OTHER SUPPLEMENTARY INFORMATION

(Unaudited)

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, 2017

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Property taxes	\$ 1,755,270	1,755,270	1,804,398	\$ 49,128
Total revenues	<u>1,755,270</u>	<u>1,755,270</u>	<u>1,804,398</u>	<u>49,128</u>
EXPENDITURES				
Debt service				
Principal	1,335,156	1,335,156	1,270,000	65,156
Interest and fiscal charges	480,116	480,116	426,675	53,441
Bond issuance costs	-	-	80,935	(80,935)
Total debt service	<u>1,815,272</u>	<u>1,815,272</u>	<u>1,777,610</u>	<u>37,662</u>
Total expenditures	<u>1,815,272</u>	<u>1,815,272</u>	<u>1,777,610</u>	<u>37,662</u>
Excess (deficiency) of revenues over expenditures	<u>(60,002)</u>	<u>(60,002)</u>	<u>26,788</u>	<u>86,790</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	121,152	121,152
Refunding bonds issued	-	-	4,745,000	4,745,000
Bond premium	-	-	251,274	251,274
Payment to refund bond escrow agent	-	-	(5,036,491)	(5,036,491)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>80,935</u>	<u>80,935</u>
Net change in fund balance	(60,002)	(60,002)	107,723	167,725
FUND BALANCE - BEGINNING	<u>169,892</u>	<u>169,892</u>	<u>169,892</u>	<u>-</u>
FUND BALANCE - ENDING	<u>\$ 109,890</u>	<u>\$ 109,890</u>	<u>\$ 277,615</u>	<u>\$ 167,725</u>

CITY OF CROWLEY, TEXAS
Schedule of Revenues, Expenses, and Changes in Fund Net Position - Budget and Actual
Water and Sewer Fund
For the Year Ended September 30, 2017

	Budget	Actual Amounts Budgetary Basis	Variance Positive (Negative)
Operating revenues:			
Water sales	\$ 3,283,871	\$ 3,182,189	\$ (101,682)
Sewer charges	2,302,738	2,294,082	(8,656)
Miscellaneous	261,220	437,955	176,735
Total operating revenue	<u>5,847,829</u>	<u>5,914,226</u>	<u>66,397</u>
Operating expenses:			
Personnel	691,127	647,523	43,604
Professional services	63,486	90,986	(27,500)
Purchased water	1,770,000	1,639,813	130,187
Wastewater treatment charge	1,465,000	902,203	562,797
Contractual services	174,235	178,262	(4,027)
Insurance	47,340	45,442	1,898
Administrative	29,213	70,135	(40,922)
Repairs and maintenance	87,508	110,407	(22,899)
Utilities	92,800	69,810	22,990
Capital outlay	15,000	-	15,000
Total operating expenses	<u>4,435,709</u>	<u>3,754,581</u>	<u>681,128</u>
Operating income (loss)	<u>1,412,120</u>	<u>2,159,645</u>	<u>747,525</u>
Nonoperating revenues (expenses):			
Investment earnings	2,000	23,281	21,281
Debt service - principal	(530,000)	(555,000)	(25,000)
Interest expense	(301,800)	(254,909)	46,891
Total nonoperating revenues (expenses)	<u>(829,800)</u>	<u>(786,628)</u>	<u>43,172</u>
Income (loss) before capital contributions and transfers	582,320	1,373,017	790,697
Transfers out	<u>(580,466)</u>	<u>(580,466)</u>	<u>-</u>
Change in net position	1,854	792,551	790,697
Net position - beginning	<u>8,460,724</u>	<u>8,460,724</u>	<u>-</u>
Net position - ending	<u>\$ 8,462,578</u>	<u>\$ 9,253,275</u>	<u>\$ 790,697</u>
Reconciliation from Budgetary Basis to GAAP Basis:			
Capital outlay		-	
Depreciation		(814,446)	
Debt retirement		555,000	
Net Position - ending (GAAP Basis)		<u>\$ 8,993,829</u>	

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**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 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, 2017, and the related notes to the financial statements, which collectively comprise the City's basic financial statements and have issued our report thereon dated January 29, 2018.

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 determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

George Morgan, Inc. P.C.

Weatherford, Texas
January 29, 2018

January 29, 2018

Honorable Mayor and City Council Members
City of Crowley, Texas

Ladies and Gentlemen:

We have audited 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 for the year ended September 30, 2017, and have issued our report thereon dated January 29, 2018. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards and *Government Auditing Standards*, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our engagement letter to you dated July 11, 2017. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the City of Crowley, Texas are described in Note 1 to the financial statements. We noted no transactions entered into by the City during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected.

The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. The attached list of misstatements detected as a result of audit procedures were corrected by management.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting or auditing matter, whether or not resolved to our satisfaction that could be significant to the City's financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated January 29, 2018.

Management Consultation with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the governmental unit's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the governmental unit's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Matters

With respect to the supplementary information accompanying the financial statements, we made certain inquiries of management and evaluated the form, content, and method of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

This information is intended solely for the use of the City Council and management of the City of Crowley, Texas, and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,

GEORGE, MORGAN & SNEED, P.C.

Prepared by_____

City of Crowley
Adjusting Journal Entries

75830

Reviewed by_____

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01/16/18

Reference	Type	Date Account Number	Description	Debit	Credit	Net Income Effect	Workpaper
GMS01	Adjusting	09/30/17					
		39-00-24500	Current Portion of Leases	197,770.40			
		39-00-30030	Investment in Fixed Assets		197,770.40		
			To eliminate current portion of lease payable as it was paid off in 2016-17 year			0.00	
GMS02	Adjusting	09/30/17					
		39-00-28280	2009 C.O. Bond Payable		1,745,000.00		
		39-00-30030	Investment in Fixed Assets	1,833,537.00			
		39-00-28300	Bond Premium Payable		88,537.00		
			To Reverse JE #B45349 (incorrect amounts)			0.00	
GMS03	Adjusting	09/30/17					
		39-00-28280	2009 C.O. Bond Payable	4,700,000.00			
		39-00-28300	Bond Premium Payable	85,616.00			
		39-00-11700	Bond Defeasement Costs	250,874.99			
		39-00-30030	Investment in Fixed Assets		5,036,490.99		
		20-00-48990	Bond Proceeds	251,274.09			
		20-00-48970	Bond Premium		251,274.09		
			Correct Amounts for JE #B5349			0.00	
GMS04	Adjusting	09/30/17					
		60-00-10290	Texpool #2016 Rev		84.02		
		60-00-46010	Interest Income	84.02			
		60-00-10290	Texpool #2016 Rev	776.27			
		60-00-46010	Interest Income		776.27		
			To correct interest on TexPool			692.25	
GMS05	Adjusting	09/30/17					
		39-00-28300	Bond Premium Payable	48,225.00			
		39-00-48970	Bond Premium		48,225.00		
			Record amortization of bond premium for 2016/2017			48,225.00	

Prepared by_____

City of Crowley
Adjusting Journal Entries

75830
Page 2
01/16/18

Reviewed by_____

Reference	Type	Date Account Number	Description	Debit	Credit	Net Income Effect	Workpaper
GMS06	Adjusting	09/30/17					
		50-00-28300	Bond Premium Payable	1,970.00			
		50-01-60000	Interest Expense	30,136.00			
		50-00-11109	Def Charge - Debt Refunding		32,106.00		
			To adjust amount of deferred charge from 2017 debt refunding.			(30,136.00)	
GMS07	Adjusting	09/30/17					
		50-00-28300	Bond Premium Payable	24,234.00			
		50-01-60000	Interest Expense		24,234.00		
			Record bond premium amortization.			24,234.00	
GMS08	Adjusting	09/30/17					
		12-00-41660	InKind PEG Fees		3,788.46		
		12-00-11122	InKind PEG Receivable	3,788.46			
		10-00-41640	Video Service Franchise Fee		16,007.95		
		10-00-11111	Video Service Fran Acct Rec	16,007.95			
		10-00-21815	Deferred Franchise Tax Revenue		220,491.68		
		10-00-11117	Electric Franchise Acct Rec	163,141.27			
		10-00-11121	Gas Franchise Acct Rec	51,494.63			
		10-00-41610	Electric Franchise Tax	5,855.78			
			To adjust deferred revenue and franchise receivable for 3rd qtr receipts received after 60days			13,940.63	
GMS09	Adjusting	09/30/17					
		38-00-15040	Accumulated Depreciation	616.93			
		38-00-15020	Systems	41,311.63			
		38-00-16990	Construction in Progress	1,850.00			
		38-00-30030	Investment in Fixed Assets	16,033.07			
		38-00-15000	Land		59,811.63		
		50-00-15040	Accumulated Depreciation	9,945.11			
		50-55-55790	Depreciation		9,945.11		
		50-00-16990	Construction in Progress	22,648.43			
		50-00-15010	Building- Improvements	22,170.50			
		50-00-15020	Systems		44,818.93		
			To reconcile to capital asset schedule.			9,945.11	
GMS10	Adjusting	09/30/17					
		39-00-28190	Sales Tax Supported		275,000.00		
		39-00-24000	Current Portion-Bonds Payable	275,000.00			
						0.00	

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			Correct Current Portion of LTD				
GMS11	Adjusting	09/30/17					
		50-00-24000	Current Portion-Long Term Debt		130,000.00		
		50-00-28230	2009 G.O. Bonds Payable	130,000.00			
						0.00	
			To Adjust Current Portion of LTD				
GMS12	Adjusting	09/30/17					
		10-00-10010	Claim on Pooled Cash	147,572.59			
		50-00-10010	Claim on Pooled Cash	13,030.08			
		10-00-22110	Wages Payable		147,572.59		
		50-00-22110	Wages Payable		13,030.08		
						0.00	
			To record wages payable.				
GMS13	Adjusting	09/30/17					
		10-00-11123	Telephone-Right of Way Acc Rec	10,541.65			
		10-00-41620	Telephone-Right of Way Fees		10,541.65		
		10-00-11126	Gas Royalties Acct Rec	15,130.87			
		10-00-44221	Gas Royalties		15,130.87		
						25,672.52	
			To record Telephone Right of Way and Gas Royalties Receivable				
GMS14	Adjusting	09/30/17					
		39-00-13110	Deferred Outflows-Pension		187,781.00		
		39-00-29110	Deferred Inflows-Pension		65,421.00		
		39-00-28135	Net Pension Liability	71,221.00			
		39-00-30000	Fund Balance	181,981.00			
						0.00	
			To adjust Net Pension Liability and pension items.				

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Reference	Type	Date Account Number	Description	Debit	Credit	Net Income Effect	Workpaper
GMS15	Adjusting	09/30/17					
		10-00-21060	TMRS Payable	22,052.56			
		10-10-51420	TMRS		1,404.25		
		10-15-51420	TMRS		364.31		
		10-20-51420	TMRS		592.83		
		10-30-51420	TMRS		8,512.23		
		10-35-51420	TMRS		7,433.01		
		10-40-51420	TMRS		854.02		
		10-45-51420	TMRS		560.04		
		10-65-51420	TMRS		484.02		
		10-70-51420	TMRS		441.71		
		10-75-51420	TMRS		191.30		
		10-80-51420	TMRS		832.57		
		10-85-51420	TMRS		382.27		
		50-00-21060	TMRS Payable	2,040.43			
		50-50-51420	TMRS		475.82		
		50-55-51420	TMRS		1,270.80		
		50-60-51420	TMRS		293.81		
		10-00-21060	TMRS Payable		42,354.72		
		10-10-51420	TMRS	2,643.22			
		10-15-51420	TMRS	918.86			
		10-20-51420	TMRS	1,092.84			
		10-30-51420	TMRS	15,970.11			
		10-35-51420	TMRS	14,967.28			
		10-40-51420	TMRS	1,432.79			
		10-45-51420	TMRS	1,032.44			
		10-65-51420	TMRS	936.52			
		10-70-51420	TMRS	779.92			
		10-75-51420	TMRS	356.82			
		10-80-51420	TMRS	1,531.58			
		10-85-51420	TMRS	692.34			
		50-00-21060	TMRS Payable		3,643.28		
		50-50-51420	TMRS	890.43			
		50-55-51420	TMRS	2,337.10			
		50-60-51420	TMRS	415.75			
						(21,905.01)	
			To adjust TMRS to actual				
GMS16	Adjusting	09/30/17					
		50-02-53640	Bad Debt	34,571.52			
		50-00-11130	Uncollectible Accounts		34,571.52		
		10-02-53640	Bad Debt	5,196.89			
		10-00-11130	Uncollectible Accounts		5,196.89		
						(39,768.41)	
			To record allowance for uncollectible Water and Refuse				
GMS17	Adjusting	09/30/17					
		10-00-11137	Intermedix EMS Acct Rec		498,136.24		
		10-00-11138	Allowance Intermedix EMS Rec		328,609.03		
		10-00-11136	Allowance for EMS Rec	530,894.79			
		10-00-21820	Deferred Amerimed EMS Revenue	295,850.48			
						0.00	
			To adjust receivable, allowance and				

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Reference	Type	Date Account Number	Description	Debit	Credit	Net Income Effect	Workpaper
			deferred to actual for EMS				
GMS18	Adjusting	09/30/17					
		14-00-41040	TIRZ Taxes	35,248.84			
		14-00-11110	Accounts Receivable		35,248.84		
		14-00-10020	Cash- TIRZ	8,412.97			
		14-00-11110	Accounts Receivable		8,412.97		
		14-00-11510	Due From General Fund	58,004.29			
		14-00-11560	Due From Debt Service	25,491.16			
		14-00-11110	Accounts Receivable		83,495.45		
		10-00-41010	Current Property Taxes	58,004.29			
		10-00-25514	Due to TIRZ		58,004.29		
		20-00-41010	Current Property Taxes	25,491.16			
		20-00-25514	Due to TIRZ		25,491.16		
						(118,744.29)	
			To correct TIRZ revenue and related accounts.				
GMS19	Adjusting	09/30/17					
		20-99-99990	Payment to escrow agent - refunded	215,338.91			
		20-01-56490	Debt Service - Interest		215,338.91		
						0.00	
			Correct journal entry to record partial refunding of 2009 CO Bond				
GMS20	Adjusting	09/30/17					
		20-99-99990	Payment to escrow agent - refunded	121,152.08			
		20-01-56490	Debt Service - Interest		121,152.08		
						0.00	
			Correct journal entry to record City's contribution to partially defeased 2009 CO debt				
GMS21	Adjusting	09/30/17					
		20-00-26000	Accrued Bond Interest	5,105.25			
		20-01-56800	2009 CO Bond Interest		5,105.25		
		60-00-26000	Accrued Bond Interest	6,806.25			
		60-03-56970	2016 Sales Tax Revenue Interest		6,806.25		
		39-00-30000	Fund Balance	38,969.50			
		39-00-22020	Accrued Interest Payable		38,969.50		
						11,911.50	
			Adjust accrued interest payable @ 09/30/16 (JE not made).				
GMS22	Adjusting	09/30/17					
		39-00-30000	Fund Balance	24,817.00			
		39-00-22020	Accrued Interest Payable		24,817.00		

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Reference	Type	Date Account Number	Description	Debit	Credit	Net Income Effect	Workpaper
			Adjusted accrued interest payable.			0.00	
GMS23	Adjusting	09/30/17					
		50-01-56580	2005 C.O. Interest		646.00		
		50-01-56910	2012 A Refunding GO Bonds Inter		594.00		
		50-01-60000	Interest Expense	20,970.00			
		50-01-56800	2009 CO Interest		9,248.00		
		50-01-56850	2011 C.O. Interest		412.00		
		50-00-26000	Accrued Bond Interest Payable	5,105.25			
		50-00-22020	Interest Payable		15,175.25		
						(10,070.00)	
			Adjust accrued interest payable @ 09/30/2017				
GMS24	Adjusting	09/30/17					
		52-02-53640	Bad Debt	4.88			
		52-00-11510	Due to-from General Fund		4.88		
						(4.88)	
			To correct erroneous entry.				
		TOTAL		<u>10,209,365.22</u>	<u>10,209,365.22</u>	<u>(86,007.58)</u>	