

CITY OF CROWLEY, TEXAS

ANNUAL FINANCIAL REPORT FOR THE YEAR ENDED SEPTEMBER 30, 2022



CITY OF CROWLEY, TEXAS
Annual Financial Report
For the Year Ended September 30, 2022

TABLE OF CONTENTS

	<u>Exhibit Number</u>	<u>Page Number</u>
FINANCIAL SECTION		
Independent Auditor's Report		1 - 3
Management's Discussion and Analysis		4 - 14
Basic Financial Statements:		
Government-wide Financial Statements		
Statement of Net Position	A-1	15
Statement of Activities	B-1	16 - 17
Fund Financial Statements		
Balance Sheet - Governmental Funds	C-1	18
Reconciliation of the Balance Sheet - Governmental Funds to the Statement of Net Position	C-2	19
Statement of Revenues, Expenditures and Changes in Fund Balances- Governmental Funds	C-3	20
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	C-4	21
Statement of Net Position - Proprietary Funds	D-1	22
Statement of Revenues, Expenses and Changes in Fund Net Position - Proprietary Funds	D-2	23
Statement of Cash Flows - Proprietary Funds	D-3	24
Notes to the Financial Statements		25 - 51
Required Supplementary Information		
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - General Fund	E-1	52
Budget and Actual - Economic Development Corporation	E-2	53
Schedule of Changes in Net Pension Liability and Related Ratios	E-3	54 - 55
Schedule of Contributions	E-4	56 - 57
Schedule of Changes in Total OPEB Liability and Related Ratios	E-5	58 - 59
Notes to the Required Supplementary Information		60 - 61
Combining Financial Statements		
Nonmajor Governmental Funds		
Combining Balance Sheet	F-1	62 - 63
Combining Statement of Revenues, Expenditures and Changes in Fund Balance	F-2	64 - 65
Other Supplementary Information		
Budgetary Comparison Schedule - Budget and Actual - Debt Service Fund	G-1	66
Budgetary Comparison Schedule - Budget and Actual - Water and Sewer Fund	G-2	67
OVERALL COMPLIANCE AND INTERNAL CONTROL SECTION		
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 <i>Government Auditing Standards</i>		68 - 69

CITY OF CROWLEY, TEXAS
Annual Financial Report
For the Year Ended September 30, 2022

TABLE OF CONTENTS

	<u>Exhibit Number</u>	<u>Page Number</u>
SINGLE AUDIT REPORT		
Independent Auditor's Report on Compliance for Each Major Program and on Internal Control Over Compliance by the Uniform Guidance		70 - 72
Schedule of Findings and Questioned Costs		73 - 74
Summary of Schedule of Prior Audit Findings		75
Corrective Action Plan		76
Schedule of Expenditures of Federal Awards		77
Notes to the Schedule of Expenditures of Federal Awards		78

INDEPENDENT AUDITOR'S REPORT

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

Report on the Audit of the Financial Statements

Opinions

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, 2022, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

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 of Crowley, Texas, as of September 30, 2022, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City of Crowley, Texas and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our

opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards *and Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that management's discussion and analysis, budgetary comparison information, schedule of changes in net pension liability and related ratios, schedule of contributions and schedule of changes in total OPEB liability on pages 4 - 14 and pages 52 - 61 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The accompanying combining and individual nonmajor fund financial statements and schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The 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 basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

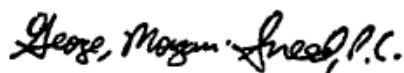
Other Information

Management is responsible for the other information included in the annual report. The other information comprises the other supplementary information listed in the table of contents but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Governmental Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated February 27, 2023, on our consideration of the City of Crowley, Texas' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Crowley, Texas' internal control over financial reporting and compliance.



Weatherford, Texas
February 27, 2023

This page intentionally left blank.

FINANCIAL SECTION

This page intentionally left blank.

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, 2022.

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 \$63,150,185 (*net position*) compared to \$55,056,987 for the prior year. Of this amount, \$19,111,716 (*unrestricted net position*) may be used to meet the City's ongoing obligations to citizens and creditors.
- The City's total net position increased by \$8,093,198. The City's governmental activities net position increased by \$5,294,062 and the business-type activities net position increased by \$2,799,136.
- As of the close of the current year, the City of Crowley's governmental funds reported combined ending fund balances of \$33,633,505 compared to \$38,754,322 for the prior year.
- At the end of the current year, unassigned fund balance for the general fund was \$11,969,360, or 80% of total general fund expenditures.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

Government-wide financial statements.

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

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

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

The government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type

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

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

Fund financial statements.

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

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

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

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

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

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

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

Proprietary funds. Services for which the City charges customers a fee are generally reported in proprietary funds. Proprietary funds, like the government-wide statements, provide both long-term and short-term financial information. The City maintains two types of proprietary funds. The City uses enterprise funds to account for its water and sewer and stormwater utility operations. The City uses one internal service fund to account for self-funded insurance. This service benefits both governmental and business-type functions, and it has been split between the governmental and business-type activities in the government-wide financial statements.

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 – 51 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 \$63,150,185 as of September 30, 2022. Below is a summary of the City's Statement of Net Position.

Condensed Statement of Net Position

	Governmental Activities		Business-type Activities		Total	
	2022	2021	2022	2021	2022	2021
Current and other assets	\$ 39,939,850	\$ 44,089,849	\$ 21,964,709	\$ 20,033,796	\$ 61,904,559	\$ 64,123,645
Capital assets	49,757,644	41,810,830	12,752,384	12,414,888	62,510,028	54,225,718
Total Assets	89,697,494	85,900,679	34,717,093	32,448,684	124,414,587	118,349,363
Deferred outflows of resources	1,374,461	1,126,895	116,998	104,369	1,491,459	1,231,264
Current liabilities	5,755,913	4,596,818	1,697,350	1,187,192	7,453,263	5,784,010
Noncurrent liabilities	41,234,907	44,492,481	12,577,895	13,670,039	53,812,802	58,162,520
Total liabilities	46,990,820	49,089,299	14,275,245	14,857,231	61,266,065	63,946,530
Deferred inflows of resources	1,385,510	536,712	104,286	40,398	1,489,796	577,110
Net position:						
Net investment in capital assets	24,347,506	20,427,721	9,720,445	9,352,962	34,067,951	29,780,683
Restricted	8,252,997	8,024,337	1,717,521	1,530,698	9,970,518	9,555,035
Unrestricted	10,095,122	8,949,505	9,016,594	6,771,764	19,111,716	15,721,269
Total net position	\$ 42,695,625	\$ 37,401,563	\$ 20,454,560	\$ 17,655,424	\$ 63,150,185	\$ 55,056,987

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

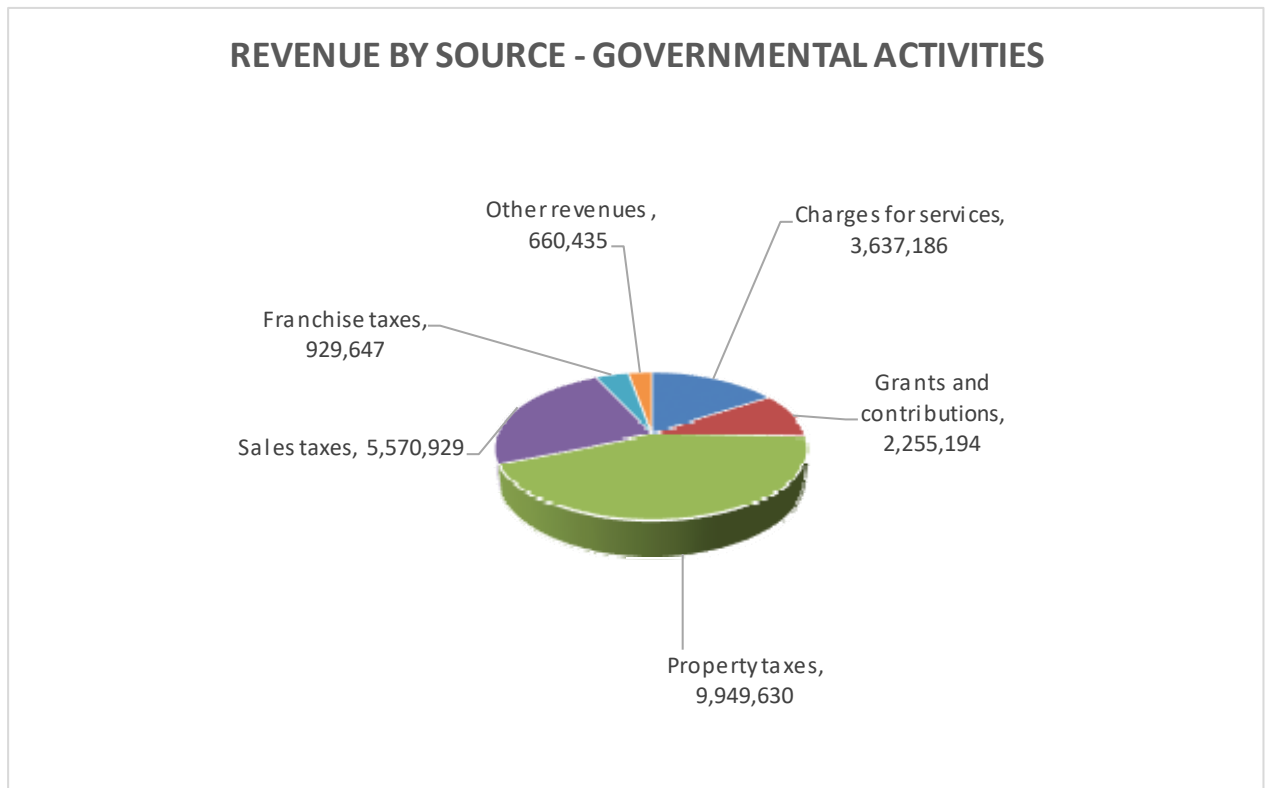
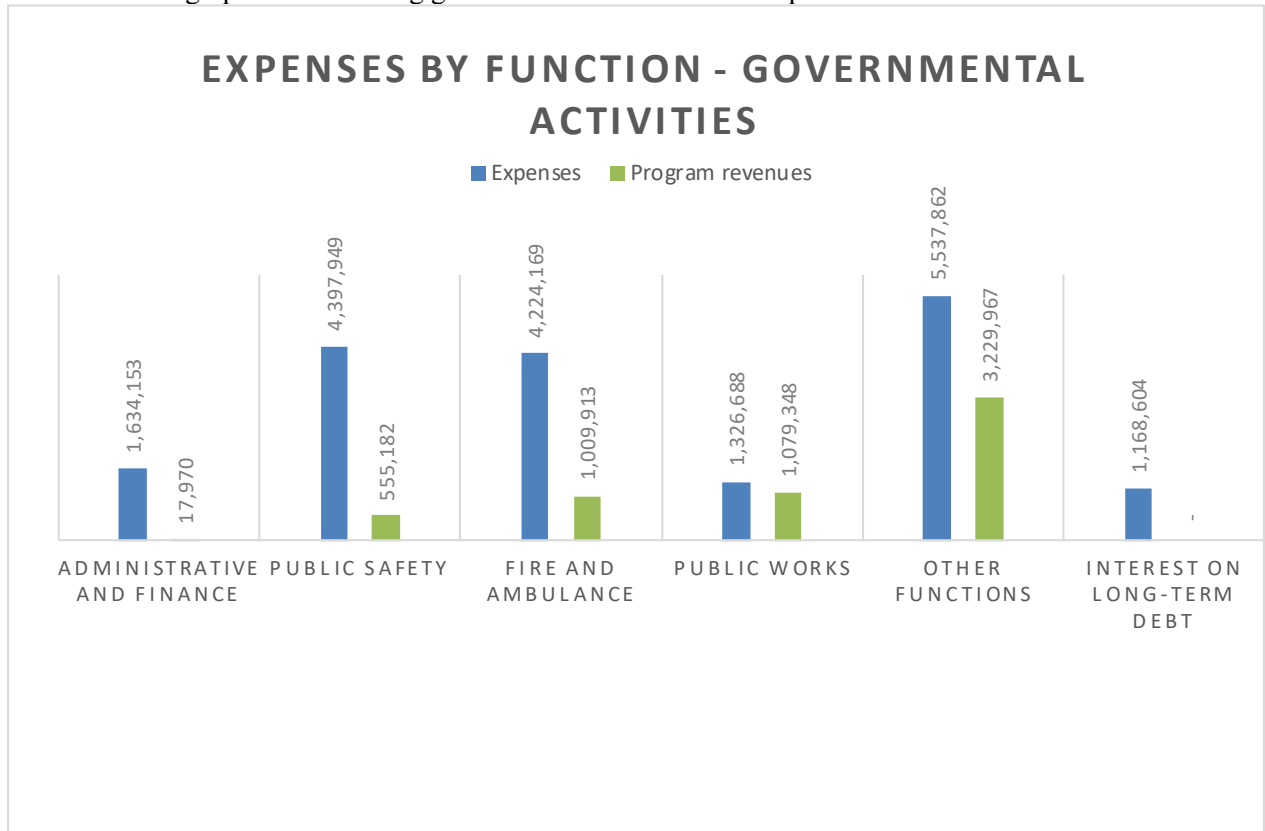
An additional portion of the City's net position (16%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position of \$19,111,716 may be used to meet the government's ongoing obligations to citizens and creditors.

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.

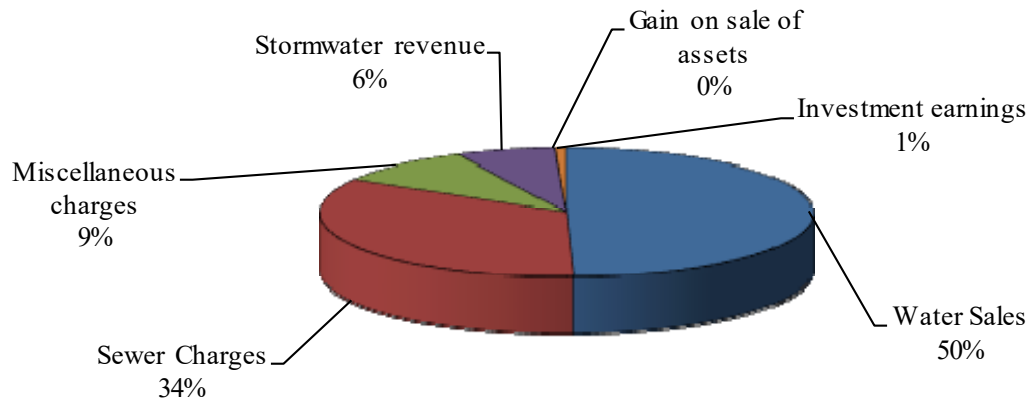
Changes in Net Position						
	Governmental Activities		Business-type Activities		Total	
	2022	2021	2022	2021	2022	2021
Revenues:						
Program revenues:						
Charges for services	\$ 3,637,186	\$ 3,603,643	\$ 8,976,857	\$ 8,473,188	\$ 12,614,043	\$ 12,076,831
Operating grants and contributions	1,100,846	503,145	-	-	1,100,846	503,145
Capital grants and contributions	1,154,348	2,791,792	-	-	1,154,348	2,791,792
General revenues:						
Property taxes	9,949,630	8,904,806	-	-	9,949,630	8,904,806
Sales taxes	5,570,929	4,757,829	-	-	5,570,929	4,757,829
Franchise taxes	929,647	799,526	-	-	929,647	799,526
Oil & gas royalties	258,381	118,389	-	-	258,381	118,389
Investment earnings	302,330	15,778	65,517	5,660	367,847	21,438
Other revenue	59,107	107,351	-	-	59,107	107,351
Insurance recoveries	40,617	88,893	2,502	12,194	43,119	101,087
Total revenues	23,003,021	21,691,152	9,044,876	8,491,042	32,047,897	30,182,194
Expenses						
Administration and finance	1,634,153	1,621,525	-	-	1,634,153	1,621,525
Municipal court	282,284	253,763	-	-	282,284	253,763
Library	658,839	614,066	-	-	658,839	614,066
Senior citizens	25,047	19,804	-	-	25,047	19,804
Public safety	4,397,949	4,163,099	-	-	4,397,949	4,163,099
Fire and ambulance	4,224,169	3,748,747	-	-	4,224,169	3,748,747
Public works	1,326,688	1,191,011	-	-	1,326,688	1,191,011
Parks	463,582	470,853	-	-	463,582	470,853
Recreation center	799,494	786,883	-	-	799,494	786,883
Animal control	374,335	341,886	-	-	374,335	341,886
Code enforcement	85,194	71,615	-	-	85,194	71,615
Community development	460,760	390,186	-	-	460,760	390,186
Community center	19,121	12,422	-	-	19,121	12,422
Sanitation	985,297	931,611	-	-	985,297	931,611
Economic development	55,778	106,460	-	-	55,778	106,460
Nondepartmental	1,328,131	692,161	-	-	1,328,131	692,161
Interest and fiscal charges	1,168,604	1,032,881	-	-	1,168,604	1,032,881
Stormwater utility	-	-	102,624	142,274	102,624	142,274
Water and Sewer	-	-	5,562,650	5,542,225	5,562,650	5,542,225
Total expenses	18,289,425	16,448,973	5,665,274	5,684,499	23,954,699	22,133,472
Increase (decrease) in net position before transfers	4,713,596	5,242,179	3,379,602	2,806,543	8,093,198	8,048,722
Transfers	580,466	580,466	(580,466)	(580,466)	-	-
Increase (decrease) in net position	5,294,062	5,822,645	2,799,136	2,226,077	8,093,198	8,048,722
Net position-beginning	37,401,563	31,578,918	17,655,424	15,429,347	55,056,987	47,008,265
Net position-ending	\$ 42,695,625	\$ 37,401,563	\$ 20,454,560	\$ 17,655,424	\$ 63,150,185	\$ 55,056,987

Below are two graphs summarizing governmental revenues and expenses:

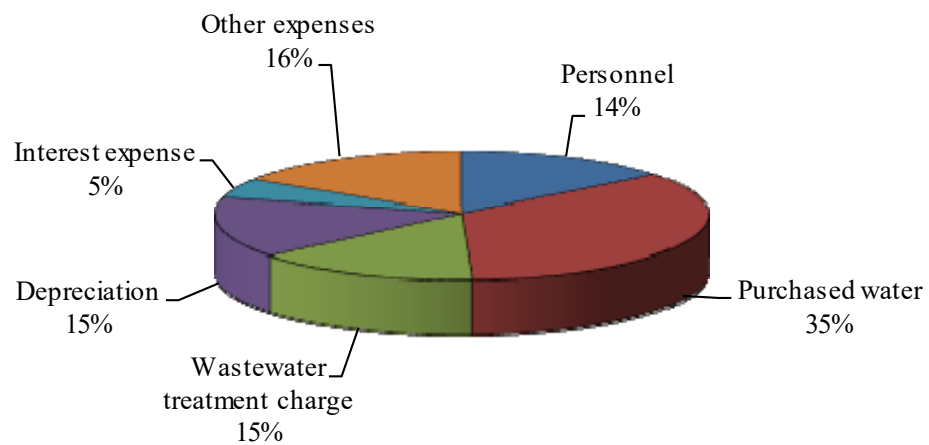


Below are two graphs summarizing business-type activities revenues and expenses:

Revenues by source - Business-type Activities



Expenses - Business-type Activities



Financial Analysis of the Government's Funds

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

Governmental funds. The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, unassigned fund balance may serve as a useful measure of the City's net resources available for spending at the end of the fiscal year.

At year end, the City's governmental funds reported combined ending fund balances of \$33,633,505. \$11,969,360 (36%) constitutes unassigned fund balance, which is available for spending at the government's discretion. The remainder of fund balance is restricted and nonspendable.

The general fund is the chief operating fund of the City. At the end of the current fiscal year, unassigned fund balance of the general fund was \$11,969,360. The fund balance of the general fund increased \$999,617 compared to an increase of \$927,932 in the prior year. Key factors contributing to the increase in fund balance between the two fiscal years are highlighted below:

- Revenues increased \$1,997,465 (15%). The largest increases were an increase in property tax revenue of \$410,763 due to an increase in property values and an increase in the maintenance and operations rate, an increase in sales tax revenue of \$418,556 due to an increase in online shopping, an increase of \$272,928 in fines and fees due to an increase in development fees and gas well drilling fees because of an increase in projects, an increase in grants and contributions of \$612,812 primarily due to a CLFRF funds of \$625,000 spent in the current year, and an increase in investment earnings of \$259,577 due to an increase in interest rates.
- Expenditures increased \$1,562,321 (12%) primarily due to an increase in payroll expenses for public safety and fire and ambulance and repairs and maintenance in the public works department.
- Transfers out increased \$290,599 for transfers relating to self-funded insurance in the current year.
- There were not any capital asset sales in the current year, so proceeds from the sale of capital assets decreased \$72,860.

Below is a comparison of the general fund's net change in fund balance for 2022 and 2021.

	09/30/2022	09/30/2021	Increase (Decrease)	Percent Increase (Decrease)
REVENUES				
Taxes:				
Property	\$ 6,725,172	\$ 6,314,409	\$ 410,763	7%
Sales	2,834,825	2,416,269	418,556	17%
Franchise	812,003	766,435	45,568	6%
Charges for service	2,159,240	2,131,247	27,993	1%
Fees and Fines	873,014	600,086	272,928	45%
Licenses and permits	539,435	705,654	(166,219)	-24%
Grants and contributions	1,043,786	430,974	612,812	142%
Oil & Gas Revenue	258,381	118,389	139,992	118%
Investment Earnings	271,978	12,401	259,577	2093%
Other revenue	98,729	123,234	(24,505)	-20%
Total revenues	<u>15,616,563</u>	<u>13,619,098</u>	<u>1,997,465</u>	<u>15%</u>
EXPENDITURES				
Administrative and finance	1,080,299	1,058,230	22,069	2%
Municipal court	259,869	226,227	33,642	15%
Library	599,016	573,951	25,065	4%
Senior citizens	25,673	19,178	6,495	34%
Public safety	3,837,730	3,291,192	546,538	17%
Fire and ambulance	4,002,551	3,474,620	527,931	15%
Public works	830,038	624,861	205,177	33%
Parks	452,290	362,453	89,837	25%
Recreation Center	591,989	563,336	28,653	5%
Animal Control	328,278	285,447	42,831	15%
Code enforcement	86,435	69,611	16,824	0%
Community development	465,360	387,177	78,183	20%
Community center	19,121	12,422	6,699	54%
Sanitation	985,297	931,611	53,686	6%
Nondepartmental	1,324,342	692,161	632,181	91%
Capital outlay	9,705	772,015	(762,310)	-99%
Debt service:				
Principal	8,027	-	8,027	100%
Interest and fiscal charges	793	-	793	100%
Total expenditures	<u>14,906,813</u>	<u>13,344,492</u>	<u>1,562,321</u>	<u>12%</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	580,466	580,466	-	0%
Transfers out	(290,599)	-	(290,599)	-100%
Proceeds from sale of capital assets	-	72,860	(72,860)	-100%
Total other financing sources (uses)	<u>289,867</u>	<u>653,326</u>	<u>(363,459)</u>	<u>-56%</u>
NET CHANGE IN FUND BALANCE	<u>\$ 999,617</u>	<u>\$ 927,932</u>	<u>\$ 71,685</u>	

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

Unrestricted net position of the enterprise funds at the end of the year amounted to \$9,016,594. Total net position of the enterprise funds increased \$2,799,136. Total revenues increased \$553,834 (6.5%) primarily due to an increase in water sales in the amount of \$464,570 because of an increase in customers and an increase in consumption.

Unrestricted net position of the self-funded insurance internal service fund was (\$207). Internal service fund net position decreased \$207.

General Fund Budgetary Highlights

The City made amendments to the general fund original appropriations approved by the City Council. Overall these changes resulted in an increase in expenditures from the original budget of 4% or \$497,238. \$216,064 of this increase was for prior year budgeted purchases that were not able to be obtained before year end and were purchased in the current year, and \$281,174 of this increase was to add incentive pay to salary expenditures.

Overall, general fund actual expenditures were over budget by \$737,987 primarily due to \$625,000 in grant funds received that were passed through to local businesses in the current year.

Capital Assets

The City's investment in capital assets for its governmental and business type activities as of September 30, 2022, amounts to \$62,510,028 (net of accumulated depreciation).

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

Governmental Activities:

- \$3,658,454 was spent on the fire station.
- \$384,831 was spent on the Quiet Zone.
- \$2,597,511 was spent on Main St improvements.
- \$200,735 was spent on a traffic control system.
- \$1,205,227 was spent on downtown parking.
- \$425,684 was spent on the purchase of property.
- \$342,161 was spent on an ambulance.
- \$311,923 was spent on police vehicles.
- \$265,502 was spent on a roof on Main St.

Business-type activities:

- \$1,049,793 was spent on water and sewer line improvements.

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

	Governmental Activities		Business-type Activities		Total	
	2022	2021	2022	2021	2022	2021
Land	\$ 5,243,743	\$ 5,243,743	\$ 121,751	\$ 121,751	\$ 5,365,494	\$ 5,365,494
Construction in progress	19,518,254	11,452,588	46,948	45,598	19,565,202	11,498,186
Buildings and improvements	15,870,687	15,776,199	1,381,047	1,443,096	17,251,734	17,219,295
Infrastructure/utility system	6,243,710	6,799,707	10,646,338	10,275,752	16,890,048	17,075,459
Equipment and furniture	2,859,517	2,538,593	556,300	528,691	3,415,817	3,067,284
Leased equipment	21,733	-	-	-	21,733	-
Total	<u>\$ 49,757,644</u>	<u>\$ 41,810,830</u>	<u>\$ 12,752,384</u>	<u>\$ 12,414,888</u>	<u>\$ 62,510,028</u>	<u>\$ 54,225,718</u>

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

Debt Administration

At the end of the year, the City had a total bonded debt of \$51,204,656. Of this amount, \$10,684,673 are bonded debt backed by the full faith and credit of the government, \$38,933,728 are certificates of obligation secured by ad valorem taxes and surplus revenues, and \$1,586,255 are revenue bonds secured by sales tax revenue. Outstanding at year-end are as follows:

	Governmental Activities		Business-type Activities		Total	
	2022	2021	2022	2021	2022	2021
General Obligation Bonds	\$ 7,806,613	\$ 6,053,096	\$ 2,878,060	\$ 3,421,348	\$ 10,684,673	\$ 9,474,444
Certificates of Obligation	29,408,187	33,345,632	9,525,541	10,000,580	38,933,728	43,346,212
Revenue Bonds	1,586,255	1,731,394	-	-	1,586,255	1,731,394
Total	<u>\$ 38,801,055</u>	<u>\$ 41,130,122</u>	<u>\$ 12,403,601</u>	<u>\$ 13,421,928</u>	<u>\$ 51,204,656</u>	<u>\$ 54,552,050</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 10 to the financial statements.

Economic factors and the Next Year's Budgets and Rates

General fund revenues are budgeted to increase 17% (\$2,212,351) in fiscal year 2022-2023 when compared to the 2021-2022 amended budget to \$15,586,568. The adopted tax rate is \$.645203 per \$100 assessed value. The largest increases in the revenue budget are on intergovernmental revenue (\$658,466), sales tax revenue (\$500,333), and property tax revenue (\$818,387).

General fund expenditures are budgeted to increase 10% (\$1,417,113) when compared to the prior year amended appropriations to \$15,585,940. The largest increases are \$461,584 in fire and ambulance appropriations and \$500,827 in police 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.

This page intentionally left blank.

BASIC FINANCIAL STATEMENTS

This page intentionally left blank.

CITY OF CROWLEY
Statement of Net Position
September 30, 2022

	Primary Government		
	Governmental	Business-type	
	Activities	Activities	Total
ASSETS			
Cash and cash equivalents	\$ 1,138,170	\$ 7,730,821	\$ 8,868,991
Investments	36,503,886	3,342,318	39,846,204
Receivables (net of allowance for uncollectibles)			
Property taxes	90,198	-	90,198
Other taxes	1,341,318	-	1,341,318
Accounts	356,655	1,007,452	1,364,107
Miscellaneous	455,903	14,726	470,629
Prepaid items	30,390	-	30,390
Inventory	23,330	97,730	121,060
Restricted assets			
Investments	-	9,771,662	9,771,662
Capital assets			
Nondepreciable	24,761,997	168,699	24,930,696
Depreciable, net of accumulated depreciation and amortization	24,995,647	12,583,685	37,579,332
Total Assets	89,697,494	34,717,093	124,414,587
Deferred Outflows of Resources			
Deferred outflow related to pension	1,189,215	89,511	1,278,726
Deferred outflow related to OPEB	82,224	6,189	88,413
Deferred charges on refunding	103,022	21,298	124,320
Total Deferred Outflows of Resources	1,374,461	116,998	1,491,459
LIABILITIES			
Accounts payable	1,591,370	821,096	2,412,466
Accrued payroll liabilities	274,186	21,398	295,584
Due to other governments	59,554	-	59,554
Unearned revenue	3,582,233	-	3,582,233
Interest payable	248,570	78,640	327,210
Customer deposits payable	-	776,216	776,216
Noncurrent liabilities:			
Due within one year	2,917,533	1,087,607	4,005,140
Due in more than one year	38,317,374	11,490,288	49,807,662
Total liabilities	46,990,820	14,275,245	61,266,065
DEFERRED INFLOWS OF RESOURCES			
Deferred inflow related to TMRS pension	1,346,661	101,362	1,448,023
Deferred inflow related to OPEB	38,849	2,924	41,773
Total deferred inflows of resources	1,385,510	104,286	1,489,796
NET POSITION			
Net investment in capital assets	24,347,506	9,720,445	34,067,951
Restricted for:			
Capital improvements	-	1,717,521	1,717,521
Debt service	687,613	-	687,613
Public safety	2,147,855	-	2,147,855
Economic development	4,964,417	-	4,964,417
Grant program	102,717	-	102,717
Donations	75,866	-	75,866
Community program	274,529	-	274,529
Unrestricted	10,095,122	9,016,594	19,111,716
Total net position	\$ 42,695,625	\$ 20,454,560	\$ 63,150,185

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

CITY OF CROWLEY
Statement of Activities
For the Year Ended September 30, 2022

Functions/Programs	Expenses	Program Revenues			
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Primary Government					
Governmental activities:					
Administration and finance	\$ 1,634,153	\$ 17,970	\$ -	\$ -	
Municipal court	282,284	48,644	-	-	
Library	658,839	7,455	11,142	-	
Senior citizens	25,047	-	-	-	
Public safety	4,397,949	523,970	31,212	-	
Fire and ambulance	4,224,169	523,052	411,861	75,000	
Public works	1,326,688	-	-	1,079,348	
Parks	463,582	145,316	-	-	
Recreation Center	799,494	141,900	13,497	-	
Animal control	374,335	12,195	-	-	
Code enforcement	85,194	-	-	-	
Community development	460,760	886,037	-	-	
Community center	19,121	-	134	-	
Sanitation	985,297	1,050,916	-	-	
Economic development	55,778	279,731	-	-	
Nondepartmental	1,328,131	-	633,000	-	
Interest and fiscal charges	1,168,604	-	-	-	
Total governmental activities	18,289,425	3,637,186	1,100,846	1,154,348	
Business-type activities:					
Water and sewer	5,562,650	8,390,822	-	-	
Stormwater utility	102,624	586,035	-	-	
Total business-type activities	5,665,274	8,976,857	-	-	
Total primary government	\$ 23,954,699	\$ 12,614,043	\$ 1,100,846	\$ 1,154,348	

General Revenues:

Taxes:

Property taxes, levied for general purposes

Property taxes, levied for debt service

Property taxes, levied for TIRZ #1

Sales taxes

Franchise

Oil and gas royalties

Investment earnings

Gain (loss) on sale of capital assets

Other revenue

Transfers

Insurance recoveries

Total general revenues and transfers

Change in net position

Net position - beginning

Net position - ending

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

Exhibit B-1

Net (Expense) Revenue and Changes in Net Position		
Primary Government		
Governmental Activities	Business-type Activities	Total
\$ (1,616,183)	\$ -	\$ (1,616,183)
(233,640)	-	(233,640)
(640,242)	-	(640,242)
(25,047)	-	(25,047)
(3,842,767)	-	(3,842,767)
(3,214,256)	-	(3,214,256)
(247,340)	-	(247,340)
(318,266)	-	(318,266)
(644,097)	-	(644,097)
(362,140)	-	(362,140)
(85,194)	-	(85,194)
425,277	-	425,277
(18,987)	-	(18,987)
65,619	-	65,619
223,953	-	223,953
(695,131)	-	(695,131)
(1,168,604)	-	(1,168,604)
<u>(12,397,045)</u>	<u>-</u>	<u>(12,397,045)</u>
-	2,828,172	2,828,172
-	483,411	483,411
<u>-</u>	<u>3,311,583</u>	<u>3,311,583</u>
\$ (12,397,045)	\$ 3,311,583	\$ (9,085,462)
\$ 6,739,350	\$ -	\$ 6,739,350
2,730,701	-	2,730,701
479,579	-	479,579
5,570,929	-	5,570,929
929,647	-	929,647
258,381	-	258,381
302,330	65,517	367,847
-	2,502	2,502
59,107	-	59,107
580,466	(580,466)	-
40,617	-	40,617
<u>17,691,107</u>	<u>(512,447)</u>	<u>17,178,660</u>
5,294,062	2,799,136	8,093,198
<u>37,401,563</u>	<u>17,655,424</u>	<u>55,056,987</u>
\$ <u>42,695,625</u>	\$ <u>20,454,560</u>	\$ <u>63,150,185</u>

CITY OF CROWLEY
Balance Sheet
Governmental Funds
September 30, 2022

	General	Debt Service	Capital Projects	Economic Development Corporation	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS						
Cash and cash equivalents	\$ 387,259	\$ -	\$ 121,507	\$ -	\$ 629,404	\$ 1,138,170
Investments	15,419,338	662,457	13,902,939	3,100,554	3,418,598	36,503,886
Receivables (Net of allowances for uncollectibles)						
Property taxes	65,042	25,156	-	-	-	90,198
Other taxes	849,612	-	-	254,624	237,082	1,341,318
Accounts	341,019	-	-	-	-	341,019
Miscellaneous	248,483	-	207,407	-	13	455,903
Inventory	23,330	-	-	-	-	23,330
Due from other funds	55,491	-	-	-	-	55,491
Total assets	<u>17,389,574</u>	<u>687,613</u>	<u>14,231,853</u>	<u>3,355,178</u>	<u>4,285,097</u>	<u>39,949,315</u>
LIABILITIES						
Accounts payable	633,027	-	818,879	86,445	6,786	1,545,137
Accrued payroll liabilities	274,186	-	-	-	-	274,186
Unearned revenue	3,580,198	-	-	-	2,035	3,582,233
Due to other governments	59,554	-	-	-	-	59,554
Due to other funds	-	-	-	-	55,491	55,491
Total liabilities	<u>4,546,965</u>	<u>-</u>	<u>818,879</u>	<u>86,445</u>	<u>64,312</u>	<u>5,516,601</u>
DEFERRED INFLOWS OF RESOURCES						
Unavailable revenue	774,053	25,156	-	-	-	799,209
Total deferred inflows of resources	<u>774,053</u>	<u>25,156</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>799,209</u>
FUND BALANCES						
Nonspendable						
Inventory	23,330	-	-	-	-	23,330
Restricted	75,866	662,457	13,412,974	3,268,733	4,220,785	21,640,815
Unassigned	11,969,360	-	-	-	-	11,969,360
Total fund balances	<u>12,068,556</u>	<u>662,457</u>	<u>13,412,974</u>	<u>3,268,733</u>	<u>4,220,785</u>	<u>33,633,505</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 17,389,574</u>	<u>\$ 687,613</u>	<u>\$ 14,231,853</u>	<u>\$ 3,355,178</u>	<u>\$ 4,285,097</u>	<u>\$ 39,949,315</u>

CITY OF CROWLEY
Reconciliation of the Governmental Funds Balance Sheet
To the Statement of Net Position
September 30, 2022

Total fund balances - governmental funds		\$ 33,633,505
Capital assets used in governmental activities are not financial resources and therefore are reported in the governmental funds. The cost of these assets was \$83,962,701 and the accumulated depreciation and amortization was \$34,205,057. The net effect of including the ending balances of capital assets (net of depreciation and amortization) in the governmental activities is to increase net position.		49,757,644
Deferred charges on refunding related to governmental activity debt are not financial resources and, therefore, are not reported in the governmental funds.		103,022
Long-term liabilities, including \$38,801,054 bonds, \$22,058 lease liabilities, and \$579,249 compensated absences payable are not due and payable in the current period, and, therefore are not reported as liabilities in the fund financial statements.		(39,402,362)
Net pension liability and related deferred outflows and inflows of resources are reported in the Statement of Net Position of the governmental activities but are not reported in the governmental funds.		
Net pension liability	\$ (1,489,291)	
Deferred outflow related to pension	1,189,215	
Deferred inflow related to pension	<u>(1,346,661)</u>	(1,646,737)
Net OPEB liability and related deferred outflows of resources are reported in the Statement of Net Position of the governmental activities but are not reported in the governmental funds.		
Total OPEB liability	\$ (343,254)	
Deferred inflow related to OPEB	(38,849)	
Deferred outflow related to OPEB	<u>82,224</u>	(299,879)
Interest payable is not expected to be liquidated with available financial resources and is not reported as a liability in the fund financial statements.		(248,570)
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.		799,209
The City uses an internal service fund to charge the costs of self funded insurance to the appropriate functions in other funds. The assets and liabilities of the internal service fund are included in governmental activities in the statement of net position. The net effect of this consolidation is to increase net position.		<u>(207)</u>
Net position of governmental activities		<u><u>\$ 42,695,625</u></u>

CITY OF CROWLEY
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended September 30, 2022

	General	Debt Service	Capital Projects	Economic Development Corporation	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES						
Taxes						
Property	\$ 6,725,172	\$ 2,722,827	\$ -	\$ -	\$ 479,579	\$ 9,927,578
Sales	2,834,825	-	-	1,412,626	1,323,478	5,570,929
Franchise taxes	812,003	-	-	-	21,613	833,616
Charges for service	2,159,240	-	-	-	-	2,159,240
Fees and fines	873,014	-	-	-	42,624	915,638
Licenses and permits	539,435	-	-	-	-	539,435
Grants and contributions	1,043,786	-	1,154,348	-	57,060	2,255,194
Oil and gas revenue	258,381	-	-	-	-	258,381
Investment earnings	271,978	-	-	15,796	14,556	302,330
Other revenue	98,729	-	-	279,731	3,602	382,062
Total revenues	15,616,563	2,722,827	1,154,348	1,708,153	1,942,512	23,144,403
EXPENDITURES						
Current:						
Administrative and finance	1,080,299	-	-	257,936	-	1,338,235
Municipal court	259,869	-	-	-	24,428	284,297
Library	599,016	-	-	-	-	599,016
Senior citizens center	25,673	-	-	-	-	25,673
Public safety	3,837,730	-	-	-	747,234	4,584,964
Fire and ambulance	4,002,551	-	-	-	29,648	4,032,199
Public works	830,038	-	-	-	-	830,038
Parks	452,290	-	-	-	-	452,290
Recreation center	591,989	-	-	-	-	591,989
Animal control	328,278	-	-	-	-	328,278
Code enforcement	86,435	-	-	-	-	86,435
Community development	465,360	-	-	-	-	465,360
Community center	19,121	-	-	-	-	19,121
Sanitation	985,297	-	-	-	-	985,297
Economic development	-	-	-	55,778	-	55,778
Nondepartmental	1,324,342	-	-	-	-	1,324,342
Capital outlay	9,705	-	7,488,387	1,864,937	-	9,363,029
Debt service:						
Principal	8,027	1,580,000	-	360,000	250,000	2,198,027
Interest and fiscal charges	793	866,959	-	327,254	17,192	1,212,198
Bond issuance costs	-	97,890	-	-	-	97,890
Total expenditures	14,906,813	2,544,849	7,488,387	2,865,905	1,068,502	28,874,456
Excess (deficiency) of revenues over expenditures	709,750	177,978	(6,334,039)	(1,157,752)	874,010	(5,730,053)
OTHER FINANCING SOURCES (USES)						
Transfers in	580,466	37,217	-	60,145	161,334	839,162
Transfers out	(290,599)	-	-	-	-	(290,599)
Refunding bonds issued	-	2,580,000	-	-	-	2,580,000
Bond premium	-	350,023	-	-	-	350,023
Payment to bond refunding escrow agent	-	(2,869,350)	-	-	-	(2,869,350)
Total other financing sources (uses)	289,867	97,890	-	60,145	161,334	609,236
Net change in fund balances	999,617	275,868	(6,334,039)	(1,097,607)	1,035,344	(5,120,817)
Fund balances - beginning	11,068,939	386,589	19,747,013	4,366,340	3,185,441	38,754,322
Fund balances - ending	\$ 12,068,556	\$ 662,457	\$ 13,412,974	\$ 3,268,733	\$ 4,220,785	\$ 33,633,505

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

CITY OF CROWLEY
Reconciliation of Statement of Revenues,
Expenditures and Changes in Fund Balances of
The Governmental Funds to the Statement of Activities
For the Year Ended September 30, 2022

Total net change in fund balances - governmental funds	\$ (5,120,817)
Current year capital outlays and long-term debt principal payments are expenditures in the fund financial statements, but they should be shown as increases in capital assets and reductions in long-term debt in the government-wide financial statements. The net effect of including \$9,992,298 of capital outlays and \$2,198,027 of debt principal payments is to increase net position.	12,190,325
Transactions involving the 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 to net position.	(60,673)
Depreciation and amortization are not recognized as expenses in governmental funds since they do not require the use of current financial resources. The net effect of the current year's depreciation and amortization is to decrease net position.	(2,075,569)
Revenues in the government-wide statement of activities that do not provide current financial resources are not reported as revenues in the funds.	(141,382)
GASB 68 required the City to recognize their net pension liability, deferred resource inflow related to pension, and deferred resource outflow related to pension. The changes in these balances decreased net position.	253,629
GASB 75 required the City to recognize their total OPEB liability and deferred resource inflow related to OPEB. The changes in these balances decreased net position.	(33,941)
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 \$46,688 increase in interest payable and \$141,213 decrease in compensated absences and \$188,172 (net) amortization of deferred charges and premiums increased net position.	282,697
The City uses an internal service fund to charge the costs of self funded insurance to the appropriate functions in other funds. The adjustment to reflect the consolidation of the internal service fund activities related to governmental activities increased net position.	(207)
Change in net position of governmental activities	<u>\$ 5,294,062</u>

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

CITY OF CROWLEY
Statement of Net Position
Proprietary Funds
September 30, 2022

	Business-type Activities Enterprise Funds			Governmental Activities
	Water and Sewer Fund	Stormwater Utility	Totals	Internal Service Fund
ASSETS				
Current Assets:				
Cash and cash equivalents	\$ 4,887,077	\$ 2,843,744	\$ 7,730,821	\$ -
Investments	3,342,318	-	3,342,318	-
Receivables (Net of allowance for uncollectibles):				
Accounts	936,753	70,699	1,007,452	15,636
Miscellaneous	14,726	-	14,726	-
Prepaid expenses	-	-	-	30,390
Inventory	97,730	-	97,730	-
Restricted Assets				
Investments	9,771,662	-	9,771,662	-
Total current assets	19,050,266	2,914,443	21,964,709	46,026
Noncurrent Assets:				
Capital assets, at cost				
Non-depreciable assets	168,699	-	168,699	-
Depreciable assets, net of accumulated depreciation	11,425,149	1,158,536	12,583,685	-
Total noncurrent assets	11,593,848	1,158,536	12,752,384	-
Total assets	30,644,114	4,072,979	34,717,093	46,026
Deferred Outflows of Resources				
Deferred outflows related to pension	89,511	-	89,511	-
Deferred outflows related to OPEB	6,189	-	6,189	-
Deferred charges on refunding	21,298	-	21,298	-
Total Deferred Outflows of Resources	\$ 116,998	\$ -	\$ 116,998	\$ -
LIABILITIES				
Current Liabilities				
Accounts payable	\$ 801,121	\$ 19,975	\$ 821,096	\$ 46,233
Accrued payroll liabilities	21,398	-	21,398	-
Compensated absences	26,181	-	26,181	-
Current portion of long-term liabilities	1,061,426	-	1,061,426	-
Interest payable	78,640	-	78,640	-
Current Liabilities Payable from Restricted Assets				
Customer deposits payable	776,216	-	776,216	-
Total current liabilities	2,764,982	19,975	2,784,957	46,233
Noncurrent Liabilities				
Compensated absences	10,181	-	10,181	-
Net pension liability	112,098	-	112,098	-
Total OPEB liability	25,836	-	25,836	-
Bonds payable	11,342,173	-	11,342,173	-
Total noncurrent liabilities	11,490,288	-	11,490,288	-
Total liabilities	14,255,270	19,975	14,275,245	46,233
Deferred Inflows of Resources				
Deferred inflow related to pension	101,362	-	101,362	-
Deferred inflow related to OPEB	2,924	-	2,924	-
Total Deferred Inflows of Resources	104,286	-	104,286	-
NET POSITION				
Net investment in capital assets	8,561,909	1,158,536	9,720,445	-
Restricted for impact fees for capital improvements (Expendable)	1,717,521	-	1,717,521	-
Unrestricted	6,122,126	2,894,468	9,016,594	(207)
Total net position	\$ 16,401,556	\$ 4,053,004	\$ 20,454,560	\$ (207)

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

CITY OF CROWLEY
Statement of Revenues, Expenses, and Changes in Fund Net Position
Proprietary Funds
For the Year Ended September 30, 2022

	Business-type Activities Enterprise Funds			Governmental Activities
	Water and Sewer Fund	Stormwater Utility	Totals	Internal Service Fund
Operating revenues				
Charges for services:				
Water Sales	\$ 4,480,868	\$ -	\$ 4,480,868	\$ -
Sewer charges	3,073,931	-	3,073,931	-
Stormwater revenue	-	586,035	586,035	-
Other revenue	836,023	-	836,023	1,019,004
Total operating revenue	<u>8,390,822</u>	<u>586,035</u>	<u>8,976,857</u>	<u>1,019,004</u>
Operating expenses				
Personnel services	816,116	-	816,116	1,051,114
Professional services	63,735	36,087	99,822	-
Purchased water	1,976,325	-	1,976,325	-
Wastewater treatment charge	832,238	-	832,238	-
Contractual services	349,434	1,450	350,884	-
Insurance	61,568	-	61,568	-
Administrative	19,459	2,333	21,792	-
Repairs and maintenance	296,515	2,098	298,613	-
Utilities	69,036	-	69,036	-
Depreciation	794,162	60,656	854,818	-
Total operating expenses	<u>5,278,588</u>	<u>102,624</u>	<u>5,381,212</u>	<u>1,051,114</u>
Operating income (loss)	<u>3,112,234</u>	<u>483,411</u>	<u>3,595,645</u>	<u>(32,110)</u>
Nonoperating revenues (expenses):				
Investment earnings	65,517	-	65,517	-
Gain (loss) on disposal of capital assets	2,502	-	2,502	-
Interest expense	(284,062)	-	(284,062)	-
Total nonoperating revenues (expenses)	<u>(216,043)</u>	<u>-</u>	<u>(216,043)</u>	<u>-</u>
Income (loss) before capital contributions and transfers	2,896,191	483,411	3,379,602	(32,110)
Transfers in	-	-	-	31,903
Transfers out	<u>(580,466)</u>	<u>-</u>	<u>(580,466)</u>	<u>-</u>
Change in net position	2,315,725	483,411	2,799,136	(207)
Net position - beginning	<u>14,085,831</u>	<u>3,569,593</u>	<u>17,655,424</u>	<u>-</u>
Net position - ending	<u>\$ 16,401,556</u>	<u>\$ 4,053,004</u>	<u>\$ 20,454,560</u>	<u>\$ (207)</u>

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

CITY OF CROWLEY
Statement of Cash Flows
Proprietary Funds
For the Year Ended September 30, 2022

	Business-type Activities Enterprise Funds			Governmental Activities
	Water and Sewer Fund	Stormwater Utility	Totals	Internal Service Fund
Cash flows from operating activities:				
Cash received from customers	\$ 8,439,991	\$ 584,860	\$ 9,024,851	\$ -
Receipts from interfund services provided	-	-	-	(31,903)
Cash paid to suppliers	(3,301,812)	(22,688)	(3,324,500)	-
Cash paid to employees	(823,987)	-	(823,987)	-
Net cash provided by operating activities	4,314,192	562,172	4,876,364	(31,903)
Cash flow from noncapital financing activities:				
Transfers (to) from other funds	(580,466)	-	(580,466)	31,903
Net cash provided (used) by noncapital financing activities	(580,466)	-	(580,466)	31,903
Cash flow from capital and related financing activities:				
Principal payments on long-term debt	(975,000)	-	(975,000)	-
Auction proceeds	2,502	-	2,502	-
Capital outlay	(1,192,314)	-	(1,192,314)	-
Interest paid on capital debt	(325,929)	-	(325,929)	-
Net cash provided (used) by capital and related financing activities	(2,490,741)	-	(2,490,741)	-
Cash flow from investing activities:				
Proceeds from sales and maturities of investments	2,783,708	-	2,783,708	-
Investment earnings	65,517	-	65,517	-
Net cash provided (used) by investing activities	2,849,225	-	2,849,225	-
Net increase (decrease) in cash and cash equivalents	4,092,210	562,172	4,654,382	-
Cash and cash equivalents, beginning	794,867	2,281,572	3,076,439	-
Cash and cash equivalents, ending	\$ 4,887,077	\$ 2,843,744	\$ 7,730,821	\$ -
Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities				
Operating income (loss)	\$ 3,112,234	\$ 483,411	\$ 3,595,645	\$ (32,110)
Adjustments to reconcile operating income to net cash provided (used) by operating activities:				
Depreciation expense	794,162	60,656	854,818	-
(Increase) decrease in accounts receivable	(3,582)	(1,175)	(4,757)	(15,636)
(Increase) decrease in miscellaneous receivables	5,433	-	5,433	-
(Increase) decrease in prepaid expenses	-	-	-	(30,390)
(Increase) decrease in inventory	(60,919)	-	(60,919)	-
Increase (decrease) in accounts payable	438,521	19,280	457,801	46,233
Increase (decrease) in accrued payroll liabilities	5,024	-	5,024	-
Increase (decrease) in customer meter deposits	52,751	-	52,751	-
Increase (decrease) in net pension balances	(19,090)	-	(19,090)	-
Increase (decrease) in total OPEB balances	2,553	-	2,553	-
Increase (decrease) in compensated absences payable	(12,895)	-	(12,895)	-
Total adjustments	1,201,958	78,761	1,280,719	207
Net cash provided by operating activities	\$ 4,314,192	\$ 562,172	\$ 4,876,364	\$ (31,903)

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

CITY OF CROWLEY, TEXAS
Notes to Financial Statements
September 30, 2022

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.

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.

CITY OF CROWLEY, TEXAS
Notes to Financial Statements
September 30, 2022

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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.

CITY OF CROWLEY, TEXAS
Notes to Financial Statements
September 30, 2022

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

The City reports the following major enterprise fund:

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

Additionally, the government reports the following fund and fund types:

The *special revenue funds* are governmental funds that account for the proceeds of specific revenue sources (other than for major capital projects) that are legally restricted to expenditure for specific purposes.

The *stormwater utility fund* is an enterprise fund that is used to account for the maintenance of the drainage system for the City.

The City utilizes one *internal service fund* to account for self-funded health insurance.

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.

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.

CITY OF CROWLEY, TEXAS
Notes to Financial Statements
September 30, 2022

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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.

CITY OF CROWLEY, TEXAS
Notes to Financial Statements
September 30, 2022

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 vacation 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.

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.

CITY OF CROWLEY, TEXAS
Notes to Financial Statements
September 30, 2022

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

	General Fund	Debt Service Fund	Capital Projects	Economic Development Corporation	Nonmajor Governmental Funds	Total Governmental Funds
Nonspendable						
Inventory	\$ 23,330	\$ -	\$ -	\$ -	\$ -	\$ 23,330
Restricted						
Debt Service	-	662,457	-	-	-	662,457
Capital Projects	-	-	13,412,974	-	-	13,412,974
Public Safety - Police	-	-	-	-	2,102,882	2,102,882
Public Safety - Court	-	-	-	-	44,973	44,973
Economic Development	-	-	-	3,268,733	1,695,684	4,964,417
Grant programs	-	-	-	-	102,717	102,717
Public Education Grant	-	-	-	-	274,529	274,529
Donations	75,866	-	-	-	-	75,866
Unassigned	11,969,360	-	-	-	-	11,969,360
	<u>\$ 12,068,556</u>	<u>\$ 662,457</u>	<u>\$ 13,412,974</u>	<u>\$ 3,268,733</u>	<u>\$ 4,220,785</u>	<u>\$ 33,633,505</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)	\$ 21,640,815
Unspent proceeds from bonds reclassified to net investment in capital assets	(13,412,974)
Deferred tax revenue restricted for debt service	25,156
Restricted net position (Exhibit A-1)	<u>\$ 8,252,997</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, 2022

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

NOTE 2: DEPOSITS AND INVESTMENTS

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

The City's investment policy authorizes the City to invest in U.S. Treasury obligations, U.S. government agency and instrumentality obligations, certificates of deposit, investment-grade obligations of state, provincial and local governments and public authorities, money market mutual funds regulated by the SEC and local government investment pools wither state-administered or developed through joint powers statutes and other intergovernmental agreement legislation. During the year ended September 30, 2022, the City did not own any types of securities other than those permitted by statute.

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

The City's investments are as follows:

<u>Investment</u>	<u>Credit Rating (1)</u>	<u>Weighted Average Maturities</u>	<u>Percentage of Total Investments</u>	<u>Cost</u>	<u>Fair Value</u>
Investment in TexPool	AAAm	24 days	100.00%	<u>\$ 49,617,866</u>	<u>\$ 49,617,866</u>

(1) Per Standard and Poor's

CITY OF CROWLEY, TEXAS
Notes to Financial Statements
September 30, 2022

NOTE 2: DEPOSITS AND INVESTMENTS (Continued)

Custodial Credit Risk – Deposits

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The City's funds are required to be deposited and invested under the terms of a depository contract. The City's deposits are required to be collateralized with securities held by the pledging institution's trust department or agent in the City's name. The pledge of approved securities is waived only to the extent of the depository bank's dollar amount of Federal Deposit Insurance Corporation ("FDIC") Insurance. At September 30, 2022, \$1,578,891 of the City's deposits were unsecured and not 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, 2022 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	\$ 776,216
Bonds construction accounts	8,995,446
Total	<u>\$ 9,771,662</u>

NOTE 3: PROPERTY TAX

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

CITY OF CROWLEY, TEXAS
Notes to Financial Statements
September 30, 2022

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 55%, 52% and 85% of the outstanding balances, respectively, at September 30, 2022. The allowance for water, and sewer trade accounts receivable is equal to the accounts receivable that are inactive (final billed) as of September 30, 2022. Receivables as of year-end for the City's major and nonmajor funds, including the applicable allowances for uncollectible accounts are as follows:

	General	Debt Service	Capital Projects	Economic Development Corporation	Nonmajor Governmental	Water and Sewer	Stormwater Utility
Receivables:							
Property taxes	\$ 143,605	\$ 55,542	\$ -	\$ -	\$ -	\$ -	\$ -
Other taxes	849,612	-	-	254,624	237,082	-	-
Accounts	674,449	-	-	-	-	1,159,369	70,699
Miscellaneous	1,053,019	-	207,407	-	13	14,726	-
Gross receivables	2,720,685	55,542	207,407	254,624	237,095	1,174,095	70,699
Less: allowance for uncollectibles	(1,216,529)	(30,386)	-	-	-	(222,616)	-
Net total receivables	<u>\$1,504,156</u>	<u>\$ 25,156</u>	<u>\$ 207,407</u>	<u>\$ 254,624</u>	<u>\$ 237,095</u>	<u>\$ 951,479</u>	<u>\$ 70,699</u>

NOTE 5: DEFERRED OUTFLOWS/INFLOWS OF RESOURCES

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

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

CITY OF CROWLEY, TEXAS
Notes to Financial Statements
September 30, 2022

NOTE 5: DEFERRED OUTFLOWS/INFLOWS OF RESOURCES (Continued)

	General	Debt Service	Total Governmental Funds
Deferred property tax revenue	\$ 65,042	\$ 25,156	\$ 90,198
Deferred franchise tax revenue	292,040	-	292,040
Deferred EMS charges revenue	274,982	-	274,982
Deferred municipal court fees and fines	141,989	-	141,989
	<u>\$ 774,053</u>	<u>\$ 25,156</u>	<u>\$ 799,209</u>

NOTE 6: CAPITAL ASSETS

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

	Beginning Balance	Increases	Decreases	Transfers & Adjustments	Ending Balance
Governmental activities:					
Non - Depreciable Assets:					
Land	\$ 5,243,743	\$ -	\$ -	\$ -	\$ 5,243,743
Construction in progress	11,452,588	8,450,542	-	(384,876)	19,518,254
Total non-depreciable assets	<u>16,696,331</u>	<u>8,450,542</u>	<u>-</u>	<u>(384,876)</u>	<u>24,761,997</u>
Depreciable Assets:					
Building and improvements	26,473,066	632,528	-	384,876	27,490,470
Infrastructure/utility system	20,805,952	-	-	-	20,805,952
Equipment and furniture	9,964,969	909,228	-	-	10,874,197
Leased equipment	30,085	-	-	-	30,085
Total capital assets being depr	<u>57,274,072</u>	<u>1,541,756</u>	<u>-</u>	<u>384,876</u>	<u>59,200,704</u>
Accumulated Depreciation:					
Building and improvements	(10,696,867)	(922,916)	-	-	(11,619,783)
Infrastructure/utility system	(14,006,245)	(555,997)	-	-	(14,562,242)
Equipment and furniture	(7,426,376)	(588,304)	-	-	(8,014,680)
Accumulated Amortization:					
Leased equipment	-	(8,352)	-	-	(8,352)
Total accumulated depr/amort	<u>(32,129,488)</u>	<u>(2,075,569)</u>	<u>-</u>	<u>-</u>	<u>(34,205,057)</u>
Governmental activities capital assets, net	<u>\$ 41,840,915</u>	<u>\$ 7,916,729</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 49,757,644</u>

CITY OF CROWLEY, TEXAS
Notes to Financial Statements
September 30, 2022

NOTE 6: CAPITAL ASSETS (Continued)

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

Governmental activities:	
General government	\$ 336,396
Court	566
Library	67,806
Public safety	350,461
Fire and ambulance	296,090
Public works	600,451
Parks	139,476
Recreation center	234,972
Animal control	49,351
Total depreciation expense - governmental activities	<u>\$ 2,075,569</u>

	Beginning Balance	Increases	Decreases	Transfers & Adjustments	Ending Balance
Business-type activities:					
Non - Depreciable Assets:					
Land	\$ 121,751	\$ -	\$ -	\$ -	\$ 121,751
Construction in progress	45,598	46,948	-	(45,598)	46,948
Total non-depreciable assets	<u>167,349</u>	<u>46,948</u>	<u>-</u>	<u>(45,598)</u>	<u>168,699</u>
Depreciable Assets:					
Building and improvements	2,281,453	7,975	-	-	2,289,428
Infrastructure/utility system	20,853,952	1,002,845	-	45,598	21,902,395
Equipment and furniture	2,964,767	134,546	-	-	3,099,313
Total capital assets being depr	<u>26,100,172</u>	<u>1,145,366</u>	<u>-</u>	<u>45,598</u>	<u>27,291,136</u>
Accumulated Depreciation:					
Building and improvements	(838,357)	(70,024)	-	-	(908,381)
Infrastructure/utility system	(10,578,200)	(677,857)	-	-	(11,256,057)
Equipment and furniture	(2,436,076)	(106,937)	-	-	(2,543,013)
Total accumulated depreciation	<u>(13,852,633)</u>	<u>(854,818)</u>	<u>-</u>	<u>-</u>	<u>(14,707,451)</u>
Business-type activities capital assets, net	<u>\$ 12,414,888</u>	<u>\$ 337,496</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 12,752,384</u>

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

Business-type activities:	
Water and sewer	\$ 794,162
Stormwater utility	60,656
Total depreciation expense - business-type activities	<u>\$ 854,818</u>

CITY OF CROWLEY, TEXAS
Notes to Financial Statements
September 30, 2022

NOTE 7: INTERFUND RECEIVABLE, PAYABLES AND TRANSFERS

The composition of interfund balances for the City's individual major funds and nonmajor funds at September 30, 2022, is as follows:

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

The composition of interfund transfers for the City's individual major funds and nonmajor funds at September 30, 2022, is as follows:

<u>Transfer In</u>	<u>Transfer Out</u>	<u>Amount</u>	<u>Purpose</u>
General	Water and Sewer	\$ 580,466	Use unrestricted revenues collected in the water and sewer fund to finance various general fund programs in accordance with budgetary authorization.
Debt Service	General	37,217	Debt service
Economic Development	General	60,145	Economic development
Crime Control	General	161,334	Public safety
Total governmental funds transfers in		<u>\$ 839,162</u>	

NOTE 8: GOVERNMENTAL ACTIVITIES LONG-TERM DEBT

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

CITY OF CROWLEY, TEXAS
Notes to Financial Statements
September 30, 2022

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

As of September 30, 2022, the City had the following governmental activities long-term debt outstanding:

	<u>09/30/2021</u>	<u>Additions</u>	<u>Retirements</u>	<u>09/30/2022</u>	<u>Due Within One Year</u>
General Obligation Bonds					
Direct Placements					
\$4,920,000; General Obligation Refunding Bonds, Series 2013, due in semi-annual installments from 2/1/2014; 2.19% until 2/1/2025.	\$ 1,725,000	\$ -	\$ 475,000	\$ 1,250,000	\$ 485,000
Total	1,725,000	-	475,000	1,250,000	485,000
Not Direct Placements					
\$1,855,000; General Obligation Refunding Bonds, Series 2012; due in semi-annual installments from 2/1/2013; 2.00% - 3.00% until 2/1/2022.	95,000	-	95,000	-	-
Series 2012 unamortized bond premium	38,520	-	38,520	-	-
 \$590,000; General Obligation Refunding Bonds, Series 2012A; due in semi-annual installments from 2/1/2014; 2.00% 3.00% until 2/1/2023.	135,000	-	65,000	70,000	70,000
Series 2012A unamortized bond premium	9,983	-	4,991	4,992	4,992
 \$4,745,000; General Obligation Refunding Bonds, Series 2017, due in semi-annual installments from 2/1/2018; 3.00% until 2/1/2029.	3,885,000	-	435,000	3,450,000	450,000
Series 2017 unamortized bond premium	164,593	-	20,940	143,653	20,940
 \$2,580,000; General Obligation Refunding Bonds, Series 2021, due in semi-annual installments from 2/1/2023; 2.00% - 5.00% until 2/1/2032.	-	2,580,000	-	2,580,000	225,000
Series 2021 unamortized bond premium	-	350,023	42,055	307,968	51,602
Total	4,328,096	2,930,023	701,506	6,556,613	822,534
 Total General Obligation Bonds	<u>\$ 6,053,096</u>	<u>\$ 2,930,023</u>	<u>\$ 1,176,506</u>	<u>\$ 7,806,613</u>	<u>\$ 1,307,534</u>
Revenue Bonds					
\$2,180,000; Sales Tax Revenue Bonds, Taxable Series 2016 due in annual installments from 8/1/17; 3.00% - 5.00% until 8/1/2031.	\$ 1,630,000	\$ -	\$ 135,000	\$ 1,495,000	\$ 140,000
Series 2016 unamortized premium	101,394	-	10,139	91,255	10,139
Total Revenue Bonds	<u>\$ 1,731,394</u>	<u>\$ -</u>	<u>\$ 145,139</u>	<u>\$ 1,586,255</u>	<u>\$ 150,139</u>

CITY OF CROWLEY, TEXAS
Notes to Financial Statements
September 30, 2022

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

	<u>09/30/2021</u>	<u>Additions</u>	<u>Retirements</u>	<u>09/30/2022</u>	<u>Due Within One Year</u>
Certificates of Obligation					
\$4,890,000; Certificates of Obligation, Series 2012 due in semi-annual installments from 2/1/2013; 2.00% - 3.50% until 2/1/2032.	\$ 3,050,000	\$ -	\$ 3,050,000	\$ -	\$ -
Series 2012 unamortized premium	32,905	-	32,905	-	-
 \$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.	2,415,000	-	135,000	2,280,000	140,000
Series 2016 unamortized premium	54,503	-	3,633	50,870	3,633
 \$11,080,000; Combination and Limited Pledge Revenue Certificates of Obligation, Series 2018 due in annual installments from 8/1/19; 3.50% - 5.00% until 8/1/2038.	10,135,000	-	410,000	9,725,000	430,000
Series 2018 unamortized premium	515,207	-	30,307	484,900	30,307
 \$3,000,000; Combination and Limited Pledge Revenue Certificates of Obligation, Series 2020 due in annual installments from 2/1/21; 3.00% - 6.00% until 2/1/2040.	2,950,000	-	75,000	2,875,000	105,000
Series 2020 unamortized premium	75,383	-	3,968	71,415	3,968
 \$12,885,000; Combination and Limited Pledge Revenue Certificates of Obligation, Series 2021 due in annual installments from 2/1/22; 2.00% - 5.00% until 2/1/2041.	12,885,000	-	135,000	12,750,000	260,000
Series 2021 unamortized premium	1,232,634	-	61,632	1,171,002	61,632
Total Certificates of Obligation	<u>\$ 33,345,632</u>	<u>\$ -</u>	<u>\$ 3,937,445</u>	<u>\$ 29,408,187</u>	<u>\$ 1,034,540</u>
 Leases	<u>\$ 30,085</u>	<u>\$ -</u>	<u>\$ 8,027</u>	<u>\$ 22,058</u>	<u>\$ 8,261</u>
 Total OPEB liability	<u>\$ 331,559</u>	<u>\$ 11,695</u>	<u>\$ -</u>	<u>\$ 343,254</u>	<u>\$ -</u>
 Net pension liability	<u>\$ 2,310,338</u>	<u>\$ -</u>	<u>\$ 821,047</u>	<u>\$ 1,489,291</u>	<u>\$ -</u>
 Compensated absences	<u>\$ 720,462</u>	<u>\$ 377,520</u>	<u>\$ 518,733</u>	<u>\$ 579,249</u>	<u>\$ 417,059</u>
Total Governmental Activities	<u>\$ 44,522,566</u>	<u>\$ 3,319,238</u>	<u>\$ 6,606,897</u>	<u>\$ 41,234,907</u>	<u>\$ 2,917,533</u>

CITY OF CROWLEY, TEXAS
Notes to Financial Statements
September 30, 2022

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

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

Year Ending September 30,	General Obligation		Certificates of Obligation		Sales Tax Revenue Bonds		Total
	Principal	Interest	Principal	Interest	Principal	Interest	
2023	\$ 745,000	\$ 187,225	\$ 780,000	\$ 940,894	\$ 140,000	\$ 68,850	\$ 2,861,969
2024	690,000	167,975	975,000	901,219	145,000	63,250	2,942,444
2025	710,000	148,706	1,205,000	852,669	150,000	57,450	3,123,825
2026	730,000	128,244	1,325,000	794,653	155,000	51,450	3,184,347
2027	750,000	88,175	1,390,000	731,280	165,000	45,250	3,169,705
2028 - 2032	2,475,000	182,400	7,950,000	2,659,927	740,000	95,000	14,102,327
2033 - 2037	-	-	9,130,000	1,272,252	-	-	10,402,252
2038 - 2042	-	-	4,875,000	203,063	-	-	5,078,063
Total debt service requirements	6,100,000	902,725	27,630,000	8,355,957	1,495,000	381,250	44,864,932
Add: Unamortized premium	456,613	-	1,778,187	-	91,255	-	2,326,055
	<u>\$ 6,556,613</u>	<u>\$ 902,725</u>	<u>\$29,408,187</u>	<u>\$ 8,355,957</u>	<u>\$ 1,586,255</u>	<u>\$ 381,250</u>	<u>\$47,190,987</u>

In October 15, 2021, the City issued \$2,580,000 of General Obligation Refunding Bonds, Series 2021. The bonds consisted of General Obligation bonds with an interest rate of 2.00% to 5.00%. The net proceeds were used to refund the Certificates of Obligation, Series 2012. The refunding decreased debt service payments for the City by \$269,720 with a net present value savings (economic gain) of \$225,028 or 7.98%.

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

Year Ending September 30,	General Obligation		Total
	Principal	Interest	
2023	\$ 485,000	\$ 22,064	\$ 507,064
2024	500,000	11,279	511,279
2025	265,000	2,902	267,902
Total debt service requirements	<u>\$ 1,250,000</u>	<u>\$ 36,245</u>	<u>\$ 1,286,245</u>

CITY OF CROWLEY, TEXAS
Notes to Financial Statements
September 30, 2022

NOTE 9: BUSINESS-TYPE ACTIVITIES LONG-TERM DEBT

	<u>09/30/2021</u>	<u>Additions</u>	<u>Retirements</u>	<u>09/30/2022</u>	<u>Due Within One Year</u>
General Obligation Bonds					
\$1,945,000; General Obligation Refunding Bonds, Series 2012A; due in semi-annual installments from 2/1/2014; 2.00% 3.00% until 2/1/2023.	\$ 450,000	\$ -	\$ 220,000	\$ 230,000	\$ 230,000
Series 2012A unamortized bond premium	34,119	-	15,510	18,609	18,609
 \$1,800,000; General Obligation Refunding Bonds, Series 2017, due in semi-annual installments from 2/1/2018; 3.00% until 2/1/2029.	1,470,000	-	165,000	1,305,000	170,000
Series 2017 unamortized bond premium	62,229	-	7,778	54,451	7,778
 \$1,405,000; General Obligation Refunding Bonds, Series 2020, due in semi-annual installments from 2/1/2022; 1.31% until 2/1/2031.	1,405,000	-	135,000	1,270,000	135,000
Total General Obligation Bonds	<u>\$ 3,421,348</u>	<u>\$ -</u>	<u>\$ 543,288</u>	<u>\$ 2,878,060</u>	<u>\$ 561,387</u>
 Certificates of Obligation					
\$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.	2,440,000	-	160,000	2,280,000	165,000
Series 2016 unamortized premium	53,735	-	3,825	49,910	3,825
 \$7,810,000; Combination Tax and Limited Pledge Revenue Certificates of Obligation, Series 2019 due in annual installments from 2/1/20; 2.00% - 5.00% until 2/1/2039.	7,215,000	-	295,000	6,920,000	315,000
Series 2019 unamortized premium	291,845	-	16,214	275,631	16,214
Total Certificates of Obligation	<u>\$ 10,000,580</u>	<u>\$ -</u>	<u>\$ 475,039</u>	<u>\$ 9,525,541</u>	<u>\$ 500,039</u>
 Total OPEB liability	<u>\$ 24,957</u>	<u>\$ 879</u>	<u>\$ -</u>	<u>\$ 25,836</u>	<u>\$ -</u>
 Net pension liability	<u>\$ 173,897</u>	<u>\$ -</u>	<u>\$ 61,801</u>	<u>\$ 112,096</u>	<u>\$ -</u>
 Compensated absences	<u>\$ 49,257</u>	<u>\$ 22,570</u>	<u>\$ 35,465</u>	<u>\$ 36,362</u>	<u>\$ 26,181</u>
 Total Business-Type Activities	<u>\$ 13,670,039</u>	<u>\$ 23,449</u>	<u>\$ 1,115,593</u>	<u>\$ 12,577,895</u>	<u>\$ 1,087,607</u>

CITY OF CROWLEY, TEXAS
Notes to Financial Statements
September 30, 2022

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, 2022, are as follows:

Year Ending September 30,	<u>General Obligation</u>		<u>Certificates of Obligation</u>		Total
	Principal	Interest	Principal	Interest	
2023	\$ 535,000	\$ 56,728	\$ 480,000	\$ 234,595	\$ 1,306,323
2024	305,000	46,409	470,000	213,895	1,035,304
2025	315,000	39,166	485,000	197,970	1,037,136
2026	330,000	31,352	500,000	183,857	1,045,209
2027	335,000	23,505	520,000	166,431	1,044,936
2028 - 2032	985,000	27,360	2,810,000	606,743	4,429,103
2033 - 2037	-	-	2,965,000	278,701	3,243,701
2038 - 2042	-	-	970,000	23,768	993,768
Total debt service requirements	2,805,000	224,520	9,200,000	1,905,960	14,135,480
Add: Unamortized premium	73,060	-	325,541	-	398,601
	<u>\$ 2,878,060</u>	<u>\$ 224,520</u>	<u>\$ 9,525,541</u>	<u>\$ 1,905,960</u>	<u>\$ 14,534,081</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, 2022.

NOTE 10: LEASES

With the implementation of Governmental Accounting Standards Board Statement No. 87, *Leases*, a lease meeting the criteria of this statement requires the lessee to recognize a lease liability and an intangible right to use asset. The City, as a lessee, has entered into lease agreements involving copiers and a postage machine. The total of the City's leased assets are recorded at cost of \$30,085 less accumulated amortization of \$8,352.

Lease agreements are summarized as follows:

Description	Date	Payment Terms	Payment Amount	Interest Rate	Total Lease Liability	Balance 09/30/22
Copier	10/27/20	60 months	\$ 223	3.45%	\$ 10,192	\$ 7,827
Copier	05/01/21	60 months	\$ 185	3.18%	9,474	7,523
Postage Machine	07/02/19	60 months	\$ 326	2.36%	10,419	6,708
					<u>\$ 30,085</u>	<u>\$ 22,058</u>

CITY OF CROWLEY, TEXAS
Notes to Financial Statements
September 30, 2022

NOTE 10: LEASES (Continued)

The future lease payments under lease agreements are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Totals</u>
2023	\$ 8,261	\$ 559	\$ 8,820
2024	7,522	319	7,841
2025	4,769	135	4,904
2026	1,506	14	1,520
	<u>\$ 22,058</u>	<u>\$ 1,027</u>	<u>\$ 23,085</u>

At September 30, 2022, the amount of interest cost incurred and expensed was \$793.

NOTE 11: 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.

NOTE 12: DEFINED BENEFIT PENSION PLANS

Plan Description

The City participates in one of 901 plans in the defined benefit cash-balance plan administered by the Texas Municipal Retirement System (TMRS). TMRS is a statewide public retirement plan created by the State of Texas and administered in accordance with the Texas Government Code, Title 8, Subtitle G (TMRS Act) as an agent multiple-employer retirement system for employees of Texas participating cities. The TRMS Act places the general administration and management of TMRS with a six-member, Governor-appointed Board of Trustees; however, TMRS does not receive any funding from the State of Texas. TMRS issues a publicly available Annual Comprehensive Financial Report (Annual Report) that can be obtained at tmrs.com.

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

Benefits Provided

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

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

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

CITY OF CROWLEY, TEXAS
Notes to Financial Statements
September 30, 2022

NOTE 12: DEFINED BENEFIT PENSION PLANS (Continued)

	<u>Plan Year 2021</u>
Employee deposit rate	6%
Matching ratio (city to employee)	2-1
Years required for vesting	5
Service retirement eligibility (expressed as age/years of service)	60/5, 0/20
Updated service credit	100%
Annuity increase (to retirees)	70% of CPI

Employees Covered by Benefit Terms

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

Active employees	117
Inactive employees or beneficiaries currently receiving benefits	67
Inactive employees entitled to but not yet receiving benefits	105
	<u>289</u>

Contributions

Member contribution rates in TMRS are either 5%, 6%, or 7% of the member's total compensation, and the city matching ratios are either 1:1 (1 to 1), 1.5:1 (1½ to 1), or 2:1 (2 to 1), both as adopted by the governing body of the city. Under the state law governing TMRS, the contribution rate for each city is determined annually by the actuary, using the Entry Age Normal (EAN) actuarial cost method. The city's contribution rate is based on the liabilities created from the benefit plan options selected by the city and any changes in benefits or actual experience over time.

Employees for the City were required to contribute 6% of their annual gross earnings during the fiscal year. The contribution rates for the City were 11.33% and 11.16% in calendar years 2021 and 2022, respectively. The city's contributions to TMRS for the year ended September 30, 2022, were \$945,817, and were equal to the required contributions.

Net Pension Liability

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

Actuarial Assumptions

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

Inflation	2.50% per year
Overall Payroll Growth	2.75% per year, adjusted down for population declines, if any
Investment Rate of Return	6.75%, net of pension plan investment expense, including inflation

CITY OF CROWLEY, TEXAS
Notes to Financial Statements
September 30, 2022

NOTE 12: DEFINED BENEFIT PENSION PLANS (continued)

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

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

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class in fiscal year 2022 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Rate of Return (Arithmetic)</u>
Global Equity	35.00%	7.55%
Core Fixed Income	6.00%	2.00%
Non-Core Fixed Income	20.00%	5.68%
Other Public and Private Markets	12.00%	7.22%
Real Estate	12.00%	6.85%
Hedge Funds	5.00%	5.35%
Private Equity	10.00%	10.00%
Total	<u>100.00%</u>	

Discount Rate

The discount rate used to measure the Total Pension Liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that member and employer contributions will be made at the rates specified in statute. Based on that assumption, the pension plan's Fiduciary Net Position was projected to be available to make all projected future benefit payments of current active and inactive members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the Total Pension Liability.

CITY OF CROWLEY, TEXAS
Notes to Financial Statements
September 30, 2022

NOTE 12: DEFINED BENEFIT PENSION PLANS (Continued)

Changes in the Net Pension Liability

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balance at 12/31/20	\$ 24,171,702	\$ 21,687,468	\$ 2,484,234
Changes for the year:			
Service cost	1,105,570	-	1,105,570
Interest	1,642,311	-	1,642,311
Changes in net benefit terms	-	-	-
Difference between expected and actual experience	535,035	-	535,035
Change of assumptions	-	-	-
Contributions - employer	-	882,120	(882,120)
Contributions - employee	-	467,142	(467,142)
Net investment income	-	2,829,491	(2,829,491)
Benefit payments, including refunds of employee contributions	(787,913)	(787,913)	-
Administrative expense	-	(13,082)	13,082
Other changes	-	91	(91)
Net changes	2,495,003	3,377,849	(882,846)
Balance at 12/31/21	\$ 26,666,705	\$ 25,065,317	\$ 1,601,388

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	\$5,994,010	\$1,601,388	(\$1,933,738)

Pension Plan Fiduciary Net Position

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

CITY OF CROWLEY, TEXAS
Notes to Financial Statements
September 30, 2022

NOTE 12: DEFINED BENEFIT PENSION PLANS (Continued)

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

For the year ended September 30, 2022, the City recognized pension expense of \$673,099.

At September 30, 2022, 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	\$ 517,069	\$ -
Difference in assumption changes	31,955	-
Difference in projected and actual earnings	-	1,448,023
Contributions subsequent to the measurement date	729,702	-
Total	<u>\$ 1,278,726</u>	<u>\$ 1,448,023</u>

\$729,702 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability for the year ending September 30, 2022. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended September 30:

2022	\$ 10,969
2023	(418,419)
2024	(218,434)
2025	(273,115)
2026	-
Thereafter	-
	<u>\$ (898,999)</u>

NOTE 13. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)

Plan Description

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

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

CITY OF CROWLEY, TEXAS
Notes to Financial Statements
September 30, 2022

NOTE 13. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (Continued)

Benefits Provided

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

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

Active employees	117
Inactive employees currently receiving benefits	37
Inactive employees entitled to but not yet receiving benefits	16
	<u>170</u>

Contributions

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

Total OPEB Liability

The City's Total OPEB Liability of \$369,090 was measured as of December 31, 2021 and was determined by an actuarial valuation as of that date.

Actuarial Assumptions and Other Inputs

The Total OPEB Liability in the December 31, 2021 actuarial valuation was determined using actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

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

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

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

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

CITY OF CROWLEY, TEXAS
Notes to Financial Statements
September 30, 2022

NOTE 13. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (Continued)

The actuarial assumptions used in the December 31, 2021 valuation were based on the results of an actuarial experience study for the period December 31, 2014 to December 31, 2018.

Discount Rate

The discount rate used to measure the Total OPEB Liability was 1.84%. The discount rate was based on the Fidelity Index's "20-Year Municipal GO AA Index" rate as of December 31, 2021.

Changes in the Total OPEB Liability

	Total OPEB Liability
Balance at 12/31/20	\$ 356,515
Changes for the year:	
Service cost	24,136
Interest	7,325
Changes in net benefit terms	-
Difference between expected and actual experience	(26,501)
Changes of assumptions or other inputs	12,286
Benefit payments**	(4,671)
Net changes	12,575
Balance at 12/31/21	<u>\$ 369,090</u>

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

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

The following presents the total OPEB liability of the City, calculated using the discount rate of 1.84%, as well as what the City's total OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (0.84%) or 1 percentage point higher (2.84%) than the current rate:

	1% Decrease in Discount Rate (0.84%)	Discount Rate (1.84%)	1% Increase in Discount Rate (2.84%)
City's Total OPEB Liability	\$459,328	\$369,090	\$300,022

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

For the year ended September 30, 2022, the City recognized OPEB expense of \$42,090.

CITY OF CROWLEY, TEXAS
Notes to Financial Statements
September 30, 2022

NOTE 13. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (Continued)

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference in expected and actual experience	\$ -	\$ 34,319
Difference in assumption changes	79,259	7,454
Contributions subsequent to the measurement date	9,154	-
Total	<u>\$ 88,413</u>	<u>\$ 41,773</u>

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

Year ended September 30:

2022	\$ 10,629
2023	10,341
2024	8,142
2025	9,853
2026	(1,479)
Thereafter	-
	<u>\$ 37,486</u>

NOTE 14: CONTINGENT LIABILITIES

Federal and State Programs

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

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

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

Litigation

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

CITY OF CROWLEY, TEXAS
Notes to Financial Statements
September 30, 2022

NOTE 15: CONTRACTS AND COMMITMENTS

A. Water and Sewer Contracts

The City has separate contracts with the City of Fort Worth, Texas for the purchase of treated water and for the treatment of wastewater. The contracts require the City to pay varying amounts based on the costs associated with water purchased and treated. Purchases during 2022 of treated water were \$1,976,325 and for the treatment of wastewater were \$832,238.

B. Construction Contracts

The City entered into an \$8,237,558 construction contract for the Main Street renovation project. TxDOT will pay 80% of the costs up to \$4,500,000. Expenditures for the project as of September 30, 2022 were \$7,098,369.

NOTE 16: CORONAVIRUS LOCAL FISCAL RECOVERY FUND

Under the American Rescue Plan Act of 2021, the Coronavirus State and Local Fiscal Recovery Fund (CSLFRF) provides emergency funding for eligible local governments. The U.S. Treasury manages the distribution of these funds to Texas counties and cities with populations above 50,000. Cities, villages, towns, and townships serving populations of less than 50,000 are classified as non-entitlement units of local government (NEUs) and will receive funding distributed by TDEM. The City received a total award amount of \$4,078,556 as of September 30, 2022. \$625,000 of the funds have been spent to address negative economic impact cause by COVID-19 pandemic and are reported as revenue in the current year. \$3,461,617 of the funds have not been spent and are reported as unearned revenue.

NOTE 17: CHANGE IN ACCOUNTING PRINCIPLES AND RESTATEMENT

For 2022, the City implemented Governmental Accounting Standards Board (GASB) Statement No. 87, *Leases*. GASB Statement No. 87 enhances the relevance and consistency of information of the government's leasing activities. It establishes requirements for leases accounting based on the principle that leases are financings of the right to use an underlying asset. A lessee is required to recognize a lease liability and an intangible right to use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources. These changes were incorporated in the City's September 30, 2022 financial statements, but did not have an effect on the beginning net position. On October 1, 2021, the City recognized \$30,085 in net book value for the intangible right to use assets and lease liabilities of \$30,085 for a postage machine and copiers leased in July 2019, October 2020, and May 2021, respectively.

The implementation of GASB Statement No. 87 had the following effect on net position as reported September 30, 2022.

	Governmental Activities
Net Position September 30, 2021	\$ 37,401,563
Adjustments:	
Net Book Value of Leased Equipment	30,085
Lease Liability	(30,085)
Restated Net Position September 30, 2021	<u>\$ 37,401,563</u>

CITY OF CROWLEY, TEXAS
Notes to Financial Statements
September 30, 2022

NOTE 18: SUBSEQUENT EVENTS

Subsequent events were evaluated through February 27, 2023, which is the date the financial statements were available to be issued.

NOTE 19: FUTURE ACCOUNTING PRONOUNCEMENTS

GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for subscription-based information technology arrangements by governments. This statement is effective for reporting periods beginning after June 15, 2022. The City has not yet determined the effect of this statement will have on its financial reporting.

This page intentionally left blank.

REQUIRED SUPPLEMENTARY INFORMATION

This page intentionally left blank.

CITY OF CROWLEY, TEXAS
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
General Fund
For the Year Ended September 30, 2022

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
REVENUES				
Taxes:				
Property	\$ 6,487,493	\$ 6,712,000	\$ 6,725,172	\$ 13,172
Sales	2,314,000	2,370,667	2,834,825	464,158
Franchise	742,000	742,000	812,003	70,003
Charges for service	1,971,200	1,971,200	2,159,240	188,040
Fees and fines	480,100	480,100	873,014	392,914
Licenses and permits	764,375	764,375	539,435	(224,940)
Grants and contributions	309,375	309,375	1,043,786	734,411
Oil & gas revenue	-	-	258,381	258,381
Investment earnings	10,000	10,000	271,978	261,978
Other revenue	14,500	14,500	98,729	84,229
Total revenues	13,093,043	13,374,217	15,616,563	2,242,346
EXPENDITURES				
Administrative and finance	1,034,792	1,056,200	1,080,299	(24,099)
Municipal court	260,999	265,757	259,869	5,888
Library	572,943	625,281	599,016	26,265
Senior center	36,208	37,755	25,673	12,082
Public safety	3,648,760	3,739,154	3,837,730	(98,576)
Fire and ambulance	3,944,374	4,038,003	4,002,551	35,452
Public works	603,305	711,398	830,038	(118,640)
Parks	341,509	369,434	452,290	(82,856)
Recreation Center	603,823	663,189	591,989	71,200
Animal Control	289,307	301,787	328,278	(26,491)
Code enforcement	77,459	79,838	86,435	(6,597)
Community development	469,949	477,085	465,360	11,725
Community center	18,724	18,724	19,121	(397)
Sanitation	972,000	972,000	985,297	(13,297)
Nondepartmental	797,437	813,222	1,324,342	(511,120)
Capital project	-	-	9,705	(9,705)
Debt service:				
Principal	-	-	8,027	(8,027)
Interest and fiscal charges	-	-	793	(793)
Total expenditures	13,671,589	14,168,827	14,906,813	(737,986)
Excess (deficiency) of revenues over (under) expenditures	(578,546)	(794,610)	709,750	1,504,360
OTHER FINANCING SOURCES (USES)				
Transfers in	580,466	580,466	580,466	-
Transfers out	-	-	(290,599)	(290,599)
Total other financing sources (uses)	580,466	580,466	289,867	(290,599)
Net change in fund balances	1,920	(214,144)	999,617	1,213,761
Fund balance - beginning	11,068,939	11,068,939	11,068,939	-
Fund balance - ending	\$ 11,070,859	\$ 10,854,795	\$ 12,068,556	\$ 1,213,761

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

This page intentionally left blank.

CITY OF CROWLEY, TEXAS
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
Economic Development Corporation
For the Year Ended September 30, 2022

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
REVENUES				
Sales tax	\$ 1,100,000	\$ 1,100,000	\$ 1,412,626	\$ 312,626
Other revenue	339,667	339,667	279,731	(59,936)
Investment earnings	8,000	8,000	15,796	7,796
Total revenues	1,447,667	1,447,667	1,708,153	260,486
EXPENDITURES				
Administrative	327,692	327,692	257,936	69,756
Economic development	69,000	69,000	55,778	13,222
Capital outlay	-	450,000	1,864,937	(1,414,937)
Debt service				
Principal	360,000	360,000	360,000	-
Interest and fiscal charges	384,575	384,575	327,254	57,321
Total expenditures	1,141,267	1,591,267	2,865,905	(1,274,638)
Excess (deficiency) of revenues over (under) expenditures	306,400	(143,600)	(1,157,752)	(1,014,152)
OTHER FINANCING SOURCES (USES)				
Transfer in	-	-	60,145	
Total other financing sources (uses)	-	-	60,145	-
Net change in fund balances	306,400	(143,600)	(1,097,607)	(1,014,152)
Fund balance - beginning	4,366,340	4,366,340	4,366,340	-
Fund balance - ending	\$ 4,672,740	\$ 4,222,740	\$ 3,268,733	\$ (954,007)

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

CITY OF CROWLEY, TEXAS

Schedule of Changes in Net Pension Liability and Related Ratios

Last 10 Years (will ultimately be displayed)

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

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

Exhibit E-3

2017	2018	2019	2020	2021
\$ 809,245	\$ 885,458	\$ 945,202	\$ 1,041,224	\$ 1,105,570
1,165,642	1,262,609	1,379,106	1,517,914	1,642,311
-	-	-	-	-
143,078	234,189	331,400	11,496	535,035
-	-	106,850	-	-
(842,986)	(596,064)	(776,423)	(731,880)	(787,913)
1,274,979	1,786,192	1,986,135	1,838,754	2,495,003
17,285,642	18,560,621	20,346,813	22,332,948	24,171,702
18,560,621	20,346,813	22,332,948	24,171,702	26,666,705
\$ 612,770	\$ 658,211	\$ 713,371	\$ 800,661	\$ 882,120
341,694	371,521	397,422	438,718	467,142
2,039,047	(504,971)	2,593,887	1,495,595	2,829,491
(842,986)	(596,064)	(776,423)	(731,880)	(787,913)
(10,575)	(9,762)	(14,659)	(9,673)	(13,082)
(537)	(510)	(441)	(376)	91
2,139,413	(81,575)	2,913,157	1,993,045	3,377,849
14,723,428	16,862,841	16,781,266	19,694,423	21,687,468
\$ 16,862,841	\$ 16,781,266	\$ 19,694,423	\$ 21,687,468	\$ 25,065,317
\$ 1,697,780	\$ 3,565,547	\$ 2,638,525	\$ 2,484,234	\$ 1,601,388
90.85%	82.48%	88.19%	89.72%	93.99%
\$ 5,694,899	\$ 6,192,015	\$ 6,623,700	\$ 7,311,968	\$ 7,785,706
29.81%	57.58%	39.83%	33.97%	20.57%

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

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

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

Exhibit E-4

<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
\$ 647,135	\$ 692,597	\$ 811,200	\$ 864,843	\$ 945,817
<u>647,135</u>	<u>692,597</u>	<u>811,200</u>	<u>864,843</u>	<u>945,817</u>
\$ -	\$ -	\$ -	\$ -	\$ -
\$ 6,067,638	\$ 6,453,864	\$ 7,440,180	\$ 7,694,112	\$ 8,446,008
10.67%	10.73%	10.90%	11.24%	11.20%

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

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

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

Exhibit E-5

2020	2021
\$ 19,742	\$ 24,136
8,219	7,325
-	-
(11,498)	(26,501)
51,769	12,286
(1,462)	(4,671)
66,770	12,575
289,745	356,515
<u>\$ 356,515</u>	<u>\$ 369,090</u>
\$ 7,311,968	\$ 7,785,706
4.88%	4.74%

CITY OF CROWLEY
Notes to the Required Supplementary Information
For the Year Ended September 30, 2022

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, public works, parks, animal control, code enforcement, community center, sanitation, nondepartmental, capital projects, debt service principal and debt service interest exceeded appropriations by \$24,100, \$98,576, \$118,640, \$82,856, \$26,491, \$6,597, \$397, \$13,297, \$511,120, \$9,705, \$8,027 and \$793, respectively. Overall, total actual expenditures were over budget by \$737,987 primarily due to \$625,000 in grant funds that were passed through to small businesses in the City and not budgeted for.

In the economic development corporation, capital outlay exceeded appropriations by \$1,414,937. Overall, total actual expenditures were over budget by \$1,274,638. Economic development construction costs on the Downtown Plaza project were paid with proceeds from bonds issued in a prior year in the amount of \$3,000,000.

Schedule of Contributions – Pensions

Valuation Date:

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

Methods and Assumptions Used to Determine Contribution Rates:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percentage of Payroll, Closed
Remaining Amortization Period	24 Years (longest amortization ladder)
Asset Valuation Method	10 Year smooth market, 12% soft corridor
Inflation	2.50%
Salary increases	3.50% to 11.50% 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 2019 valuation pursuant to an experience study of the period 2014-2018.

CITY OF CROWLEY
Notes to the Required Supplementary Information
For the Year Ended September 30, 2022

Schedule of Contributions – Pensions (continued)

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

Mortality	Post-retirement: 2019 Municipal Retirees of Texas Mortality Tables. The rates are projected on a fully generational basis with scale UMP. Pre-retirement: PUB(10) mortality tables, with Public Safety table used for males and the General Employee table used for females. The rates are projected on a fully generational basis with scale UMP.
-----------	---

Other Information:

Notes	There were no benefit changes during the year.
-------	--

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

Plan/ Calendar Year	Total SDB Contribution Rate	Retiree Portion of SDB Contribution (Rate)
2018	0.15%	0.02%
2019	0.13%	0.02%
2020	0.14%	0.02%
2021	0.14%	0.06%
2022	0.14%	0.06%

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

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

This page intentionally left blank.

COMBINING FINANCIAL STATEMENTS
NONMAJOR GOVERNMENTAL FUNDS

CITY OF CROWLEY
Nonmajor Governmental Funds
Combining Balance Sheet
September 30, 2022

	Nonmajor		
	Court Technology & Security	Grant	LEOSE Training
Assets			
Cash and cash equivalents	\$ 5,494	\$ 91,444	\$ 16,036
Investments	39,479	-	-
Receivables (Net of allowances for uncollectibles)			
Other taxes	-	-	-
Miscellaneous	-	13	-
Total assets	<u>\$ 44,973</u>	<u>\$ 91,457</u>	<u>\$ 16,036</u>
Liabilities			
Accounts payable	\$ -	\$ 2,332	\$ 409
Due to other funds	-	-	-
Unearned revenue	-	2,035	-
Total liabilities	<u>-</u>	<u>4,367</u>	<u>409</u>
Fund balance			
Restricted	<u>44,973</u>	<u>87,090</u>	<u>15,627</u>
Total fund balances	<u>44,973</u>	<u>87,090</u>	<u>15,627</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 44,973</u>	<u>\$ 91,457</u>	<u>\$ 16,036</u>

Exhibit F-1

Governmental Funds				
Crime Control & Prevention District	TIRZ #1	Truancy	Public, Educational, and Government Access (PEG)	Total Nonmajor Funds
\$ - 1,903,571	\$ 481,417 1,214,267	\$ 12,702 11,821	\$ 22,311 249,460	\$ 629,404 3,418,598
234,324	-	-	2,758	237,082
-	-	-	-	13
<u>\$ 2,137,895</u>	<u>\$ 1,695,684</u>	<u>\$ 24,523</u>	<u>\$ 274,529</u>	<u>\$ 4,285,097</u>
\$ 4,045 55,491 -	\$ - - -	\$ - - -	\$ - - -	\$ 6,786 55,491 2,035
<u>59,536</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>64,312</u>
<u>2,078,359</u>	<u>1,695,684</u>	<u>24,523</u>	<u>274,529</u>	<u>4,220,785</u>
<u>2,078,359</u>	<u>1,695,684</u>	<u>24,523</u>	<u>274,529</u>	<u>4,220,785</u>
<u>\$ 2,137,895</u>	<u>\$ 1,695,684</u>	<u>\$ 24,523</u>	<u>\$ 274,529</u>	<u>\$ 4,285,097</u>

CITY OF CROWLEY**Nonmajor Governmental Funds****Combining Statement of Revenues, Expenditures and Changes in Fund Balance****For the Year Ended September 30, 2022**

	Nonmajor		
	Court Technology & Security	Grant	LEOSE Training
Revenues			
Sales tax	\$ -	\$ -	\$ -
Property taxes	-	-	-
Fees and fines	29,922	-	-
Franchise fees	-	-	-
Grants and contributions	-	57,060	-
Investment earnings	-	-	-
Other	-	-	2,607
Total revenue	<u>29,922</u>	<u>57,060</u>	<u>2,607</u>
Expenditures			
Current			
Municipal court	24,428	-	-
Public safety	-	2,623	-
Fire and ambulance	-	29,648	-
Debt Service			
Principal	-	-	-
Interest and fiscal charges	-	-	-
Total expenditures	<u>24,428</u>	<u>32,271</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	<u>5,494</u>	<u>24,789</u>	<u>2,607</u>
Other financing sources (uses)			
Transfers in	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	5,494	24,789	2,607
Fund balances - beginning	<u>39,479</u>	<u>62,301</u>	<u>13,020</u>
Fund balances - ending	<u>\$ 44,973</u>	<u>\$ 87,090</u>	<u>\$ 15,627</u>

Governmental Funds				
Crime Control & Prevention District	TIRZ #1	Truancy	Public, Educational, and Government Access (PEG)	Total Nonmajor Funds
\$ 1,323,478	\$ -	\$ -	\$ -	\$ 1,323,478
-	479,579	-	-	479,579
-	-	12,702	-	42,624
-	-	-	21,613	21,613
-	-	-	-	57,060
12,722	1,834	-	-	14,556
995	-	-	-	3,602
<u>1,337,195</u>	<u>481,413</u>	<u>12,702</u>	<u>21,613</u>	<u>1,942,512</u>
-	-	-	-	24,428
744,611	-	-	-	747,234
-	-	-	-	29,648
250,000	-	-	-	250,000
17,192	-	-	-	17,192
<u>1,011,803</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,068,502</u>
<u>325,392</u>	<u>481,413</u>	<u>12,702</u>	<u>21,613</u>	<u>874,010</u>
161,334	-	-	-	161,334
<u>161,334</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>161,334</u>
486,726	481,413	12,702	21,613	1,035,344
1,591,633	1,214,271	11,821	252,916	3,185,441
<u>\$ 2,078,359</u>	<u>\$ 1,695,684</u>	<u>\$ 24,523</u>	<u>\$ 274,529</u>	<u>\$ 4,220,785</u>

This page intentionally left blank.

OTHER SUPPLEMENTARY INFORMATION

(Unaudited)

This page intentionally left blank.

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, 2022

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Property taxes	\$ 2,500,181	\$ 2,500,181	\$ 2,722,827	\$ 222,646
Total revenues	<u>2,500,181</u>	<u>2,500,181</u>	<u>2,722,827</u>	<u>222,646</u>
EXPENDITURES				
Debt service				
Principal	1,580,000	1,580,000	1,580,000	-
Interest and fiscal charges	919,735	919,735	866,959	52,776
Bond issuance costs	-	-	97,890	(97,890)
Total debt service	<u>2,499,735</u>	<u>2,499,735</u>	<u>2,544,849</u>	<u>(45,114)</u>
Total expenditures	<u>2,499,735</u>	<u>2,499,735</u>	<u>2,544,849</u>	<u>(45,114)</u>
Excess (deficiency) of revenues over expenditures	<u>446</u>	<u>446</u>	<u>177,978</u>	<u>177,532</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	37,217	37,217
Refunding bonds issued	-	-	2,580,000	2,580,000
Bond premium	-	-	350,023	350,023
Payment to refund bond escrow agent	-	-	(2,869,350)	(2,869,350)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>97,890</u>	<u>97,890</u>
Net change in fund balance	446	446	275,868	275,422
FUND BALANCE - BEGINNING	<u>386,589</u>	<u>386,589</u>	<u>386,589</u>	<u>-</u>
FUND BALANCE - ENDING	<u>\$ 387,035</u>	<u>\$ 387,035</u>	<u>\$ 662,457</u>	<u>\$ 275,422</u>

CITY OF CROWLEY
Schedule of Revenues, Expenses, and Changes in Fund Net Position - Budget and Actual
Water and Sewer Fund
For the Year Ended September 30, 2022

	Budget Amounts		Actual Amounts	Variance
	Original	Final	Budgetary Basis	Positive (Negative)
Operating revenues:				
Water sales	\$ 4,085,000	\$ 4,108,788	\$ 4,480,868	\$ 372,080
Sewer charges	3,050,000	3,050,000	3,073,931	23,931
Miscellaneous	329,700	329,700	836,023	506,323
Total operating revenue	<u>7,464,700</u>	<u>7,488,488</u>	<u>8,390,822</u>	<u>902,334</u>
Operating expenses:				
Personnel	889,242	913,030	816,116	96,914
Professional services	55,231	55,231	63,735	(8,504)
Purchased water	1,750,000	1,750,000	1,976,325	(226,325)
Wastewater treatment charge	1,500,000	1,500,000	832,238	667,762
Contractual services	360,178	360,178	349,434	10,744
Insurance	60,771	60,771	61,568	(797)
Administrative	30,068	30,068	19,459	10,609
Repairs and maintenance	626,101	626,101	296,515	329,586
Utilities	61,347	61,347	69,036	(7,689)
Capital outlay	249,054	249,054	1,192,314	(943,260)
Total operating expenses	<u>5,581,992</u>	<u>5,605,780</u>	<u>5,676,740</u>	<u>(70,960)</u>
Operating income (loss)	<u>1,882,708</u>	<u>1,882,708</u>	<u>2,714,082</u>	<u>831,374</u>
Nonoperating revenues (expenses):				
Investment earnings	7,000	7,000	65,517	58,517
Gain (loss) on the disposal of capital assets	-	-	2,502	2,502
Debt service - principal	(975,000)	(975,000)	(975,000)	-
Interest expense	(326,231)	(326,231)	(284,062)	42,169
Total nonoperating revenues (expenses)	<u>(1,294,231)</u>	<u>(1,294,231)</u>	<u>(1,191,043)</u>	<u>103,188</u>
Income (loss) before capital contributions and transfers	588,477	588,477	1,523,039	934,562
Transfers out	<u>(580,466)</u>	<u>(580,466)</u>	<u>(580,466)</u>	<u>-</u>
Change in net position	8,011	8,011	942,573	934,562
Net position - beginning	<u>14,085,831</u>	<u>14,085,831</u>	<u>14,085,831</u>	<u>-</u>
Net position - ending	<u><u>\$ 14,093,842</u></u>	<u><u>\$ 14,093,842</u></u>	<u><u>\$ 15,028,404</u></u>	<u><u>\$ 934,562</u></u>
Reconciliation from Budgetary Basis to GAAP Basis:				
Capitalized expenditures			1,192,314	
Depreciation expense			(794,162)	
Principal payments on long-term debt			975,000	
Net Position - ending (GAAP Basis)			<u><u>\$ 16,401,556</u></u>	

**OVERALL COMPLIANCE AND INTERNAL CONTROL
SECTION**

This page intentionally left blank.

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

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

We have audited, in accordance with auditing standards general accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of Crowley, Texas (the "City") as of and for the year ended September 30, 2022, and the related notes to the financial statements, which collectively comprise the City's basic financial statements and have issued our report thereon dated February 27, 2023.

Report on 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) as a basis for designing 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.

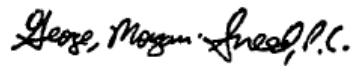
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not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

Report on Compliance and Other Matters

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

Purpose of This Report

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

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

Weatherford, Texas

February 27, 2023

SINGLE AUDIT REPORT

This page intentionally left blank.

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

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

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the City of Crowley, Texas's (the "City") compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the year ended September 30, 2022. The City's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the City of Crowley, Texas complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2022.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the City's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the City's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the City's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the City's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the City's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the City's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control Over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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

George Morgan-Freed, P.C.

Weatherford, Texas
February 27, 2023

This page intentionally left blank.

CITY OF CROWLEY, TEXAS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED SEPTEMBER 30, 2022

A. Summary of Auditor's Results

1. Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

Material weakness identified? Yes X No

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

Noncompliance material to financial statements noted Yes X No

2. Federal Awards

Internal control over major programs:

Material weakness(es) identified? Yes X No

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

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

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

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
21.027	Coronavirus State and Local Fiscal Recovery Funds

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

Auditee qualified as low-risk auditee? X Yes No

B. Financial Statement Findings

None

C. Federal Award Findings and Questioned Costs

None

CITY OF CROWLEY, TEXAS
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
YEAR ENDED SEPTEMBER 30, 2022

None

CITY OF CROWLEY, TEXAS
CORRECTIVE ACTION PLAN
YEAR ENDED SEPTEMBER 30, 2022

Contact for Corrective Action Plan:

Robert Loftin
City Manager

Federal Statement Findings

None reported

Federal Award Findings and Questioned Costs

None reported

CITY OF CROWLEY, TEXAS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED SEPTEMBER 30, 2022

Federal Grantor/Pass-through Grantor/Program or Cluster Title	Federal CFDA Number	Pass-through Entity Identifying Number	Federal Expenditures
<u>U.S. Department of Treasury</u>			
Passed Through from Texas Division of Emergency Management:			
COVID-19 Coronavirus State and Local Fiscal Recovery Fund	21.027	HYXJAAMN2EC4	\$ 625,000
Total U.S. Department of Treasury			<u>625,000</u>
<u>U.S. Department of Federal Highway Administration</u>			
Passed Through Texas Department of Transportation:			
Highway Planning and Construction	20.205	0902-90-089	1,079,348
Total U.S. Department of Federal Highway Administration			<u>1,079,348</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u>\$ 1,704,348</u>

See accompanying notes to schedule of expenditures of federal awards.

CITY OF CROWLEY, TEXAS
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED SEPTEMBER 30, 2022

Reporting Entity

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

Basis of Presentation

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

Indirect Cost Rate

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

