



CITY OF
CRANDALL, TX

110 S, MAIN STREET | CRANDALL, TX 75114
WWW.CRANDALLTEXAS.COM | 972.427.3771

2024

**ANNUAL
FINANCIAL
REPORT**

FOR FISCAL YEAR ENDED
SEPTEMBER 30, 2024





*ANNUAL
FINANCIAL REPORT*

of the

City of Crandall, Texas

**For the Year Ended
September 30, 2024**

Prepared by

David Sanchez
Deputy Manager

Marsha Clark
Finance Clerk



City of Crandall, Texas

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BROOKSWATSON & CO.
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor and
Members of the City Council
City of Crandall, 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, the discretely presented component unit, and each major fund, of the City of Crandall, Texas (the "City") as of and for the year ended September 30, 2024, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

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

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of City of Crandall, 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

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for one year after the date that the financial statements are issued.

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS, we:

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

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

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, schedule of changes in net pension liability and related ratios, schedule of employer contributions to pension plan, schedule of changes in other postemployment benefits liability and related ratios, and budgetary comparison information be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's

responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

This accompanying supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the 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 accompanying supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.



BrooksWatson & Co.
Certified Public Accountants
Houston, Texas
September 15, 2025



***MANAGEMENT'S DISCUSSION
AND ANALYSIS***



City of Crandall, Texas

MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)

September 30, 2024

As management of the City of Crandall, Texas (the "City"), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended September 30, 2024.

Financial Highlights

- The City's total combined net position is \$27,355,182 at September 30, 2024. Of this, \$13,266,997 (unrestricted net position) may be used to meet the City's ongoing obligations to its citizens and creditors.
- At the close of the current fiscal year, the City's governmental funds reported combined fund balances of \$7,264,143, an increase of \$3,344,909.
- As of the end of the year, the unassigned fund balance of the general fund was \$6,142,279 or 78% of total general fund expenditures.
- The City had an overall increase in net position of \$12,018,449. Governmental activities experienced an increase of \$4,326,271, primarily due to expenses being below budget, greater license/permit revenue received compared the City budget, new capital improvements, and the repayment of long-term debt obligations. The business-type net position increased by \$7,692,178, which was primarily due to net operating income of \$5,916,329 and the recognition of capital grants received totaling \$1,616,574.

Overview of the Financial Statements

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

Government-Wide Statements

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

The *statement of net position* presents information on all of the City's assets, liabilities, and deferred inflows/outflows with the difference reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating. Other non-financial factors, such as the City's property tax base and the condition of the City's infrastructure, need to be considered in order to assess the overall health of the City.

The *statement of activities* presents information showing how the City's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses

City of Crandall, Texas

MANAGEMENT'S DISCUSSION AND ANALYSIS, Continued

September 30, 2024

are reported for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

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

The government-wide financial statements include not only the City itself (known as the *primary government*), but also the legally separate Crandall Economic Development Corporation (the "EDC") for which the City is financially accountable. Although legally separate, the economic development functions for all practical purposes as a department of the City and therefore has been included as an integral part of the primary government.

FUND FINANCIAL STATEMENTS

Funds may be considered as operating companies of the parent corporation, which is the City of Crandall. They are usually segregated for specific activities or objectives. The City of Crandall uses fund accounting to ensure and demonstrate compliance with finance-related legal reporting requirements. The two categories of City funds are governmental and proprietary.

Governmental Funds

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

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

The City maintains two individual governmental funds. 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 and first responder funds. The general fund is the only

City of Crandall, Texas

MANAGEMENT'S DISCUSSION AND ANALYSIS, *Continued*

September 30, 2024

major governmental fund. Data from the other governmental funds are combined into a single, aggregated presentation.

The City of Crandall adopts an annual appropriated budget for the general, sewer, water, and solid waste funds. Budgetary comparison schedules have been provided to demonstrate compliance with the general fund.

Proprietary Funds

The City maintains one type of proprietary fund. Proprietary funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses a proprietary fund to account for its water, sewer utility, sanitation, and golf course operations. All activities associated with providing such services are accounted for in these funds, including salaries and benefits, materials and supplies, and other operating expenses. The City's intent is that costs of providing the services to the general public on a continuing basis are financed through user charges in a manner similar to a private enterprise.

Fiduciary Funds

Fiduciary funds are used to account for resources held for the benefit of parties outside of the government. Fiduciary funds are not reported in the government-wide financial statements because the resources of those funds are not available to support the City's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

Component Unit

The City maintains the accounting and financial statements for one component unit. The Crandall EDC is a discretely presented component unit displayed on the government-wide financial statements.

Notes to Financial Statements

The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes are the last section of the basic financial statements.

Other Information

In addition to the basic financial statements, MD&A, and accompanying notes, this report also presents certain Required Supplementary Information (RSI). The RSI that GASB Statement No. 34 requires is a budgetary comparison schedule for the general fund, schedules for the City's Defined Pension Plan, and schedule for changes in postemployment benefits other than pension. RSI can be found after the basic financial statements.

City of Crandall, Texas
MANAGEMENT'S DISCUSSION AND ANALYSIS, *Continued*
September 30, 2024

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted previously, net position may serve over time as a useful indicator of the City's financial position. For the City of Crandall, assets and deferred outflows exceeded liabilities and deferred inflows by \$27,355,182 as of September 30, 2024, in the primary government.

A large portion of the City's net position, \$9,871,757, reflects its investments in capital assets (e.g., land, buildings and improvements, machinery and equipment roads, bridges, sidewalks, and similar items), less any debt used to acquire those assets that are 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 the assets themselves cannot be used to liquidate these liabilities.

An additional portion of the City's net position, \$4,216,428, represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$13,266,997 is unrestricted and may be used to meet the government's ongoing obligations to its citizens and creditors.

Total current assets as of September 30, 2024 and September 30, 2023 were \$19,221,921 and \$9,089,765, respectively. The increase of \$10,132,156 was primarily attributable to operating surpluses, greater interest bearing accounts, and timing of receivable collections subsequent to yearend.

Total capital assets for governmental activities as of September 30, 2024 and September 30, 2023 were \$10,374,330 and \$9,641,677, respectively. The increase of \$732,653 was primarily attributable to new capital improvements outweighing current year depreciation during the year.

Total capital assets for business-type activities September 30, 2024 and September 30, 2023 were \$8,044,769 and \$6,073,100, respectively. The increase of \$1,971,669 was due to water/sewer infrastructure improvements outweighing current year depreciation.

Total other liabilities for business-type activities as of September 30, 2024 and September 30, 2023 were \$2,933,308 and \$527,848, respectively. The increase of \$2,405,460 was primarily due to nonrecurring vendor payables for capital improvements purchased and timing of repayments subsequent to yearend.

Total long-term liabilities as of September 30, 2024 and September 30, 2023 were \$6,633,247 and \$8,299,560, respectively. The decrease of \$1,666,313 was primarily due to a decline in the City's net pension liability and principal payments made on outstanding debt in the current year.

City of Crandall, Texas
MANAGEMENT'S DISCUSSION AND ANALYSIS, Continued
September 30, 2024

Statement of Net Position:

The following table reflects the condensed Statement of Net Position:

	2024			2023		
	Governmental Activities	Business-Type Activities	Total	Governmental Activities	Business-Type Activities	Total
Current and other assets	\$ 8,140,256	\$ 11,081,665	\$ 19,221,921	\$ 5,231,995	\$ 3,857,770	\$ 9,089,765
Capital assets, net	10,374,330	8,044,769	18,419,099	9,641,677	6,073,100	15,714,777
Total Assets	18,514,586	19,126,434	37,641,020	14,873,672	9,930,870	24,804,542
Deferred Outflows of Resources	308,009	61,255	369,264	537,123	141,483	678,606
Other liabilities	997,694	2,933,308	3,931,002	1,279,929	527,848	1,807,777
Long-term liabilities	5,182,548	1,450,699	6,633,247	5,860,687	2,438,873	8,299,560
Total Liabilities	6,180,242	4,384,007	10,564,249	7,140,616	2,966,721	10,107,337
Deferred Inflows of Resources	76,941	13,912	90,853	31,038	8,040	39,078
Net Position:						
Net investment in capital assets	5,232,147	4,639,610	9,871,757	4,362,097	4,694,992	9,057,089
Restricted	1,121,864	3,094,564	4,216,428	957,039	-	957,039
Unrestricted	6,211,401	7,055,596	13,266,997	2,920,005	2,402,600	5,322,605
Total Net Position	\$ 12,565,412	\$ 14,789,770	\$ 27,355,182	\$ 8,239,141	\$ 7,097,592	\$ 15,336,733

City of Crandall, Texas
MANAGEMENT'S DISCUSSION AND ANALYSIS, Continued
September 30, 2024

Statement of Activities:

The following table provides a summary of the City's changes in net position:

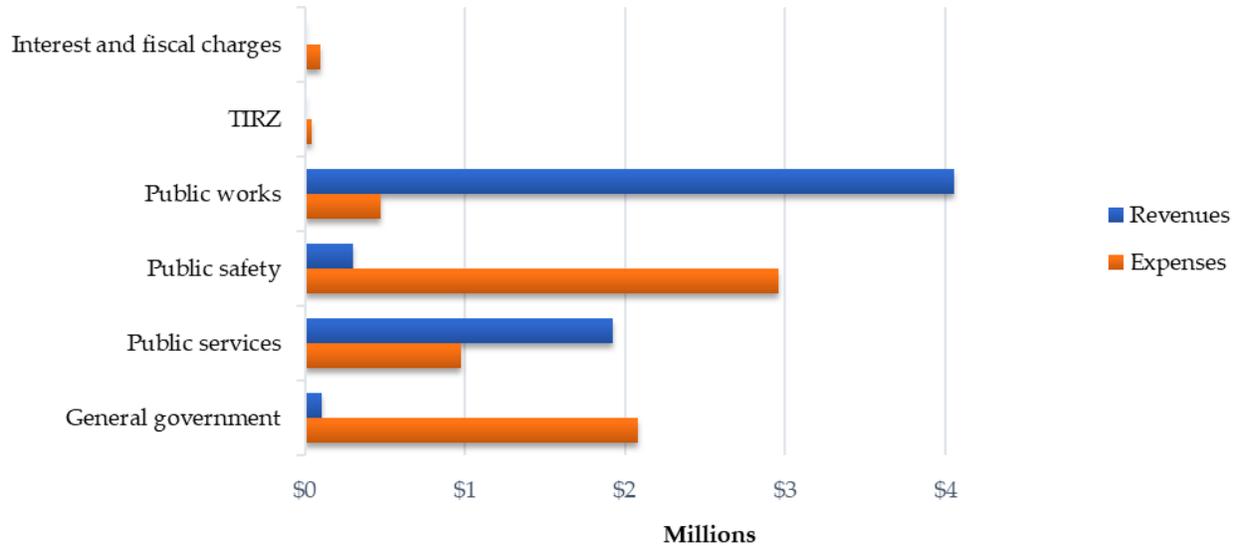
	For the Year Ended September 30, 2024			For the Year Ended September 30, 2023		
	Governmental Activities	Business-Type Activities	Total Primary Government	Governmental Activities	Business-Type Activities	Total Primary Government
Revenues						
Program revenues:						
Charges for services	\$ 6,274,395	\$ 8,619,149	\$ 14,893,544	\$ 3,431,890	\$ 3,389,071	\$ 6,820,961
Grant contributions	141,365	2,209,995	2,351,360	75,800	611,009	686,809
General revenues:						
Property taxes	2,974,468	-	2,974,468	2,607,508	-	2,607,508
Sales taxes	1,300,799	-	1,300,799	1,129,379	-	1,129,379
Franchise taxes	233,990	-	233,990	233,112	-	233,112
Investment income	108,637	31,849	140,486	58,280	821	59,101
Other revenues	78,510	106,476	184,986	-	10,341	10,341
Total Revenues	11,112,164	10,967,469	22,079,633	7,535,969	4,011,242	11,547,211
Expenses						
General government	2,082,282	-	2,082,282	1,419,984	-	1,419,984
Public services	971,883	-	971,883	349,382	-	349,382
Public safety	2,959,907	-	2,959,907	2,761,803	-	2,761,803
Public works	476,898	-	476,898	451,164	-	451,164
TIRZ	39,080	-	39,080	-	-	-
Interest and fiscal charges	96,568	10,991	107,559	91,696	16,226	107,922
Utilities	-	3,381,158	3,381,158	-	2,962,177	2,962,177
Golf course	-	42,417	42,417	-	50,321	50,321
Total Expenses	6,626,618	3,434,566	10,061,184	5,074,029	3,028,724	8,102,753
Change in Net Position						
Before Transfers	4,485,546	7,532,903	12,018,449	2,461,940	982,518	3,444,458
Transfers	(159,275)	159,275	-	(160,466)	160,466	-
Total	(159,275)	159,275	-	(160,466)	160,466	-
Change in Net Position	4,326,271	7,692,178	12,018,449	2,301,474	1,142,984	3,444,458
Beginning Net Position	8,239,141	7,097,592	15,336,733	5,937,667	5,954,608	11,892,275
Ending Net Position	\$ 12,565,412	\$ 14,789,770	\$ 27,355,182	\$ 8,239,141	\$ 7,097,592	\$ 15,336,733

City of Crandall, Texas

MANAGEMENT'S DISCUSSION AND ANALYSIS, *Continued*

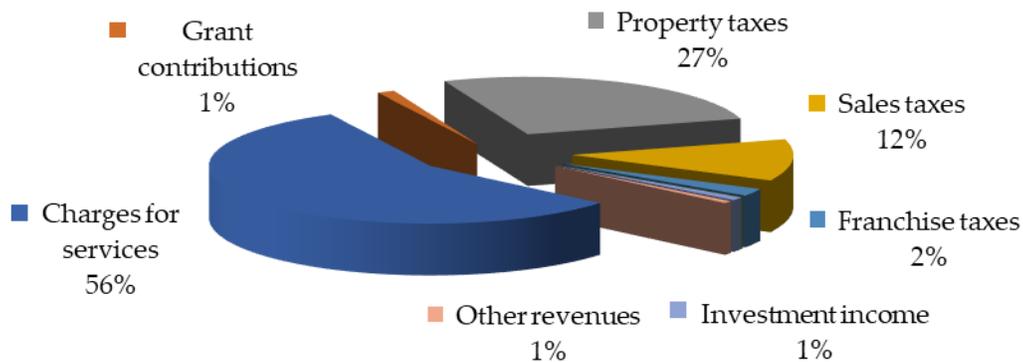
September 30, 2024

Program Revenues and Expenses - Governmental Activities



Graphic presentations of selected data from the summary tables are displayed below to assist in the analysis of the City's activities.

Governmental Activities - Revenues by Source

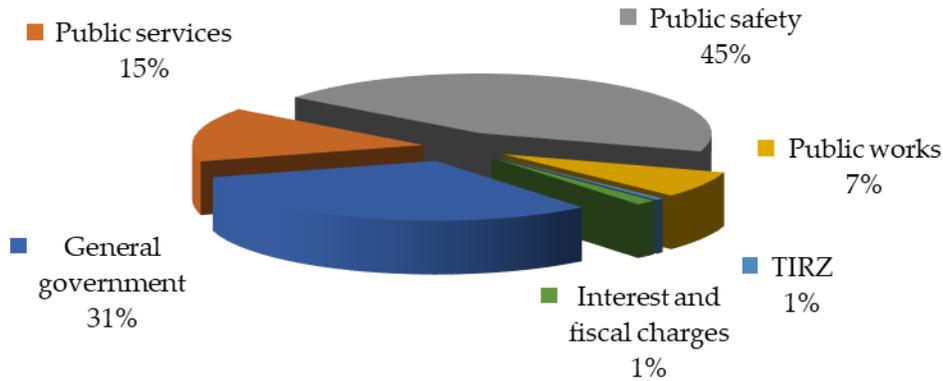


For the year ended September 30, 2024, revenues from governmental activities totaled \$11,112,164. Charges for services and property taxes are the City's largest revenue sources. Charges for services increased \$2,842,505 or 83% primarily due to nonrecurring building permit and inspection fees in the current year. Grant contributions increased \$65,565 or 86% primarily due to nonrecurring capital grants and police donations received in the current year. Property taxes increased by \$366,960 or 14% primarily due to greater appraised values in the current year. Investment income increased by \$50,357 or 86%, due to greater interest-bearing accounts and higher interest rates caused by changing market conditions. Other revenues increased by \$78,510 or 100% primarily due to the recognition of nonrecurring insurance recoveries and administrative reimbursements from the public improvement districts in the current year. All other revenues remained relatively stable when compared to the previous year.

City of Crandall, Texas
MANAGEMENT'S DISCUSSION AND ANALYSIS, Continued
September 30, 2024

This graph shows the governmental function expenses of the City:

Governmental Activities - Expenses by Function



For the year ended September 30, 2024, expenses for governmental activities totaled \$6,626,618. This represents an increase of \$1,552,589 or 31% from the prior year. The City's largest functional expense is public safety of \$2,959,907, which primarily includes operational and administrative costs for the City's police and fire suppression activities. Public safety expenses increased by \$198,104 or 7% primarily due to greater personnel costs, resulting from new hires and annual raises, and greater asset depreciation in the current year. General government expenses increased by \$662,298 or 47% primarily due to nonrecurring utility and paving inspection fees for the new Arbors of Eastland development in the current year. Public services increased by \$622,501 or over 100% due to nonrecurring building inspection related costs, as the City has experienced an uptick in local development over the course of the year. TIRZ expenses increased by \$39,080 or 100%, as this department was initially created in the current fiscal year. Interest and fiscal charges increased by \$4,872 or 5% due to nonrecurring interest payments made on new note payables issued in the current year. All other expenses remained relatively consistent with the previous year.

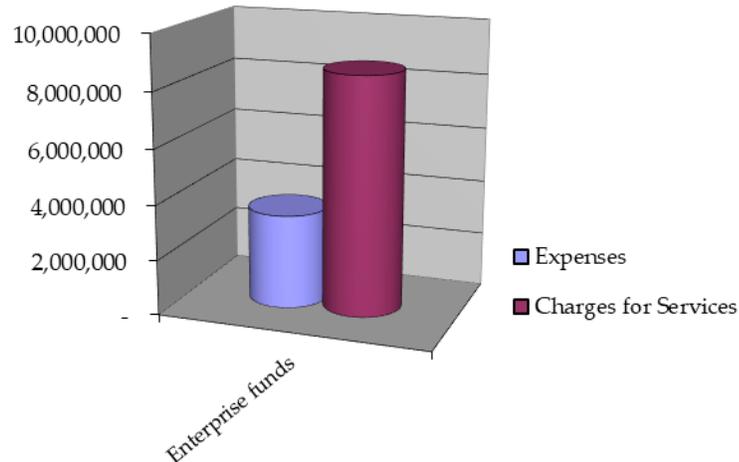
City of Crandall, Texas

MANAGEMENT'S DISCUSSION AND ANALYSIS, *Continued*

September 30, 2024

Business-type activities are shown comparing operating costs to revenues generated by related services.

Business-Type Activities - Revenues and Expenses



For the year ended September 30, 2024, charges for services by business-type activities totaled \$8,619,149. This represents an increase of \$5,230,078 or over 100% from the previous year. The increase is primarily a result of greater water and sewer tap/impact fees, utility consumption and service rates charged over the course of the year.

Total expenses increased by \$405,842 from the prior year. Interest and golf course related expenses remained consistent with the prior year. Utilities expenses increased by \$418,981 or 14% primarily due to greater water purchases, personnel costs, contract services, utility expenses, and repairs/maintenance in the current year.

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

As noted earlier, fund accounting is used to demonstrate and ensure compliance with finance-related legal requirements.

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

As of the end of the year the general fund reflected a total fund balance of \$7,151,066, \$6,142,279 of which is unassigned. The general fund increased by \$3,231,832 primarily due to nonrecurring permit fee revenue and less than anticipated expenditures in the current year.

City of Crandall, Texas
MANAGEMENT'S DISCUSSION AND ANALYSIS, *Continued*
September 30, 2024

There was an overall increase in the governmental fund balance of \$3,344,909 over the prior year. The increase was primarily due to nonrecurring development fees and permit revenue in the current year.

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

GENERAL FUND BUDGETARY HIGHLIGHTS

There was a total positive budget variance of \$4,859,568 in the general fund. This is a combination of a positive revenue variance of \$2,769,501, a positive expenditure variance of \$2,025,509, and a positive variance for other financing uses of \$64,558. The positive revenue variance was primarily a result of actual license/permit fees being greater than budgeted revenues. The positive expenditure variance was primarily due to all departmental expenses coming in under budget appropriations, with the exception of debt service - principal.

CAPITAL ASSETS

As of the end of the year, the City's governmental activities funds had invested \$10,374,330 in a variety of capital assets and infrastructure, net of accumulated depreciation. Depreciation is included with the governmental capital assets as required by GASB Statement No. 34. The City's business-type activities funds had invested \$8,044,769 in a variety of capital assets and infrastructure, net of accumulated depreciation.

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

- Street and drainage improvements totaling \$712,613.
- Water/wastewater system improvements of \$371,921.
- Waterline improvements off Hwy 175 totaling \$150,000.
- Purchased new building for FM 741 for \$255,759.
- Improvements at new FM 741 pump station totaling \$1,543,762.
- Purchased new public safety vehicles/equipment totaling \$416,988.
- Water meter additions of \$98,800.
- Purchased new park equipment for \$20,460.
- City hall HVAC replacement for \$20,302.
- Purchased building at 116 S. Main Street for \$21,795.
- River Ridge improvements totaling \$42,477.

City of Crandall, Texas
MANAGEMENT'S DISCUSSION AND ANALYSIS, Continued
September 30, 2024

More detailed information about the City's capital assets is presented in note IV. C to the financial statements.

LONG-TERM DEBT

At the end of the current year, the City had total bonds and notes payable outstanding (including premiums and discounts) of \$6,926,815. During the year, the City had principal payments on bonds of \$770,421. More detailed information about the City's long-term liabilities is presented in note IV. D to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

The Mayor and City Council are committed to maintaining and improving the overall wellbeing of the City of Crandall and improving services provided to their public citizens. The City is budgeting for growth when preparing the budget for the upcoming year.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

This financial report is designed to provide a general overview of the City of Crandall's finances for all those with an interest in the City's finances. Questions concerning this report or requests for additional financial information should be directed to the Office of Finance Administrator, 110 S. Main St., Crandall, Texas 75114.



FINANCIAL STATEMENTS

City of Crandall, Texas
STATEMENT OF NET POSITION (Page 1 of 2)
September 30, 2024

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	Crandall EDC
Assets				
Current assets:				
Cash and cash equivalents	\$ 5,196,459	\$ 9,847,123	\$ 15,043,582	\$ 1,320,804
Restricted cash	1,009,029	372,112	1,381,141	-
Investments	511,503	-	511,503	-
Receivables, net	1,393,810	852,707	2,246,517	307,943
Internal balances	5,112	(5,112)	-	-
Due from component unit	24,343	-	24,343	-
Prepays	-	14,835	14,835	-
Total Current Assets	8,140,256	11,081,665	19,221,921	1,628,747
Noncurrent assets:				
Capital assets:				
Non-depreciable	446,039	1,845,711	2,291,750	215,388
Net depreciable capital assets	9,928,291	6,199,058	16,127,349	213,527
Total Noncurrent Assets	10,374,330	8,044,769	18,419,099	428,915
Total Assets	18,514,586	19,126,434	37,641,020	2,057,662
Deferred Outflows of Resources				
Pension outflows	303,107	60,282	363,389	-
OPEB outflows	4,902	973	5,875	-
Total Deferred Outflows of Resources	308,009	61,255	369,264	-

See Notes to Financial Statements.

City of Crandall, Texas
STATEMENT OF NET POSITION (Page 2 of 2)
September 30, 2024

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	Crandall EDC
Liabilities				
Current liabilities:				
Accounts payable and accrued liabilities	\$ 637,057	\$ 1,834,247	\$ 2,471,304	\$ 160,934
Due to primary government	-	-	-	24,343
Unearned grant revenues	167,848	433,426	601,274	-
Accrued interest payable	21,115	10,434	31,549	-
Customer deposits	-	201,641	201,641	-
Compensated absences, current	171,674	21,024	192,698	-
Long-term debt due within one year	273,812	432,536	706,348	36,333
Total Current Liabilities	1,271,506	2,933,308	4,204,814	221,610
Noncurrent liabilities:				
Long-term debt due in more than one year	4,791,606	1,428,861	6,220,467	-
Compensated absences, noncurrent	19,075	2,336	21,411	-
Net pension liability	31,146	6,195	37,341	-
OPEB liability	66,909	13,307	80,216	-
Total Noncurrent Liabilities	4,908,736	1,450,699	6,359,435	-
Total Liabilities	6,180,242	4,384,007	10,564,249	221,610
Deferred Inflows of Resources				
Lease related	-	-	-	230,618
Deferred gain on refunding	6,995	-	6,995	-
Pension inflows	56,312	11,200	67,512	-
OPEB inflows	13,634	2,712	16,346	-
Deferred Inflows of Resources	76,941	13,912	90,853	230,618
Net Position				
Net investment in capital assets	5,232,147	4,639,610	9,871,757	392,582
Restricted for:				
Debt service	836,055	-	836,055	-
Public safety	264,721	-	264,721	-
Municipal court	21,088	-	21,088	-
Economic development	-	-	-	1,212,852
Impact fees	-	3,094,564	3,094,564	-
Unrestricted	6,211,401	7,055,596	13,266,997	-
Total Net Position	\$ 12,565,412	\$ 14,789,770	\$ 27,355,182	\$ 1,605,434

See Notes to Financial Statements.

City of Crandall, Texas

BALANCE SHEET

GOVERNMENTAL FUNDS

September 30, 2024

	General	<u>Nonmajor</u> First Responder	Total Governmental Funds
<u>Assets</u>			
Cash and cash equivalents	\$ 5,087,483	\$ 108,976	\$ 5,196,459
Restricted cash	1,009,029	-	1,009,029
Investments	511,503	-	511,503
Receivables, net	1,393,810	-	1,393,810
Due from other funds	5,112	4,101	9,213
Due from component unit	24,343	-	24,343
Total Assets	\$ 8,031,280	\$ 113,077	\$ 8,144,357
<u>Liabilities</u>			
Accounts payable and accrued liabilities	\$ 637,057	\$ -	\$ 637,057
Unearned revenues - grants	167,848	-	167,848
Due to other funds	4,101	-	4,101
Total Liabilities	809,006	-	809,006
<u>Deferred Inflows of Resources</u>			
Unavailable revenue			
Property taxes	71,208	-	71,208
Total Deferred Inflows of Resources	71,208	-	71,208
<u>Fund Balances</u>			
Restricted for:			
Public safety	151,644	113,077	264,721
Debt service	836,055	-	836,055
Municipal court	21,088	-	21,088
Unassigned	6,142,279	-	6,142,279
Total Fund Balances	7,151,066	113,077	7,264,143
Total Liabilities, Deferred Inflows, and Fund Balances	\$ 8,031,280	\$ 113,077	\$ 8,144,357

See Notes to Financial Statements.

City of Crandall, Texas

RECONCILIATION OF THE BALANCE SHEET TO THE STATEMENT OF NET POSITION GOVERNMENTAL FUNDS

September 30, 2024

Fund Balances - Total Governmental Funds	\$ 7,264,143
Adjustments for the Statement of Net Position:	
Capital assets used in governmental activities are not current financial resources and, therefore, not reported in the governmental funds.	
Capital assets - non-depreciable	446,039
Capital assets - net depreciable	9,928,291
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the governmental funds.	
Property tax receivable	71,208
Deferred outflows (inflows) of resources, represent a consumption (acquisition) of net position that applies to a future period(s) and is not recognized as an outflow (inflow) of resources (expense/ expenditure)/(revenues) until then.	
Deferred gain on refunding	(6,995)
Pension outflows	303,107
Pension inflows	(56,312)
OPEB outflows	4,902
OPEB inflows	(13,634)
Some liabilities, including bonds payable and deferred charges, are not reported as liabilities in the governmental funds.	
Accrued interest	(21,115)
Compensated absences	(190,749)
Bond premium	(593,808)
Net pension liability	(31,146)
OPEB liability	(66,909)
Non-current liabilities due in one year	(273,812)
Non-current liabilities due in more than one year	(4,197,798)
Net Position of Governmental Activities	<u><u>\$ 12,565,412</u></u>

See Notes to Financial Statements.

City of Crandall, Texas

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE GOVERNMENTAL FUNDS

For the Year Ended September 30, 2024

	General	<u>Nonmajor</u> First Responder	Total Governmental Funds
<u>Revenues</u>			
Property tax	\$ 2,961,880	\$ -	\$ 2,961,880
Sales taxes	1,300,799	-	1,300,799
Franchise taxes	233,990	-	233,990
License and permits	4,055,115	-	4,055,115
Charges for services	1,920,909	112,532	2,033,441
Grants and contributions	108,865	-	108,865
Intergovernmental revenue	32,500	-	32,500
Fines and forfeitures	185,839	-	185,839
Investment income	108,092	545	108,637
Other revenue	88,700	-	88,700
Total Revenues	10,996,689	113,077	11,109,766
<u>Expenditures</u>			
Current:			
General government	2,058,612	-	2,058,612
Public service	967,587	-	967,587
Public safety	2,742,531	-	2,742,531
Public works	229,545	-	229,545
TIRZ	39,080	-	39,080
Debt service -			
Principal	351,361	-	351,361
Interest	180,880	-	180,880
Capital outlay	1,259,819	-	1,259,819
Total Expenditures	7,829,415	-	7,829,415
Excess of Revenues Over (Under) Expenditures	3,167,274	113,077	3,280,351
<u>Other Financing Sources (Uses)</u>			
Transfers (out)	\$ (159,275)	\$ -	\$ (159,275)
Note issuance	223,833	-	223,833
Total Other Financing Sources (Uses)	64,558	-	64,558
Net Change in Fund Balances	3,231,832	113,077	3,344,909
Beginning fund balances	3,919,234	-	3,919,234
Ending Fund Balances	\$ 7,151,066	\$ 113,077	\$ 7,264,143

See Notes to Financial Statements.



City of Crandall, Texas

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES

For the Year Ended September 30, 2024

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

Net changes in fund balances - total governmental funds	\$ 3,344,909
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Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.

Capital outlay	1,276,401
Depreciation expense	(533,558)
Adjustment for disposal of capital assets	(10,190)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.

Property tax receivable	12,588
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Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.

Compensated absences	(10,792)
Accrued interest	4,672
Pension (expense) income	45,409
OPEB expense	(10,336)

The issuance of long-term debt (e.g., bonds, leases, certificates of obligation)

provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when they are first issued; whereas, these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.

Note issuance	(223,833)
Amortization of bond premium	65,904
Amortization of deferred gain on refunding	13,736
Principal payments	351,361

Change in Net Position of Governmental Activities	\$ 4,326,271
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See Notes to Financial Statements.

City of Crandall, Texas

STATEMENT OF NET POSITION

PROPRIETARY FUNDS

September 30, 2024

	Utilities	Golf	Total Enterprise Funds
<u>Assets</u>			
<u>Current Assets</u>			
Cash and cash equivalents	\$ 9,847,123	\$ -	\$ 9,847,123
Restricted cash	372,112	-	372,112
Receivables, net	852,707	-	852,707
Prepays	14,835	-	14,835
Total Current Assets	11,086,777	-	11,086,777
<u>Noncurrent Assets</u>			
Capital assets:			
Non-depreciable	1,845,711	-	1,845,711
Net depreciable capital assets	6,199,058	-	6,199,058
Total Noncurrent Assets	8,044,769	-	8,044,769
Total Assets	19,131,546	-	19,131,546
<u>Deferred Outflows of Resources</u>			
Pension outflows	60,282	-	60,282
OPEB outflows	973	-	973
Total Deferred Outflows of Resources	61,255	-	61,255
<u>Liabilities</u>			
<u>Current Liabilities</u>			
Accounts payable and accrued liabilities	1,834,247	-	1,834,247
Accrued interest	6,415	4,019	10,434
Customer deposits	201,641	-	201,641
Grants received in advance	433,426	-	433,426
Due to other funds	5,112	-	5,112
Compensated absences - current	21,024	-	21,024
Bonds and notes payable - current	302,536	130,000	432,536
Total Current Liabilities	2,804,401	134,019	2,938,420
<u>Noncurrent Liabilities</u>			
Compensated absences - noncurrent	2,336	-	2,336
Net pension liability	6,195	-	6,195
OPEB liability	13,307	-	13,307
Bonds and notes payable - noncurrent	737,294	691,567	1,428,861
Total Noncurrent Liabilities	759,132	691,567	1,450,699
Total Liabilities	3,563,533	825,586	4,389,119
<u>Deferred Inflows of Resources</u>			
Pension inflows	11,200	-	11,200
OPEB inflows	2,712	-	2,712
Total Deferred Inflows of Resources	13,912	-	13,912
<u>Net Position</u>			
Net investment in capital assets	5,461,177	(821,567)	4,639,610
Restricted for impact fees	3,094,564	-	3,094,564
Unrestricted	7,059,615	(4,019)	7,055,596
Total Net Position	\$ 15,615,356	\$ (825,586)	\$ 14,789,770

See Notes to Financial Statements.

City of Crandall, Texas

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION PROPRIETARY FUNDS

For the Year Ended September 30, 2024

	Utilities	Golf	Total Enterprise Funds
<u>Operating Revenues</u>			
Water sales	\$ 5,403,960	\$ -	\$ 5,403,960
Sewer charges	2,897,502	-	2,897,502
Sanitation revenue	317,687	-	317,687
Other income	106,476	-	106,476
Total Operating Revenues	8,725,625	-	8,725,625
<u>Operating Expenses</u>			
Salaries and benefits	592,223	-	592,223
Materials and supplies	280,418	-	280,418
Contractual services	1,945,497	-	1,945,497
Utilities	54,414	-	54,414
Depreciation	448,573	-	448,573
Other	60,033	-	60,033
Total Operating Expenses	3,381,158	-	3,381,158
Operating Income (Loss)	5,344,467	-	5,344,467
<u>Nonoperating Revenues (Expenses)</u>			
Interest income	31,849	-	31,849
Intergovernmental revenue	593,421	-	593,421
Interest expense	(10,991)	(42,417)	(53,408)
Total Nonoperating Revenues (Expenses)	614,279	(42,417)	571,862
Income (Loss) Before Transfers and Capital Contributions	5,958,746	(42,417)	5,916,329
<u>Transfers and Capital Contributions</u>			
Capital contributions	1,616,574	-	1,616,574
Transfers in	-	159,275	159,275
Total Transfers and Capital Contributions	1,616,574	159,275	1,775,849
Change in Net Position	7,575,320	116,858	7,692,178
Beg. net position, as adjusted	8,040,036	(942,444)	7,097,592
Ending Net Position	\$ 15,615,356	\$ (825,586)	\$ 14,789,770

See Notes to Financial Statements.

City of Crandall, Texas

STATEMENT OF CASH FLOWS PROPRIETARY FUND (Page 1 of 2) For the Year Ended September 30, 2024

	Utilities	Golf	Total Enterprise Funds
<u>Cash Flows from Operating Activities</u>			
Receipts from customers	\$ 8,479,148	\$ -	\$ 8,479,148
Payments to suppliers	(863,286)	-	(863,286)
Payments to employees	(588,097)	-	(588,097)
Net Cash Provided by Operating Activities	7,027,765	-	7,027,765
 <u>Cash Flows from Noncapital Financing Activities</u>			
Transfers in	-	159,275	159,275
Net Cash Provided (Used) by Noncapital Financing Activities	-	159,275	159,275
 <u>Cash Flows from Capital and Related Financing Activities</u>			
Capital purchases	(2,420,242)	-	(2,420,242)
Capital contributions	1,616,574	-	1,616,574
Grants received, net	1,026,847	-	1,026,847
Principal paid on debt	(294,060)	(125,000)	(419,060)
Interest paid on debt	(56,932)	(34,275)	(91,207)
Net Cash Provided (Used) by Capital and Related Financing Activities	(127,813)	(159,275)	(287,088)
 <u>Cash Flows from Investing Activities</u>			
Interest on investments	31,849	-	31,849
Net Cash Provided (Used) by Investing Activities	31,849	-	31,849
Net Increase (Decrease) in Cash and Cash Equivalents	6,931,801	-	6,931,801
Beginning cash and cash equivalents	3,287,434	-	3,287,434
Ending Cash and Cash Equivalents	\$ 10,219,235	\$ -	\$ 10,219,235

See Notes to Financial Statements.

City of Crandall, Texas

STATEMENT OF CASH FLOWS PROPRIETARY FUND (Page 2 of 2) For the Year Ended September 30, 2024

	Utilities	Golf		Total Enterprise Funds
<u>Reconciliation of Operating Income</u>				
<u>to Net Cash Provided by Operating Activities</u>				
Operating Income	\$ 5,344,467	\$ -	\$	5,344,467
Adjustments to reconcile operating income to net cash provided:				
Depreciation	448,573	-		448,573
Changes in Operating Assets and Liabilities:				
(Increase) Decrease in:				
Accounts receivable	(322,874)	-		(322,874)
Inventory	25,668	-		25,668
Deferred outflows of resources - pension	75,075	-		75,075
Deferred outflows of resources - OPEB	5,153	-		5,153
Deferred inflows of resources - pension	11,200	-		11,200
Deferred inflows of resources - OPEB	(5,328)	-		(5,328)
Increase (Decrease) in:				
Accounts payable and accrued liabilities	1,446,296	-		1,446,296
Compensated absences	1,874	-		1,874
Customer deposits	76,397	-		76,397
Due to (from) other funds	5,112	-		5,112
OPEB liability	(1,920)	-		(1,920)
Net pension liability (asset)	(81,928)	-		(81,928)
Net Cash Provided by Operating Activities	\$ 7,027,765	\$ -	\$	7,027,765

See Notes to Financial Statements.

City of Crandall, Texas
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
September 30, 2024

	Fiduciary Funds
<u>Assets</u>	
<u>Current Assets</u>	
Cash and cash equivalents	\$ 4,993,897
Special assessment receivable	50,978,000
Total Current Assets	55,971,897
 <u>Noncurrent Assets</u>	
Capital assets, net	41,361,236
	\$ 97,333,133
 <u>Liabilities</u>	
Long-term debt	\$ 50,978,000
Total Noncurrent Liabilities	50,978,000
 <u>Net Position</u>	
Net position restricted for PIDs	46,355,133
Total Net Position	46,355,133
Total Liabilities and Net Position	\$ 97,333,133

See Notes to Financial Statements.

City of Crandall, Texas
STATEMENT OF CHANGES IN NET POSITION
FIDUCIARY FUNDS
For the Year Ended September 30, 2024

	Fiduciary Funds
<u>Additions:</u>	
Property owner assessments	\$ 3,957,960
Other income	36,006
Interest income	422,662
Total Additions	\$ 4,416,628
 <u>Deductions:</u>	
Administrative expenses	\$ 125,216
Debt service	2,733,668
Total Deductions	\$ 2,858,884
Net Change in Net Position	1,557,744
Beginning Net Position	44,797,389
Ending Net Position	\$ 46,355,133

See Notes to Financial Statements.

City of Crandall, Texas
NOTES TO FINANCIAL STATEMENTS
September 30, 2024

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of Government-Wide Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units. All fiduciary activities are reported only in the fund financial statements. *Governmental activities*, which normally are supported by taxes, intergovernmental revenues, and other nonexchange transactions, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges to external customers for support. Likewise, the *primary government* is reported separately from certain legally separate *component units* for which the primary government is financially accountable.

B. Reporting Entity

The City of Crandall, Texas (the “City”) is a municipal corporation governed by an elected mayor and five-member council and has the authority to make decisions, appoint administrators and managers, and significantly influence operations. The City operates under a Council-Manager form of government and provides the following services: general government, public service (code enforcement, animal control, building inspections, & municipal court), public safety (police & fire), public works (streets & parks), and tax increment reinvestment zone (“TIRZ”) activities.

The City is an independent political subdivision of the State of Texas governed by an elected council and a mayor and is considered a primary government. As required by generally accepted accounting principles, these basic financial statements have been prepared based on considerations regarding the potential for inclusion of other entities, organizations, or functions as part of the City's financial reporting entity.

For financial reporting purposes, management has considered all potential component units. Component units are legally separate organizations for which the elected officials of the primary government are financially accountable. The decision to include a potential component unit in the reporting entity was made by applying the criteria set forth in GAAP. The criteria used are as follows:

Financial Accountability – The primary government is deemed to be financially accountable if it appoints a voting majority of the organization’s governing body and (1) it is able to impose its will on that organization or (2) there is a potential for the organization to provide specific financial benefits or impose specific financial burdens on the primary government. Additionally, the primary government may be financially accountable if an organization is fiscally dependent on the primary government and there is a potential for the organization to provide specific financial benefits or impose

City of Crandall, Texas
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2024

specific financial burdens on the primary government regardless of whether the organization has a separately elected governing board, a governing board appointed by a higher level of government or a jointly appointed board.

Discretely Presented Component Unit

Crandall Economic Development Corporation (the "EDC")

The Crandall Economic Development Corporation ("EDC") is responsible for and disbursing the one-half cent sales tax to be used for economic development within the City. The members of the EDC's Board are appointed by the City. EDC financials are discretely presented in the government-wide financial statements. All of the EDC funding can be used for direct assistance to prospects and continued development of infrastructure. The nature and significance of the relationship between the primary government and the EDC is such that an exclusion would cause the City's financial statements to be misleading or incomplete. Separate financial statements are not issued for the EDC.

C. Basis of Presentation Government-Wide and Fund Financial Statements

While separate government-wide and fund financial statements are presented, they are interrelated. The governmental activities column incorporates data from governmental funds while business-type activities incorporate data from the government's enterprise funds. Separate financial statements are provided for governmental funds and the proprietary funds.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are interfund services provided and used, where the amounts are reasonably equivalent in value to the services provided and other charges between the government's water and sewer functions and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues (i.e. charges for services, licenses and permits, garbage services, fines and forfeitures, grants and contributions, etc.) reported for the various functions concerned.

The fund financial statements provide information about the government's funds, including its fiduciary funds and component units. Separate statements for each fund category—governmental and proprietary are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds. Major individual governmental and enterprise funds are reported as separate columns in the fund financial statements.

City of Crandall, Texas
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2024

The government reports the following funds within the primary government:

Governmental Funds

Governmental funds are those funds through which most governmental functions are typically financed. The City reports the following governmental funds:

General Fund

The general fund is used to account for all financial transactions not properly includable in other funds. The principal sources of revenues include local property taxes, sales and franchise taxes, licenses and permits, charges for services, and fines and forfeitures. Expenditures include general government, public service, public safety, public works, and TIRZ related expenditures. This fund is presented as major governmental fund.

First Responder Fund

The first responder fund accounts for the receipts and related expenditures for the City's first responder activities. This fund is presented as a nonmajor governmental fund.

Proprietary Fund Types

Proprietary funds are used to account for activities that are similar to those often found in the private sector. All assets, liabilities, equities, revenues, expenses, and transfers relating to the government's business activities are accounted for through proprietary funds. The measurement focus is on determination of net income, financial position, and cash flows. Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues include charges for services. Operating expenses include costs of materials/supplies, contractual services, utilities, personnel, and depreciation. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses. Subsequent to November 30, 1989, the City accounts for its enterprise funds as presented by GASB. The proprietary fund types used by the City include enterprise funds.

The government reports the following major enterprise funds:

Utilities Fund

The utilities Fund accounts for the operations of the water utilities, sanitary sewer utilities, and trash service which are self-supporting activities rendering services on a user-charge basis.

City of Crandall, Texas

NOTES TO FINANCIAL STATEMENTS, *Continued*

September 30, 2024

Golf Fund

The golf course fund accounts for the activities of the City's Creekview Golf Course. Although the golf course was sold in March 2009, the fund will continue as an instrument to pay down the debt incurred by the golf course.

Additionally, the City reports the following fund types:

Special Revenue Funds

The City accounts for resources restricted to, or designated for, specific purposes in a special revenue fund.

Fiduciary Funds

The City is the trustee, or fiduciary, for certain amounts held on behalf of developers. The funding for the developments are derived from Public Improvement Districts (PID) bonds that are held in trust by the City. The City is responsible for ensuring that the assets reported are used for their intended purposes. These custodial funds use the economic resources measurement focus. The City reports two fiduciary funds, which are Cartwright Ranch and River Ridge.

During the course of operations the government has activity between funds for various purposes. Any residual balances outstanding at year end are reported as due from/to other funds and advances to/from other funds. While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Balances between the funds included in governmental activities (i.e., the governmental and internal service funds) are eliminated so that only the net amount is included as internal balances in the governmental activities column. Similarly, balances between the funds included in business-type activities (i.e., the enterprise funds) are eliminated so that only the net amount is included as internal balances in the business-type activities column.

Further, certain activity occurs during the year involving transfers of resources between funds. In fund financial statements these amounts are reported at gross amounts as transfers in/out. While reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Transfers between the funds included in governmental activities are eliminated so that only the net amount is included as transfers in the governmental activities column. Similarly, balances between the funds included in business-type activities are eliminated so that only the net amount is included as transfers in the business-type activities column.

City of Crandall, Texas
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2024

D. Measurement Focus and Basis of Accounting

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as *current financial resources* or *economic resources*. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

The governmental 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. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, and claims and judgments, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under leases are reported as other financing sources.

Property taxes, sales taxes, franchise taxes, licenses, 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 fiscal period. Entitlements are recorded as revenues when all eligibility requirements are met, including any time requirements, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year end). Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year end). All other revenue items are considered to be measurable and available only when cash is received by the government.

City of Crandall, Texas
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2024

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

1. Deposits and Investments

The City's cash and cash equivalents are considered to be cash on hand, demand deposits and short term investments with original maturities of three months or less from the date of acquisition. For the purpose of the statement of cash flows, the proprietary fund types consider temporary investments with maturity of three months or less when purchased to be cash equivalents.

In accordance with GASB Statement No. 31, *Accounting and Reporting for Certain Investments and External Investment Pools*, the City reports all investments at fair value, except for "money market investments" and "2a7-like pools." Money market investments, which are short-term highly liquid debt instruments that may include U.S. Treasury and agency obligations, are reported at amortized costs. Investment positions in external investment pools that are operated in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940, such as TexStar, are reported using the pools' share price.

The City has adopted a written investment policy regarding the investment of its funds as defined in the Public Funds Investment Act, Chapter 2256, of the Texas Governmental Code. Pursuant to those requirements, the City may invest in obligations of the U.S. Government, its agencies and instrumentalities, fully insured or collateralized certificates of deposit, bankers acceptances and repurchase agreements not to exceed 180 days to maturity, No-load, SEC registered money market funds, Texas Local Government Investment Pools, No-load mutual funds registered with the SEC, and investment quality commercial paper. In summary, the City is authorized to invest in the following:

- Direct obligations of the U.S. Government
- Fully collateralized certificates of deposit and money market accounts
- Statewide investment pools

2. Fair Value

The City has applied Governmental Accounting Standards Board ("GASB") Statement No. 72, Fair Value Measurement and Application. GASB Statement No. 72 provides guidance for determining a fair value measurement for reporting purposes and applying fair value to certain investments and disclosures related to all fair value measurements.

City of Crandall, Texas
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2024

3. Receivables and Interfund Transactions

Transactions between funds that are representative of lending/borrowing arrangements outstanding at the end of the year are referred to as either “interfund receivables/payables” (i.e., the current portion of interfund loans) or “advances to/from other funds” (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as “due to/from other funds” in the fund financial statements. If the transactions are between the primary government and its component unit, these receivables and payables are classified as “due to/from component unit/primary government.” Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as “internal balances.”

Advances between funds are offset by a fund balance reserve account in the applicable governmental fund to indicate they are not available for appropriation and are not expendable available financial resources.

All trade receivables are shown net of any allowance for uncollectible amounts.

4. Property Taxes

Property taxes are levied by October 1 on the assessed value listed as of the prior January 1 for all real and business personal property in conformity with Subtitle E, Texas Property Tax Code. Taxes are due on receipt of the tax bill and are delinquent if not paid before February 1 of the year following the year in which imposed. Penalties are calculated after February 1 up to the date collected by the government at the rate of 6% for the first month and increased 1% per month up to a total of 12%. Interest is calculated after February 1 at the rate of 1% per month up to the date collected by the government. Under state law, property taxes levied on real property constitute a lien on the real property which cannot be forgiven without specific approval of the State Legislature. The lien expires at the end of twenty years. Taxes levied on personal property can be deemed uncollectible by the City.

5. Inventories and Prepaid Items

The costs of governmental fund type inventories are recorded as expenditures when the related liability is incurred, (i.e., the purchase method). The inventories of supplies are reported at cost using the first-in/first-out method, whereas inventories held for resale are reported at lower of cost or market. Certain payments to vendors reflect costs applicable to future accounting periods (prepaid expenditures) are recognized as expenditures when utilized (the consumption method).

City of Crandall, Texas

NOTES TO FINANCIAL STATEMENTS, *Continued*

September 30, 2024

6. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items) are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government, as assets with an initial individual cost of more than \$1,500 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets, donated works of art and similar items, and capital assets received in a service concession arrangement are recorded at acquisition value at the date of donation. Major outlays for capital assets and improvements are capitalized as projects are constructed.

Interest costs incurred in connection with construction of enterprise fund capital assets are capitalized when the effects of capitalization materially impact the financial statements. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

Property, plant, and equipment of the primary government, as well as the component units, are depreciated using the straight-line method over the following estimated useful years.

<u>Asset Description</u>	<u>Estimated Useful Life</u>
Machinery & equipment	5 - 10 years
Infrastructure	40 years
Buildings	20 years
Buildings improvements	10 - 40 years

7. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net assets that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/expenditure) until then. An example is a deferred charge on refunding reported in the government-wide statement of net position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This 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 will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net assets that applies

City of Crandall, Texas

NOTES TO FINANCIAL STATEMENTS, *Continued*

September 30, 2024

to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. The government has only one type of item, which arises only under a modified accrual basis of accounting, which qualifies for reporting in this category. Accordingly, the item, *unavailable revenue*, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from property taxes revenue. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

8. Net Position Flow Assumption

Sometimes the government will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted – net position and unrestricted – net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the government’s policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

9. Fund Balance Flow Assumptions

Sometimes the government will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied. It is the government’s policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

10. Fund Balance Policies

Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The government itself can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance).

The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the government’s highest level

City of Crandall, Texas

NOTES TO FINANCIAL STATEMENTS, *Continued*

September 30, 2024

of decision-making authority. The governing council is the highest level of decision-making authority for the government that can, by adoption of an ordinance prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the ordinance remains in place until a similar action is taken (the adoption of another ordinance) to remove or revise the limitation.

Amounts in the assigned fund balance classification are intended to be used by the government for specific purposes but do not meet the criteria to be classified as committed. The governing body (council) has by resolution authorized the City Manager to assign fund balance. The Council may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.

11. Compensated Absences

The liability for compensated absences reported in the government-wide and proprietary fund statements consist of unpaid, accumulated vacation balances. The liability has been calculated using the vesting method, in which leave amounts for both employees who currently are eligible to receive termination payments and other employees who are expected to become eligible in the future to receive such payments upon termination are included. Vested or accumulated vacation leave and compensated leave of government-wide and proprietary funds are recognized as an expense and liability of those funds as the benefits accrue to employees.

It is the City's policy to liquidate compensated absences with future revenues rather than with currently available expendable resources. Accordingly, the City's governmental funds recognize accrued compensated absences when it is paid.

12. Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities statement of net position. The long-term debt consists primarily of bonds payable and accrued compensated absences.

Long-term debt for governmental funds is not reported as liabilities in the fund financial statements until due. The debt proceeds are reported as other financing sources, net of the applicable premium or discount and payments of principal and interest reported as expenditures. In the governmental fund types, issuance costs, even

City of Crandall, Texas
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2024

if withheld from the actual net proceeds received, are reported as debt service expenditures. However, claims and judgments paid from governmental funds are reported as a liability in the fund financial statements only for the portion expected to be financed from expendable available financial resources.

Long-term debt and other obligations, financed by proprietary funds, are reported as liabilities in the appropriate funds. For proprietary fund types, bond premiums, and discounts are deferred and amortized over the life of the bonds using the effective interest method, if material. Bonds payable are reported net of the applicable bond premium or discount. Issuance costs are expensed as incurred in accordance with GASB statement no. 65.

Assets acquired under the terms of leases are recorded as liabilities and capitalized in the government-wide financial statements at the present value of net minimum lease payments at inception of the lease. In the year of acquisition, lease transactions are recorded as other financing sources and as capital outlay expenditures in the general fund. Lease payments representing both principal and interest are recorded as expenditures in the general fund upon payment with an appropriate reduction of principal recorded in the government-wide financial statements.

13. 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 disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

14. Pensions

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

City of Crandall, Texas

NOTES TO FINANCIAL STATEMENTS, *Continued*

September 30, 2024

15. Other Postemployment Benefits (“OPEB”)

The City has implemented GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions. This statement applies to the individual employers (TMRS cities) in the TMRS Supplemental Death Benefits plan, with retiree coverage. The TMRS Supplemental Death Benefits Fund (SDBF) covers both active and retiree benefits with no segregation of assets, and therefore doesn't meet the definition of a trust under GASB No. 75 (i.e., no assets are accumulated for OPEB) and as such the SDBF is considered to be an unfunded OPEB plan. For purposes of reporting under GASB 75, the retiree portion of the SDBF is not considered a cost sharing plan and is instead considered a single employer, defined benefit OPEB plan. 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 on which TMRS deposits are made, for the 12-month period preceding the month of death. The death benefit amount for retirees is \$7,500. GASB No. 75 requires the liability of employers and nonemployer contributing entities to employees for defined benefit OPEB (net OPEB liability) to be measured as the portion of the present value of projected benefit payments to be provided to current active and inactive employees that is attributed to those employees' past periods of service (total OPEB liability), less the amount of the OPEB plan's fiduciary net position.

II. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

A. Explanation of certain differences between the governmental fund balance sheet and the government-wide statement of net position.

The governmental fund balance sheet includes reconciliation between *fund balance-total governmental funds* and *net position-governmental activities* as reported in the government-wide statement of net position. One element of that reconciliation explains that long-term liabilities, including bonds, are not due and payable in the current period and, therefore, are not reported in the funds.

B. Explanation of certain differences between the governmental fund statement of revenues, expenditures, and changes in fund balances and the government-wide statement of activities.

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between net changes in fund balances – total governmental funds and changes in net position of governmental states that, “the issuance of long-term debt (e.g., bonds) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Also, governmental funds report

City of Crandall, Texas
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2024

the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.”

III. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for the general, sewer, water, and solid waste funds.

The appropriated budget is prepared by fund, function, and department. The City Manager is authorized to approve a transfer of budgeted amounts within departments; however, any revisions that alter the total budget of any fund must be approved by the City Council. The legal level of budgetary control is the fund level. Appropriations lapse at the end of the year. Several budget amendments were made during the year.

A. Deficit Fund Balance

As of September 30, 2024, the golf course fund presented a deficit fund balance of \$825,586. This is a result of the sale of the golf course in March 2009 and the City’s obligation to pay off the remaining associated debt balances.

IV. DETAILED NOTES ON ALL FUNDS

B. Deposits and Investments

As of September 30, 2024, the primary government had the following investments:

<u>Investment Type</u>	<u>Value</u>	<u>Average Maturity (Years)</u>
Certificates of deposit	\$ 511,503	0.16
External investment pools	222,333	0.07
Total value	<u>\$ 733,836</u>	
Portfolio weighted average maturity		0.14

As of September 30, 2024, the discretely presented component unit had the following investments:

<u>Investment Type</u>	<u>Value</u>	<u>Average Maturity (Years)</u>
External investment pools	\$ 934,439	0.07
Total value	<u>\$ 934,439</u>	
Portfolio weighted average maturity		0.07

City of Crandall, Texas

NOTES TO FINANCIAL STATEMENTS, *Continued*

September 30, 2024

Interest rate risk – In accordance with its investment policy, the City manages its exposure to interest rate risk is by investing mainly in investment pools which purchase a combination of shorter term investments with an average maturity of less than 60 days, thus reducing the interest rate risk; structuring the investment portfolio so that securities mature to meet cash requirements for ongoing operations; monitoring credit ratings of portfolio position to assure compliance with rating requirements imposed by the Public Funds Investment Act; and invest operating funds primarily in short-term securities or similar government investment pools.

Credit risk – The City’s investment policy limits investments to obligations of the United States, State of Texas, or their agencies and instrumentalities with an investment quality rating of not less than “A” or its equivalent, by a nationally recognized investment rating firm. Other obligations must be unconditionally guaranteed (either express or implied) by the full faith and credit of the United States Government or the issuing U.S. agency and investment pools with an investment quality not less than AAA or AAAM, or equivalent, by at least one nationally recognized rating service.

Custodial credit risk – deposits In the case of deposits, this is the risk that in the event of a bank failure, the City’s deposits may not be returned to it. State statutes require that all deposits in financial institutions be insured or fully collateralized by U.S. government obligations or its agencies and instrumentalities or direct obligations of Texas or its agencies and instrumentalities that have a fair value of not less than the principal amount of the deposits. As of September 30, 2024, the City’s bank balances did not exceed the market values of pledged securities and FDIC.

Custodial credit risk – investments For an investment, this is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The City’s investment policy requires that it will seek to safekeeping securities at financial institutions, avoiding physical possession. Further, all trades, where applicable, are executed by delivery versus payment to ensure that securities are deposited in the City’s safekeeping account prior to the release of funds.

TexPool

TexPool was established as a trust company with the Treasurer of the State of Texas as trustee, segregated from all other trustees, investments, and activities of the trust company. The State Comptroller of Public Accounts exercises oversight responsibility over TexPool. Oversight includes the ability to significantly influence operations, designation of management, and accountability for fiscal matters. Additionally, the State Comptroller has established an advisory board composed of both participants in TexPool and other persons who do not have a business relationship with TexPool. The advisory board members review the investment policy and management fee structure.

City of Crandall, Texas

NOTES TO FINANCIAL STATEMENTS, *Continued*

September 30, 2024

Finally, Standard & Poor’s rate TexPool AAAM. As a requirement to maintain the rating, weekly portfolio information must be submitted to Standard & Poor’s, as well as to the office of the Comptroller of Public Accounts for review. As of September 30, 2024, the fair value of the portion in TexPool approximates fair value of the shares. There were no limitations or restrictions on withdrawals.

TexSTAR

TexSTAR has been established for governmental entities pursuant to the Interlocal Cooperation Act, Chapter 791 of the Texas Government Code, and the Public Funds Investment Act, Chapter 2256 of the Texas Government Code and operates in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940. TexSTAR's governing body is a five-member Board consisting of three representatives of participants and one member designated by each of the co-administrators. The Board holds legal title to all money, investments, and assets and has the authority to employ personnel, contract for services, and engage in other administrative activities necessary or convenient to accomplish the objectives of TexSTAR. Board oversight of TexSTAR is maintained through daily, weekly, and monthly reporting requirements. TexSTAR is rated AAAM by Standard & Poor's. The City's fair value position is stated at the value of the position upon withdrawal. There were no limitations or restrictions on withdrawals.

B. Receivables

1. The following comprise receivable balances of the primary government at year end:

	General	Utilities	Total
Property taxes	\$ 89,010	\$ -	\$ 89,010
Sales tax	231,975	-	231,975
Franchise & local taxes	27,756	-	27,756
Court	15,650	-	15,650
Grants	1,047,221	-	1,047,221
Accounts	-	882,577	882,577
Allowance	(17,802)	(29,870)	(47,672)
	\$ 1,393,810	\$ 852,707	\$ 2,246,517

City of Crandall, Texas
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2024

2. The following comprise receivable balances of the discretely presented component unit at year end:

	EDC
Sales tax	\$ 77,325
Lease receivable	230,618
	\$ 307,943

3. Lease Receivables

The EDC is the lessor of a contract in which the EDC receives lease payments for the use of a building. The lease commenced in fiscal year 2007, with a term of 20 years. Monthly lease payments range between \$3,375 to \$6,441 and will be paid through fiscal year 2028. As of September 30, 2024, the lease receivable and offsetting deferred inflows amounted to \$230,618, respectively. The annual principal and interest payments to be received are as follows:

Year ending September 30,	Component Unit Activities	
	Principal	Interest (4%)
2025	\$ 55,663	\$ 8,212
2026	60,611	5,926
2027	69,854	3,336
2028	44,490	595
	\$ 230,618	\$ 18,069

City of Crandall, Texas
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2024

C. Capital Assets

A summary of changes in governmental activities capital assets for the year end was as follows:

	<u>Beginning Balances</u>	<u>Increases</u>	<u>Disposals / Reclassifications</u>	<u>Ending Balances</u>
Capital assets, not being depreciated:				
Land	\$ 376,937	\$ 5,800	\$ -	\$ 382,737
Construction in progress	-	63,302	-	63,302
Total capital assets not being depreciated	<u>376,937</u>	<u>69,102</u>	<u>-</u>	<u>446,039</u>
Capital assets, being depreciated:				
Intangibles	31,877	-	(31,877)	-
Buildings and improvements	4,857,732	42,097	(58,651)	4,841,178
Machinery, vehicles, equipment	1,682,277	452,589	(396,785)	1,738,081
Infrastructure	6,103,919	712,613	-	6,816,532
Total capital assets being depreciated	<u>12,675,805</u>	<u>1,207,299</u>	<u>(487,313)</u>	<u>13,395,791</u>
Less accumulated depreciation				
Intangibles	31,877	-	(31,877)	-
Buildings and improvements	617,072	153,728	(55,935)	714,865
Machinery, vehicles, equipment	1,060,466	184,009	(389,311)	855,164
Infrastructure	1,701,650	195,821	-	1,897,471
Total accumulated depreciation	<u>3,411,065</u>	<u>533,558</u>	<u>(477,123)</u>	<u>3,467,500</u>
Net capital assets being depreciated	<u>9,264,740</u>	<u>673,741</u>	<u>(10,190)</u>	<u>9,928,291</u>
Total Capital Assets	<u><u>\$ 9,641,677</u></u>	<u><u>\$ 742,843</u></u>	<u><u>\$ (10,190)</u></u>	<u><u>\$ 10,374,330</u></u>

Depreciation was charged to governmental functions as follows:

General government	\$ 30,851
Public safety	238,995
Public works	263,712
Total Governmental Activities Depreciation Expense	<u><u>\$ 533,558</u></u>

City of Crandall, Texas
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2024

A summary of changes in business-type activities capital assets for the year end was as follows:

	Beginning Balances	Increases	Disposals / Reclassifications	Ending Balances
Capital assets, not being depreciated:				
Land	\$ 46,190	\$ -	\$ -	\$ 46,190
Construction in progress	-	1,543,762	255,759	1,799,521
Total capital assets not being depreciated	<u>46,190</u>	<u>1,543,762</u>	<u>255,759</u>	<u>1,845,711</u>
Capital assets, being depreciated:				
Buildings and improvements	16,137,007	777,680	(5,341,629)	11,573,058
Vehicles	127,510	-	-	127,510
Intangibles	63,754	-	(63,754)	-
Machinery & equipment	1,124,263	98,800	(415,000)	808,063
Total capital assets being depreciated	<u>17,452,534</u>	<u>876,480</u>	<u>(5,820,383)</u>	<u>12,508,631</u>
Less accumulated depreciation				
Buildings and improvements	10,336,344	407,918	(5,085,870)	5,658,392
Vehicles	96,288	7,806	-	104,094
Intangibles	63,754	-	(63,754)	-
Machinery & equipment	929,238	32,849	(415,000)	547,087
Total accumulated depreciation	<u>11,425,624</u>	<u>448,573</u>	<u>(5,564,624)</u>	<u>6,309,573</u>
Net capital assets being depreciated	<u>6,026,910</u>	<u>427,907</u>	<u>(255,759)</u>	<u>6,199,058</u>
Total Capital Assets	<u><u>\$ 6,073,100</u></u>	<u><u>\$ 1,971,669</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 8,044,769</u></u>

Depreciation was charged to business-type functions as follows:

Sewer utility	\$ 229,786
Water	216,514
Sanitation	2,273
Total Bus-Type Activities Depreciation Expense	<u><u>\$ 448,573</u></u>

City of Crandall, Texas
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2024

A summary of changes in the discretely presented component unit's activities capital assets for the year end was as follows:

	Beginning Balances	Increases	Disposals / Reclassifications	Ending Balances
Capital assets, not being depreciated:				
Land	\$ 215,388	\$ -	\$ -	\$ 215,388
Total capital assets not being depreciated	<u>215,388</u>	<u>-</u>	<u>-</u>	<u>215,388</u>
Capital assets, being depreciated:				
Office furniture	9,909	-	-	9,909
Machinery & equipment	18,190	-	-	18,190
Buildings & leasehold improvements	160,947	-	-	160,947
Infrastructure	180,928	-	-	180,928
Total capital assets being depreciated	<u>369,974</u>	<u>-</u>	<u>-</u>	<u>369,974</u>
Less accumulated depreciation				
Office furniture	2,954	991	-	3,945
Machinery & equipment	18,190	-	-	18,190
Buildings & leasehold improvements	67,049	3,566	-	70,615
Infrastructure	59,174	4,523	-	63,697
Total accumulated depreciation	<u>147,367</u>	<u>9,080</u>	<u>-</u>	<u>156,447</u>
Net capital assets being depreciated	222,607	(9,080)	-	213,527
Total Capital Assets	<u>\$ 437,995</u>	<u>\$ (9,080)</u>	<u>\$ -</u>	<u>\$ 428,915</u>

City of Crandall, Texas
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2024

D. Long-term Debt

The following is a summary of changes in the City's total governmental long-term liabilities for the year ended. The City uses the general and utilities funds to liquidate governmental activities debts.

	Beginning Balance	Additions	Reductions	Ending Balance	Amounts Due within One Year
Governmental Activities:					
Bonds, notes and other payables:					
General obligation refunding	\$ 4,280,000	\$ -	\$ (165,000)	\$ 4,115,000	\$ 180,000
Less deferred amounts:					
Issuance Premium	659,712	-	(65,904)	593,808	-
Total bonds payable	4,939,712	-	(230,904)	4,708,808	180,000
Notes payable	319,138	223,833	(186,361)	356,610	93,812
Total Governmental Activities	\$ 5,258,850	\$ 223,833	\$ (417,265)	\$ 5,065,418	\$ 273,812
Long-term liabilities due in more than one year				\$ 4,791,606	
Business-Type Activities:					
Bonds, notes and other payables:					
General obligation refunding	\$ 2,155,000	\$ -	\$ (390,000)	\$ 1,765,000	\$ 410,000
Less deferred amounts:					
Issuance Premium	123,435	-	(44,218)	79,217	-
Issuance Discount	(44,071)	-	10,638	(33,433)	-
Total bonds payable	2,234,364	-	(423,580)	1,810,784	410,000
Note payable	79,673	-	(29,060)	50,613	22,536
Total Business-Type Activities	\$ 2,314,037	\$ -	\$ (452,640)	\$ 1,861,397	\$ 432,536
Long-term liabilities due in more than one year				\$ 1,428,861	
Component Unit Activities:					
Bonds, notes and other payables:					
General obligation refunding	\$ 65,000	\$ -	(30,000)	\$ 35,000	\$ 35,000
Less deferred amounts:					
Issuance Premium	3,809	-	(2,476)	1,333	1,333
Total bonds payable	68,809	-	(32,476)	36,333	36,333
Total Component Unit Activities	\$ 68,809	\$ -	\$ (32,476)	\$ 36,333	\$ 36,333
Long-term liabilities due in more than one year				\$ -	

City of Crandall, Texas
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2024

Long-term debt of primary government was comprised of the following debt issues at year end:

	Governmental Activities	Business - Type Activities	Total
General Obligation Refunding Bonds:			
\$4,530,000 Series 2021 GO Refunding Bonds, due in annual installments, with an interest rate of 3.00% to 5.00%, maturing in 2038.	\$ 4,115,000	\$ -	\$ 4,115,000
\$1,665,000 Series 2021 GO Refunding Bonds due in annual installments, with an interest rate of 3.00% to 5.00%, maturing in 2030.	-	910,000	910,000
\$1,630,000 Series 2018 GO Refunding Bonds due in annual installments, with an interest rate of 3.00% to 4.00%, maturing in 2030.	-	855,000	855,000
Total General Obligation Refunding Bonds	\$ 4,115,000	\$ 1,765,000	\$ 5,880,000
Note Payable:			
\$987,127 Various banking institutions for vehicles/equip. due in annual installments, with interest rates from 3.25%-4.55%, maturing through 2029.	\$ 356,610	\$ 50,611	\$ 407,221
Total Notes Payable	\$ 356,610	\$ 50,611	\$ 407,221
Less deferred amounts:			
Issuance premium/discounts	\$ 593,808	\$ 45,786	\$ 639,594
Total Deferred Amounts	\$ 593,808	\$ 45,786	\$ 639,594
Total Long-term Debt	\$ 5,065,418	\$ 1,861,397	\$ 6,926,815

Long-term liabilities applicable to the City's governmental activities are not due and payable in the current period and accordingly, are not reported as fund liabilities in the governmental funds. Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due.

City of Crandall, Texas
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2024

The annual requirements to amortize governmental and business-type activities debt issues outstanding at year end were as follows:

General Obligation Refunding Bonds

Year ending September 30,	Governmental Activities		
	Principal	Interest	Total
2025	\$ 180,000	\$ 156,300	\$ 336,300
2026	140,000	148,300	288,300
2027	145,000	141,175	286,175
2028	155,000	133,675	288,675
2029	165,000	125,675	290,675
2030-2034	1,645,000	441,700	2,086,700
2035-2039	1,685,000	102,825	1,787,825
Total	<u>\$ 4,115,000</u>	<u>\$ 1,249,650</u>	<u>\$ 5,364,650</u>

Notes Payable

Year ending September 30,	Governmental Activities		
	Principal	Interest	Total
2025	\$ 93,812	\$ 14,137	\$ 107,949
2026	92,037	10,230	102,267
2027	87,946	6,124	94,070
2028	67,981	3,138	71,119
2029	14,834	345	15,179
	<u>\$ 356,610</u>	<u>\$ 33,974</u>	<u>\$ 390,584</u>

General Obligation Refunding Bonds

Year ending September 30,	Business-Type Activities		
	Principal	Interest	Total
2025	\$ 410,000	\$ 68,375	\$ 478,375
2026	425,000	49,420	474,420
2027	370,000	31,400	401,400
2028	180,000	19,430	199,430
2029	185,000	12,000	197,000
2030-2034	195,000	4,100	199,100
Total	<u>\$ 1,765,000</u>	<u>\$ 184,725</u>	<u>\$ 1,949,725</u>

City of Crandall, Texas

NOTES TO FINANCIAL STATEMENTS, *Continued*

September 30, 2024

General obligation bonds are direct obligations of the City for which its full faith and credit are pledged. Repayment of general obligation bonds are from taxes levied on all taxable property located within the City. The City is not obligated in any manner for special assessment debt.

Notes Payable

Year ending September 30,	Business-Type Activities		
	Principal	Interest	Total
2025	\$ 22,536	\$ 2,171	\$ 24,707
2026	16,076	1,343	17,419
2027	12,001	504	12,505
	\$ 50,613	\$ 4,018	\$ 54,631

The annual requirements to amortize component unit activities debt issues outstanding at year end were as follows:

General Obligation Refunding Bonds

Year ending September 30,	Component Unit Activities		
	Principal	Interest	Total
2025	\$ 35,000	\$ 875	\$ 35,875
	\$ 35,000	\$ 875	\$ 35,875

E. Deferred Charges on Refunding

A deferred gain resulting from the issuance of the Series 2018 Tax Notes has been recorded as a deferred outflow of resources and is being amortized to interest expense over the term of the refunded debt. The current year balance for governmental activities totaled \$6,995 after a current year amortization of \$13,736.

F. Public Improvement Districts

Special Assessment Revenue bonds are issued by the City for the Public Improvement Districts (PID) and are secured solely from assessment revenues generated by each PID. The City is not obligated in any manner for this special assessment debt but merely acts as the developer's agent in handling the debt service by each PID and forwarding to the Trustee for payment to the bond holders. The Trustee for the bond proceeds were deposited into trust accounts with Wilmington Trust for the purpose of funding improvements in the projects. Wilmington Trust serves as trustee, for the benefit of the bond holders, for these funds as well as any and all other property or

City of Crandall, Texas
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2024

money of every name and nature, which is, from time-to-time hereafter by delivery or in writing of any kind, conveyed, pledged, assigned, or transferred to the Trustee.

G. Other Long-term Liabilities

The following is a summary of changes in the City’s other long-term liabilities for the year ended. In general, the City uses the general fund and utilities fund to liquidate compensated absences.

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Amounts Due Within One Year</u>
Governmental Activities:					
Compensated Absences	\$ 179,957	\$ 172,753	\$ (161,961)	\$ 190,749	\$ 171,674
Total Governmental Activities	<u>\$ 179,957</u>	<u>\$ 172,753</u>	<u>\$ (161,961)</u>	<u>\$ 190,749</u>	<u>\$ 171,674</u>
Other Long-term Liabilities Due in More than One Year				<u>\$ 19,075</u>	
Business-Type Activities:					
Compensated Absences	\$ 21,486	\$ 21,212	\$ (19,338)	\$ 23,360	\$ 21,024
Total Business-Type Activities	<u>\$ 21,486</u>	<u>\$ 21,212</u>	<u>\$ (19,338)</u>	<u>\$ 23,360</u>	<u>\$ 21,024</u>
Other Long-term Liabilities Due in More than One Year				<u>\$ 2,336</u>	

H. Interfund Transactions

The table below summarizes the interfund transfers within the primary government during the year ended September 30, 2024:

	<u>Transfers In:</u>
<u>Transfers (Out):</u>	
General	<u>\$ 159,275</u>
	<u>\$ 159,275</u>

Transfers between the funds were primarily to support debt service requirements, utilize capital funds for capital projects, and operations of funds.

City of Crandall, Texas
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2024

The compositions of interfund balances as of the year ended September 30, 2024 were as follows:

Due from:	Due to:		Total
	General	Utilities	
General	\$ -	\$ 5,112	\$ 5,112
Nonmajor govt.	4,101	-	4,101
Total	\$ 4,101	\$ 5,112	\$ 9,213

I. Fund Equity

The City records fund balance restrictions on the fund level to indicate that a portion of the fund balance is legally restricted for a specific future use or to indicate that a portion of the fund balance is not available for expenditures.

The following is a list of fund balances restricted/committed by the City:

	Restricted
Public safety	\$ 264,721 *
Debt service	836,055
Municipal court	21,088 *
Impact fees	3,094,564
	\$ 4,216,428

* Represents restriction by enabling legislation.

V. OTHER INFORMATION

A. Risk Management

The City is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets, errors and omissions; and natural disasters for which the City participates along with 2,800 other entities in the Texas Municipal League's Intergovernmental Risk Pools. The Pool purchases commercial insurance at group rates for participants in the Pool. The City has no additional risk or responsibility to the Pool outside of the payment of insurance premiums. The City has not significantly reduced insurance coverage or had settlements which exceeded coverage amounts for the past three years.

B. Contingent Liabilities

Amounts received or receivable from granting agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed

City of Crandall, Texas

NOTES TO FINANCIAL STATEMENTS, *Continued*

September 30, 2024

claims, including amounts already collected, may constitute a liability of the applicable funds. The amounts of expenditures which may be disallowed by the grantor cannot be determined at this time although the City expects such amounts, if any, to be immaterial.

The City of Crandall, Texas is a defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, in the opinion of the City's legal counsel, the resolution of these matters will not have a material adverse effect on the financial condition of the City.

Liabilities are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported. Claim liabilities are calculated considering the effects of inflation, recent claim settlement trends, including frequency and amount of payouts, and other economic and social factors.

C. **Contracts/Commitments**

North Texas Municipal Water District (the "District")

The City of Crandall secures its water supply and sewer services from the North Texas Municipal Water District ("District"), a district authorized by the Texas Constitution, Article XVI, Section 59; created by the Texas Legislature, Article 8280-141; and authorized to act by the confirming vote of the majority of the qualified voters in each of the cities comprising the District. The District has police, taxation and eminent domain powers and is authorized to issue revenue and/or tax bonds upon approval by the Attorney General of the State of Texas and functions as a political subdivision of the State of Texas independent of the City. The District is governed by a 17-member "Board". The Board has full power and discretion to establish its budget and to set rates for the services it provides by contracts with its member cities and customers. The Board is empowered by statute and contract, or otherwise permitted by law, to discontinue a facility or to the service in order to prevent abuse or to enforce payment of an unpaid charge, fee or rental due. Because of these factors, the District is not included in the City's basic financial statements.

The following information is included at the request of the Texas Water Development Board for the year under audit. See the Water Accountability Report below:

Gallons purchased:	280,020,000
Gallons billed:	236,641,933

City of Crandall, Texas

NOTES TO FINANCIAL STATEMENTS, *Continued*

September 30, 2024

The City contracts with the District for water service and water system operation and maintenance services. The City is economically dependent on this contract. City operations are funded by taxes and revenues provided by the residents of the City of Crandall, Texas. Accordingly, the City is economically dependent on the property values and the local economy of the City of Crandall, Texas and the surrounding area.

City of Mesquite, Texas Project Financing Agreement

The City has entered into a Project Financing Agreement with City of Mesquite, Texas in which the City of Mesquite will extend their water line and provide water to the City of Crandall. Construction in progress and anticipated to be completed in the fiscal year ending September 30, 2026. Upon completion of the line extension, the City of Crandall will reimburse City of Mesquite for part of the construction cost and will buy water from City of Mesquite at a discounted rate. A total cost estimate will be provided by City of Mesquite once it is determined.

D. Arbitrage

The Tax Reform Act of 1986 instituted certain arbitrage consisting of complex regulations with respect to issuance of tax-exempt bonds after August 31, 1986. Arbitrage regulations deal with the investment of tax-exempt bond proceeds at an interest yield greater than the interest yield paid to bondholders. Generally, all interest paid to bondholders can be retroactively rendered taxable if applicable rebates are not reported and paid to the Internal Revenue Service at least every five years for applicable bond issues. Accordingly, there is the risk that if such calculations are not performed correctly, a substantial liability to the City could result. The City does anticipate that it will have an arbitrage liability and performs annual calculations to estimate this potential liability. The City also engages an arbitrage consultant to perform the calculations in accordance with Internal Revenue Service's rules and regulations.

E. Defined Benefit Pension Plans

1. Plan Description

The City of Crandall, Texas participates as one of 934 plans in the nontraditional, joint contributory, hybrid defined benefit pension plan administered by the Texas Municipal Retirement System (TMRS). TMRS is an agency created by the State of Texas and administered in accordance with the TMRS Act, Subtitle G, Title 8, Texas Government Code (the TMRS Act) as an agent multiple-employer retirement system for municipal employees in the State of Texas. The TMRS Act places the general administration and management of the System with a six-member Board of Trustees. Although the Governor, with the advice and consent of the Senate, appoints the Board, TMRS is not

City of Crandall, Texas

NOTES TO FINANCIAL STATEMENTS, *Continued*

September 30, 2024

fiscally dependent on the State of Texas. TMRS's defined benefit pension plan is a tax-qualified plan under Section 401 (a) of the Internal Revenue Code. TMRS issues a publicly available annual comprehensive financial report that can be obtained at www.tmrs.com.

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

2. Benefits Provided

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

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

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

	<u>Plan Year 2022</u>	<u>Plan Year 2023</u>
Employee deposit rate	7.0%	7.0%
Matching ratio (city to employee)	2 to 1	2 to 1
Years required for vesting	5	5
Service retirement eligibility (expressed as age / years of service)	60/5, 0/20	60/5, 0/20
Updated service credit	100% Repeating Transfers	100% Repeating Transfers
Annuity increase (to retirees)	70% of CPI, Repeating	70% of CPI, Repeating

Employees covered by benefit terms

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

Inactive employees or beneficiaries currently receiving benefits	18
Inactive employees entitled to but not yet receiving benefits	49
Active employees	37
Total	104

City of Crandall, Texas

NOTES TO FINANCIAL STATEMENTS, *Continued*

September 30, 2024

3. Contributions

The contribution rates for employees in TMRS are either 5%, 6%, or 7% of employee gross earnings, and the city matching percentages are either 100%, 150%, or 200%, both as adopted by the governing body of the City. Under the state law governing TMRS, the contribution rate for each city is determined annually by the actuary, using the Entry Age Normal (EAN) actuarial cost method. The actuarially determined rate is the estimated amount necessary to finance the cost of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability.

Employees for the City of Crandall were required to contribute 6% of their annual gross earnings during the fiscal year. The contribution rates for the City of Crandall were 10.95% and 10.97% in calendar years 2023 and 2024, respectively. The City's contributions to TMRS for the year ended September 30, 2024, were \$289,741, and were equal to the required contributions.

4. Net Pension Liability (Asset)

The City's Net Pension Liability (Asset) was measured as of December 31, 2023, and the Total Pension Liability (TPL) used to calculate the Net Pension Liability (Asset) was determined by an actuarial valuation as of that date. The City uses the general fund and the water and sewer fund to liquidate governmental activities and the business-type pension liabilities, respectively.

Actuarial assumptions:

The Total Pension Liability in the December 31, 2023 actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.5% per year
Overall payroll growth	3.60% to 11.85%, including inflation
Investment Rate of Return	6.75%, net of pension plan investment expense, including inflation

Salary increases are based on a service-related table. Mortality rates for active members are based on the PUB(10) mortality tables with the 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 is used with a 4-year set-forward for males and a 3-year set-forward for females. In addition, a 3.5% and 3.0% minimum mortality rate is applied, for males and females respectively, to reflect

City of Crandall, Texas
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2024

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 of TMRS. 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 of TMRS.

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

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return (Arithmetic)
Global Public Equity	35.0%	6.7%
Core Fixed Income	6.0%	4.7%
Non-Core Fixed Income	20.0%	8.0%
Other Public/Private Markets	12.0%	8.0%
Real Estate	12.0%	7.6%
Hedge Funds	5.0%	6.4%
Private Equity	10.0%	11.6%
Total	100.0%	

City of Crandall, Texas
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2024

Discount Rate:

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

Changes in the Net Pension Liability (Asset):

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a) – (b)
Balance at 12/31/2022	\$ 5,737,737	\$ 5,297,134	\$ 440,603
Changes for the year:			
Service Cost	402,933	-	402,933
Interest (on the Total Pension Liab.)	392,585	-	392,585
Change in benefit terms	-	-	-
Difference between expected and actual experience	(136,046)	-	(136,046)
Changes of assumptions	(21,982)	-	(21,982)
Contributions – employer	-	262,313	(262,313)
Contributions – employee	-	167,689	(167,689)
Net investment income	-	614,677	(614,677)
Benefit payments, including refunds of emp. contributions	(246,254)	(246,254)	-
Administrative expense	-	(3,900)	3,900
Other changes	-	(27)	27
Net changes	391,236	794,498	(403,262)
Balance at 12/31/2023	\$ 6,128,973	\$ 6,091,632	\$ 37,341

Sensitivity of the Net Pension Liability (Asset) 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 5.75%	Current Single Rate Assumption 6.75%	1% Increase 7.75%
\$ 1,085,838	\$ 37,341	\$ (794,896)

City of Crandall, Texas
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2024

Pension Plan Fiduciary Net Position:

Detailed information about the pension plan's Fiduciary Net Position is available in a separately-issued TMRS financial report. That report may be obtained on the internet at www.tmrs.com.

5. Pension Expense/Income and Deferred Outflows of Resources Related to Pensions

For the year ended September 30, 2024, the City recognized pension expense of \$267,370.

At September 30, 2024, the City reported deferred outflows and inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred (Inflows) of Resources</u>
Difference between projected and actual earnings on pension plan investments	\$ 135,148	\$ -
Changes in assumptions	-	(15,517)
Differences between expected and actual economic experience	-	(51,995)
Contributions subsequent to the measurement date	228,241	-
Total	<u>\$ 363,389</u>	<u>\$ (67,512)</u>

The City reported \$228,241 as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date that will be recognized as a reduction of the net pension liability (asset) for the year ending September 30, 2025. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended December 31:

2024	\$ 25,856
2025	6,463
2026	86,744
2027	(51,427)
2028	-
Thereafter	-
	<u>\$ 67,636</u>

City of Crandall, Texas

NOTES TO FINANCIAL STATEMENTS, *Continued*

September 30, 2024

Other Postemployment Benefits

The City also participates in a defined benefit group-term life insurance plan operated by the Texas Municipal Retirement System (TMRS) known as the Supplemental Death Benefits Fund (SDBF). This is a voluntary program in which participating member cities may elect, by ordinance, to provide group-term life insurance coverage for their active members, including or not including retirees. The City elected, by ordinance, to provide group-term life insurance coverage to both current and retired employees. The City may terminate coverage under and discontinue participation in the SDBF by adopting an ordinance before November 1 of any year to be effective the following January 1.

The death benefit for active employees provides a lump-sum payment approximately equal to the employee's annual salary (calculated based on the employee's actual earnings, for the 12-month period preceding the month of death); retired employees are insured for \$7,500; this coverage is an "other postemployment benefit," or OPEB. The SDBF covers both active and retiree benefits with no segregation of assets and, therefore, doesn't meet the definition of a trust under GASB No. 75, paragraph 4b, (i.e., no assets are accumulated for OPEB). As such, the SDBF is considered to be a single-employer unfunded OPEB plan (and not a cost sharing plan) with benefit payments treated as being equal to the employer's yearly contributions for retirees.

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.

Employees covered by benefit terms

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

Inactive employees or beneficiaries currently receiving benefits	10
Inactive employees entitled to but not yet receiving benefits	13
Active employees	37
Total	60

City of Crandall, Texas

NOTES TO FINANCIAL STATEMENTS, *Continued*

September 30, 2024

The City's retiree contribution rates to the TMRS SDBF for the years ended 2024, 2023 and 2022 are as follows:

Plan/ Calendar Year	Annual Required Contribution (Rate)	Actual Contribution Made (Rate)	Percentage of ARC Contributed
2024	0.11%	0.11%	100.0%
2023	0.12%	0.12%	100.0%
2022	0.10%	0.10%	100.0%

The City's contributions to the TMRS SDBF for the years ended 2024 and 2023, were \$2,963 and \$2,722, respectively, which equaled the required contributions each year.

Total OPEB Liability

The City's Postemployment Benefits Other Than Pensions Liability (OPEB) was measured as of December 31, 2023, and the Total OPEB Liability was determined by an actuarial valuation as of that date. The City uses the general fund and the water and sewer fund to liquidate governmental activities and the business-type OPEB liabilities, respectively.

Actuarial assumptions:

The Total OPEB Liability in the December 31, 2023 actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.5% per year
Overall payroll growth	3.6% to 11.85%, including inflation per year
Discount rate	3.77%
Retirees' share of benefit-related costs	\$0
Administrative expenses	All administrative expenses are paid through the Pension Trust and accounted for under reporting requirements under GASB Statement No. 68

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

City of Crandall, Texas
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2024

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

Discount Rate:

The discount rate used to measure the Total OPEB Liability was 3.77%. The discount rate was based on the Fidelity Index's "20-Year Municipal GO AA Index" rate as of December 31, 2023.

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 3.77%, as well as what the City's total OPEB liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (2.77%) or 1-percentage-point higher (4.77%) than the current rate:

1% Decrease 2.77%	Current Single Rate Assumption 3.77%	1% Increase 4.77%
\$ 99,389	\$ 80,216	\$ 65,899

Changes in the Total OPEB Liability:

	Total OPEB Liability
Balance at 12/31/22	\$ 76,132
Changes for the year:	
Service Cost	3,593
Interest	3,098
Difference between expected and actual experience	(4,493)
Changes of assumptions	4,761
Benefit payments	(2,875)
Net changes	4,084
Balance at 12/31/23	\$ 80,216

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

For the year ended September 30, 2024, the City recognized OPEB expense of \$5,192.

City of Crandall, Texas
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2024

At September 30, 2024, the City reported deferred outflows of resources and deferred inflows of resources related to the OPEB liability from the following sources:

	Deferred Outflows of Resources	Deferred (Inflows) of Resources
Difference between expected and actual experience	\$ 3,586	-
Change in assumptions	-	(16,346)
Contributions subsequent to measurement date	2,289	-
Total	\$ 5,875	\$ (16,346)

The City reported \$2,289 as deferred outflows of resources related to OPEB resulting from contributions subsequent to the measurement date that will be recognized as a reduction of the OPEB liability for the year ending September 30, 2025. Other amounts reported as deferred outflows and inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ended December 31:	
2024	\$ (966)
2025	(1,538)
2026	(4,772)
2027	(5,523)
2028	39
Thereafter	-
	\$ (12,760)

F. Subsequent Events

On March 17, 2025, the City issued \$3,745,000 Combination Tax and Revenue Certificates of Obligation. Interest rate ranges from 4% to 5%. The bonds mature on February 15, 2045.

There were no other material subsequent events through September 15, 2025, the date the financial statements were available to be issued.



REQUIRED SUPPLEMENTARY INFORMATION

City of Crandall, Texas

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES

IN FUND BALANCE - BUDGET AND ACTUAL- GENERAL FUND (Page 1 of 2)

For the Year Ended September 30, 2024

	Original Budget	Final Budget	Actual	Variance with Final Budget
<u>Revenues</u>				
Property tax	\$ 2,868,625	\$ 2,868,625	\$ 2,961,880	\$ 93,255
Sales taxes	1,380,879	1,380,879	1,300,799	(80,080)
Franchise taxes	130,000	130,000	233,990	103,990
License and permits	990,000	990,000	4,055,115	3,065,115
Charges for services	2,089,184	2,089,184	1,920,909	(168,275)
Grants and donations	8,500	8,500	108,865	100,365
Intergovernmental revenues	564,500	564,500	32,500	(532,000)
Fines and forfeitures	135,000	135,000	185,839	50,839
Investment income	30,000	30,000	108,092	78,092
Other revenue	30,500	30,500	88,700	58,200
Total Revenues	8,227,188	8,227,188	10,996,689	2,769,501
<u>Expenditures</u>				
Current:				
General government -				
Administration	2,017,071	2,980,621	2,058,612	922,009
Total General Government	2,017,071	2,980,621	2,058,612	922,009
Public service -				
Code enforcement	113,023	113,023	92,309	20,714
Animal control	15,650	15,650	11,798	3,852
Building inspections	152,050	614,550	662,397	(47,847)
Municipal court	372,424	372,424	201,083	171,341
Total Public Service	653,147	1,115,647	967,587	148,060
Public safety -				
Police	2,865,532	2,889,896	2,237,930	651,966
Fire	555,569	555,569	504,601	50,968
Total Public Safety	3,421,101	3,445,465	2,742,531	702,934
Public works -				
Streets and parks	177,200	192,200	117,672	74,528
Public works	114,970	114,970	111,873	3,097
Total Public Works	292,170	307,170	229,545	77,625
TIRZ	45,000	45,000	39,080	5,920
Debt service -				
Principal	303,928	303,928	351,361	(47,433)
Interest	186,966	186,966	180,880	6,086
Capital outlay	1,060,600	1,470,127	1,259,819	210,308
Total Expenditures	7,979,983	9,854,924	7,829,415	2,025,509
Revenues Over (Under) Expenditures	\$ 247,205	\$ (1,627,736)	\$ 3,167,274	\$ 4,795,010

City of Crandall, Texas

*SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL- GENERAL FUND (Page 2 of 2)
For the Year Ended September 30, 2024*

	Original Budget	Final Budget	Actual	Variance with Final Budget
<u>Other Financing Sources (Uses)</u>				
Transfers (out)	\$ -	\$ -	\$ (159,275)	\$ (159,275)
Note issuance	-	-	223,833	223,833
Total Other Financing Sources (Uses)	-	-	64,558	64,558
Net Change in Fund Balance	\$ 247,205	\$ (1,627,736)	3,231,832	\$ 4,859,568
Beginning fund balance			3,919,234	
Ending Fund Balance			\$ 7,151,066	

Notes to Required Supplementary Information

1. Annual budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP).

City of Crandall, Texas

SCHEDULE OF CHANGES IN NET PENSION (ASSET) LIABILITY AND RELATED RATIOS

Years ended December 31,

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Total pension liability										
Service cost	\$ 402,933	\$ 378,837	\$ 322,101	\$ 314,983	\$ 286,128	\$ 258,359	\$ 219,482	\$ 211,786	\$ 218,957	\$ 200,590
Interest (on the Total Pension Liability)	392,585	354,337	317,080	286,198	253,996	225,011	209,231	187,028	171,756	159,322
Differences between expected and actual experience	(136,046)	80,757	128,782	14,005	10,165	26,143	(112,730)	19,373	(49,648)	(100,494)
Changes of assumptions	(21,982)	-	-	-	19,391	-	-	-	42,189	-
Benefit payments, including refunds of participant contributions	(246,254)	(272,429)	(216,330)	(106,132)	(107,933)	(80,043)	(123,263)	(62,928)	(62,152)	(119,804)
Net change in total pension liability	391,236	541,502	551,633	509,054	461,747	429,470	192,720	355,259	321,102	139,614
Total pension liability - beginning	5,737,737	5,196,235	4,644,602	4,135,548	3,673,801	3,244,331	3,051,611	2,696,352	2,375,250	2,235,636
Total pension liability - ending (a)	\$ 6,128,973	\$ 5,737,737	\$ 5,196,235	\$ 4,644,602	\$ 4,135,548	\$ 3,673,801	\$ 3,244,331	\$ 3,051,611	\$ 2,696,352	\$ 2,375,250
Plan fiduciary net position										
Contributions - employer	\$ 262,313	\$ 246,970	\$ 197,995	\$ 186,897	\$ 169,440	\$ 154,152	\$ 132,024	\$ 131,020	\$ 131,693	\$ 107,595
Contributions - members	167,689	156,452	125,540	121,214	111,087	98,988	85,212	83,757	83,891	81,268
Net investment income	614,677	(407,606)	631,730	327,590	553,628	(105,226)	416,479	181,381	3,729	133,112
Benefit payments, including refunds of participant contributions	(246,254)	(272,429)	(216,330)	(106,132)	(107,933)	(80,043)	(123,263)	(62,928)	(62,152)	(119,804)
Administrative expenses	(3,900)	(3,520)	(2,918)	(2,117)	(3,133)	(2,036)	(2,164)	(2,047)	(2,271)	(1,389)
Other	(27)	4,202	19	(83)	(93)	(108)	(110)	(110)	(112)	(114)
Net change in plan fiduciary net position	794,498	(275,931)	736,036	527,369	722,996	65,727	508,178	331,073	154,778	200,668
Plan fiduciary net position - beginning	5,297,134	5,573,065	4,837,029	4,309,660	3,586,664	3,520,937	3,012,759	2,681,686	2,526,908	2,326,240
Plan fiduciary net position - ending (b)	\$ 6,091,632	\$ 5,297,134	\$ 5,573,065	\$ 4,837,029	\$ 4,309,660	\$ 3,586,664	\$ 3,520,937	\$ 3,012,759	\$ 2,681,686	\$ 2,526,908
Fund's net pension (asset) liability - ending (a) - (b)	\$ 37,341	\$ 440,603	\$ (376,830)	\$ (192,427)	\$ (174,112)	\$ 87,137	\$ (276,606)	\$ 38,852	\$ 14,666	\$ (151,658)
Plan fiduciary net position as a percentage of the total pension liability	99.39%	92.32%	107.25%	104.14%	104.21%	97.63%	108.53%	98.73%	99.46%	106.38%
Covered payroll	\$ 2,395,561	\$ 2,235,026	\$ 1,795,434	\$ 1,731,629	\$ 1,586,954	\$ 1,414,116	\$ 1,217,314	\$ 1,195,529	\$ 1,198,449	\$ 1,160,972
Fund's net pension liability as a percentage of covered payroll	1.56%	19.71%	-21.01%	-11.11%	-10.97%	6.16%	-22.72%	3.25%	1.22%	-13.06%

City of Crandall, Texas

SCHEDULE OF EMPLOYER CONTRIBUTIONS TO PENSION PLAN

Fiscal Years Ended:

	9/30/2024	9/30/2023	9/30/2022	9/30/2021	9/30/2020	9/30/2019	9/30/2018	9/30/2017	9/30/2016	9/30/2015
Actuarially determined employer contributions	\$ 289,741	\$ 258,383	\$ 247,349	\$ 198,064	\$ 171,986	\$ 170,069	\$ 152,845	\$ 131,379	\$ 128,119	\$ 102,275
Contributions in relation to the actuarially determined contribution	\$ 289,741	\$ 258,383	\$ 247,349	\$ 198,064	\$ 171,986	\$ 170,069	\$ 152,845	\$ 131,379	\$ 128,119	\$ 102,275
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Annual covered payroll	\$ 2,642,240	\$ 2,354,911	\$ 2,238,924	\$ 1,793,584	\$ 1,610,354	\$ 1,568,836	\$ 1,372,552	\$ 1,196,529	\$ 1,198,449	\$ 1,160,972
Employer contributions as a percentage of covered payroll	10.97%	10.97%	11.05%	11.04%	10.68%	10.84%	11.14%	10.98%	10.69%	8.81%

NOTES TO SCHEDULE OF EMPLOYER CONTRIBUTIONS TO PENSION PLAN

Valuation Date:

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	N/A
Asset Valuation Method	10 Year smoothed fair value; 12% soft corridor
Inflation	2.5%
Salary Increases	3.6% to 11.85% including inflation
Investment Rate of Return	6.75%
Retirement Age	Experience-based table of rates that vary by age. Last updated for the 2023 valuation pursuant to an experience study of the period ending 2022.

Mortality Post-retirement: 2019 Municipal Retirees of Texas Mortality Tables. Male rates are multiplied by 103% and female rates are multiplied by 105%. The rates are projected on a fully generational basis by the most recent Scale MP-2021 (with immediate convergence).

Pre-retirement: PUB(10) mortality tables, with the 110% of the Public Safety table used for males and the 100% of the General Employee table used for females. The rates are projected on a fully generational basis by the most recent Scale MP-2021 (with immediate convergence).

Other Information:

Notes There were no benefit changes during the year.

City of Crandall, Texas

SCHEDULE OF CHANGES IN POSTEMPLOYMENT BENEFITS OTHER THAN PENSION (OPEB) LIABILITY AND RELATED RATIOS

TEXAS MUNICIPAL RETIREMENT SYSTEM

Year ended December 31,

	2023	2022	2021	2020	2019	2018	2017	1
Total OPEB liability								
Service cost	\$ 3,593	\$ 7,376	\$ 6,098	\$ 4,675	\$ 3,809	\$ 3,535	\$ 2,678	
Interest	3,098	2,101	1,900	2,023	1,940	1,856	1,794	
Differences between expected and actual experience	(4,493)	3,648	8,558	1,002	2,762	(4,761)	-	
Changes of assumptions	4,761	(46,347)	4,050	14,293	12,897	(3,948)	4,237	
Benefit payments, including refunds of participant contributions	(2,875)	(2,235)	(1,973)	(519)	(635)	(566)	(487)	
Net changes	4,084	(35,457)	18,633	21,474	20,773	(3,884)	8,222	
Total OPEB liability - beginning	76,132	111,589	92,956	71,482	50,709	54,593	46,371	
Total OPEB liability - ending	\$ 80,216	\$ 76,132	\$ 111,589	\$ 92,956	\$ 71,482	\$ 50,709	\$ 54,593	2
Covered-employee payroll	\$ 2,395,561	\$ 2,235,026	\$ 1,793,434	\$ 1,731,629	\$ 1,586,954	\$ 1,414,116	\$ 1,217,314	
Total OPEB Liability as a percentage of covered employee payroll	3.35%	3.41%	6.22%	5.37%	4.50%	3.59%	4.48%	

Notes to schedule:

¹ This schedule is presented to illustrate the requirement to show information for ten years. However, until a full ten-year trend is compiled, only available information is shown.

² No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB statement No. 75 to pay related benefits.

***OTHER SUPPLEMENTARY INFORMATION
COMBINING AND INDIVIDUAL FUND FINANCIAL
STATEMENTS AND SCHEDULES***

City of Crandall, Texas
COMBINING STATEMENT OF NET POSITION
PROPRIETARY FUNDS
September 30, 2024

	Sewer	Water	Sanitation	Total Utilities Fund
<u>Assets</u>				
<u>Current Assets</u>				
Cash and cash equivalents	\$ 1,554,917	\$ 8,292,206	\$ -	\$ 9,847,123
Restricted cash	64,606	307,506	-	372,112
Receivables, net	246,912	541,701	64,094	852,707
Prepays	-	14,835	-	14,835
Total Current Assets	1,866,435	9,156,248	64,094	11,086,777
<u>Noncurrent Assets</u>				
Capital assets:				
Non-depreciable	16,617	1,829,094	-	1,845,711
Net depreciable capital assets	1,947,939	4,251,119	-	6,199,058
Total Noncurrent Assets	1,964,556	6,080,213	-	8,044,769
Total Assets	3,830,991	15,236,461	64,094	19,131,546
<u>Deferred Outflows of Resources</u>				
Pension outflows	14,276	43,081	2,925	60,282
OPEB outflows	230	696	47	973
Total Deferred Outflows of Resources	14,506	43,777	2,972	61,255
<u>Liabilities</u>				
<u>Current Liabilities</u>				
Accounts payable and accrued liab.	220,477	1,578,400	35,370	1,834,247
Accrued interest	4,218	2,197	-	6,415
Customer deposits	-	201,641	-	201,641
Grants received in advance	-	433,426	-	433,426
Due to other funds	-	-	5,112	5,112
Compensated absences - current	9,461	9,461	2,102	21,024
Long-term debt obligations - current	168,068	134,468	-	302,536
Total Current Liabilities	402,224	2,359,593	42,584	2,804,401
<u>Noncurrent Liabilities</u>				
Compensated absences - noncurrent	1,051	1,051	234	2,336
Net pension liability	1,467	4,427	301	6,195
OPEB liability	3,151	9,510	646	13,307
Long-term debt obligations - noncurrent	411,200	326,094	-	737,294
Total Noncurrent Liabilities	416,869	341,082	1,181	759,132
Total Liabilities	819,093	2,700,675	43,765	3,563,533
<u>Deferred Inflows of Resources</u>				
Pension inflows	2,653	8,004	543	11,200
OPEB inflows	642	1,938	132	2,712
Total Deferred Inflows of Resources	3,295	9,942	675	13,912
<u>Net Position</u>				
Net investment in capital assets	(158,474)	5,619,651	-	5,461,177
Restricted for impact fees	938,778	2,155,786	-	3,094,564
Unrestricted	2,242,805	4,794,184	22,626	7,059,615
Total Net Position	\$ 3,023,109	\$ 12,569,621	\$ 22,626	\$ 15,615,356

See Notes to Financial Statements.

City of Crandall, Texas
COMBINING STATEMENT OF
REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
For the Year Ended September 30, 2024

	Sewer	Water	Sanitation	Total Utilities Funds
<u>Operating Revenues</u>				
Water sales	\$ -	\$ 5,403,960	\$ -	\$ 5,403,960
Sewer charges	2,897,502	-	-	2,897,502
Sanitation revenue	-	-	317,687	317,687
Other income	-	106,476	-	106,476
Total Operating Revenues	2,897,502	5,510,436	317,687	8,725,625
<u>Operating Expenses</u>				
Salaries and benefits	146,815	418,546	26,862	592,223
Materials and supplies	151,138	129,280	-	280,418
Contractual services	646,415	1,011,597	287,485	1,945,497
Utilities	29,053	25,361	-	54,414
Depreciation	229,786	216,514	2,273	448,573
Other	-	60,033	-	60,033
Total Operating Expenses	1,203,207	1,861,331	316,620	3,381,158
Operating Income (Loss)	1,694,295	3,649,105	1,067	5,344,467
<u>Nonoperating Revenues (Expenses)</u>				
Interest income	11,041	20,808	-	31,849
Intergovernmental revenue	337,662	255,759	-	593,421
Interest expense	(5,970)	(5,021)	-	(10,991)
Total Nonoperating Revenues (Expenses)	342,733	271,546	-	614,279
Income (Loss) Before Transfers and Capital Contributions	2,037,028	3,920,651	1,067	5,958,746
<u>Transfers and Capital Contributions</u>				
Capital contributions	-	1,616,574	-	1,616,574
Transfers in	-	-	25,327	25,327
Transfers (out)	-	(25,327)	-	(25,327)
Total Transfers and Capital Contributions	-	1,591,247	25,327	1,616,574
Change in Net Position	2,037,028	5,511,898	26,394	7,575,320
Beginning net position	986,081	7,057,723	(3,768)	8,040,036
Ending Net Position	\$ 3,023,109	\$ 12,569,621	\$ 22,626	\$ 15,615,356

See Notes to Financial Statements.

City of Crandall, Texas
COMBINING STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
September 30, 2024

	Cartwright Ranch	River Ridge	Total
<u>Assets</u>			
<u>Current Assets</u>			
Cash and cash equivalents	\$ 2,559,834	\$ 2,434,063	\$ 4,993,897
Special assessment receivable	29,126,000	21,852,000	50,978,000
Total Current Assets	31,685,834	24,286,063	55,971,897
 <u>Noncurrent Assets</u>			
Capital assets	22,084,693	19,276,543	41,361,236
Total Assets	\$ 53,770,527	\$ 43,562,606	\$ 97,333,133
 <u>Liabilities</u>			
Long-term debt	\$ 29,126,000	21,852,000	\$ 50,978,000
Total Noncurrent Liabilities	29,126,000	21,852,000	50,978,000
 <u>Net Position</u>			
Restricted for:			
PID activities	24,644,527	21,710,606	46,355,133
Total Net Position	24,644,527	21,710,606	46,355,133
Total Net Position and Liabilities	\$ 53,770,527	\$ 43,562,606	\$ 97,333,133

City of Crandall, Texas

COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION FIDUCIARY FUNDS

For the Year Ended September 30, 2024

	Cartwright Ranch	River Ridge	Total
<u>Additions</u>			
Property owner assessments	\$ 2,081,057	\$ 1,876,903	\$ 3,957,960
Other income	5,166	30,840	36,006
Interest income	232,413	190,249	422,662
Total Additions	2,318,636	2,097,992	4,416,628
<u>Deductions</u>			
Administrative expenses	69,128	56,088	125,216
Debt service	1,365,873	1,367,795	2,733,668
Total Deductions	1,435,001	1,423,883	2,858,884
Net Change in Net Position	883,635	674,109	1,557,744
Beginning Net Position	23,760,892	21,036,497	44,797,389
Ending Net Position	\$ 24,644,527	\$ 21,710,606	\$ 46,355,133

City of Crandall, Texas
BALANCE SHEET
DISCRETELY PRESENTED COMPONENT UNIT
September 30, 2024

	Crandall Economic Development Corporation
<u>Assets</u>	
Cash and cash equivalents	\$ 1,320,804
Receivables, net	307,943
Total Assets	\$ 1,628,747
 <u>Liabilities</u>	
Accounts payable and accrued liabilities	\$ 160,934
Due to primary government	24,343
Total Liabilities	185,277
 <u>Deferred Inflows of Resources</u>	
Lease related	230,618
Total Deferred Inflows of Resources	230,618
 <u>Fund Balances</u>	
Restricted for:	
Economic development	1,212,852
Total Fund Balance	1,212,852
Total Liabilities, Deferred Inflows, and Fund Balance	\$ 1,628,747

City of Crandall, Texas

RECONCILIATION OF THE DISCRETELY PRESENTED COMPONENT UNIT BALANCE SHEET TO THE STATEMENT OF NET POSITION

For the Year Ended September 30, 2024

Fund Balance	\$ 1,212,852
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Adjustments for the Statement of Net Position:

Capital assets used in governmental activities are not current financial resources and, therefore, not reported in the governmental funds.

Capital assets - non-depreciable	215,388
Capital assets - net depreciable	213,527

Deferred outflows (inflows) of resources, represent a consumption (acquisition) of net position that applies to a future period(s) and is not recognized as an outflow (inflow) of resources (expense/ expenditure)/(revenues) until then.

Pension outflows
Pension inflows
OPEB outflows
OPEB inflows

Some liabilities, including bonds payable and deferred charges, are not reported as liabilities in the governmental funds.

Bond premium	(1,333)
Non-current liabilities due in one year	(35,000)

Net Position of the Discretely Presented Component Unit	<u>\$ 1,605,434</u>
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City of Crandall, Texas

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE DISCRETELY PRESENTED COMPONENT UNIT

For the Year Ended September 30, 2024

	Crandall Economic Development Corporation
<u>Revenues</u>	
Sales tax	\$ 431,424
Rental income	53,484
Investment income	45,586
Other income	8,463
Total Revenues	538,957
<u>Expenditures</u>	
Current:	
Economic development	355,250
Debt service:	
Principal	30,000
Interest and fiscal charges	2,500
Total Expenditures	387,750
Revenues Over (Under) Expenditures	151,207
Net Change in Fund Balance	151,207
Beginning fund balance	1,061,645
Ending Fund Balance	\$ 1,212,852

City of Crandall, Texas
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF THE DISCRETELY PRESENTED
COMPONENT UNIT TO THE STATEMENT OF ACTIVITIES
For the Year Ended September 30, 2024

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

Net changes in fund balance	\$	151,207
<p>Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.</p>		
Depreciation expense		(9,080)
<p>Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.</p>		
Pension expense		(18,694)
OPEB expense		3,260
<p>The issuance of long-term debt (e.g., bonds, leases, certificates of obligation) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when they are first issued; whereas, these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.</p>		
Amortization of bond premium		2,476
Principal payments		30,000
Change in Net Position of the Discretely Presented Component Unit	\$	159,169

