

CITY OF CRANE, TEXAS
ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED
AUGUST 31, 2024



SINGLETON, CLARK
& COMPANY, PC CERTIFIED PUBLIC ACCOUNTANTS

CITY OF CRANE, TEXAS
ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED AUGUST 31, 2024

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FINANCIAL SECTION



INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor and Members of the City Council of
City of Crane, Texas

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Crane, Texas (the "City"), as of and for the year ended August 31, 2024, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City, as of August 31, 2024, and the respective changes in financial position, and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The accompanying combining schedules of non-major governmental funds and the respective budgetary comparison for the Water and Sewer Fund are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining schedules of non-major governmental funds are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the 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.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated April 18, 2025 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Singleton, Clark & Company, PC

Singleton, Clark & Company, PC
Alpine, Texas

April 18, 2025

CITY OF CRANE, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED AUGUST 31, 2024

Management's Discussion and Analysis

The Management's Discussion and Analysis section of the City of Crane, Texas's (hereafter the "City") Annual Financial Report offers readers this narrative overview and analysis of the financial activities of the City for the fiscal year ended August 31, 2024. Please read it in conjunction with the independent auditor's report beginning on page 1 of this report and the City's basic financial statements which follow this section.

Financial Highlights

- The City's net position for governmental activities increased by \$266,491 to end at \$6,568,870 primarily due to result of the realization of higher than anticipated sales tax and investment earnings revenue and lower than anticipated expenses.
- The City's fund balance in the General Fund increased by \$469,387 to end at \$5,023,946 largely due to capital lease proceeds and the realization of greater than anticipated sales tax and investment earnings.
- The City's net position in the Water and Sewer Fund increased by \$618,511 from a combination of current operations and including a prior period adjustment of \$49,994 to end at \$11,950,005 primarily due to lower than anticipated expenditures for the year.

Overview of the Financial Statements

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

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

The *statement of net position* presents financial information on all of the City's assets, liabilities, and deferred inflows/outflows of resources, with the difference between assets and liabilities 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 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 for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

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

CITY OF CRANE, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED AUGUST 31, 2024

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the water and sewer utility which is considered to be major fund of the City. Conversely, when internal service funds are utilized, they are combined into a single, aggregated presentation in the proprietary fund financial statements. Individual fund data for the internal service funds are then provided in the form of combining statements in the combining and individual fund statements and schedules section of this report.

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

Basis of Reporting. The government-wide statements and the fund-level proprietary statements are reported using the full accrual basis of accounting. The governmental funds are reported using the modified accrual basis of accounting.

Notes to the Financial Statements. The notes provide additional information that is necessary to acquire a full understanding of the data provided in the government-wide and fund financial statements.

Other Information. In addition to the basic financial statements and accompanying notes, this report also presents *required supplementary information* concerning the City's progress in funding its obligation to provide pension and OPEB benefits to its employees. Required supplementary information can be found on page 60 of this report. The combining statements referred to earlier in connection with nonmajor governmental funds are presented immediately following the required supplementary information.

Government-wide Overall Financial Analysis

As noted earlier, net position over time, may serve as a useful indicator of a government's financial position. In the case of the City, assets and deferred outflows of resources exceeded liabilities by \$18,518,875 at the close of the most recent fiscal year.

CITY OF CRANE, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED AUGUST 31, 2024

The City's overall net position increased by \$885,002 from current year operations from the prior fiscal year. The reasons for this overall increase are discussed in the following sections for governmental activities and business-type activities.

Governmental Activities. During the current fiscal year, net position for governmental activities increased \$266,491 from the prior fiscal year for an ending balance of \$6,568,870. The realization of higher than anticipated sales tax and investment earnings revenue and lower than anticipated expenses.

**Condensed Statement of Activities
For the Years Ended August 31**

	Governmental Activities		Business-Type Activities		Total	
	2024	2023	2024	2023	2024	2023
Program Revenues:						
Charges for services	\$ 1,172,891	\$ 1,061,062	\$ 1,684,463	\$ 1,232,264	\$ 2,857,354	\$ 2,293,326
Operating grants & contributions	647	457,076	-	160,488	647	617,564
General Revenues:						
Property taxes	489,108	475,111	-	-	489,108	475,111
Other taxes	1,018,643	1,132,472	-	-	1,018,643	1,132,472
Grants and contributions not restricted to specific programs	147,146	-	-	-	147,146	-
Other	448,758	200,503	347,451	240,689	796,209	441,192
Total revenue	3,277,193	3,326,224	2,031,914	1,633,441	5,309,107	4,959,665
Expenses:						
General government	413,587	360,597	-	-	413,587	360,597
Public safety	1,691,665	1,714,392	-	-	1,691,665	1,714,392
Highways and streets	67,058	63,435	-	-	67,058	63,435
Sanitation	714,892	1,230,225	-	-	714,892	1,230,225
Interest on long-term debt	-	5,448	-	-	-	5,448
Water and sewer fund	-	-	1,536,903	1,686,157	1,536,903	1,686,157
Total expenses	2,887,202	3,374,097	1,536,903	1,686,157	4,424,105	5,060,254
Increase (decrease) in net position before transfers	389,991	(47,873)	495,011	(52,716)	885,002	(100,589)
Transfers	(123,500)	(169,193)	123,500	169,193	-	-
Increase (decrease) in net position	266,491	(217,066)	618,511	116,477	885,002	(100,589)
Net position - beginning	6,302,379	6,519,445	11,281,500	11,165,023	17,583,879	17,684,468
Prior period adjustment	-	-	49,994	-	49,994	-
Net position - ending	\$ 6,568,870	\$ 6,302,379	\$11,950,005	\$11,281,500	\$18,518,875	\$17,583,879

Business-type Activities. For the City of Crane, Texas's business-type activities, the results for the current fiscal year were positive in that overall net position increased to reach an ending balance of \$11,950,005. The total increase in net position from current year operations for business-type activities (water and sewer utilities) was \$618,511 or 5% from the prior fiscal year. The growth, in large part, is attributable to a higher than anticipated water sales and investment earnings.

CITY OF CRANE, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED AUGUST 31, 2024

Capital Assets and Debt Administration

Capital assets. The City's investment in capital assets for its governmental and business-type activities as of August 31, 2024, amounts to \$3,252,509, (net of accumulated depreciation). This investment in capital assets includes land, buildings, machinery, equipment, vehicles, park facilities, roads, highways, bridges, and the water and sewer infrastructure. The total increase in capital assets for the current fiscal year was approximately 8%.

Capital Assets, Net of Accumulated Depreciation

	Governmental Activities 2024	Governmental Activities 2023	Change
Land	\$ 7,831	\$ 7,831	\$ -
Buildings	286,372	286,372	-
Furniture and equipment	4,101,844	4,126,527	(24,683)
Total	4,396,047	4,420,730	(24,683)
Less accumulated depreciation	(3,164,877)	(3,409,659)	244,782
Capital assets, net of depreciation	\$ 1,231,170	\$ 1,011,071	\$ 220,099

	Business-Type Activities 2024	Business-Type Activities 2023	Change
Land	\$ 294,718	\$ 294,718	\$ -
Buildings	76,510	76,510	-
Furniture and equipment	1,364,431	1,558,498	(194,067)
Infrastructure	6,375,490	6,375,490	-
Total	8,111,149	8,305,216	(194,067)
Less accumulated depreciation	(6,089,810)	(6,318,699)	228,889
Capital assets, net of depreciation	\$ 2,021,339	\$ 1,986,517	\$ 34,822

Additional information on the City's capital assets can be found in Note III.D on pages 43-44 of this report.

Long-term Debt. At the end of the current fiscal year, the City had capital leases payable outstanding of \$341,678. The remainder of the City long-term obligations comprises pension and OPEB-related debt and compensated absences.

CITY OF CRANE, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED AUGUST 31, 2024

Outstanding Debt

	Governmental Activities 2024	Governmental Activities 2023	Change
Capital leases payable	\$ 308,206	\$ 65,660	\$ 242,546
Total	\$ 308,206	\$ 65,660	\$ 242,546
	Business-Type Activities 2024	Business-Type Activities 2023	Change
Capital leases payable	\$ 33,472	\$ -	\$ 33,472
Total	\$ 33,472	\$ -	\$ 33,472

The City's total lease payable debt increased by \$276,018 during the current fiscal year. The reason for the increase relates to the City entering into lease agreements for a new wheel loader and a new Hydro Vac with trailer.

Additional information on the City's long-term debt can be found in Note III.I on pages 51-52 of this report.

Economic Factors and Next Year's Budgets and Rates

The City considered many factors when setting the fiscal year 2024-2025 budget. The City's General Fund budget for fiscal year 2025 includes expenditures of approximately \$2.8 million which is an increase of approximately \$119,000 from the fiscal year 2024 total adopted expenditures. The City decreased the tax rate for 2024-2025 to \$0.3753 for the General Fund per \$100 valuation.

Requests for Information

This financial report is designed to provide a general overview of the City's finances for all those interested in the City's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the City's business office at 115 West 8th Street, Crane, Texas 79731 or by calling (432) 558-3563.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

CITY OF CRANE, TEXAS
STATEMENT OF NET POSITION
AUGUST 31, 2024

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 6,252,457	\$ 9,762,146	\$ 16,014,603
Taxes receivable - delinquent	49,265	-	49,265
Accounts receivable, net	46,863	174,548	221,411
Inventories	-	43,000	43,000
Net pension asset	194,551	129,701	324,252
Capital assets, not being depreciated:			
Land	7,831	294,718	302,549
Capital assets, being depreciated:			
Buildings and improvements	286,372	76,510	362,882
Machinery, equipment, and vehicles	4,101,844	1,364,431	5,466,275
Infrastructure	-	6,375,490	6,375,490
Accumulated depreciation	(3,164,877)	(6,089,810)	(9,254,687)
Total assets	<u>7,774,306</u>	<u>12,130,734</u>	<u>19,905,040</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows NPL and OPEB	554,782	369,854	924,636
Total deferred outflows of resources	<u>554,782</u>	<u>369,854</u>	<u>924,636</u>
LIABILITIES			
Accounts payable	9,729	39,292	49,021
Accrued salaries and benefits	156,966	52,975	209,941
Other current liabilities	-	120,777	120,777
Noncurrent liabilities:			
Due within one year	72,599	33,472	106,071
Due in more than one year	1,129,170	42,897	1,172,067
Total liabilities	<u>1,368,464</u>	<u>289,413</u>	<u>1,657,877</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows NPL and OPEB	391,754	261,170	652,924
Total deferred inflows of resources	<u>391,754</u>	<u>261,170</u>	<u>652,924</u>
NET POSITION			
Net investment in capital assets	922,964	2,021,339	2,944,303
Restricted for municipal court security	40,808	-	40,808
Restricted for municipal court technology	37,756	-	37,756
Restricted for hotel occupancy tax purposes	64,348	-	64,348
Unrestricted	5,502,994	9,928,666	15,431,660
Total net position	<u>\$ 6,568,870</u>	<u>\$ 11,950,005</u>	<u>\$ 18,518,875</u>

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

Net (Expense) Revenue and Changes in Net Position		
Primary Government		
Governmental Activities	Business-Type Activites	Total
\$ (129,400)	\$ -	\$ (129,400)
(1,482,169)	-	(1,482,169)
(67,058)	-	(67,058)
(35,037)	-	(35,037)
(1,713,664)	-	(1,713,664)
-	147,560	147,560
-	147,560	147,560
(1,713,664)	147,560	(1,566,104)
489,108	-	489,108
1,009,659	-	1,009,659
8,984	-	8,984
147,146	-	147,146
419,128	304,802	723,930
29,630	42,649	72,279
2,103,655	347,451	2,451,106
(123,500)	123,500	-
1,980,155	470,951	2,451,106
266,491	618,511	885,002
6,302,379	11,281,500	17,583,879
-	49,994	49,994
\$ 6,568,870	\$ 11,950,005	\$ 18,518,875

FUND BASIS FINANCIAL STATEMENTS

CITY OF CRANE, TEXAS
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE
STATEMENT OF NET POSITION
AUGUST 31, 2024

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

Total fund balance of all governmental funds	\$ 6,132,625
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	1,231,170
Other long-term assets, such as uncollected property taxes, are not available to pay for and, therefore, are reported as unavailable revenue in the funds.	49,265
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.	(1,151,902)
Additional long-term liabilities related to the recognition of the net pension asset and the net OPEB liability are not reported in the funds.	307,712
Net position of governmental activities	<u>\$ 6,568,870</u>

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

CITY OF CRANE, TEXAS
 RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES,
 EXPENDITURES, AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES
 FOR THE YEAR ENDED AUGUST 31, 2024

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

Net change in fund balances for total governmental funds	\$ 338,809
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of these assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlay exceeded depreciation expense in the current period.	220,099
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	12,005
The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.	(261,757)
The net effect of various transactions involving the net pension asset and the OPEB liability is to decrease net position.	(42,665)
Change in net position for governmental activities	<u>\$ 266,491</u>

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

CITY OF CRANE, TEXAS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL – GENERAL FUND
FOR THE YEAR ENDED AUGUST 31, 2024

	Budgeted Amounts			Variance With
	Original	Final	Actual	Final Budget
REVENUES				
Property taxes	\$ 486,143	\$ 486,143	\$ 477,103	\$ (9,040)
Sales taxes	834,300	834,300	1,009,659	175,359
Franchise taxes	136,500	136,500	147,146	10,646
Licenses and permits	62,280	62,280	74,952	12,672
Intergovernmental revenues	180,000	180,000	209,235	29,235
Fines	200,650	200,650	200,326	(324)
Investment earnings	52,000	52,000	403,943	351,943
Rents and royalties	755,080	755,080	679,855	(75,225)
Miscellaneous revenue	14,300	14,300	30,277	15,977
Total revenues	2,721,253	2,721,253	3,232,496	511,243
EXPENDITURES				
Current:				
General government	309,511	343,797	333,929	9,868
Public safety	1,427,182	1,509,733	1,464,300	45,433
Highways and streets	57,000	64,121	59,121	5,000
Sanitation	707,944	850,486	614,471	236,015
Capital outlay	226,000	276,736	541,472	(264,736)
Total Expenditures	2,727,637	3,044,874	3,013,293	31,581
Excess (deficiency) of revenues over expenditures	(6,385)	(323,621)	219,203	542,824
OTHER FINANCING SOURCES (USES)				
Transfers in	100,000	100,000	39,059	60,941
Transfers out	-	-	(39,059)	(39,059)
Capital leases	-	-	250,184	(250,184)
Total other financing sources (uses)	100,000	100,000	250,184	150,184
Net change in fund balances	93,615	(223,621)	469,387	693,008
Fund balance - beginning	4,554,559	4,554,559	4,554,559	-
Fund balance - ending	\$ 4,648,174	\$ 4,330,938	\$ 5,023,946	\$ 693,008

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

CITY OF CRANE, TEXAS
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED AUGUST 31, 2024

	Business-Type Activities Water and Sewer Fund
REVENUES	
Operating revenues:	
Charges for services:	
Water	\$ 1,352,305
Wastewater/sewer	310,054
Other charges	22,104
Miscellaneous revenue	42,649
Total operating revenues	<u>1,727,112</u>
EXPENSES	
Operating expenses:	
Salaries and wages	595,783
Purchased services	464,323
Purchased property services	113,293
Other purchased services	16,800
Materials and supplies	30,603
Other operating expenses	64,081
Depreciation	200,322
Miscellaneous	51,698
Total operating expenses	<u>1,536,903</u>
Operating income (loss)	190,209
Nonoperating revenues (expenses)	
Investment earnings	304,802
Total nonoperating revenues (expenses)	<u>304,802</u>
Income before transfers in (out)	495,011
Transfers in	123,500
Change in net position	<u>618,511</u>
Net position-beginning	<u>11,281,500</u>
Prior period adjustment	49,994
Net position-ending	<u><u>\$ 11,950,005</u></u>

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

CITY OF CRANE, TEXAS
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
AUGUST 31, 2024

	Business-Type Activities Water and Sewer Fund
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from customers	\$ 1,675,100
Receipt (return) of customer deposits	3,208
Payments to suppliers and service providers	(726,866)
Payments to employees for salaries and benefits	(526,575)
Net cash provided by (used for) operating activities	<u>424,867</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Transfers from other funds	123,500
Net cash provided by (used for) capital and financing activities	<u>123,500</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Purchase of assets	(235,144)
Issuance of capital debt	33,472
Net cash provided by (used for) capital and related financing activities	<u>(201,672)</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Purchases of assets	
Proceeds from sale of investments	
Interest on investments	304,802
Net cash provided by investing activities	<u>304,802</u>
Net increase (decrease) in cash and cash equivalents	651,497
Cash and cash equivalents-beginning	<u>9,110,649</u>
Cash and cash equivalents-ending	<u>\$ 9,762,146</u>
Reconciliation of operating income (loss) to net cash provided (used for) operating activities:	
Operating income (loss)	\$ 190,209
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:	
Depreciation expense	200,322
(Increase) decrease in accounts receivable	(52,012)
(Decrease) increase in deposits payable	3,208
(Decrease) increase in accounts payable	13,932
(Decrease) increase in accrued liabilities	40,764
(Decrease) increase in NPA/OPEB	28,444
Total adjustments	<u>234,658</u>
Net cash provided by (used for) operating activities	<u>\$ 424,867</u>

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

NOTES TO THE FINANCIAL STATEMENTS

CITY OF CRANE, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2024

I. Summary of Significant Accounting Policies

The accounting and reporting policies of the City of Crane, Texas (hereafter, 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 applicable to state and local governments. Generally accepted accounting principles for local governments include those principles prescribed by the Governmental Accounting Standards Board (GASB). The more significant accounting policies of the City are described below.

Implementation of New Governmental Accounting Pronouncement

During the year the District implemented Governmental Accounting Standards Board Statement No. 100 – *Accounting Changes and Error Corrections* (“GASB 100”). The objective of GASB 100 is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability.

This Statement defines accounting changes as changes in accounting principles, changes in accounting estimates, and changes to or within the financial reporting entity and describes the transactions or other events that constitute those changes. As part of those descriptions, for (1) certain changes in accounting principles and (2) certain changes in accounting estimates that result from a change in measurement methodology, a new principle or methodology should be justified on the basis that it is preferable to the principle or methodology used before the change. That preferability should be based on the qualitative characteristics of financial reporting—understandability, reliability, relevance, timeliness, consistency, and comparability. This Statement also addresses corrections of errors in previously issued financial statements.

A. Reporting Entity

The City of Crane, Texas was incorporated in 1935. The City operates under the general law form of government with an elected mayor and six-city council members. In 1992 the City was divided into three wards with two council members elected from each ward while the mayor is elected at large.

The City’s financial reporting entity consists of the primary government of the City. There are no component units included in the reporting entity.

B. Government-Wide Financial Statements

While separate government-wide and fund financial statements are presented, they are interrelated. The governmental activities column incorporates data from governmental funds and internal service funds, while business-type activities incorporate data from the government’s enterprise funds. Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements.

C. Fund Financial Statements

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

CITY OF CRANE, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2024

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

The governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period.

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

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

Proprietary, pension and other postemployment benefit trust, and private-purpose trust funds are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Agency funds have no measurement focus but utilize the *accrual basis of accounting* for reporting its assets and liabilities.

E. Budgetary Information

1. Budgetary basis of accounting

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for the General Fund and the Water and Sewer Fund. Other special revenue funds and the permanent fund do not have appropriated budgets since other means control the use of these resources (e.g., grant awards and endowment requirements) and sometimes span a period of more than one fiscal year.

The appropriated budget is prepared by fund and department. The government's department heads may make transfers of appropriations within a department. Transfers of appropriations between departments require the approval of the council. The legal level of budgetary control (i.e., the level at which expenditures may not legally exceed appropriations) is the department level.

Appropriations in all budgeted funds lapse at the end of the fiscal year even if they have related encumbrances. Encumbrances are commitments related to unperformed (executory) contracts for goods or services (i.e., purchase orders, contracts, and commitments). Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control.

CITY OF CRANE, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2024

As the government constructs or acquires additional capital assets each period, including infrastructure assets, they are capitalized and reported at historical cost. The reported value excludes normal maintenance and repairs which are essentially amounts spent in relation to capital assets that do not increase the capacity or efficiency of the item or increase its estimated useful life. Donated capital assets are recorded at their estimated fair value at the date of donation.

Land and construction in progress are not depreciated. The other property, plant, equipment, and infrastructure of the primary government are depreciated using the straight line method over the following estimated useful lives:

Capital asset classes	Lives
Buildings	10-50
Machinery and equipment	5-20
Vehicles	5-10
Improvements	10-20
Infrastructure	75-100
Water distribution system	75-100

5. *Deferred outflows/inflows of resources*

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/ expenditure) until then. In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. The government currently 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 revenues from two sources: property taxes and special assessments. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

6. *Net position flow assumption*

Sometimes the government will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted – net position and unrestricted – net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the government's policy to consider restricted – net position to have been depleted before unrestricted – net position is applied.

7. *Fund balance flow assumptions*

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

CITY OF CRANE, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2024

Operating expenses for enterprise funds and internal service 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.

II. Stewardship, Compliance and Accountability

A. Violations of Legal or Contractual Provisions

No violations of legal or contractual provisions were noted during the current year.

B. Deficit Fund Equity

For the year ended August 31, 2024 there were no funds reported with deficit fund equity.

III. Detailed Notes on All Activities and Funds

A. Cash Deposits with Financial Institution

Custodial credit risk-deposits. In the case of deposits, this is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The government does not have a deposit policy for custodial credit risk. As of August 31, 2024, the government's bank balance was \$5,191,086 and \$0 of that amount was exposed to custodial credit risk because it was uninsured and collateralized with securities held by the pledging or financial institution's trust department or agent, but not in the government's name.

B. Investments

The State Treasurer's Investment Pool (Pool) operates in accordance with state law, which requires it to meet all of the requirements of Rule 2a-7 of the Securities and Exchange Commission. See note I.G.2, *Investments*, for a discussion of how the shares in the Pool are valued. The Pool has a credit rating of AAA from Standard & Poor's Financial Services. Local government investment pools in this rating category meet the highest standards for credit quality, conservative investment policies, and safety of principal. The Pool invests in a high quality portfolio of debt securities investments legally permissible for municipalities and school districts in the state.

The government utilizes a pooled investment concept for all its funds to maximize its investment program. Investment income from this internal pooling is allocated to the respective funds based upon the sources of funds invested. State statutes authorize the government to invest in obligations of the U.S. Treasury, commercial paper, corporate bonds, repurchase agreements, and the State Treasurer's Investment Pool.

As of August 31, 2024, the government had the following investments:

Investment Type	Maturity Time in Years			
	Less than 1	1-5	6-10	More Than 10
Certificates of deposit	\$ 30,128	\$ -	\$ -	\$ -
IntraFi Cash Services	10,838,989	-	-	-
Total investments	\$ 10,869,117	\$ -	\$ -	\$ -

CITY OF CRANE, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2024

D. Capital Assets

Capital assets activity for the year ended August 31, 2024, was as follows:

Governmental Activities:

	Balance 9/1/23	Increases	Decreases	Balance 8/31/24
Capital assets, not being depreciated:				
Land	\$ 7,831	\$ -	\$ -	\$ 7,831
Total capital assets, not being depreciated	7,831	-	-	7,831
Capital assets, being depreciated:				
Buildings and improvements	286,372	-	-	286,372
Machinery, equipment, and vehicles	4,126,527	555,422	(580,105)	4,101,844
Total capital assets, being depreciated	4,412,899	555,422	(580,105)	4,388,216
Less accumulated depreciation for:				
Buildings and improvements	(199,343)	(5,999)	-	(205,342)
Machinery, equipment, and vehicles	(3,210,316)	(329,324)	580,105	(2,959,535)
Total accumulated depreciation	(3,409,659)	(335,323)	580,105	(3,164,877)
Total capital assets being depreciated, net	1,003,240	220,099	-	1,223,339
Governmental activities capital assets, net	\$ 1,011,071	\$ 220,099	\$ -	\$ 1,231,170

Business-Type Activities:

	Balance 9/1/23	Increases	Decreases	Balance 8/31/24
Capital assets, not being depreciated:				
Land	\$ 294,718	\$ -	\$ -	\$ 294,718
Total capital assets, not being depreciated	294,718	-	-	294,718
Capital assets, being depreciated:				
Buildings and improvements	76,510	-	-	76,510
Machinery, equipment, and vehicles	1,558,498	235,144	(429,211)	1,364,431
Infrastructure	6,375,490	-	-	6,375,490
Total capital assets, being depreciated	8,010,498	235,144	(429,211)	7,816,431
Less accumulated depreciation for:				
Buildings and improvements	(57,342)	(2,998)	-	(60,340)
Machinery, equipment, and vehicles	(1,353,492)	(90,454)	429,211	(1,014,735)
Infrastructure	(4,907,865)	(106,870)	-	(5,014,735)
Total accumulated depreciation	(6,318,699)	(200,322)	429,211	(6,089,810)
Total capital assets being depreciated, net	1,691,799	34,822	-	1,726,621
Business-type activities capital assets, net	\$ 1,986,517	\$ 34,822	\$ -	\$ 2,021,339

CITY OF CRANE, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2024

Contributions

Member contribution rates in TMRS are either 5%, 6%, or 7% of the Member's total compensation, and the city matching percentages are either 100%, 150%, or 200%, both as adopted by the governing body of the city. Under the state law governing TMRS, the contribution rate for each city is determined annually by the actuary, using the Entry Age Normal (EAN) actuarial cost method. The city's contribution rate is based on the liabilities created from the benefit plan options selected by the city and any changes in benefits or actual experience over time.

Employees for the City were required to contribute 7% of their annual gross earnings during the fiscal year. The contribution rates for the City of Crane, Texas were 7.91% and 8.47% in calendar years 2023 and 2024, respectively. The City's contributions to TMRS for the year ended August 31, 2024 were \$145,117, and were equal to the required contributions.

Net Pension Liability

The City's Net Pension Liability (NPL) was measured as of December 31, 2023, and the Total Pension Liability (TPL) used to calculate the Net Pension Liability was determined by an actuarial valuation as of that date.

Actuarial Assumptions

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

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

Salary increases were based on a service-related table. Mortality rates for or active members are based on the PUB(10) mortality tables with 110% of the Public Safety table used for males and 100% of 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. Male rates are multiplied by 103% and female rates are multiplied by 105%. The rates for actives, healthy retirees and beneficiaries are projected on a fully generational basis by the most recent Scale MP-2021 to account for future mortality improvements. For disabled annuitants, the same mortality tables for healthy retirees are used with a 4-year set-forward for males and a 3-year set-forward for females. In addition, a 3.5% and 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 the most recent Scale MP-2021 to account for future mortality improvements subject to the 3% floor.

The actuarial assumptions were developed primarily from the actuarial investigation of the experience of TMRS over the four-year period from December 31, 2018 to December 31, 2022. The assumptions were adopted in 2023 and first used in the December 31, 2023, actuarial valuation. The post-retirement mortality assumption for Annuity Purchase Rates (APRs) is based on the Mortality Experience Investigation Study covering 2009 through 2011 and dated December 31, 2013. Plan assets are managed on a total return basis with an emphasis on both capital appreciation as well as the production of income to satisfy the short-term and long-term funding needs of TMRS.

CITY OF CRANE, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2024

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

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

	1% Decrease in Discount Rate 5.75%	Current Discount Rate 6.75%	1% Increase in Discount Rate 7.75%
City's net pension (asset)/ liability	\$ 663,863	\$ (324,252)	\$ (1,145,000)

Pension Plan Fiduciary Net Position

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

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

For the year ended August 31, 2024, the City recognized pension expense of \$71,943.

At August 31, 2024, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between projected and actual investment earnings	\$ 711,419	\$ 498,382
Differences between expected and actual economic experience	105,131	81,304
Difference in assumption changes	-	45,986
Contributions subsequent to the measurement date	95,054	-
Total	<u>\$ 911,604</u>	<u>\$ 625,672</u>

\$95,054 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability for the year ending August 31, 2024. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Measurement Year Ended Dec 31st:	Net Deferred Outflows (Inflows) of Resources
2024	\$ 70,256
2025	68,284
2026	132,697
2027	(80,359)
2028	-
Thereafter	-
Total	<u>\$ 190,878</u>

CITY OF CRANE, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2024

All administrative expenses are paid through the Pension Trust and accounted for under reporting requirements under GASB No. 68. Mortality rates for service retirees are calculated using the 2019 Municipal Retirees of Texas Mortality Tables. Male rates are multiplied by 103% and female rates are multiplied by 105%. The rates are projected on a fully generational basis by the most recent Scale MP-2021 (with immediate convergence). 2019 Municipal Retirees of Texas Mortality Tables (with immediate convergence).

Mortality rates for disabled retirees are calculated using 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 the most recent Scale MP-2021 (with immediate convergence) to account for future mortality improvements subject to the floor.

Schedule of Changes in the Total OPEB Liability

	Increase (Decrease)		
	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability
	(a)	(b)	(a) - (b)
Balance at 12/31/2022	\$ 71,674	\$ -	\$ 71,674
Changes for the year:			
Service cost	3,666	-	3,666
Interest	2,938	-	2,938
Change of benefit terms	-	-	-
Difference between expected and actual experience	2,906	-	2,906
Changes of assumptions	3,848	-	3,848
Contributions - employer	-	-	-
Contributions - employee	-	-	-
Net investment income	-	-	-
Benefit payments, including refunds of employee contr.	(1,920)	-	(1,920)
Administrative expense	-	-	-
Other changes	-	-	-
Net changes	11,438	-	11,438
Balance at 12/31/2023	\$ 83,112	\$ -	\$ 83,112

Sensitivity of the OPEB liability to changes in the discount rate

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

	1% Decrease in Discount Rate 2.77%	Current Discount Rate 3.77%	1% Increase in Discount Rate 4.77%
City's OPEB liability	\$ 98,189	\$ 83,112	\$ 71,183

CITY OF CRANE, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2024

I. Lease Obligations

1. Capital Lease

The future minimum lease obligations and the net present value of the Governmental lease payments as of August 31, 2024, were as follows:

Year Ending September 30,	Governmental Activities
2025	\$ 90,937
2026	90,937
2027	59,312
2028	59,312
2029	59,311
Total minimum lease payments	359,809
Less: amount representing interest	(51,605)
Present value of minimum lease payments	\$ 308,204

The future minimum lease obligations and the net present value of the Proprietary activity lease payments are as of August 31, 2024, were as follows:

Year Ending September 30,	Proprietary Activities
2025	\$ 35,733
Total minimum lease payments	35,733
Less: amount representing interest	(1,992)
Present value of minimum lease payments	\$ 33,741

J. Long-Term Liabilities

General Obligation Bonds

The government may issue general obligation bonds and certificates of obligation to provide funds for the acquisition and construction of major capital facilities. These long-term debt instruments are direct obligations and pledge the full faith and credit of the government. General obligation bonds and certificates of obligation generally are issued with repayment scheduled to occur as equal amounts of principal maturing each year with maturities that range from 5 to 20 years.

As of the year ended August 31, 2024, the City did not have any outstanding bonds.

Details of long-term debt obligations outstanding at August 31, 2024 are as follows on the next page.

CITY OF CRANE, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2024

K. Long-Term Contracts

The City is party to several long-term contracts for the purchase of water.

1. New Era Royalties Company Contract

The City has a water contract with New Era Royalties Company. The contract is effective for 60 years beginning January 1, 1983. The City pays \$40,000 annually in monthly installments of approximately \$3,333 as minimum royalty payments on the first 266,666,666 gallons and \$0.15 per 1,000 gallons used in excess of 266,666,666 gallons. In this agreement, the City received an additional 7 sections of land.

The City may abandon its rights to the premises under the agreement by giving written notice at least one year in advance.

New Era Royalties may terminate the agreement by giving a 90-day written notice if the City fails to comply with all obligations of the contract.

2. John H. Edwards III Contract

The City has a water contract with John H. Edwards III, et al, for a term of 25 years beginning in March 1984. The City has the option to renew the lease for an additional 25 year period and then an additional 10 year period. For the first five years of the original term, the City will pay \$2.25 per acre per year or \$0.12 per 1,000 gallons of water produced, whichever is greater. At the expiration of the first five years of the primary term and upon the expiration of each five year period thereafter, the price attributable to acreage shall increase by \$0.25 per acre, and the price or royalty attributable to each 1,000 gallons of water produced shall be adjusted for cost-of-living increases. Total acreage under lease is 13,116 acres. The current price is 44.9 cents per 1,000 gallons.

L. Fund Balance

The City does not currently have a fund balance policy.

M. Interfund Receivables and Payables

As of August 31, 2024, the City did not have any interfund balances.

N. Interfund Transfers

The composition of interfund transfers for the year ended is August 31, 2024 as follows:

	Transfer in to:		
	Governmental Funds	Enterprise Funds	Total
	General Fund	Water and Sewer Fund	
Transfer out from:			
General Fund	\$ 39,059	\$ -	\$ 39,059
Nonmajor Gov. Funds	-	123,500	123,500
Total	\$ 39,059	\$ 123,500	\$ 162,559

CITY OF CRANE, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2024

a. Recognition of the liability

Management Estimate of the Total Capacity of Present Site in Equivalent Tons	79,856
Usage 11/7/1993 to 8/15/2018 - Equivalent Tons	79,856
Percent Used	100.00%

Management Estimate of Closure and Postclosure Costs	\$ 477,333
---	------------

b. Total Reported Liability at August 31, 2023	\$ 477,333
Estimated Liability to be Recognized in Future Years	-
Total Estimated Liability	<u>\$ 477,333</u>

c. Percentage of Landfill Used to Date	100.00%
--	---------

Estimated Remaining Useful Life in Years	0 years
--	---------

d. Management estimates were revised with the assistance of an engineering firm.

e. The estimates are revised annually based on inflation or deflation, changes in technology, and changes in applicable laws and regulations. The current year inflation adjustment was a 1.0% increase.

a. Recognition of the liability

Management Estimate of the Total Capacity of Present Site in Equivalent Tons	1,762,494
Usage 11/7/1993 to 8/15/2024 - Equivalent Tons	40,653
Percent Used	2.31%

Management Estimate of Closure and Postclosure Costs	\$ 323,148
---	------------

b. Total Reported Liability at August 31, 2023	\$ 323,148
Estimated Liability to be Recognized in Future Years	-
Total Estimated Liability	<u>\$ 323,148</u>

c. Percentage of Landfill Used to Date	2.31%
--	-------

Estimated Remaining Useful Life in Years	344 years
--	-----------

d. Management estimates were revised with the assistance of an engineering firm.

e. The estimates are revised annually based on inflation or deflation, changes in technology, and changes in applicable laws and regulations. The current year inflation adjustment was a 1.0% increase.

CITY OF CRANE, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2024

P. Contingencies

The government participates in various federal grant programs, the principal of which are subject to program compliance audits pursuant to the Single Audit Act as amended. Accordingly, the government's compliance with applicable grant requirements will be established at a future date. The amount of expenditures which may be disallowed by the granting agencies cannot be determined at this time, although the government anticipates such amounts, if any, will be immaterial.

From time to time, the government is/has been a defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, in the opinion of the government's legal counsel, the resolution of these matters will not have a material adverse effect on the financial condition of the government.

Q. Prior Period Adjustment

During the year, the District made a prior period adjustment, which is summarized below:

Net Position as Previously Stated at September 30, 2023	\$ 11,281,500
To correct the Water and Sewer Fund cash balance amount.	<u>44,994</u>
Net Position as Restated at September 30, 2023	<u><u>\$ 11,326,494</u></u>

R. Subsequent Events

As of April 18, 2025, there were no items noted requiring recording or disclosure.

REQUIRED SUPPLEMENTARY INFORMATION

Measurement Year 2019	Measurement Year 2018	Measurement Year 2017	Measurement Year 2016
\$ 231,976	\$ 224,857	\$ 188,213	\$ 192,756
421,859	428,335	425,465	420,009
-	-	(181,430)	(112,894)
(77,297)	(375,402)	(434,077)	(399,483)
21,937	-	-	-
(372,577)	(382,012)	-	-
\$ 225,898	\$ (104,222)	\$ (1,829)	\$ 100,388
6,320,060	6,424,282	6,426,111	6,325,723
\$ 6,545,958	\$ 6,320,060	\$ 6,424,282	\$ 6,426,111

\$ 123,074	\$ 140,197	\$ 122,803	\$ 121,431
97,119	97,946	81,327	82,526
987,673	(201,879)	849,257	400,628
(372,577)	(382,012)	(434,077)	(399,483)
(5,587)	(3,905)	(4,403)	(4,526)
(168)	(204)	(223)	(244)
\$ 829,534	\$ (349,857)	\$ 614,684	\$ 200,332
6,395,460	6,745,317	6,130,634	5,930,302
\$ 7,224,994	\$ 6,395,460	\$ 6,745,318	\$ 6,130,634
\$ (679,036)	\$ (75,400)	\$ (321,036)	\$ 295,477

110.37% 101.19% 105.00% 95.40%

\$ 1,387,415 \$ 1,399,234 \$ 1,161,807 \$ 1,178,937

-48.94% -5.39% -27.63% 25.06%

Fiscal Year			
<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
\$ 119,090	\$ 122,287	\$ 120,401	\$ 122,803
<u>(119,090)</u>	<u>(122,287)</u>	<u>(120,401)</u>	<u>(123,572)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (769)</u>
\$ 1,438,054	\$ 1,327,408	\$ 1,182,128	\$ 1,161,807
8.28%	9.21%	10.19%	10.57%

CITY OF CRANE, TEXAS
NET PENSION (ASSET)/LIABILITY
NOTES TO SCHEDULE OF EMPLOYER CONTRIBUTIONS
FOR THE YEAR ENDED AUGUST 31, 2024

Valuation Date:

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

Methods and Assumptions Used to Determine Contribution Rates:

Actuarial cost method	Entry Age Normal
Amortization method	Level Percentage of Payroll, Closed
Remaining amortization period	N/A
Asset valuation method	10 Year smoothed market; 12% soft corridor
Inflation	2.50% per year
Salary increases	3.60% to 11.85%, including inflation
Investment rate of return	6.75%
Retirement age	Experience-based table of rates that vary by age. Last updated for the 2023 valuation pursuant to an experience study of the period ending 2022.
Mortality	Post-retirement: 2019 Municipal Retirees of Texas Mortality Tables. Male rates are multiplied by 103% and female rates are multiplied by 105%. The rates are projected on a fully generational basis by the most recent Scale MP-2021 (with immediate convergence). Pre-retirement: PUB(10) mortality tables, with the 110% of the Public Safety table used for males and the 100% of the General Employee table used for females. The rates are projected on a fully generational basis by the most recent Scale MP-2021 (with immediate convergence).

Other Information:

Notes Additional 50% non-retroactive repeating COLA.

Measurement Year 2019	Measurement Year 2018	Measurement Year 2017
\$ 2,914	\$ 3,218	\$ 2,324
3,025	2,682	2,665
-	-	-
(7,046)	1,310	-
14,464	(5,582)	5,941
(971)	(979)	(697)
\$ 12,386	\$ 649	\$ 10,233
80,558	79,909	69,676
<u>\$ 92,944</u>	<u>\$ 80,558</u>	<u>\$ 79,909</u>
 \$ 1,387,415	 \$ 1,399,234	 \$ 1,161,807
 6.70%	 5.76%	 6.88%

Fiscal Year			
2020	2019	2018	2017
\$ 2,876	\$ 2,615	\$ 2,601	\$ 2,196
(2,876)	(2,615)	(2,601)	(2,196)
\$ -	\$ -	\$ -	\$ -
\$ 1,438,054	\$ 1,327,408	\$ 1,182,128	\$ 1,161,807
0.20%	0.20%	0.22%	0.19%

CITY OF CRANE, TEXAS
NET OPEB LIABILITY
NOTES TO SCHEDULE OF EMPLOYER CONTRIBUTIONS
FOR THE YEAR ENDED AUGUST 31, 2024

Summary of Actuarial Assumptions:

Inflation	2.50%
Salary increases	3.60% to 11.85%; including inflation
Discount rate*	3.77%
Retirees' share of benefit-related costs	\$0
Administrative expenses	All administrative expenses are paid through the Pension Trust and accounted for under reporting requirements of GASB Statement No. 68.
Mortality rates - service retirees	2019 Municipal Retirees of Texas Mortality Tables. Male rates are multiplied by 103% and female rates are multiplied by 105%. The rates are projected on a fully generational basis by the most recent Scale MP-2021 (with immediate convergence).
Mortality rates - disabled retirees	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 the most recent Scale MP-2021 (with immediate convergence) to account for future mortality improvements subject to the floor.
	*The discount rate was based on the Fidelity Index's "20-Year Municipal GO AA Index" rate as of December 31, 2023.

Other Information:

Notes

The actuarial assumptions used in the December 31, 2023 valuation were based on the results of an actuarial experience study for the period ending December 31, 2022.

*COMBINING AND INDIVIDUAL FUND FINANCIAL
STATEMENTS AND SCHEDULES*

Nonmajor Governmental Funds

Special Revenue Funds

Special revenue funds are used to account for specific revenue sources that are restricted, committed, or assigned to expenditures for particular purposes.

The Fire Department Fund collects fees for Ambulance Services. It also receives at least \$7,500 from the General Fund of the City and a like amount from Crane County. The collected monies are to be used for Emergency Services equipment purchases.

The Municipal Court Security Fund collects a portion of the Municipal Court Fines to be used to provide security in the court.

The Municipal Technology Fund collects a portion of the Municipal Court fines to be used for upgrading technology equipment for the Municipal Court.

The Coronavirus Local Fiscal Relief Fund accounts for the City's administration of this federal program.

The Hotel/Motel Tax Fund collects a Hotel/Motel tax and is used for economic development of the City.

Special Revenue Funds		Total
Coronavirus Local Relief Fund	Hotel Fund	Non-Major Governmental Funds
\$ 606,607	\$ 64,348	\$ 1,108,679
\$ 606,607	\$ 64,348	\$ 1,108,679
\$ -	\$ -	\$ -
-	-	-
-	-	40,808
-	-	37,756
-	64,348	64,348
606,607	-	606,607
-	-	359,160
606,607	64,348	1,108,679
\$ 606,607	\$ 64,348	\$ 1,108,679

Special Revenue Funds		Total Non-Major Governmental Funds
Coronavirus Local Relief Fund	Hotel Fund	
Fund	Hotel Fund	
\$ -	\$ 8,984	\$ 8,984
-	-	8,523
-	-	15,185
-	8,984	32,692
-	21,500	25,820
13,950	-	13,950
13,950	21,500	39,770
(13,950)	(12,516)	(7,078)
(123,500)	-	(123,500)
(123,500)	-	(123,500)
(137,450)	(12,516)	(130,578)
744,057	76,864	1,239,257
\$ 606,607	\$ 64,348	\$ 1,108,679

CITY OF CRANE, TEXAS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL – WATER AND SEWER FUND
FOR THE YEAR ENDED AUGUST 31, 2024

	Budgeted Amounts			Variance With
	Original	Final	Actual	Final Budget
REVENUES				
Operating revenues				
Charges for services:				
Water sales	\$ 1,103,020	\$ 1,103,020	\$ 1,352,305	\$ 249,285
Wastewater/sewer	330,000	330,000	310,054	(19,946)
Other charges for services	18,800	18,800	22,104	3,304
Miscellaneous revenues	13,500	13,500	42,649	29,149
Grant revenue	700,000	700,000	-	(700,000)
Total revenues	2,165,320	2,165,320	1,727,112	(438,208)
EXPENDITURES				
Current:				
Personnel services	661,359	661,359	595,783	65,576
Purchased prof. and technical services	455,160	455,160	464,323	(9,163)
Purchased property services	136,250	136,250	113,293	22,957
Other purchased services	26,500	26,500	16,800	9,700
Materials and supplies	22,500	22,500	30,603	(8,103)
Other operating expenses	47,856	47,856	64,081	(16,225)
Depreciation	-	-	200,322	(200,322)
Miscellaneous	745,500	745,500	51,698	693,802
Water District Expense	35,000	35,000	-	35,000
Total Expenditures	2,130,125	2,130,125	1,536,903	593,222
Excess (deficiency) of revenues over expenditures	35,195	35,195	190,209	155,014
OTHER FINANCING SOURCES (USES)				
Transfers in	150,000	150,000	123,500	(26,500)
Investment earnings	79,586	79,586	304,802	225,216
Total Other Financing Sources (Uses)	229,586	229,586	428,302	198,716
Net Change in Fund Balances	264,781	264,781	618,511	353,730
Fund balance - beginning	11,281,500	11,281,500	11,281,500	-
Prior period adjustment	-	-	49,994	49,994
Fund balance - ending	\$ 11,546,281	\$ 11,546,281	\$ 11,950,005	\$ 403,724

OTHER REPORTING



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

To the Honorable Mayor, Members of the City Council and Citizens of
the City of Crane, Texas

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Crane, Texas (the "City"), as of and for the year ended August 31, 2024, and the related notes to the financial statements, which collectively comprise the City's basic financial statements and have issued our report thereon dated April 18, 2025.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

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

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

Report on Compliance and Other Matters

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

Purpose of This Report

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

Singleton, Clark & Company, PC

Singleton, Clark & Company, PC
Alpine, Texas

April 18, 2025

CITY OF CRANE, TEXAS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED AUGUST 31, 2024

SECTION I – SUMMARY OF AUDITOR’S RESULTS

FINANCIAL STATEMENTS

Type of auditor’s report issued:

Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? ☐ Yes ☒ No
- Significant deficiencies identified that are not considered to be material weaknesses? ☐ Yes ☒ None reported

Noncompliance material to financial statements noted? ☐ Yes ☒ No

SECTION II – FINANCIAL STATEMENT FINDINGS

Findings Related to Financial Statements Which are Required to be Reported in Accordance with Government Auditing Standards:

No findings or questioned costs required to be reported in accordance with *Government Auditing Standards* for the years ended August 31, 2024.

Prior year financial statement findings as required to be restated with current status:

2023-001 Cash Reconciliations

Criteria: The preparation of bank reconciliations is a critical internal control procedure which helps to ensure that all financial transactions have been recorded and that all transactions clearing the bank each month were accurately processed and properly authorized.

Condition Found: Based on our review of bank reconciliations for the fiscal year ended August 31, 2023, it is not clear that cash was properly reconciled on a monthly, timely basis. This is in part due to the difficulties experienced by the City in changing accounting systems. We also observed significant issues related to the recording of accounts payable and cash receipts.

Cause: Reconciling items identified during the normal bank reconciliation process were not being resolved timely and as a result were being carried forward to later reconciliations. By year end, there were material, significant improper reconciling items.

Effect: The effect of this condition is that the City’s cash balances and related accounts like expenditures/expenses and accounts payable were not materially correct in the City’s accounting system and required adjustment through the audit process.

Current Status: This matter was not noted for the year ended August 31, 2024.

CITY OF CRANE, TEXAS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED AUGUST 31, 2024

2023-002 Excess Expenditures Over Appropriation (Budgetary Compliance)

Criteria: Each year the City Council adopts a legal budget for its General Fund. Council may approve budget amendments by the last day of the fiscal year.

Condition Found: For the year ended August 31, 2023, the City's General Fund functions of debt service principal, interest and capital outlay experienced excess expenditures (negative budget variances) of \$58,187, \$5,448 and \$49,059 respectively.

Cause: The negative variances reported above were not properly amended by Council as of August 31, 2023.

Effect: The effect of this condition is technical noncompliance with the City's legally adopted General Fund budget in the functions described above.

Current Status: Condition not observed in the current year.

SECTION III – FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS

Not applicable.