ANNUAL FINANCIAL REPORT

Fiscal Year Ended September 30, 2022

City of Crandall, Texas

City Manager

Jerry Dean

CITY OF CRANDALL, TEXAS
ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022

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INTRODUCTORY SECTION

July 17, 2023

Honorable Mayor and City Council
City of Crandall
Crandall, Texas

Dear Mayor and Council Members:

The Annual Financial Report (AFR) of the City of Crandall, Texas, for the year ended September 30, 2022, is submitted herewith.

Management assumes full responsibility for the completeness and reliability of the information contained in this report, based upon a comprehensive framework of internal control that is established for this purpose. Because the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements.

Scott, Singleton, Fincher CPAs, P.C. have issued an unqualified ("clean") opinion on the City of Crandall's financial statements for the year ended September 30, 2022.

This letter of transmittal is designed to complement Management's Discussion and Analysis (MD&A) and should be read in conjunction with it. The City's MD&A can be found immediately following the independent auditors' report and provides a narrative introduction, overview and analysis of the basic financial statements.

GENERAL INFORMATION – CITY OF CRANDALL

The City of Crandall ("City") was incorporated in 1945 and currently has an estimated population of 5,000. The City operates under a Council-Manager form of government, with the Mayor and five Council members elected at large.

The City's major operations include police and fire protection through contract, planning, building inspections, finance, parks and recreation, public works, and general administrative services. In addition, the City owns and operates a water and sewer system.

ECONOMIC CONDITIONS AND OUTLOOK

The City of Crandall (2020 census-population of 4,752) is primarily a residential community located in Kaufman County, Texas. The City's proximity to the Dallas-Fort Worth Metropolitan Area and several major roadways, including Interstate 175, has helped spur recent residential and commercial development. The reported median family income level for Crandall is currently $94,619 and the average homestead value is $262,917. Crandall is seeing positive development in our Economy. We have several new housing developments as well as new annexations on the horizon. Several businesses have either relocated or opened due to the efforts of the Economic Development Corporation (EDC) and the competitive geography of the City. Steps are being taken to enhance the marketability of available property through master planning and/or consulting. The City maintains a close working relationship with the Kaufman County area Chamber and EDC to meet the demands of the real estate market.

The City has taken progressive steps to ensure its financial stability, health, and long-term viability. The City has been able to reduce the tax rate while stabilizing our revenue to hold an over 90-day cash reserve. We have initiated a one, three, five Year Plan that allows the Council to set and achieve short term and long-term goals. The City continues to act by adopting a balanced budget for FY 2022-2023 and for future fiscal years. Other improvements include achieving a second source of water with the City of Mesquite. We have completed a New Police and Fire Station which are now occupied. The City continues identifying and securing sub-standard housing for future land development and promoting and utilizing green technologies. A new Maintenance Barn has been built and is in operation.

The City of Crandall is committed to the goal of financial conservatism and through this philosophy the City will develop plans to ensure economic development, infrastructure maintenance, and utility efficiency. The City will continue to evaluate expenditures and reinvest revenues to ensure the City is operating at its peak efficiency.

The City of Crandall has a bright and exciting future. The City Administration, under the direction of the City Council, is committed to improving service delivery using diverse resources, instead of relying solely on property taxes and user fees.

MAJOR INITIATIVES

Looking forward to fiscal year 2023, the City expects to see moderate, but continued, growth in both retail and commercial. Housing starts will continue to outpace prior years with new school facilities and new retail increasing the desirability of the area.

As well, the city has adopted an Impact Fee Ordinance for capital improvements and will work that into the City's 1-3-5 Year Plan. The City is working with four Major Developments that will improve the commerce and attractiveness of the city.

The City is working with the Cities of Mesquite and Seagoville, in partnership with the North Texas Municipal Water District, to design and construct a sewer force main to the Lower East Fork Interceptor as well as a new water line from Mesquite to Crandall.

FINANCIAL INFORMATION

Accounting Procedures and Budgetary Controls

The City's accounting records for general government are maintained on a modified accrual basis, with revenues being recorded when available and measurable, and expenditures being recorded when the services or goods are received, and the liabilities are incurred. Accounting records for the City's water and sewer utility and other proprietary activities are maintained on the accrual basis.

The budgetary process begins each year with the preparation of both current and proposed year revenue estimates by the City Manager, and expenditure estimates by each City department. Budgets are reviewed by the City Manager who makes final decisions and submits a recommended budget to the City Council.

As part of each year's budget development process, departments are required to update expenditure estimates for the current fiscal year. These estimates are reviewed by the City Manager, City Auditor, and the City Council concurrent with review of the proposed budget. This re-estimated budget may require a supplemental appropriation and, if so, such supplemental appropriation is approved by ordinance adopted by the City Council prior to the end of the current fiscal year.

In an effort to stay within budget, the budget analyst reviews expenses monthly and provides each department head their department's expense report. Each department head reviews their reports and directs any questions to the budget analyst for further review. The budget analyst also provides the City Manager and the City Auditor a monthly P & L statement.

General Governmental Functions

Tax Rates All eligible property within the City is subject to assessment, levy, and collection by the City of a continuing, direct ad valorem tax sufficient to provide for the payment of principal and interest on outstanding bonds within the limits prescribed by law, and the payment of operation and maintenance costs as approved by the City Council. The City's tax rate history as adopted by the City Council is shown below:

	Tax Rate
2009-2010	.7410
2010-2011	.7457
2011-2012	.8263
2012-2013	.8263
2013-2014	.7900

2014-2015	.7600
2015-2016	.7600
2016-2017	.7600
2017-2018	.7600
2018-2019	.7600
2019-2020	.7600
2020-2021	.7600
2021-2022	.7600
2022-2023	.7300

OTHER INFORMATION

Independent Audit: The City of Crandall has engaged the firm of Scott, Singleton, Fincher, P.C. to perform the annual audit and their opinion has been included in this report. It should be noted that the auditors included all funds in their audit, performed their audit in accordance with generally accepted auditing standards, and stated that, in their opinion, the statements herein present fairly, in all material respects, the financial position of the City at September 30, 2022, and the changes in financial position and cash flows of its proprietary funds for the year then ended in conformity with accounting principles generally accepted in the United States of America.

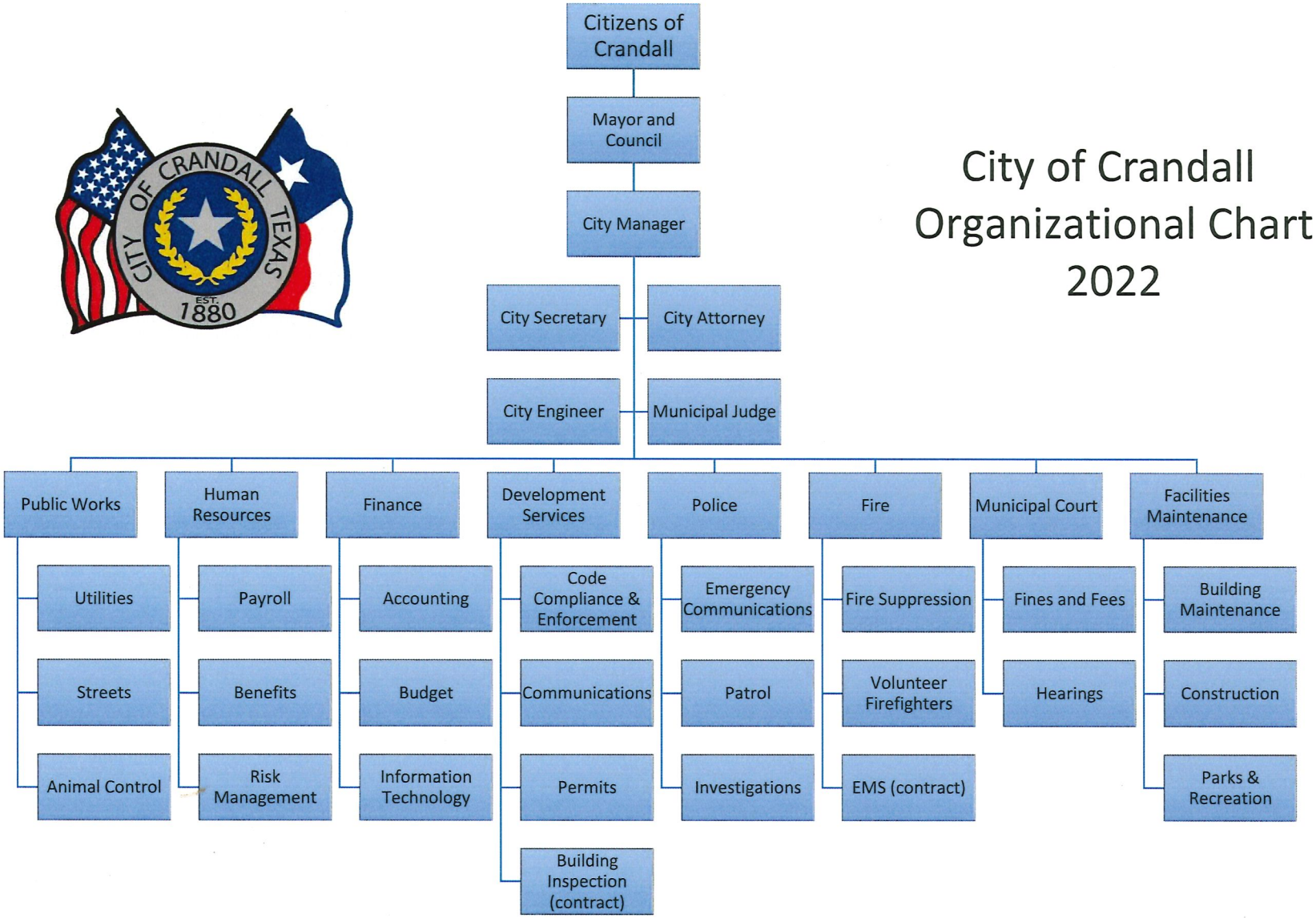
Acknowledgements
Many persons are responsible for the preparation of this report, and for the maintenance of records upon which it is based. Appreciation is expressed to the City employees throughout the organization who were instrumental in the successful completion of this report.

Our appreciation is also extended to the Mayor and City Council for providing the resources necessary to maintain the integrity of the City's financial affairs.

Respectfully submitted,

Jerry D. Dean
Interim City Manager
City of Crandall

City of Crandall Organizational Chart 2022



City of Crandall, Texas

City Council and City Staff
September 30, 2022

City Council

David Lindsey	Mayor
Tim Atkins	Mayor Pro Tem
Caleb Allen	Council member
Adam Holden	Council member
Scott Rogers	Council member
Katy Vaughan	Council member

City Manager

Jerry Dean

FINANCIAL SECTION

SCOTT, SINGLETON, FINCHER AND COMPANY, P.C.
CERTIFIED PUBLIC ACCOUNTANTS

4815-A KING STREET
TELEPHONE 903-455-4765
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GREENVILLE, TEXAS 75401

Member
Governmental Audit Quality Center

Members of:
American Institute of
Certified Public Accountants

Texas Society of
Certified Public Accountants

Independent Auditor's Report

To 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 as of and for the year ended September 30, 2022, and the related notes to the financial statements, which collectively comprise the City of Crandall, Texas' basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, and each major fund of the City of Crandall, Texas as of September 30, 2022, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

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 of Crandall, Texas' ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with generally accepted auditing standards, 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 of Crandall, Texas' 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 of Crandall, Texas' ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis; the budgetary comparison schedule; schedule of changes in net pension liability and related ratios; schedule of pension contributions; and schedule of changes in total OPEB liability and related ratios on pages 7-17 and pages 54-57 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

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

Scott, Singleton, Fincher and Company, PC

Scott, Singleton, Fincher and Company, PC
Certified Public Accountants
Greenville, Texas
July 14, 2023

REQUIRED SUPPLEMENTARY INFORMATION

MANAGEMENT DISCUSSION & ANALYSIS

CITY OF CRANDALL, TEXAS

MANAGEMENT DISCUSSION AND ANALYSIS

September 30, 2022

As management of the City of Crandall ("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, 2022. We encourage readers to read the information presented here in conjunction with additional information that we have furnished in the City's financial statements, which follow this narrative.

Financial Highlights

- The assets of the City exceeded its liabilities at the close of the fiscal year by $11,892,275 (net position). Of this amount, $833,547 is restricted for debt service expenditures, municipal court and police department use. The amount of unrestricted net position is $3,258,009, which may be used to meet the government's ongoing obligations to citizens and creditors.

- The government's total net position increased by $3,535,453 due to increases in both Governmental activities and Business-type activities.

- At the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of $2,220,664, an increase of $434,603 or 24.33% in comparison with the prior year. Increases in property tax revenues, sales tax revenues and charges for development services were the primary factor for the increase. Of this amount, 61%, or $1,346,281, is available for spending at the government's discretion (unassigned fund balance).

- At the end of the current fiscal year, unrestricted fund balance (the total of the committed, assigned, and unassigned components of fund balance) for the General Fund was $1,346,281, or 21%, of total General Fund expenditures.

- The City's outstanding long-term liabilities decreased by $613,992, or (7)%, during the current fiscal year.

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 the financial statements. The basic financial statements present two different views of the City through the use of government-wide statements and fund financial statements. In addition to the basic financial statements, this report contains other supplemental information that will enhance the reader's understanding of the financial condition of the City.

Basic Financial Statements

The first two statements (pages 19 – 21) in the basic financial statements are the **Government-wide Financial Statements**. They provide both short and long-term information about the City's financial status.

The next statements (pages 22 – 28) are **Fund Financial Statements**. These statements focus on the activities of the individual parts of the City's government. These statements provide more detail than the government-wide statements. There are two parts to the Fund Financial Statements: 1) the governmental fund statements; and 2) the proprietary fund statements.

The next section of the basic financial statements is the **notes** (pages 29 – 52). The notes to the financial statements explain in detail some of the data contained in those statements. After the notes, **required supplemental information** (pages 54 – 57) is provided to show details about the City's budgetary comparison schedule and pension plan.

Government-wide Financial Statements

The government-wide financial statements are designed to provide the reader with a broad overview of the City's finances, similar in format to a financial statement of a private-sector business. The government-wide statements provide short and long-term information about the City's financial status as a whole.

The Statement of Net Position presents information on all of the City of Crandall's assets and liabilities, with the difference between the two 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.

The Statement of Activities presents information showing how the City's net position changed during the most recent fiscal year. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid. 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 are reported in these statements for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave, if material value). Both the Statement of Net Position and the Statement of Activities are prepared utilizing the accrual basis of accounting as opposed to the modified accrual basis used in prior reporting methods.

The government-wide statements are divided into three categories: 1) governmental activities; 2) business-type activities; and 3) component units. The governmental activities include most of the City's basic services, such as general government, public safety, streets, municipal court, and public works. Property taxes, sales taxes and state and federal grant funds finance most of these activities. The business-type activities are those that the City charges a fee to customers to help it cover all or most of the cost of certain services it provides. The City's water, sewer, solid waste and golf course activity are reported as business-type activities. The final category is the component unit. The City includes one separate legal entity in its report – the Crandall Economic Development Corporation. Although legally separate, this "component unit" is important because the City is financially accountable for them.

The government-wide financial statements are on pages 19 - 21 of this report.

Fund Financial Statements

The fund financial statements provide a more detailed look at the City's most significant funds. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Some funds are required to be established by state law and by bond covenants. However, the City Council establishes many other funds to help it control and manage money for particular purposes or to show that it is meeting legal responsibilities for using certain taxes, grants, and other money. The City of Crandall, like all other governmental entities in Texas, uses fund accounting to ensure and reflect compliance (or non-compliance) with finance-related legal requirements, such as the General Statutes or the City's budget ordinance. All of the funds of the City can be divided into two categories: governmental funds and proprietary funds.

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 fiscal year. Such information may be useful in assessing a government'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 of Crandall has one governmental fund – the General Fund. Information is presented in the governmental fund Balance Sheet and in the governmental fund Statement of Revenues, Expenditures, and Changes in Fund Balances for the General Fund. The General Fund is the City's major governmental fund.

The City adopts an annual budget for its General Fund, as required by the General Statutes. The budget is a legally adopted document that incorporates input from the citizens of the City, the management of the City, and the decisions of the Council about which services to provide and how to pay for them. It also authorizes the City to obtain funds from identified sources to finance these current period activities. The budgetary schedule provided for the General Fund demonstrates how well the City complied with the budget ordinance and whether or not the City succeeded in providing the services as planned when the budget was adopted. The budgetary comparison schedule uses the budgetary basis of accounting and is presented using the same format, language, and classifications as the legal budget document. The schedule shows four columns: 1) original budget; 2) the final budget as amended by the Council; 3) the actual resources, charges to appropriations, and ending balances in the General Fund; and 4) the difference or variance between the final budget and the actual resources and charges.

The basic governmental fund financial statements can be found on pages 22-25 of this report. The Schedule of Revenues, Expenditures, and Changes in Fund Balance Budget and Actual can be found on page 54.

Proprietary Funds – The City charges customers for the services it provides. These services are generally reported in proprietary funds. Proprietary funds are reported in the same way all activities are reported in the Statement of Net Position and the Statement of Activities. In fact, the City's proprietary funds provide the same type of information as the government-wide financial statements, only in more detail, such as cash flows. The City has two major proprietary funds: the Utility Fund and the Golf Course Fund.

The basic proprietary fund financial statements can be found on pages 26-28 of this report.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements start on page 29 of this report.

Required Supplementary Information

In addition to the basic financial statements and accompanying notes, this report presents certain required supplementary information concerning the City's budgetary comparison information, as well as the City's progress in funding its obligation to provide pension benefits to its employees. This information is on pages 54 – 57 of this report.

The City of Crandall's Net Position

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2022	2021	2022	2021	2022	2021
Current and other assets	$ 3,645,149	$ 2,803,638	$ 3,339,836	$ 2,831,375	$ 6,984,985	$ 5,635,013
Net Pension Asset	288,914	150,984	75,368	38,486	364,282	189,470
Capital assets	9,074,890	8,779,376	5,841,984	4,115,091	14,916,874	12,894,467
Total assets	13,008,953	11,733,998	9,257,188	6,984,952	22,266,141	18,718,950
Deferred outflow - pension	220,512	128,033	57,588	32,635	278,100	160,668
Deferred outflow - OPEB	25,294	21,651	6,641	5,519	31,935	27,170
Total deferred outflows	245,806	149,684	64,229	38,154	310,035	187,838
Long-term liabilities	5,571,607	5,762,794	2,803,120	3,245,968	8,374,727	9,008,762
Total OPEB Liability	85,002	72,936	22,319	18,592	107,321	91,528
Other liabilities	1,405,142	1,010,515	476,269	314,735	1,881,411	1,325,250
Total liabilities	7,061,751	6,846,245	3,301,708	3,579,295	10,363,459	10,425,540
Deferred inflow - pension	252,876	95,518	64,447	24,347	317,323	119,865
Deferred inflow - OPEB	2,465	3,635	654	926	3,119	4,561
Total deferred inflows	255,341	99,153	65,101	25,273	320,442	124,426
Net position:						
Net investment in capital assets	3,696,475	3,242,249	4,104,244	2,030,829	7,800,719	5,273,078
Restricted	833,547	602,441			833,547	602,441
Unrestricted	1,407,645	1,093,594	1,850,364	1,387,709	3,258,009	2,481,303
Total net position	$ 5,937,667	$ 4,938,284	$ 5,954,608	$ 3,418,538	$ 11,892,275	$ 8,356,822

As noted earlier, net position may serve over time as one useful indicator of a government's financial condition. The net position of the City exceeded liabilities by $11,892,275 as of September 30, 2022. The City's net position increased by $3,535,453 for the fiscal year.

Net investment in capital assets:
A large portion of the City's total net position reflects the City's investment in capital assets (e.g. land, buildings, machinery and equipment) less any related debt still outstanding that was issued to acquire those items. 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 the outstanding related debt, the resources needed to repay that debt must be provided by other sources, since the capital assets cannot be used to liquidate these liabilities. The increase of $2,527,641 represents capital acquisitions and deletions, less current year depreciation, and the addition and/or retirement of related long-term debt.

Restricted net position:
The restricted net position of $833,547, or 7%, ot total net position represents resources that are subject to external restrictions on how they may be used, or restrictions by enabling legislation. The restricted net position is comprised of (a) $682,458 for debt service and, (b) $151,089 for other state imposed restrictions.

Unrestricted net position:
The amount of unrestricted net position is $3,258,009 which may be used to meet the government's ongoing obligations to citizens and creditors.

The City of Crandall's Changes in Net Position

	Governmental Activities		Business-type Activities		Total	
	2022	2021	2022	2021	2022	2021
REVENUES:						
Program Revenues:						
Charge for services	$ 3,365,115	$ 1,693,839	$ 3,148,327	$ 2,827,246	$ 6,513,442	$ 4,521,085
Operating grants and contributions	-	264,075	-	-	-	264,075
Capital grants and contributions	120,257	-	2,082,073		2,202,330	-
General Revenues:						
Property tax	2,246,361	2,001,166			2,246,361	2,001,166
Sales tax	973,963	790,044			973,963	790,044
Franchise tax	219,641	166,916			219,641	166,916
Investment income	26,125	17,916	816	1,182	26,941	19,098
Other	-	(12,967)			-	(12,967)
Total Revenues	6,951,462	4,920,989	5,231,216	2,828,428	12,182,678	7,749,417
EXPENSES:						
Program Expenses:						
General government	2,634,279	1,053,947			2,634,279	1,053,947
Public services	320,378	264,091			320,378	264,091
Public safety	2,256,837	1,942,195			2,256,837	1,942,195
Public works	475,845	344,776			475,845	344,776
Bond issuance costs	-	162,236			-	162,236
Interest and fiscal agent fees	107,540	146,486			107,540	146,486
Utility			2,796,957	2,646,438	2,796,957	2,646,438
Golf course			55,389	61,014	55,389	61,014
Total Expenses	5,794,879	3,913,731	2,852,346	2,707,452	8,647,225	6,621,183
Change in net position before transfers	1,156,583	1,007,258	2,378,870	120,976	3,535,453	1,128,234
Transfers	(157,200)	(189,127)	157,200	216,109	-	26,982
Change in net position	999,383	818,131	2,536,070	337,085	3,535,453	1,155,216
Net position, October 1	4,938,284	4,120,153	3,418,538	3,081,453	8,356,822	7,201,606
Prior Period Adjustment					-	-
Net position, September 30	$ 5,937,667	$ 4,938,284	$ 5,954,608	$ 3,418,538	$ 11,892,275	$ 8,356,822

Governmental activities increased net position by $999,383 and the amount increased $1,156,583 before transferring $157,200 to Business-type activities (primarily for Golf Course debt). This amount represents a larger increase in net position before transfers in comparison to 2021.

Business-type activities increased net position by $2,536,070 and the amount increased $2,378,870 before transfers of from the General Fund. By comparison, net position increased by $120,976 before transfers, and $337,085 after transfers in 2021. The change is related to capital contributions for infrastructure and increased operating revenues.

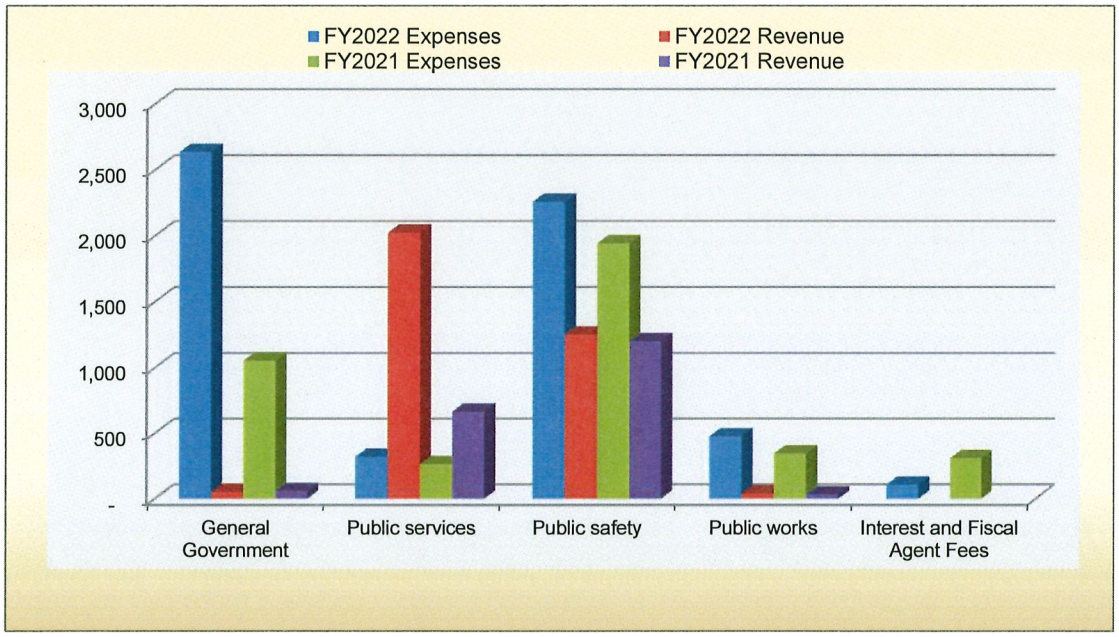
Governmental-type activities - Governmental-type activities increased the City's net position by $999,383. Key elements of this increase are as follows:

Governmental activities continued to generate more taxes and charges for services than expenditures before transfers to the business-type activities.

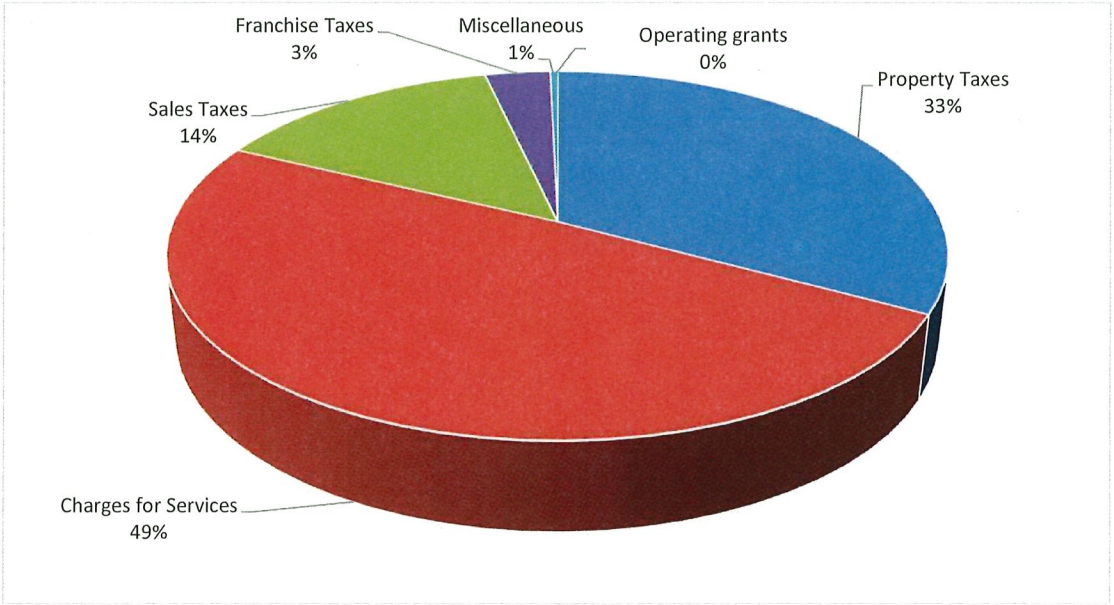
Governmental activities supplements payment of debt from business activities related to the golf fund.

Expenses and Program Revenues - Governmental Activities

(amounts expressed in thousands)



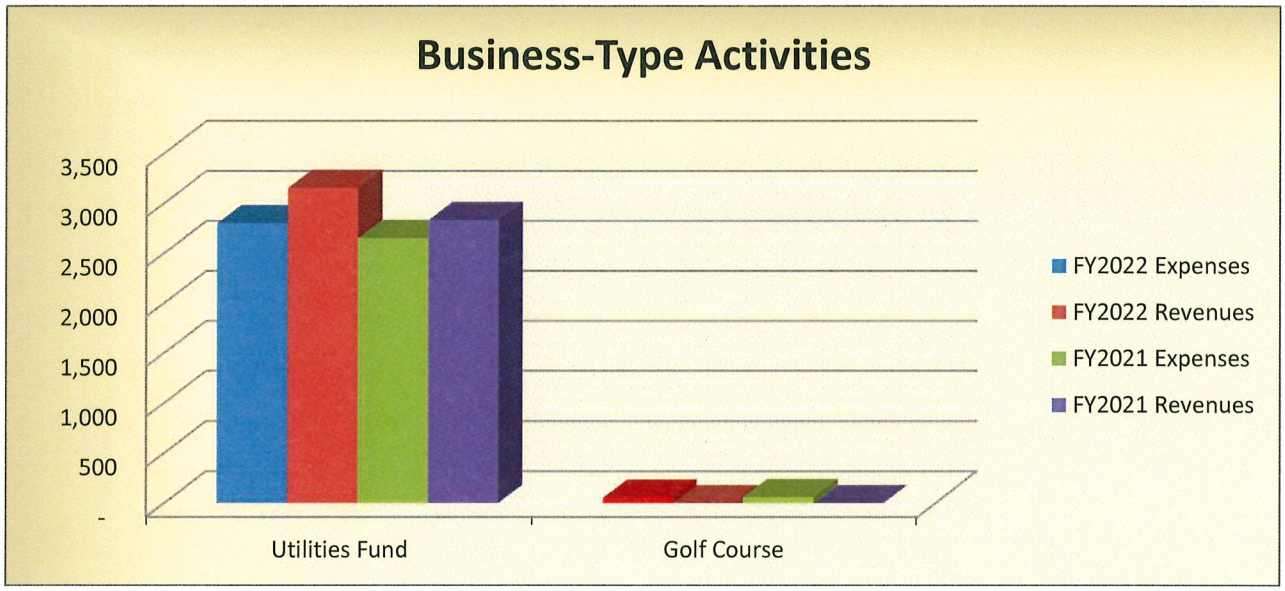
Revenues by Source - Governmental Activities



Business-type Activities - Business-type activities increased the City's net position by $2,536,070. Key elements of business-type activities are:

Program revenues in the utility activity increased by $321,081 or 11%.
The City received $2,082,073 in grants and capital contributions.
The General Fund transferred $157,200 to the Golf Fund. This transfer was for payments on Golf Course debt.

Expenditures and Program Revenues - Business-type Activities
(amounts expressed in thousands)



Financial Analysis of the City's Funds

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

Governmental Funds

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

At September 30, 2022, the City's General Fund reported total fund balance of $2,220,664, a 24.4% increase over prior year fund balance of $1,786,061. The components of total fund balance are as follows:

- Restricted fund balance, $833,547, consists of amounts restricted by external laws or contractual obligations as follows: $682,458 for debt service, $51,774 for court use, and $99,315 for police use.
- Assigned fund balance of $40,836, represents residual fund balance intended for use by special revenue funds, including the park and fire departments.
- Unassigned fund balance, $1,346,281, represents residual available fund balances that have not been restricted, committed, or assigned by management, City Council, or otherwise.

General Fund - The General Fund is the chief operating fund of the City. At the end of the current fiscal year, unassigned fund balance of the General Fund was $1,346,281, compared to $1,142,784 at the end of the prior fiscal year. As a measure of the General Fund's liquidity, it may be useful to compare the unassigned fund balance to total fund expenditures. Unassigned fund balance represents 21% of total General Fund expenditures.

The increase in fund balance is after the transfer to the golf fund that will occur yearly until the debt of the golf fund is completely paid off. As in previous years, the fund balance is reduced by this transfer of $157,200.

Proprietary Funds

The City's proprietary fund statements provide essentially the same type of information found in the government-wide statements, but in more detail. Unrestricted net position of the proprietary funds at the end of the fiscal year was $1,850,364. This is an improvement of $462,655 over last year's unrestricted net position. This improvement is due to the positive results in the utility fund and depreciation of assets causing a further allocation of fund balance to unrestricted.

At the end of the year, the Golf Course Fund existed to finish paying the debt remaining from the Golf Course. The Golf Course was sold in 2009 and the debt remaining from purchasing, maintaining and selling the Golf Course was $1,043,988.

Capital Assets and Debt Administration

Capital assets - The City of Crandall's investment in capital assets for its governmental and business-type as of September 30, 2022, totals $14,916,874 (net of accumulated depreciation). This investment in capital includes buildings, roads, land, improvements and infrastructure, and machinery and equipment.

Major capital asset events occurred during 2022 as follows:

- Kingsborough and Rosehill projects were acquired.
- Street improvements to Lone Star Drive and Trunk Street were performed.

Capital Assets
September 30, 2022 and 2021
(net of depreciation)

	Governmental Activities		Business-type Activities		Total	
	2022	2021	2022	2021	2022	2021
Land	$ 376,937	$ 376,937	$ 46,190	$ 46,190	$ 423,127	$ 423,127
Construction in progress	-	-	11,731	-	11,731	-
Buildings	3,657,375	3,755,932	773,851	166,182	4,431,226	3,922,114
Improvements	421,960	304,248	4,743,311	3,666,459	5,165,271	3,970,707
Intangible	-	25,502	-	-	-	25,502
Infrastructure	4,224,357	4,040,575	-	-	4,224,357	4,040,575
Vehicles, Machinery & Equip.	394,261	276,182	266,901	236,260	661,162	512,442
Total	$ 9,074,890	$ 8,779,376	$ 5,841,984	$ 4,115,091	$ 14,916,874	$ 12,894,467

More detailed information about the City's capital assets is presented in Note E to the financial statements.

Long-term Debt - As of September 30, 2022, the City had total long-term obligations outstanding of $8,482,048 a decrease of ($613,992), or (7%), in comparison with the prior year.

Long Term Obligations
September 30, 2022 and 2021

	Governmental Activities		Business-type Activities		Total	
	2022	2021	2022	2021	2022	2021
General Obligation Bonds (backed by tax revenues)	$ 4,425,000	$ 4,530,000	$ 2,530,000	$ 2,880,000	$ 6,955,000	$ 7,410,000
Unamortized Bond Premium or (Discount)	730,293	802,548	121,238	170,708	851,531	973,256
Deferred gain on refunding	40,958	67,425			40,958	67,425
Direct Loans - Notes Payable	182,164	137,154	130,490	179,353	312,654	316,507
Total OPEB Liability	85,002	72,936	22,319	18,592	107,321	91,528
Compensated Absences	193,192	221,417	21,392	15,907	214,584	237,324
Total	$ 5,656,609	$ 5,831,480	$ 2,825,439	$ 3,264,560	$ 8,482,048	$ 9,096,040

During 2021 the City issued $6,335,000 of bonds at a premium to refund bonds with a par value of $7,060,000. refunding resulted in an economic gain of $123,021 (the difference in the present value of the old debt compared to the present value of the new debt).

Budgetary Highlights

General Fund Budgetary Highlights:

Revenues exceeded the budgeted amounts in 2022 mainly in the areas of other taxes and charges for services. Expenditure was slightly higher than the overall budgeted expenditure mainly due to increased costs paid out to EDC due to the increased revenue and needed COLA adjustments to remain competitive.

Economic Factors and Next Year's Budgets and Rates

The proposed budget for the governmental type funds for FY 2022-2023 nets to ($438,437) before transfers. Increased police services and operating costs associated with growth are driving total expenditures budgeted to be increased by $1,606,560 over the prior year.

The budget does include a Finance Administrator for the City along with a substantial raise for the Police of 10.5% and a 5% COLA for all other staff. The budget contemplates repairs on the wastewater treatement plant, drainage projects, and road infrastructure maintenance.

The tax rate calculation is .073 per $100 valuation.

We anticipate an increase in revenue in property taxes as well as an increase in sales tax.

Requests for Information

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

BASIC FINANCIAL STATEMENTS

City of Crandall, Texas
Statement of Net Position
September 30, 2022

	Primary Government			
	Governmental Activities	Business-type Activities	Total	Component Unit
ASSETS				
Cash and cash equivalents	$ 2,158,018	$ 2,548,611	$ 4,706,629	$ 845,219
Investments	201,476		201,476	
Taxes receivable, net	311,844		311,844	
Receivables, net	138,707	384,270	522,977	
Lease Receivable			-	322,037
Prepaid expense		14,835	14,835	
Due from primary government				30,208
Internal Balances	(39,505)	39,505	-	
Inventories		25,668	25,668	
Restricted Assets:				
Cash and cash equivalents	874,609	326,947	1,201,556	
Net pension asset	288,914	75,368	364,282	12,548
Capital Assets:				
Non-depreciable	376,937	57,921	434,858	215,388
Depreciable, net	8,697,953	5,784,063	14,482,016	231,685
Total Assets	13,008,953	9,257,188	22,266,141	1,657,085
Deferred Outflows of Resources				
Deferred outflows related to pensions	220,512	57,588	278,100	9,836
Deferred outflows related to OPEB	25,294	6,641	31,935	1,269
Total Deferred Outflows of Resources	245,806	64,229	310,035	11,105
LIABILITIES				
Accounts payable	308,286	292,843	601,129	-
Accrued salaries and benefits	55,267	47,984	103,251	
Accrued interest payable	25,788	14,651	40,439	492
Deferred grant revenue	985,593		985,593	
Customer deposits payable		120,791	120,791	
Due to component unit	30,208		30,208	
Noncurrent Liabilities:				
Due within one year:				
Compensated absences	48,298	21,392	69,690	
Bonds & notes payable	197,557	425,817	623,374	35,000
Due in more than one year:				
Compensated absences	144,894		144,894	
Bonds and notes payable	5,180,858	2,355,911	7,536,769	72,618
Total OPEB liability	85,002	22,319	107,321	4,268
Total Liabilities	7,061,751	3,301,708	10,363,459	112,378
Deferred Inflows of Resources				
Deferred inflows related to pensions	252,876	64,447	317,323	4,909
Deferred inflows related to OPEB	2,465	654	3,119	154
Deferred inflows related to lease receivable				322,037
Total Deferred Inflows of Resources	255,341	65,101	320,442	327,100
NET POSITION				
Net investment in capital assets	3,696,475	4,104,244	7,800,719	339,455
Restricted for:				
Debt Service	682,458		682,458	
Municipal court use	51,774		51,774	
Police	99,315		99,315	
Unrestricted	1,407,645	1,850,364	3,258,009	889,257
Total Net Position	$ 5,937,667	$ 5,954,608	$ 11,892,275	$ 1,228,712

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

City of Crandall, Texas
Statement of Activities
Year Ended September 30, 2022

		Program Revenues		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Function/Program Activities				
Primary Government				
Governmental Activities:				
General government	$ 2,634,279	$ 52,413	$ -	$ -
Public services	320,378	2,022,976		
Public safety	2,256,837	1,249,944		120,257
Public works	475,845	39,782		
Interest on Long-Term Debt	107,540			
Total governmental activities	5,794,879	3,365,115	-	120,257
Business-type Activities:				
Utility	2,796,957	3,148,327		2,082,073
Golf Course	55,389			
Total business-type activities	2,852,346	3,148,327	-	2,082,073
Total primary government	8,647,225	6,513,442	-	2,202,330
Component unit:				
Economic Development	152,499	40,500	-	-
Total component unit	$ 152,499	$ 40,500	$ -	$ -

General revenues:
Property taxes
Sales taxes
Franchise taxes
Investment income
Transfers
Total general revenues and transfers
Change in net position
Net position - beginning
Net position - ending

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

Net (Expense) Revenue and Changes in Net Position			
Primary Government			
Governmental Activities	Business Activities	Total	Component Unit
$ (2,581,866)	$ -	$ (2,581,866)	$ -
1,702,598		1,702,598	
(886,636)		(886,636)	
(436,063)		(436,063)	
(107,540)		(107,540)	
(2,309,507)	-	(2,309,507)	-
	2,433,443	2,433,443	-
	(55,389)	(55,389)	-
-	2,378,054	2,378,054	-
(2,309,507)	2,378,054	68,547	-
-	-	-	(111,999)
$ -	$ -	$ -	$ (111,999)
$ 2,246,361	$ -	$ 2,246,361	$ -
973,963		973,963	322,590
219,641		219,641	
26,125	816	26,941	
(157,200)	157,200	-	-
3,308,890	158,016	3,466,906	322,590
999,383	2,536,070	3,535,453	210,591
4,938,284	3,418,538	8,356,822	1,018,121
$ 5,937,667	$ 5,954,608	$ 11,892,275	$ 1,228,712

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

City of Crandall, Texas
Balance Sheet - Governmental Funds
September 30, 2022

	General Fund	Total
ASSETS		
Cash and cash equivalents:		
Unrestricted	$ 2,158,018	$ 2,158,018
Restricted	874,609	874,609
Investments	201,476	201,476
Receivables, net of allowances		
Taxes	311,844	311,844
Court fines	11,164	11,164
Other	127,543	127,543
Due from other funds	42,632	42,632
Total Assets	3,727,286	3,727,286
LIABILITIES		
Accounts Payable	308,286	308,286
Accrued Payroll	55,267	55,267
Deferred grant revenue	985,593	985,593
Due to other funds	82,137	82,137
Due to component unit	30,208	30,208
Total Liabilities	1,461,491	1,461,491
DEFERRED INFLOWS OF RESOURCES		
Unavailable property taxes	45,131	45,131
Total Deferred Inflows of Resources	45,131	45,131
FUND BALANCES		
Restricted for:		
Debt Service	682,458	682,458
Municipal Court	51,774	51,774
Police	99,315	99,315
Assigned to:		
Park	26,793	26,793
Fire equipment	14,043	14,043
Unassigned	1,346,281	1,346,281
Total Fund Balances	2,220,664	2,220,664
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	$ 3,727,286	$ 3,727,286

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

City of Crandall, Texas
Reconciliation of the Governmental Funds Balance Sheet
To the Statement of Net Position
September 30, 2022

Total fund balances - governmental funds balance sheet	$ 2,220,664
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	9,074,890
Long-term debt, (bonds and notes payable), are not due and payable in the current period and, therefore, are not reported in the fund financial statements.	(5,378,415)
Accrued interest expense is not included in the funds. Interest expense is recorded in the fund statements when due.	(25,788)
Accrued liabilities for compensated absences are not expected to be paid out of current resources so they are not recorded in governmental funds.	(193,192)
Long term items associated with the City's net pension asset $288,914 and total OPEB liability ($85,002) do not require the use of current financial resources and therefore are not recorded in governmental funds.	203,912
Deferred outflows represent a consumption of net position that applies to future periods and, therefore, will not be recognized as an outflow of resources until then. Deferred outflows related to pensions ($220,512) and deferred outflows related to OPEB ($25,294) are not recorded in governmental funds.	245,806
Deferred inflows represent resources that apply to future periods and, therefore, will not be recognized as an inflow of resources until that time. Deferred inflows related to pensions ($252,876) and deferred inflows related to OPEB ($2,465) are not recorded in governmental funds.	(255,341)
Revenues that are not collected within the 60 day measurable and available time period after year end are reflected as a deferred inflow in the the funds but are recognized using the full accrual method in the statement of net position.	45,131
Net position - governmental activities	$ 5,937,667

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

City of Crandall, Texas
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
Year Ended September 30, 2022

	General Fund	Total
REVENUE		
Taxes:		
Property, including P&I	$ 2,234,080	$ 2,234,080
Sales tax	973,963	973,963
Franchise	219,641	219,641
Development fees and permits	2,022,976	2,022,976
Fines and Fees	193,382	193,382
Zoning variance fees	39,782	39,782
Charges for Services	1,056,562	1,056,562
Other	52,413	52,413
Interest income	26,125	26,125
Total Revenues	6,818,924	6,818,924
EXPENDITURES		
Current Operating:		
General government	2,631,034	2,631,034
Public safety	2,118,956	2,118,956
Public service	322,232	322,232
Public works	285,441	285,441
Capital Outlay	719,213	719,213
Debt Service:		
Principal	162,639	162,639
Interest	206,263	206,263
Total Expenditures	6,445,778	6,445,778
Excess (deficiency) of revenues over (under) expenditures	373,146	373,146
OTHER FINANCING SOURCES AND (USES)		
Proceeds from Notes Payable	98,400	98,400
Capital Contributions	120,257	120,257
Transfers out	(157,200)	(157,200)
Total Other Financing Sources (uses)	61,457	61,457
Net change in Fund Balances	434,603	434,603
Fund Balance, Beginning	1,786,061	1,786,061
Fund Balance, Ending	$ 2,220,664	$ 2,220,664

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

City of Crandall, Texas
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds To the Statement of Activities
Year Ended September 30, 2022

Net change in fund balance - statement of revenues, expenditures and changes in fund balances - governmental funds	$ 434,603
Amounts reported for governmental activities in the statement of activities are different because:	
Current year capital outlays are expenditures in the fund financial statements, but these are shown as an increase in capital assets in the government-wide financial statements. This is the amount of capital outlay during the year.	719,213
Proceeds from the sale of capital assets are recorded as other financing sources in the funds, however, in the statement of activities gain or loss on the sales is reported. The two amounts are different by the net book value of the assets that were sold.	-
Depreciation expense on capital assets is reported in the government-wide statement of activities and changes in net position, but they do not require the use of current financial resources; therefore, depreciation expense is not reported as an expenditure in the governmental funds. This is depreciation expense for the year.	(423,699)
The issuance of long-term debt (bonds, notes) provides current financial resources to governmental funds, but are recorded directly to the Statement of Net Position in the government-wide financial statements. This is the amount of debt issued for the year.	(98,400)
Governmental funds report the effect of premiums and discounts when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount represents the amortization of premiums and discounts for the year.	98,723
Current year long-term debt principal payments on bonds payable and notes payable are expenditures in the fund financial statements but are shown as a reduction in long-term debt in the statement of net position.	162,639
Governmental funds record interest expense when it is due. The government-wide statements record interest expense on the accrual basis. This represents the change in accrued interest for the year.	-
Changes to vacation and sick liabilities are not recorded in the fund statements. This is the change in the compensated absence liability for the year.	28,225
In governmental fund financial statements, property taxes are recognized as revenue on a modified accrual basis. Government-wide financial statements recognize property tax revenues on the full accrual basis. This is the difference in the two methods.	12,281
Changes in long-term liabilities related to the net pension liability are not due and payable out of current resources, and, therefore, are not reported in governmental funds.	73,051
Changes in long-term liabilities related to OPEB are not due and payable out of current resources, and, therefore, are not reported in governmental funds.	(7,253)
Change in net position - governmental activities	$ 999,383

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

City of Crandall, Texas
Statement of Fund Net Position
Proprietary Funds
September 30, 2022

	Utilities	Golf Course	Total
ASSETS			
Current Assets:			
Cash and cash equivalents	$ 2,548,611	$ -	$ 2,548,611
Receivables, net of allowance for uncollectibles	384,270		384,270
Due from other funds	99,663		99,663
Prepaid Expenses and other assets	14,835		14,835
Restricted Assets:			
Cash and cash equivalents	326,947		326,947
Inventory	25,668		25,668
Total current assets	3,399,994	-	3,399,994
Noncurrent assets:			
Net pension asset	75,368		75,368
Capital assets:			
Non-depreciable:			
Land	46,190		46,190
Construction in Progress	11,731		11,731
Depreciable capital assets, net	5,784,063		5,784,063
Total capital assets, net	5,841,984	-	5,841,984
Total Assets	9,317,346	-	9,317,346
Deferred Outflows of Resources			
Deferred outflows related to pensions	57,588		57,588
Deferred outflows related to OPEB	6,641		6,641
Total Deferred Outflows of Resources	64,229	-	64,229
LIABILITIES			
Current Liabilities:			
Accounts payable	292,843		292,843
Accrued salaries and benefits	47,984		47,984
Due to General Fund	58,070	2,088	60,158
Compensated absences	21,392		21,392
Current liabilities payable from unrestricted assets	420,289	2,088	422,377
Current liabilities payable from restricted assets:			
Accrued interest payable	8,138	6,513	14,651
Customer deposits payable	120,791		120,791
Bonds and notes payable	305,817	120,000	425,817
Current liabilities payable from Restricted Assets	434,746	126,513	561,259
Total current liabilities	855,035	128,601	983,636
Non-current Liabilities:			
Bonds and notes payable	1,431,923	923,988	2,355,911
Total OPEB liability	22,319		22,319
Total Non-current Liabilities	1,454,242	923,988	2,378,230
Total Liabilities	2,309,277	1,052,589	3,361,866
Deferred Inflows of Resources			
Deferred inflows related to pensions	64,447		64,447
Deferred inflows related to OPEB	654		654
Total Deferred Inflows of Resources	65,101	-	65,101
NET POSITION			
Net investment in capital assets	4,104,244		4,104,244
Unrestricted	2,902,953	(1,052,589)	1,850,364
Total Net Position	$ 7,007,197	$ (1,052,589)	$ 5,954,608

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

City of Crandall, Texas
Statement of Revenues, Expenses, and Changes
In Fund Net Position - Proprietary Funds
Year Ended September 30, 2022

	Utilities	Golf Course	Total
OPERATING REVENUES:			
Charges for services	$ 3,148,327	$ -	$ 3,148,327
Total operating revenues	3,148,327	-	3,148,327
OPERATING EXPENSES:			
Personnel	567,186		567,186
Supplies and maintenance	284,301		284,301
Water operations-NTMWD	652,739		652,739
Sanitation services	262,933		262,933
Utilities	64,314		64,314
Services	510,408		510,408
Depreciation and amortization	423,081		423,081
Total operating expenses	2,764,962	-	2,764,962
Operating income (loss)	383,365	-	383,365
NON-OPERATING REVENUES (EXPENSES):			
Interest on investments	816		816
Interest expense	(31,995)	(55,389)	(87,384)
Total nonoperating revenue (expenses)	(31,179)	(55,389)	(86,568)
Income (loss) before transfers	352,186	(55,389)	296,797
Capital contribution/grants	2,082,073		2,082,073
Transfers	-	157,200	157,200
Change in net position	2,434,259	101,811	2,536,070
Total net position - beginning	4,572,938	(1,154,400)	3,418,538
Total net position - ending	$ 7,007,197	$ (1,052,589)	$ 5,954,608

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

City of Crandall, Texas
Statement of Cash Flows
Proprietary Funds
Year Ended September 30, 2022

	Utilities	Golf Course	Total
Cash Flows from Operating Activities			
Cash Received from Customers	$ 3,146,587	$ -	$ 3,146,587
Cash Paid to Employees	(569,156)		(569,156)
Cash Paid to Suppliers	(1,630,443)		(1,630,443)
Net cash provided (used) by operating activities	946,988	-	946,988
Cash Flows from Noncapital Financing Activities			
Change in customer deposits	5,335		5,335
Operating transfers from other funds		157,200	157,200
Net cash provided by noncapital financing activities	5,335	157,200	162,535
Cash Flows from Capital and Related Financing Activities			
Acquisition and construction of capital assets	(2,149,974)		(2,149,974)
Capital contributions	2,082,073		2,082,073
Principal paid on bonds	(297,659)	(115,000)	(412,659)
Principal paid on notes payable	(48,863)		(48,863)
Interest	(31,995)	(42,200)	(74,195)
Net cash provided (used) by capital & related financing activities	(446,418)	(157,200)	(603,618)
Cash Flows from Investing Activities			
Interest Income	816		816
Net cash provided by investing activities	816	-	816
Net increase (decrease) in cash and cash equivalents	506,721	-	506,721
Cash and Cash Equivalents - Beginning of Year	2,368,837		2,368,837
Cash and Cash Equivalents - End of Year	$ 2,875,558	$ -	$ 2,875,558
Reconciliation of operating income to net cash provided by operating activities:			
Operating Income (Loss)	$ 383,365	$ -	$ 383,365
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation and amortization	423,081		423,081
Changes in Assets and Liabilities:			
(Increase) decrease in assets:			
Accounts receivable	(1,740)		(1,740)
Increase (decrease) in liabilities:			
Accounts payable	144,252		144,252
Accrued salaries	17,432		17,432
Net pension asset	(36,882)		(36,882)
Total OPEB liability	3,727		3,727
Deferred inflows/outflows related to pensions and OPEB	13,753		13,753
Total adjustments	563,623	-	563,623
Net Cash Provided (Used) by Operating Activities	$ 946,988	$ -	$ 946,988

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

A. Summary of Significant Accounting Policies

The financial statements of the City of Crandall, Texas ("City") have been prepared in conformity with accounting principles generally accepted in the United States of America ("GAAP"). The Governmental Accounting Standards Board ("GASB") is the accepted standard setting body for establishing governmental accounting and financial reporting principles.

The accounting and reporting policies of the City relating to the funds included in the accompanying basic financial statements conform to accounting principles generally accepted in the United States of America ("GAAP") applicable to to state and local governments. Generally accepted accounting principles for local governments include those principles prescribed by the Governmental Accounting Standards Board ("GASB"), the American Institute of Certified Public Accountants in the publication entitled State and Local Governments-Audit and Accounting Guide and by the Financial Accounting Standards Board, when applicable. The more significant accounting policies of the City are described below:

1. Financial Statement Presentation

The basic financial statements are prepared in conformity with GASB Statement No. 34 which requires the government-wide financial statements to be prepared using the accrual basis of accounting and the economic resources measurement focus. Government-wide financial statements do not provide information by fund, but the City's governmental activities, business-type activities, and activities of its discretely presented component unit on the Statement of Net Position and Statement of Activities. The City's Statement of Net Position includes both noncurrent assets and noncurrent liabilities of the City. In addition, the government-wide Statement of Activities reflects depreciation expense on the City's capital assets, including infrastructure.

In addition to the government-wide financial statements, the City has prepared fund financial statements, which use the modified accrual basis of accounting and the current financial resources measurement focus for the governmental funds. The accrual basis of accounting is utilized by proprietary funds. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred.

The City also presents Management's Discussion and Analysis which includes an analytical overview of the City's financial activities. In addition, a budgetary comparison schedule is presented as required supplementary information that compares the original adopted and final amended General Fund budget with actual results.

2. Reporting Entity

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. It also has the primary accountability for fiscal matters. Therefore, the City is a financial reporting entity as defined in GASB Statement No. 14, "The Financial Reporting Entity," as amended by GASB 39 "Determining Whether Certain Organizations are Component Units".

Under GASB 14, component units are organizations for which the City is financially accountable and all other organizations for which the nature and significance of their relationship with the City are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. Financial accountability exists if the City appoints a voting majority of an organization's governing board and is either able to impose its will on that organization or there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the City. The City may be financially accountable for governmental organizations with a separately elected governing board, a governing board appointed by another government, or a jointly appointed board that is fiscally dependent on the City. The financial statements of the component units may be discretely presented in a separate column from the primary government or blended with the financial statements of the primary government. GASB 39 added clarification to GASB 14 by including entities which meet all three of the following requirements:

1. The economic resources received or held by the separate organization are entirely for the direct benefit of the primary government, its component units, or its constituents.

2. The primary government, or its component units, is entitled to, or has the ability to otherwise access, a majority of the economic resources received or held by the separate organization.

3. The economic resources received or held by an individual organization that the primary government, or its component units, is entitled to, or has the ability to other access, are significant to the primary government.

A. Summary of Significant Accounting Policies (continued)

2. Reporting Entity (continued)

In addition, GASB Statement No. 61 considers an organization that does not meet the financial accountability criteria may be included as a component unit if management's professional judgment determines it to be necessary and misleading if omitted. This evaluation includes consideration of whether a financial benefit or burden exists in the relationship between the entities. Management has not identified any additional organizations that fit this criteria.

The financial statements of the following component unit are "discretely presented" in the accompanying report because(i) their governing boards are not substantially the same as the governing body of the City, or (ii) the component unit provides services entirely or almost entirely to the citizenry and not the City.

Discretely presented component unit. 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.

The financial statements are formatted to allow the user to clearly distinguish between the primary government and its discretely presented component unit.

3. Government-wide and Fund Financial Statements

The basic financial statements include both government-wide (based on the City as a whole) and fund financial statements; the focus is either the City as a whole or major individual funds (within the fund financial statements). The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all of the nonfiduciary activities of the primary government and its component unit. As a general rule, the the effect of interfund activity has been eliminated from the government-wide financial statements. Elimination of these these charges would distort the direct costs reported for the various functions concerned. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable. accountable.

The government-wide Statement of Activities demonstrates the degree to which the direct expenses of a functional category (Public Works, Public Service, etc.) or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or program. Program revenues include: a) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or program, b) grants and contributions that are restricted to meeting the operational requirements of a particular function or program, and c) grants and contributions that are restricted to meeting the capital requirements of a particular function or program. Taxes and other items not properly included among program revenues are reported instead as general revenues.

The net cost (by function or business-type activity) is normally covered by general revenue (property and sales taxes, franchise fees, and interest income).

Separate fund financial statements are provided for in the governmental funds and proprietary funds. Major individual government funds and major individual proprietary funds are reported as separate columns in the fund financial statements. The major governmental fund is the General Fund. The major proprietary funds are the Utility Fund and Golf Course Fund. GASB Statement No. 34 sets forth minimum criteria (percentage of assets, liabilities, revenues or expenditures/expenses of either fund category for the governmental and proprietary combined) for the determination of major funds.

The government-wide focus is more on the sustainability of the City as an entity and the change in aggregate financial position resulting from the activities of the fiscal period. The focus of the fund financial statements is on major individual funds of the governmental and proprietary categories. Each presentation provides valuable information that can be analyzed and compared to enhance the usefulness of the information.

4. Measurement Focus, Basis of Accounting

Measurement focus refers to what is being measured; basis of accounting refers to when revenues and expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurement made, regardless of the measurement focus applied.

A. Summary of Significant Accounting Policies

4. Measurement Focus, Basis of Accounting (continued)

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund statements. The economic resources measurement focus means all assets and liabilities (whether current or noncurrent) are included on the Statement of Net Position and the operating statements present increases (revenues) and decreases (expenses) in total net position. Under the accrual basis of accounting, revenues are recognized when earned, including unbilled water and sewer services which are accrued. Expenses are recognized at the time the liability is incurred.

Governmental fund level financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual, in other words, as soon as 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 the obligation has matured and is due and payable shortly after year end.

Ad valorem taxes, charges for services, franchise and sales tax revenues recorded in the General Fund are recognized under the susceptible to accrual concept. Licenses and permits, fines and forfeitures, contributions, and miscellaneous revenues are recorded as revenues when received in cash, as the resulting receivable is not measureable. Investment earnings are recorded as earned since they are measurable and available. In applying the susceptible to accrual concept to intergovernmental revenues, the legal and contractual requirements of the numerous individual numerous individual programs are used as guidance. Intergovernmental grant revenues are recognized when all eligibility requirements have been met.

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

Business-type activities and all proprietary funds are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the Statement of Net Position. Proprietary fund-type operating statements present increases (revenues) and decreases (expenses) in total net position. Proprietary funds distinguish operating revenues and nonoperating items. Operating revenues and expenses generally result from providing services and producing expenses from and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating sales and revenues of the City's water, sewer, and environmental waste services are charges to customers for services. Operating expenses for the proprietary funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

The following major funds are used by the City:

a. Governmental Funds:

The focus of Governmental Fund measurement (in the Fund Financial Statements) is designed to present a flow of current resources, rather than to present net income. Following is a description of the City's major governmental funds:

The *General Fund* is the general operating fund of the City. It is used to account for all financial resources except those required to be accounted for in another fund.

b. Proprietary Funds:

The focus of Proprietary Funds measurement is upon determination of operating income, changes in net position, financial position, and cash flows, which is similar to a business. The following is a description of the major Proprietary Funds of the City:

The *Utility 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.

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.

A. Summary of Significant Accounting Policies (continued)

5. Financial Statement Amounts

a. Cash and Cash Equivalents

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.

The City pools cash from all fund types (excluding certain restricted assets that are considered cash and cash equivalents) to increase the amount of funds available for investment. Investments held by the City that have a remaining maturity of greater than one year from purchase are carried at fair value. Interest earnings are allocated to the respective funds based upon each fund's relative balance in the pool. Each fund may liquidate its equity in the pool on demand.

b. Receivable and Payable Balances

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (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." 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, as reported in the fund financial statements, are offset by a fund balance reserve account in applicable governmental funds to indicate that they are not available for appropriation and not expendable available financial resources.

All trade and property tax receivables are shown net of an allowance for uncollectibles. Trade accounts receivable in excess of sixty days comprise the trade accounts receivable allowance for uncollectibles. The property tax receivable allowance for uncollectibles is the lesser of a) .2 percent of the tax levy for each fiscal year or b) the outstanding property taxes for each fiscal year.

c. Property Taxes

Property tax is levied each October 1 on the assessed value listed as of the prior January 1 for all real and personal property located in the City. Assessed value represents the appraisal value less applicable exemptions authorized by the City Council. The Appraisal Board of Review establishes appraised values at 100% for estimated market value. A tax lien attaches to the property on January 1 of each year, to secure the payment of all taxes, penalties, and interest ultimately imposed for the year on that property, whether or not the taxes are imposed in the year the lien attaches.

Taxes are due October 1 immediately following the levy date and are delinquent after the following January 31st. Revenues are recognized as the related ad valorem taxes are collected. Additional delinquent property taxes estimated to be collectible within 60 days following the close of the fiscal year have been recognized as a revenue at fund level.

In Texas, county-wide central appraisal districts are required under the Property Tax Code to assess all property within the appraisal district on the basis of 100% of its market value and are prohibited from applying any assessment ratios. The value of property within the appraisal district must be reviewed every five years; however, the City may, at its own expense, require annual reviews of appraised values. The City may challenge appraised values established by the appraisal district through various appeals, and, if necessary, take legal action. Under this legislation, the City continues to set tax rates on City property. However, if the effective tax rate, including tax rates for bonds and other contractual obligations, adjusted for new improvements, exceeds the rate for the previous year by more than 8%, qualified voters of the City may petition for an election to determine whether to limit the tax rate to no more than 8% above the tax rate of the previous year.

The statutes of the State of Texas do not prescribe a legal debt limit. However, Article XI, Section 5 of the Texas Constitution, applicable to cities of more than 5,000 population, limits the ad valorem tax rate to $2.50 per $100 assessed valuation. For the fiscal year September 30, 2022, the City had a tax rate of $0.7600 per $100 assessed valuation based upon the maximum rates described above.

A. Summary of Significant Accounting Policies

5. Financial Statement Amounts (continued)

d. Inventories and Prepaid Items

All inventories are valued at cost using the first-in/first-out (FIFO) method. Inventory items are recorded as expenditures when they are consumed rather than when purchased.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements. The cost of prepaid items is recovered as expenditures/expenses when consumed rather than when purchased.

e. Restricted Assets

Assets are reported as restricted when limitations on their use change the nature of normal understanding of the availability of the asset. Such constraints are either externally imposed by creditors, contributors, grantors, or laws of the other governments, of the other governments, or are imposed by law through constitutional provisions or enabling legislation. Restricted assets in the proprietary funds represent cash and cash equivalents and investments set aside for repayment of customer's water/sewer deposits, specific capital additions and various bond covenants.

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

f. Capital Assets

Capital assets, which include land, buildings, equipment, and improvements, purchased or acquired, are reported in the applicable governmental or business-like activities columns in the government-wide and proprietary fund types financial statements. The City defines capital assets 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 if historical cost is not available. Contributed assets are recorded at acquisition value as of the date donated. Acquisition value is the price that would be paid to acquire an asset with equivalent service potential in an orderly market transaction at the acquisition date, or the amount at which a liability could be liquidated with the counterparty at the acquisition date. Additions, improvements, and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed.

Major outlays for capital assets and improvements are capitalized as projects are constructed. In 2019, the City adopted the provisions of GASB Statement 89, *Accounting for Interest Cost Before the End of a Construction Period.* Accordingly, during fiscal year 2022, no interest costs were capitalized in the proprietary funds.

Capital assets are being depreciated using the straight-line method over the following estimated useful lives:

Asset Class	Years
Infrastructure	40
Buildings	20
Building Improvements	10-40
Machinery and Equipment	5-10

g. Deferred Outflows/Inflows of Resources

In addition to assets, the Statement of Net 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 position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditures) until then. The City's pension plan contributions made from the measurement date of the pension plan to the current fiscal year end are deferred and will be recognized in the subsequent fiscal year-end. The other deferred outflow is the difference between projected and actual investment earnings that are amortized as a component of pension expense on a closed basis over a five-year period beginning with the period in which the difference occurred.

In addition to liabilities, the Balance Sheet-Governmental Funds 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 position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City has only one type of item, which arises only under a modified accrual basis of accounting, that 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

A. Summary of Significant Accounting Policies

5. Financial Statement Amounts (continued)

revenues from property taxes. This amount is deferred and recognized as an inflow of resources in the period that the amounts become available. As a component of implementing GASB Statements No. 68 and 75, a deferred inflow is recorded in the government-wide Statement of Net Position and fund level financials for the proprietary fund Statement of Net Position for the difference in projected and actual experience in the actuarial measurement of the net pension and total OPEB liabilities not recognized in the current year. The differences are deferred and amortized over a period of five years in order to smooth out the changes in market conditions. The amortization of these amounts in each of the respective benefit plans is recorded as a component of benefit expense.

h. Compensated absences

It is the government's policy to permit employees to accumulate earned but unused vacation benefits. Unused vacation benefits are accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements. Vacation leave is required to be taken during the year following its accumulation.

i. Long-term Obligations

In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type Statement of Net Position. Bond issuance costs are expensed in the year incurred. Bond premiums and discounts are amortized over the life of the bond issue as an adjustment to interest expense.

In the fund financial statements, governmental fund types recognize bond premiums and discounts along with bond issuance costs, during the current period. Bond issuance costs, are reported as expenditures.

j. Fund Balance Policies

In the fund financial statements, governmental funds report reservations of fund balance as nonspendable, restricted, committed, assigned or unassigned based primarily on the extent to which the City is bound to honor constraints on how specific amounts can be spent.

- *Nonspendable fund balance* - amounts that cannot be spent because they are either (a) not spendable in form or (b) legally or contractually required to be maintained intact.

- *Restricted fund balance* - amounts with constraints placed on their use that are either (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments or (b) imposed by law through constitutional provisions or enabling legislation.

- *Committed fund balance* - amounts that can only be used for specific purposes determined by formal action of the City Council and that remain binding unless removed in the same manner. The underlying action that imposed the limitation needs to occur no later than the close of the reporting period.

- *Assigned fund balance* - amounts that are constrained by the City's intent to be used for specific purposes. The intent can be established at either the highest level of decision making, or by a body or an official designated for that purpose.

- *Unassigned fund balance* - the residual classification for the City's General Fund that includes amounts not contained in the other classifications. In other funds, the unassigned classification is used only if expenditures incurred for specific purposes exceed the amounts restricted, committed, or assigned to those purposes.

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).

A. Summary of Significant Accounting Policies

5. Financial Statement Amounts (continued)

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 of decision-making authority. The Crandall City Council is the City's highest level of decision-making authority and the formal action that is required to be taken to establish, modify, or rescind a fund balance commitment is a resolution approved by the Council at the City's Council meeting. The resolution must either be approved or rescinded, as applicable, prior to the last day of the fiscal year for which the commitment is made.

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 City Council has by resolution authorized the City Manager as the City Official responsible for the assignment of fund balance to a specific purpose. 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.

When both restricted and unassigned resources are available for use, it is the City's policy to use restricted resources first, followed by the committed, assigned and unassigned resources as they are needed.

A summary of the City's fund balance policy as adopted by the Council follows:

The City believes that sound financial management principles require that sufficient funds be retained by the City to provide a stable financial base at all times. To retain this stable financial base, the City needs to maintain unrestricted fund balance in its funds sufficient to fund cash flows and to provide financial reserves for unanticipated expenditures and/or revenue shortfalls of an emergency nature.

The purpose of the City's fund balance policy is to maintain a prudent level of financial resources to protect against reducing service levels or raising taxes and fees because of temporary revenue shortfalls or unexpected one-time expenditures.

Compliance with the provisions of the policy shall be reviewed as part of the annual operating budget adoption process and subsequent review will be included in the annual audit and financial statement preparation procedures.

Additional detailed information, along with the complete fund balance policy, can be obtained from the City Secretary, City of Crandall, 110 S. Main Street, Crandall, Texas 75114.

k. Federal and State Grants

Grants and shared revenues are generally accounted for within the fund financed. Federal grants are from various federal agencies, and are accounted for in the Governmental Funds.

l. Required supplementary information - Budgetary Comparison Schedule

Comparative total data for the current year compared to budget is presented as required supplementary information along with the financial statements in order to provide an understanding of budgetary results.

m. Interfund Activity

Interfund activity results from loans, services provided, reimbursements or transfers between funds. Loans are reported as interfund receivables and payables as appropriate and are subject to elimination upon consolidation. Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures or expenses. Reimbursements occur when one fund incurs a cost, charges the appropriate benefiting fund and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers. Transfers In and Transfers Out are netted and presented as a single "Transfers" line on the government-wide Statement of Activities. Similarly, interfund receivables and payables are netted and presented as a single "Internal Balances" line on the government-wide Statement of Net Position.

A. Summary of Significant Accounting Policies

5. Financial Statement Amounts (continued)

n. Use of Estimates

The preparation of financial statements in conformity with GAAP requires the use of management's estimates. Actual results may differ.

o. Program Revenues

Certain revenues, such as charges for services, are included in program revenues.

p. Program Expenses

Certain indirect costs, such as administrative costs, are included in the program expense reported for individual functional activities.

q. 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.

B. Compliance and Accountability

1. Finance-Related Legal and Contractual Provisions

In accordance with GASB Statement No. 38, "Certain Financial Statement Note Disclosures," violations of finance-related legal and contractual provisions, if any, are reported below, along with actions taken to address such violations:

Violation	Action Taken
None reported	Not applicable

2. Deficit Fund Balance or Fund Net Position of Individual Funds

Following are funds having deficit fund balances or fund net position at year end, if any, along with remarks which address such deficits:

Fund Name	Deficit Amount	
Golf Course Fund	$ 1,052,589	This is a result of the sale of the golf course and the City's obligation to payoff remaining associated debt.

3. Budgets and Budgetary Accounting

The City adopts an "appropriated budget" of governmental fund types on the GAAP basis of accounting by fund. The City is required to present the adopted and final amended budgeted revenues and expenditures. The City compares the final amended budget to actual revenues and expenditures. The General Fund budget appears in the required supplementary information section.

The following procedures are followed in establishing the budgetary data:

- No later than the first City Council meeting each August, the City Manager submits to the City Council a proposed operating budget for the fiscal year commencing October 1. The operating budget includes proposed expenditures and the means of financing them.
- Public hearings are conducted to obtain taxpayer comments.
- Prior to September 30, the budget is legally enacted through passage of an ordinance. If the Council takes no action prior to such day, the budget, as submitted by the City Manager, shall be deemed to have been adopted by the City Council.

B. Compliance and Accountability (continued)

- Pursuant to state law, total estimated expenditures of the General Fund are to be budgeted.
- The level of control (the level at which expenditures may not exceed budget) is the fund level. 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.

All annual appropriations lapse at fiscal year end. The legal level of budgetary control is at the fund level.

C. Deposits and Investments

The City's funds are required to be deposited and invested under the terms of a depository contract. The depository bank deposits for safekeeping and trust with the City's agent bank approved pledged securities in an amount sufficient to protect City funds on a day-to- day basis during the period of the contract. The pledge of approved securities is waived only to the extent of the depository bank's dollar amount of Federal Deposit Insurance Corporation ("FDIC") insurance.

Bank Deposits

At year-end, bank deposits were fully covered by FDIC insurance or by pledged collateral held by the City's agent bank in the City's name.

Cash and cash equivalents as of September 30, 2022 are classified in the financial statements as follows:

Statement of Net Position:		
Primary Government		
Cash and cash equivalents	$	4,706,629
Restricted cash and cash equivalents		1,201,556
Total cash and cash equivalents	$	5,908,185

At September 30, 2022, the carrying amount of EDC's deposits (cash, certificates of deposit, and interest-bearing accounts) was $845,219. As of September 30, 2022, cash deposits were fully covered by FDIC insurance or by pledged collateral held by the EDC's agent bank in the EDC's name.

Investments

The City is subject to the provisions of the Public Funds Investment Act ("Act") (Government Code Chapter 2256).
For the year ending September 30, 2021, the City was in substantial compliance with the requirements of the Act and its own investment policy. 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. During the year ending September 30, 2021, the City invested only in the Texas Local Government Investment Pool known as TexPool. TexPool was created by the State of Texas acting by and through the Texas Treasury Safekeeping Trust Company and acts as custodian of investments purchased with local investment funds. Authorized investments of TexPool are in compliance with the requirements of the Public Funds Investment Act. TexPool has a credit rating of AAAm and at year end maintained a weighted average maturity of 24 days. At fiscal year-end, the City investment in TexPool was $201,476.

Investments, when applicable, are stated at fair value within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. At year-end, the City had no investments subject to the fair value hierarchy established by generally accepted accounting principles. For investments in local government pools, the reported value of the pool is the same as the fair value of the pool shares.

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment the greater the sensitivity of its fair value to changes in market interest rates. One of the ways that 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. The City monitors the interest rate risk inherent in its portfolio by measuring the weighted average maturity of its portfolio.

C. Deposits and Investments (continued)

Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The City currently does not have investments in any securities.

Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. Consistent with the requirements of the Public Funds Collateral Act, it is the policy of the City to require full collateralization of all City investments and funds on deposit with a depository bank, other than investments which are obligations of the U.S. government and its agencies and instrumentalities.

D. Receivables

Following is a schedule of receivables by activity at year-end, along with the related allowance for uncollectible accounts. City management does not establish an allowance for sales taxes; franchise taxes; or amounts due from other governments. Due to the source of payment, these amounts are considered to be fully collectible.

	Governmental Activities		Business- Type Activities	
Receivables:	Taxes	Other	Utilities	Other
Property taxes	69,000			
Sales taxes	217,239			
Developers		127,543		
Utility billings			395,567	
Court fines		11,164		-
Franchise taxes	39,405			
Gross Receivables	325,644	138,707	395,567	-
Less: allowance for uncollectibles:		-	(11,297)	
Property taxes	(13,800)			
Receivables, net	$ 311,844	$ 138,707	$ 384,270	$ -

E. Capital Assets

Capital asset activity for the period ended September 30, 2022 is as follows:

	Beginning Balances	Additions	Decreases	Ending Balances
Governmental Activities				
Capital assets, not being depreciated:				
Land	$ 376,937	$ -	$ -	$ 376,937
Construction in Progress				-
Total capital assets, not being depreciated	376,937	-	-	376,937
Capital assets, being depreciated:				
Intangible	31,877			31,877
Buildings	4,044,548			4,044,548
Improvements	378,414	141,867		520,281
Machinery, Vehicles & Equipment	1,217,542	226,558	(130,492)	1,313,608
Infrastructure	5,379,496	350,788		5,730,284
Total capital assets being depreciated	11,051,877	719,213	(130,492)	11,640,598
Less accumulated depreciation for:				
Intangible	(6,375)	(25,502)		(31,877)
Buildings	(288,616)	(98,557)		(387,173)
Improvements	(74,166)	(24,155)		(98,321)
Machinery, Vehicles & Equip	(941,360)	(108,479)	130,492	(919,347)
Infrastructure	(1,338,921)	(167,006)		(1,505,927)
Total accumulated depreciation	(2,649,438)	(423,699)	130,492	(2,942,645)
Total capital assets, being depreciated, net	8,402,439	295,514	-	8,697,953
Governmental activities capital assets, net	$ 8,779,376	$ 295,514	$ -	$ 9,074,890

The City and the Kaufman County Emergency Services District #7 (District) entered into an agreement to share equally in the cost of a fire station constructed in FY 2020. The District's share of the cost of the project was $1,161,924 which is not reflected in the cost above. Per the agreement, the District has a 50% equity interest in the fire station building and shares use of the facility.

E. Capital Assets (continued)

	Beginning Balances	Additions	Decreases	Ending Balances
Business-type Activities				
Capital assets, not being depreciated:				
Land	$ 46,190	$ -	$ -	$ 46,190
Construction in Progress		11,731		11,731
Total capital assets, not being depreciated	46,190	11,731	-	57,921
Capital assets, being depreciated:				
Buildings	417,680	625,000		1,042,680
Improvements	12,962,690	1,445,342		14,408,032
Vehicles	158,296			158,296
Intangible	63,754			63,754
Machinery & Equipment	1,074,864	67,900		1,142,764
Total capital assets being depreciated	14,677,284	2,138,242	-	16,815,526
Less accumulated depreciation for:				
Buildings	(251,498)	(17,331)		(268,829)
Improvements	(9,296,231)	(368,490)		(9,664,721)
Vehicles	(111,464)	(7,805)		(119,269)
Intangible	(63,754)			(63,754)
Machinery & Equipment	(885,436)	(29,454)		(914,890)
Total accumulated depreciation	(10,608,383)	(423,080)	-	(11,031,463)
Total capital assets, being depreciated, net	4,068,901	1,715,162	-	5,784,063
Business-type activities capital assets, net	$ 4,115,091	$ 1,726,893	$ -	$ 5,841,984

Depreciation expense was charged to the functions of the primary government as follows:

Governmental activities:	
General government	$ 33,940
Public safety	194,979
Public services	1,007
Public works	193,773
Total depreciation expense - governmental activities	$ 423,699
Business-type activities:	
Water	$ 211,540
Sewer	$ 211,540
Total depreciation expense - business-type activities	$ 423,080

E. Capital Assets (continued)

Component Unit

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

	Beginning Balances	Additions	Decreases	Ending Balances
Component Unit EDC:				
Capital assets, not being depreciated:				
Land	$ 215,388	$ -	$ -	$ 215,388
Total capital assets, not being depreciated	215,388	-	-	215,388
Capital assets, being depreciated:				
Office furniture	9,909			9,909
Machinery and equipment	18,190			18,190
Leasehold improvements	18,321			18,321
Buildings	142,626			142,626
Infrastructure	180,928			180,928
Total capital assets being depreciated	369,974	-	-	369,974
Less accumulated depreciation for:				
Office furniture	(972)	(991)		(1,963)
Machinery and equipment	(18,190)			(18,190)
Leasehold improvements	(18,321)			(18,321)
Buildings	(41,598)	(3,565)		(45,163)
Infrastructure	(50,130)	(4,522)		(54,652)
Total accumulated depreciation	(129,211)	(9,078)	-	(138,289)
Total capital assets, being depreciated, net	240,763	(9,078)	-	231,685
Component unit EDC capital assets, net	$ 456,151	$ (9,078)	$ -	$ 447,073

Depreciation expense was charged to functions/programs of the component unit as follows:

Component Unit:	
Economic Development Corporation	$ 9,078
Total depreciation expense - component unit	$ 9,078

F. Deferred Inflows of Resources

The City has only one type of deferred inflow of resources for unavailable revenues in the governmental fund statements. Property tax revenues which are reported as deferred inflows of resources in the governmental funds are recorded as revenue in the government-wide financial statements. At the end of the current fiscal year, the various components of deferred inflows of resources reported in the governmental funds were as follows:

	General Fund
Tax Revenue	$ 45,131
	$ 45,131

G. Long-Term Obligations

A summary of long-term liability activity for the year ended September 30, 2022, is as follows:

Governmental Activities:	Beginning Balances	Transfers	Additions	Decreases	Ending Balances	Due Within One Year
GO Refunding Bonds	$ 4,530,000	$ -	$ -	$ (105,000)	$ 4,425,000	$ 145,000
Unamortized Bond Premium	802,549			(72,256)	730,293	
Deferred gain on refunding	67,425			(26,467)	40,958	
Direct Loans - Notes Payable	137,154		98,400	(53,390)	182,164	52,557
Total Bonds & Notes payable	5,537,128	-	98,400	(257,113)	5,378,415	197,557
Total OPEB liability	72,936		12,066		85,002	
Compensated Absences	221,417		193,192	(221,417)	193,192	48,298
Total other long-term liabilities	294,353	-	205,258	(221,417)	278,194	48,298
Governmental Activities Long Term Liabilities	$ 5,831,481	$ -	$ 303,658	$ (478,530)	$ 5,656,609	$ 245,855

Business-type Activities:	Beginning Balances	Transfers	Additions	Decreases	Ending Balances	Due Within One Year
General obligation refunding bonds	$ 2,880,000	$ -	$ -	$ (350,000)	$ 2,530,000	$ 375,000
Unamortized Bond Premium	239,909			(62,659)	177,250	
Unamortized Bond Discount	(69,201)			13,189	(56,012)	
Direct Loans - Notes Payable	179,353			(48,863)	130,490	50,817
Total Bonds & Notes payable	3,230,061	-	-	(448,333)	2,781,728	425,817
Total OPEB liability	18,592		3,727	-	22,319	
Compensated Absences	15,907		21,392	(15,907)	21,392	21,392
Total other long-term liabilities	34,499	-	25,119	(15,907)	43,711	21,392
Business-Type Activities Long Term Liabilities	$ 3,264,560	$ -	$ 25,119	$ (464,240)	$ 2,825,439	$ 447,209

Component Unit EDC:						
General obligation bonds	$ 140,000			$ (40,000)	$ 100,000	$ 35,000
Unamortized Bond Premium	12,950			(5,332)	7,618	
Total OPEB liability	1,428		2,840		4,268	
Component Unit Long Term Liabilities	$ 154,378	$ -	$ 2,840	$ (45,332)	$ 111,886	$ 35,000

G. Long-Term Obligations (continued)

Changes in Governmental Bonded Debt by Series

Description	Interest Rate	Original Issue	Beginning Balances	Issued	Retired	Ending Balances	Due Within One Year
2021 GO Bonds	3.0-5.0%	$ 4,530,000	$ 4,530,000	$ -	$ (105,000)	$ 4,425,000	$ 145,000
SubTotal		$ 4,530,000	$ 4,530,000	$ -	$ (105,000)	$ 4,425,000	$ 145,000
Unamortized Bond Premium			802,549	-	(72,256)	730,293	
Total		$ 4,530,000	$ 5,332,549	$ -	$ (177,256)	$ 5,155,293	$ 145,000

Annual debt service requirements to maturity are as follows -

Year Ending September 30:	Principal	Interest	Total Requirements
2023	$ 145,000	$ 172,675	$ 317,675
2024	165,000	164,925	329,925
2025	180,000	156,300	336,300
2026	140,000	148,300	288,300
2027	145,000	141,175	286,175
2028-2032	1,200,000	569,050	1,769,050
2033-2037	2,010,000	228,225	2,238,225
2038	440,000	6,600	446,600
Totals	$ 4,425,000	$ 1,587,250	$ 6,012,250

$6,335,000 General Obligation Refunding Bonds, Series 2021 issued for the purpose of refunding previous bond issues and Tax notes. The maturity date is February 15, 2038, additional disclosures regarding the refunding are provided below.

Changes in Business-type Bonded Debt by Series

Description	Interest Rate	Original Issue	Beginning Balances	Issued	Retired	Ending Balances	Due Within One Year
2018 GO Bonds	3.0-4.0%	$ 1,630,000	$ 1,215,000	$ -	$ (115,000)	$ 1,100,000	$ 120,000
2021 GO Bonds	3.0-5.0%	1,665,000	1,665,000	-	(235,000)	1,430,000	255,000
Total Bonds Payable		$ 3,295,000	$ 2,880,000	$ -	$ (350,000)	$ 2,530,000	$ 375,000
Unamortized Bond Discount			$ (69,201)		$ 13,189	$ (56,012)	
Unamortized Bond Premium			$ 239,909		$ (62,659)	$ 177,250	
Total		$ 3,295,000	$ 3,050,708	$ -	$ (399,470)	$ 2,651,238	$ 375,000

Annual debt service requirements to maturity are as follows -

Year Ending September 30:	Principal	Interest	Requirements
2023	$ 375,000	$ 103,505	$ 478,505
2024	390,000	86,400	476,400
2025	410,000	68,375	478,375
2026	425,000	49,420	474,420
2027	370,000	31,400	401,400
2028-2030	560,000	35,530	595,530
Totals	$ 2,530,000	$ 374,630	$ 2,904,630

Interest expense for governmental activities was $107,540 and for business type activities it was $87,384, none of which was capitalized.

G. Long-Term Obligations (continued)

$6,335,000 General Obligation Refunding Bonds, Series 2021: In June, 2021, the City issued Series 2021 general obligation refunding bonds in the amount of $6,335,000 (par value) with interest rates ranging from 3.0 to 5.0% an average coupon rate of 3.825%; and an average life of 8.627 years. These bonds were issued to refund several bond issues and tax notes with an average coupon interest rate of 2.7196%, a combined par value of $7,060,000; and a remaining average life of 3.683 years. The 2021 general obligation refunding bonds were issued at a premium of $1,055,408 resulting in a true interest cost of 1.9824%. After paying issuance costs of $225,416, the net proceeds were $7,164,992. These proceeds were used to purchase securities that were placed in trust to meet the remaining debt service requirements of the defeased debt. This resulted in an economic gain (difference between the present value of the debt service requirements on the old debt and the new debt of $123,021. The 2021 bonds are are allocated to Governmental Activities ($4,530,000), Business-type Activities ($1,665,000) and the EDC component unit ($140,000) to make the total of $6,335,000. The 2021 bonds contain a call date at par on February 15, 2031, with a final maturity on February 15, 2038.

$1,630,000 General Obligation Refunding Bonds, Series 2018, issued for the purpose of refunding the series 2009 General Obligation Bonds related to the Golf Course. The maturity date is February 15, 2030.

$6,335,000 General Obligation Refunding Bonds, Series 2021 issued for the purpose of refunding previous bond issues and Tax notes. The maturity date is February 15, 2038, additional disclosures regarding the refunding are provided above.

Changes in Component Unit Bonded Debt by Series

Description	Interest Rate	Original Issue	Beginning Balances	Issued	Retired	Ending Balances	Due Within One Year
2021 GO Bonds	3.0-5.0%	$ 140,000	$ 140,000	$ -	$ (40,000)	$ 100,000	$ 35,000
Total Bonds Payable		140,000	140,000	-	(40,000)	100,000	35,000
Unamortized Bond Premium			12,950		(5,332)	7,618	
Total		$ 140,000	$ 152,950	$ -	$ (45,332)	$ 107,618	$ 35,000

Interest expense for the component unit was $1,543 for the year.

Annual debt service requirements to maturity are as follows -

Year Ending September 30:	Principal	Interest	Total Requirements
2023	$ 35,000	$ 4,125	$ 39,125
2024	30,000	2,500	32,500
2025	35,000	875	35,875
Totals	$ 100,000	$ 7,500	$ 107,500

$6,335,000 General Obligation Refunding Bonds, Series 2021 issued for the purpose of refunding previous bond issues and Tax notes. The maturity date is February 15, 2038, additional disclosures regarding the refunding are provided above.

G. Long-Term Obligations (continued)

Direct Loans - Notes Payable

The City's notes payable currently outstanding and reported as liabilities in governmental activities are:

Original Note Amount	Maturity Date	Interest Rate	Direct Loans Outstanding Balance	Secured By
$ 88,850	2/8/2022	2.85%	$ -	Vehicles
98,686	6/30/2023	3.55%	9,803	Vehicles
116,046	8/31/2025	4.20%	31,665	Equipment
44,842	4/29/2025	3.25%	24,091	Vehicles
44,841	4/29/2025	3.25%	24,090	Vehicles
43,870	4/22/2027	3.35%	40,495	Vehicles
54,530	6/1/2027	3.35%	52,020	Vehicles
			$ 182,164	

Annual debt service requirements to maturity are as follows -

	Governmental Activities - Direct Loans		
Year Ending September 30:	Principal	Interest	Total Required
2023	$ 52,557	$ 5,790	$ 58,347
2024	44,252	4,159	48,411
2025	37,668	2,629	40,297
2026	27,395	1,535	28,930
2027	20,292	437	20,729
Totals	$ 182,164	$ 14,550	$ 196,714

The City's notes payable currently outstanding and reported as liabilities in business-type activities are:

Original Note Amount	Maturity Date	Interest Rate	Direct Loans Outstanding Balance	Secured By
$ 113,337	9/30/2027	4.20%	$ 63,330	Real Estate
85,485	9/30/2024	3.90%	22,799	Equipment
54,638	10/31/2023	3.90%	14,573	Vehicles
44,500	10/31/2026	3.40%	29,788	Equipment
			$ 130,490	

Annual debt service requirements to maturity are as follows -

	Business-Type Activities - Direct Loans		
Year Ending September 30:	Principal	Interest	Total Required
2023	$ 50,817	$ 4,916	$ 55,733
2024	29,060	3,404	32,464
2025	22,537	2,171	24,708
2026	16,075	1,357	17,432
2027	12,001	4,514	16,515
Totals	$ 130,490	$ 16,362	$ 146,852

Compensated Absences

Compensated absences represent the estimated liability for employees' accrued compensatory time and vacation leave for which employees are entitled to be paid upon termination. The retirement of this liability is typically paid from the General Fund or Proprietary Fund based on the assignment of an employee at termination.

H. Pension Plan

Plan Description

The City participates as one of 888 plans in a non-traditional, joint contributory, hybrid defined benefit 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 ("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, appoint the Board, TMRS is not fiscally dependent on the State of Texas. TMRS' defined benefit pension plan is a tax-qualified plan under Section 401(a) of the Internal Revenue code. TMRS issues a publicly available comprehensive annual financial report ("CAFR") that can be obtained at www.tmrs.com.

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

Benefits Provided

TMRS provides retirement, disability, and death benefits. Benefit provisions are adopted by the City Council, 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 treatment benefit in one or seven payment options. Members may also choose to receive a portion of the 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.

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

Number of:	
Inactive employees or beneficiaries currently receiving benefits	17
Inactive employees entitled to but not yet receiving benefits	42
Active employees	35
Total	94

Contributions

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

Employees for the City were required to contribute 7% of their annual gross earnings during the fiscal year. The contributions rates for the City were 10.86% and 11.04% in calendar years 2022 and 2021 respectively. The City's contributions to TMRS for the fiscal year ended September 30, 2022 were $247,349 and were equal to the required contributions. No amounts were due to the plan at year-end.

H. Pension Plan (continued)

Net Pension Liability:
The City's Net Pension Liability ("NPL") was measured as of December 31, 2021, and the Total Pension Liability ("TPL") used to calculate the NPL was determined by an actuarial valuation as of that date.

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

Inflation	2.50%	Per year
Overall payroll growth	2.75%	per year, adjusted down for population declines, if any
Investment rate of Return	6.75%	net of pension plan investment expense, including inflation

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 active, 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 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 healthy post-retirement mortality assumption and the mortality assumption for Annuity Purchase Rates (APR's) are based on the Mortality Experience Investigation Study covering 2009 through 2011 and dated December 31, 2013. All other 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. 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). At its meeting on September 6, 2019, the TMRS Board approved a new portfolio target allocation. The target allocation and best estimates of real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-term Expected Real Rate of Return (Arithmetic)
Global Equities	35.0%	12.12%
Core Fixed Income	6.0%	3.15%
Non-Core Fixed Income	20.0%	5.93%
Other Public & Private Markets	12.0%	4.37%
Real Estate	12.0%	10.63%
Hedge Funds	5.0%	6.27%
Private Equity	10.0%	24.13%
Total	100.0%	

Discount Rate
The discount rate used to measure the TPL 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.

H. Pension Plan (continued)

Net Pension Liability (continued)

	Total Pension Liability	Change in Plan Fiduciary Net Position	Net Pension Liability (Asset)
Balance at 12/31/2020	$ 4,644,602	$ 4,837,028	$ (192,426)
Changes for the year:			
Service cost	322,101		322,101
Interest	317,080		317,080
Change of benefit terms			-
Difference between expected and actual experience	128,782		128,782
Changes of assumptions			-
Contributions - employer		197,995	(197,995)
Contributions - employee		125,540	(125,540)
Net investment income		631,730	(631,730)
Benefit payments, including refunds of employee contributions	(216,330)	(216,330)	-
Administrative expense		(2,918)	2,918
Other changes		20	(20)
Net changes	551,633	736,037	(184,404)
Balance at 12/31/2021	$ 5,196,235	$ 5,573,065	$ (376,830)

Sensitivity of the net pension liability to changes in the discount rate

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

1% Decrease 5.75%	Current Single Discount Rate 6.75%	1% Increase 7.75%
$ 513,400	$ (376,830)	$ (1,082,550)

For the year ended September 30, 2022, the City recognized pension expense of $138,681.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual economic experience	$ 96,562	$ -
Changes in actuarial assumptions	1,973	
Difference between projected and actual investment earnings		322,232
Contributions subsequent to the measurement date of December 31, 2021	189,401	
	$ 287,936	$ 322,232

The City reported $189,401 as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability for the year ending September 30, 2023. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Net deferred outflows (inflows) of resources: Fiscal year ending September 30:	
2023	$ (15,903)
2024	(89,718)
2025	(57,029)
2026	(61,047)
2027	-
Thereafter	-
Total	$ (223,697)

I. Postemployment Benefits Other Than Pensions (OPEB)

Plan description -The City maintains a single-employer defined benefit group-term life insurance plan known as the TMRS Supplemental Death Benefits Fund ("SDBF"). The plan is administered by the Texas Municipal Retirement System ("TMRS"). This is a voluntary program in which the City elected, by ordinance, to provide group-term life insurance coverage for their active members, including retirees. As the SDBF covers both active and retiree participants, with no segregation of assets, the SDBF is considered to be an unfunded OPEB plan (i.e. no assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75, *Accounting and Financial Reporting for Post-Employment Benefits Other Than Pensions*).

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

Employees Covered by Benefit Terms

At the December 31, 2021 actuarial 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	10
Active employees	35
Total	55

Contributions

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

Employees for the City were required to contribute .11% of their annual gross earnings during the fiscal year. The City's contribution rates for all covered employees of the City in calendar years 2021 and 2022 were .18% and .17% respectively. The City's contributions for all covered employees to the TMRS SDBF for the fiscal year ended September 30, 2022 were $3,859, and were equal to the required contributions.

Total OPEB Liability

The City's total OPEB liability (TOL) of $111,589 was measured as of December 31, 2021 and was determined by an actuarial valuation as of that date.

Actuarial Assumptions and other inputs:

The total OPEB liability in the December 31, 2021 actuarial valuation was determined using the following actuarial assumptions and other inputs:

Inflation	2.5% per year
Salary Increase	3.5% to 11.5% per year, including inflation
Discount Rate	1.84% (2.00% in prior year)
Retirees Share of Benefit Costs	none

Salary increases are assumed to occur once a year and are assumed to increase by a graduated service-based scale ranging from 11.50% for employees with one year of service to 3.50% for employees with 25 or more years of service.

Mortality rates for service retirees were based on the Gender-distinct 2019 Municipal Retirees of Texas mortality tables. The rates are projected on a fully generational basis by Scale UMP to account for future mortality improvements. Based on the size of the City, rates are multiplied by an additional factor of 100%.

For disabled retirees, the 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% minimum mortality rate will be applied to reflect the impairment for younger members who become disabled for males and females, respectively. The rates are projected on a fully generational basis by scale UMP to account for future mortality improvements subject to the floor.

I. Postemployment Benefits Other Than Pensions (OPEB) (continued)

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 applicable discount rate for an unfunded OPEB plan under GASB No. 75 is based on the Fidelity Index's "20-Year Municipal GO AA Index" rate as of the measurement date.

Changes in the Total OPEB Liability

	Total OPEB Liability
Balance at 12/31/20	$ 92,956
Changes for the year:	
Service cost	6,098
Interest on total OPEB liability	1,900
Change in benefit terms	-
Differences between expected & actua	8,558
Changes in assumptions and other in	4,050
Benefit payments*	(1,973)
Other charges	-
Net changes	$ 18,633
Balance at 12/31/21	**$ 111,589**

*Due to the SBDF being considered an unfunded OPEB plan under GASB Statement No. 75, benefit payments are treated as being equal to the employer's yearly contribution for retirees.

The SDBF does not incur TMRS administrative expenses. The City is charged and the administrative expenses are paid through the TMRS Defined Benefit Pension Plan recorded under GASB Statement No. 68.

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

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

	1% Decrease in Discount Rate (0.84%)	Discount Rate (1.84%)	1% Increase in Discount Rate (2.84%)
Total OPEB liability	$ 143,130	$ 111,589	$ 88,960

I. Postemployment Benefits Other Than Pensions (OPEB) (continued)

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

For the year ended September 30, 2022, the City recognized OPEB expense of $14,269. At year-end, the City reported deferred outflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience (net of current year amortization)	$ 9,287	$ 1,789
Changes in assumptions and other inputs	21,003	1,484
Contributions made subsequent to measurement date	2,914	-
Total	$ 33,204	$ 3,273

$2,914 reported as deferred outflows of resources related to OPEB resulting from contributions subsequent to the measurement date will be recognized as a reduction of the total OPEB liability for the year ending September 30, 2023. Other amounts reported as deferred outflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ended September 30:	
2022	$ 6,271
2023	5,881
2024	6,414
2025	5,842
2026	2,608
Thereafter	-
Total	$ 27,016

J. Special Assessment Revenue Bonds

From time to time the City issues Special Assessment Revenue Bonds. Below is a schedule of the Special Revenue Assessment Bonds the City has issued with their original issue value. Total bond principal outstanding for these issues is set forth in the following schedule at year end:

	Original Issue
Special Assessment Revenue Bonds, Series 2021 (Cartw right Ranch Public Improvement District Major Improvement Area Project)	$ 11,987,000
Special Assessment Revenue Bonds, Series 2021 (Cartw right Ranch Public Improvement District Improvement Area #1 Project)	$ 17,679,000
Total Special Assessment Revenue Bonds issued	$ 29,666,000

Proceeds of the bonds were deposited into trust accounts with Wilmington Trust, NA (M&T Bank) for the purpose of funding improvements in the projects described above. M&T Bank serves as trustee for the benefit of the bond holders for these funds as well as any property or money of every name and nature, which is from time to time by delivery or in writing of any kind, conveyed, pledged, assigned or transferred to the trustee. The City is not obligated in any manner for this special assessment debt, but merely acts as the property owner's agent in handling debt service transactions by collecting any special assessment tax collections and forwarding them to the bondholders. As of September 30, 2022, these collections have not yet begun. Assessment collections for all of the City's Special Assessment Revenue Bonds are in accordance with debt covenants and complete at year-end.

K. Risk Management

The City is exposed to various risks of loss related to torts, theft, damage or destruction of assets, errors and omissions, injuries to employees, and natural disasters. The City had general liability coverage at a cost that is considered to be economically justifiable by joining together with other governmental entities in the State as a member of the Texas Municipal League Intergovernmental Risk Pool ("TML"). TML is a self-funded pool operating as a common risk management and insurance program. The City pays an annual premium to TML for its above insurance coverage. The agreement for the formation of TML provides that TML will be self-sustaining through member premiums and will reinsure through commercial companies for claims in excess of acceptable risk levels; however, each category has its own level of reinsurance. The City continues to carry commercial insurance for other risks of loss. There were no significant reductions in commercial insurance coverage in the past fiscal year and settled claims resulting from these risks have not exceeded coverage in any of the past three fiscal years. The City has renewed all coverages and policies for fiscal year 2023.

L. Litigation

The City is involved in litigation in the ordinary course of business. Management estimates that this will not have any material effect on the financial statements.

M. Additional Water and Sewer Information

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

Gallons Purchased	197,813,000
Gallons Billed	180,455,369

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 statue 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.

N. Interfund Transactions

Interfund balances:

Fund	Purpose	Due from Other funds	Due to Other funds
General Fund	Transfer for cash flow and sales tax	$ 121,860	$ 191,573
Utility Fund	Prior Year transfer for cash flow	99,663	58,070
Golf Course Fund	Prior Year transfer for cash flow	-	2,088
EDC Component Unit	Transfer for sales tax	30,208	-
Total		$ 251,731	$ 251,731

Interfund transfers:

Fund	Transfers Out	Transfers In	Net
General Fund	$ (157,200)	$ -	$ (157,200)
Capital Projects Fund	-		-
Utility Fund			-
Golf Fund		157,200	157,200
EDC Component Unit			-
Total	$ (157,200)	$ 157,200	$ -

Transfers were used to finance repayments of debt associated with a golf course previously owned and operated by the City.

O. Concentrations

The City contracts with North Texas Municipal Water District (NTMWD) 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.

P. Contingencies

In March, 2020, Texas Governor Greg Abbott declared the state of Texas a disaster area as a result of the COVID-19 pandemic. Due to the health risks associated with this disease, the Texas economy has been limited to those businesses that were considered essential to the public. The reduction in economic activity due to the pandemic will have a significant effect on private businesses and local governments. The extent of the economic effect on the City can not be estimated at this time.

Q. Implementation of New Standards

Effective October 1, 2021, the City adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 87, *Leases*. The objective of this statement is to improve the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This statement requires the recognition of certain lease assets and liabilities that were previously classified as operating leases. It established a single model for lease accounting based on the fundamental principle that leases represent financing of the right to use an underlying asset. Under this statement, a lessee is required to recognize a lease liability and an intangible right-to-use asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about a government's leasing activities. The adoption of GASB 87 did not require any restatement of opening equity for the City.

R. Leased Assets

The Crandall Economic Development Corporation entered into an agreement to lease real estate that will provide monthly rental income that range in the amount of $3,375 to $6,441 per month. Management has used a discount rate of 4%. The agreement provides for future rental income by fiscal year as follows:

Year Ending September 30:	Principal	Interest	Total
2023	$ 37,935	$ 12,304	$ 50,239
2024	53,484	10,391	63,875
2025	55,663	8,212	63,875
2026	60,611	5,926	66,537
2027	69,854	3,336	73,190
2028	44,490	595	45,085
Totals	$ 322,037	$ 40,764	$ 362,801

S. Construction commitment

The City has entered in to an a agreement to construct infrastructure improvments in the amount of approximately $985,000. This project will be funded by grant funds received by the City.

REQUIRED SUPPLEMENTARY INFORMATION

City of Crandall, Texas
Budgetary Comparison Schedule - General Fund
Year Ended September 30, 2022

	Budgeted Amounts			Variance with Final
	Original	Final	Actual	Budget
REVENUES				
Taxes:				
Property, including P&I	$ 2,050,003	$ 2,050,003	$ 2,234,080	$ 184,077
Sales	800,000	800,000	973,963	173,963
Franchise	279,000	279,000	219,641	(59,359)
Development fees and permits	564,750	564,750	2,022,976	1,458,226
Fines and Fees	297,000	332,000	193,382	(138,618)
Zoning permits	30,250	30,250	39,782	9,532
Charges for Services	821,740	1,049,599	1,056,562	6,963
Other	147,950	124,100	78,538	(45,562)
Total Revenues	4,990,693	5,229,702	6,818,924	1,589,222
EXPENDITURES				
Current:				
General government	1,381,387	1,591,357	2,631,034	(1,039,677)
Public safety	2,047,600	1,604,216	2,118,956	(514,740)
Public service	397,423	233,029	322,232	(89,203)
Public works	289,929	252,748	285,441	(32,693)
Capital Outlay	446,500	518,288	719,213	(200,925)
Debt Service:				
Principal	105,630	223,259	162,639	60,620
Interest		133,743	206,263	(72,520)
Total Expenditures	4,668,469	4,556,640	6,445,778	(1,889,138)
Excess (deficiency) of revenues over (under) expenditures	322,224	673,062	373,146	(299,916)
OTHER FINANCING SOURCES AND (USES)				
Proceeds from Notes Payable			98,400	98,400
Capital Contributions			120,257	
Transfers out			(157,200)	(157,200)
Total Other Financing Sources (uses)	-	-	61,457	(58,800)
Net Change in Fund Balances	322,224	673,062	434,603	(358,716)
Fund Balances, Beginning	1,786,061	1,786,061	1,786,061	
Fund Balances, Ending	$ 2,108,285	$ 2,459,123	$ 2,220,664	

City budget is prepared on a basis consistent with generally accepted accounting principles.

City of Crandall, Texas
Schedule of Changes in Total OPEB Liability and Related Ratios
Last 10 Years (will ultimately be displayed)

Actuarial Valuation & Measurement Date, December 31,	2021	2020	2019	2018	2017
Total OPEB Liability					
Service cost	$ 6,098	$ 4,675	$ 3,809	$ 3,535	$ 2,678
Interest on the total OPEB liability	1,900	2,023	1,940	1,856	1,794
Changes of benefit terms	-	-	-	-	-
Difference between expected and actual experience	8,558	1,002	2,762	(4,761)	-
Changes in assumptions or other inputs	4,050	14,293	12,897	(3,948)	4,237
Benefit payments *	(1,973)	(519)	(635)	(566)	(487)
Net Change in Total OPEB Liability	18,633	21,474	20,773	(3,884)	8,222
Total OPEB Liability - Beginning	92,956	71,482	50,709	54,593	46,371
Total OPEB Liability - Ending	111,589	92,956	71,482	50,709	54,593
Covered Payroll	$ 1,793,434	$ 1,731,629	$ 1,586,954	$ 1,414,116	$ 1,217,314
Total OPEB Liability as a Percentage of Covered Payroll	6.22%	5.37%	4.50%	3.59%	4.48%
Required contribution	$ 3,859	$ 3,176	$ 2,778	$ 307	$ 487
Actual contribution	3,859	3,176	2,778	307	487
Difference	$ -	$ -	$ -	$ -	$ -

Schedule Notes:

Plan information:

Single-employer unfunded OPEB plan	There are no assets accumulated in a trust that meets the criteria in GASB Statement No. 75 paragraph 4 to pay related benefits.
Actuarial Valuation & Measurement Date:	December 31
Significant actuarial assumptions used to measure the total OPEB liability:	
Inflation	2.50%
Salary Increases	3.50% to 11.50%, including inflation
Discount Rate	1.84% (Based on Fidelity Index's "20-year Municipal GO AA Index" rate as of 12/31/21
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.
Mortality rates - service retirees	2019 Municipal Retirees of Texas Mortality Tables. The rates are projected on a fully generational basis with scale UMP. 2019 Municipal Retirees of Texas Mortality Tables with a 4 year set-forward for males and a 3 year set-forward for females. In addition, a 3.5% and 3% minimum mortality rate will be applied to reflect the impairment for younger members who become disabled for males and females, respectively. The rates are projected on a fully generational basis by Scale UMP to account for future mortality improvements subject to the floor.
Mortality rates - Disabled Retirees	The 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% minimum mortality rate will be applied to reflect the impairment for younger members who become disabled for males and females, respectively. The rates are projected on a fully generational basis by Scale UMP to account for future mortality improvements subject to the floor.

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

This schedule is presented to illustrate the requirements to show information for 10 years. Future years will be provided as the information becomes available.

City of Crandall, Texas
Schedule of Changes in Net Pension Liability and Related Ratios - TMRS
September 30, 2022

	Plan Year Ending December 31,							
	2021	2020	2019	2018	2017	2016	2015	2014
Total pension liability								
Service cost	$ 322,101	$ 314,983	$ 286,128	$ 258,359	$ 219,482	$ 211,786	$ 218,957	$ 200,590
Interest (on the Total Pension Liability)	317,080	286,198	253,996	225,011	209,231	187,028	171,756	159,322
Changes of benefit terms	-	-	-	-	-	-	-	-
Difference between expected and actual experience	128,782	14,005	10,165	26,143	(112,730)	19,373	(49,648)	(100,494)
Change of assumptions	-	-	19,391	-	-	-	42,189	-
Benefit payments, including refund of employee contributions	(216,330)	(106,132)	(107,933)	(80,043)	(123,263)	(62,928)	(62,152)	(119,804)
Net Change in Total Pension Liability	551,633	509,054	461,747	429,470	192,720	355,259	321,102	139,614
Total Pension Liability - Beginning	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)	$ 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 - employers	$ 197,995	$ 186,897	$ 169,440	$ 154,152	$ 132,024	$ 131,020	$ 131,693	$ 107,595
Contributions - employees	125,540	121,214	111,087	98,988	85,212	83,757	83,891	81,268
Net investment income	631,730	327,590	553,628	(105,226)	416,479	181,381	3,729	133,112
Benefit payments, including refund of employee contributions	(216,330)	(106,132)	(107,933)	(80,043)	(123,263)	(62,928)	(62,152)	(119,804)
Administrative expense	(2,918)	(2,117)	(3,133)	(2,038)	(2,164)	(2,047)	(2,271)	(1,389)
Other	19	(83)	(93)	(106)	(110)	(110)	(112)	(114)
Net Change in Plan Fiduciary Net Position	736,036	527,369	722,996	65,727	508,178	331,073	154,778	200,668
Plan Fiduciary Net Position - Beginning	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)	$ 5,573,065	$ 4,837,029	$ 4,309,660	$ 3,586,664	$ 3,520,937	$ 3,012,759	$ 2,681,686	$ 2,526,908
Net Pension (Asset) Liability - Ending (a)-(b)	$ (376,830)	$ (192,427)	$ (174,112)	$ 87,137	$ (276,606)	$ 38,852	$ 14,666	$ (151,658)
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	107.25%	104.14%	104.21%	97.63%	108.53%	98.73%	99.46%	106.38%
Covered Employee Payroll	$ 1,793,434	$ 1,731,629	$ 1,586,954	$ 1,414,116	$ 1,217,314	$ 1,196,529	$ 1,198,449	$ 1,160,972
Net Pension Liability as a Percentage of Covered Employee Payroll	-21.01%	-11.11%	-10.97%	6.16%	-22.72%	3.25%	1.22%	-13.06%

Notes to Schedule:
N/A

Note: Years will continue to be added until there are 10 years for comparison.

City of Crandall, Texas
Schedule of Contributions-TMRS
September 30, 2022

	Fiscal Year Ended September 30,							
	2022	2021	2020	2019	2018	2017	2016	2015
Actuarially determined contribution	$ 247,349	$ 198,064	$ 171,986	$ 170,069	$ 152,845	$ 131,379	$ 128,119	$ 102,275
Contributions in relation to the actuarially determined contribution	$ 247,349	$ 198,064	$ 171,986	$ 170,069	$ 152,845	$ 131,379	$ 128,119	$ (102,275)
Contributions deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Covered employee payroll	$ 2,238,924	$ 1,793,584	$ 1,610,354	$ 1,568,836	$ 1,372,552	$ 1,196,529	$ 1,198,449	$ 1,160,972
Contributions as a percentage of covered employee payroll	11.05%	11.04%	10.68%	10.84%	11.14%	10.98%	11.10%	8.88%

Notes to Schedule of Contributions

Valuation Dates:

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

Methods and Assumptions Used to Determine Contribution Rates:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percentage of Payroll, Closed
Remaining Amortization Period	20 years (longest amortization ladder)
Asset Valuation Method	10 Year smoothed market; 12% soft corridor
Inflation	2.50%
Salary Increases	3.50% to 11.50% including inflation
Investment Rate of Return	6.75%
Retirement Age	Experience-based table of rates that are specific to the City's plan of benefits. Last updated for the 2019 valuation pursuant to an experience study of the period 2014-2018.
Mortality	Post-retirement: 2019 Municipal Retirees of Texas Mortality Tables. The rates are projected on a fully generational basis with scale UMP. Pre-retirement: PUB(10) mortality tables, with the Public Safety table used for males and the General Employee table used for females. The rates are projected on a fully generational basis with scale UMP.

Other Information:

Notes	There were no benefit changes during the year.