

CITY OF CRANE, TEXAS  
ANNUAL FINANCIAL REPORT  
FOR THE FISCAL YEAR ENDED  
AUGUST 31, 2025



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ANNUAL FINANCIAL REPORT  
FOR THE FISCAL YEAR ENDED AUGUST 31, 2025

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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, 2025, 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, 2025, and the respective changes in financial position, and, where applicable, cash flows thereof 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 combining and individual nonmajor financial statements, along with the budgetary comparison schedule 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 within 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 January 30, 2026 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

January 30, 2026

CITY OF CRANE, TEXAS  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED AUGUST 31, 2025

**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, 2025. 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 decreased by \$344,281 as a result of this year's current operations to end at \$6,224,589.
- The General Fund of the City reported a fund balance of \$5,046,424 as of year-end, which is \$22,478 more than last year's ending fund balance of \$5,023,946.
- The City's net position for the Water and Sewer Fund increased by \$469,985 a result of this year's current operations to end at \$12,419,990.

**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 and sanitation. The business-type activities of the City include water and sewer utilities.

The government-wide financial statements include not only the City itself (known as the *primary government*), but also a legally separate economic development corporation for which the City financially accountable. Financial information for this component unit is reported separately from the financial information presented for the primary government itself.

CITY OF CRANE, TEXAS  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED AUGUST 31, 2025

**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 and to present the budgetary comparison schedule of the General Fund to demonstrate compliance with this budget. Required supplementary information can be found on page 56 of this report. The combining statements referred to earlier in connection with nonmajor governmental funds are presented immediately following the required supplementary information along with the budgetary comparison schedule of the Water and Sewer Fund.

**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 \$18,644,579 at the close of the most recent fiscal year.

**Condensed Statement of Net Position  
As of August 31,**

	Governmental Activities		Business-Type Activities		Total	
	2025	2024	2025	2024	2025	2024
Current assets	\$ 6,524,238	\$ 6,543,136	\$ 10,580,712	\$ 10,109,395	\$ 17,104,950	\$ 16,652,531
Capital assets	1,143,473	1,231,170	2,084,734	2,021,339	3,228,207	3,252,509
Total assets	7,667,711	7,774,306	12,665,446	12,130,734	20,333,157	19,905,040
Deferred outflows of resources	395,508	554,782	263,672	369,854	659,180	924,636
Current liabilities	158,425	166,695	163,647	213,044	322,072	379,739
Noncurrent liabilities	1,219,386	1,201,769	40,163	76,369	1,259,549	1,278,138
Total liabilities	1,377,811	1,368,464	203,810	289,413	1,581,621	1,657,877
Deferred inflows of resources	460,819	391,754	305,318	261,170	766,137	652,924
Net position:						
Net investment in capital assets	907,866	922,964	2,084,734	2,021,339	2,992,600	2,944,303
Restricted	159,744	142,912	-	-	159,744	142,912
Unrestricted	5,156,979	5,502,994	10,335,256	9,928,666	15,492,235	15,431,660
Total net position	\$ 6,224,589	\$ 6,568,870	\$ 12,419,990	\$ 11,950,005	\$ 18,644,579	\$ 18,518,875

CITY OF CRANE, TEXAS  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED AUGUST 31, 2025

**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 \$12,419,990. The total increase in net position for business-type activities (water and sewer utilities) was \$469,985 or 4% from the prior fiscal year. The growth is primarily attributable to lower than anticipated expenses incurred during the year.

**Financial Analysis of Governmental Funds**

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

**Governmental Funds.** The focus of the City's *governmental funds* is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for discretionary use as they represent the portion of fund balance which has not yet been limited to use for a particular purpose by either an external party, the City itself, or a group or individual that has been delegated authority to assign resources for use for particular purposes by the City's Council.

At August 31, 2025, the City's governmental funds reported combined fund balances of \$5,942,827, a decrease of \$189,798 in comparison with the prior year. Approximately 85% of this amount \$5,046,424 constitutes *unassigned fund balance*, which is available for spending at the government's discretion. The remainder of the fund balance is either *nonspendable, restricted, committed, or assigned* to indicate that it is 1) not in spendable form -\$0-; 2) legally required to be maintained intact -\$0-; 3) restricted for particular purposes \$159,744; 4) committed for particular purposes -\$0-; or 5) assigned for particular purposes \$736,659.

The General Fund is the chief operating fund of the City. At the end of the current fiscal year, unassigned fund balance and total fund balance of the general fund was \$5,046,424. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total general fund expenditures. Unassigned and total fund balance represents approximately 164% of total general fund expenditures.

The fund balance of the City's General Fund increased by \$22,478 during the current fiscal year, primarily due to a budgeted surplus of revenues over expenditures in the originally adopted budget.

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

Unrestricted net position of the Water and Sewer Fund at the end of the year was \$10,335,256. The total growth in net position from current operations for the Water and Sewer Fund was \$469,985. As noted earlier in the discussion of business-type activities, the increase for the Water and Sewer Fund results from lower than anticipated expenses incurred during the year.

**General Fund Budgetary Highlights**

**Original budget compared to final budget.** During the year there was a need for significant amendments to increase either the original estimated revenues or original budgeted appropriations. Budget amendments made to the Public safety, Sanitation and Capital outlay expenditure line items of the General Fund budget were considered significant. In addition, budget amendments made to the Investment earnings Miscellaneous expense line item of the Water and Sewer Fund budget were considered significant.

CITY OF CRANE, TEXAS  
MANAGEMENT’S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED AUGUST 31, 2025

**Outstanding Debt**

	Governmental Activities 2025	Governmental Activities 2024	Change
Capital leases payable	\$ 235,607	\$ 308,206	\$ (72,599)
Total	\$ 235,607	\$ 308,206	\$ (72,599)
	Business-Type Activities 2025	Business-Type Activities 2024	Change
Capital leases payable	\$ -	\$ 33,472	\$ (33,472)
Total	\$ -	\$ 33,472	\$ (33,472)

The City’s total lease payable debt decreased by \$106,071 during the current fiscal year due to regularly scheduled payments.

Additional information on the City’s long-term debt can be found in Note III.I on pages 48-49 of this report.

**Economic Factors and Next Year’s Budgets and Rates**

The City considered many factors when setting the fiscal year 2025-2026 budget. The City’s General Fund budget for fiscal year 2026 includes expenditures of approximately \$2.9 million which is a slight increase of approximately \$73,000 from fiscal year 2025 total adopted expenditures. The City increased the tax rate for 2025-2026 to \$0.3849 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, 2025

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
<b>ASSETS</b>			
Cash and cash equivalents	\$ 5,980,462	\$ 10,103,874	\$ 16,084,336
Taxes receivable, delinquent	49,265	-	49,265
Accounts receivable, net	43,872	176,411	220,283
Net pension asset	450,639	300,427	751,066
Capital assets, not being depreciated:			
Land	7,831	294,718	302,549
Capital assets, being depreciated:			
Buildings and improvements	286,372	300,937	587,309
Machinery, equipment, and vehicles	4,279,590	1,372,589	5,652,179
Infrastructure	-	6,375,490	6,375,490
Accumulated depreciation	(3,430,320)	(6,259,000)	(9,689,320)
Total assets	<u>7,667,711</u>	<u>12,665,446</u>	<u>20,333,157</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred outflows NPL	389,868	259,912	649,780
Deferred outflows OPEB	5,640	3,760	9,400
Total deferred outflows of resources	<u>395,508</u>	<u>263,672</u>	<u>659,180</u>
<b>LIABILITIES</b>			
Accounts payable	45,309	34,371	79,680
Accrued payroll and benefits	36,198	11,776	47,974
Bonds and other long-term payables, current	76,918	-	76,918
Other current liabilities	-	117,500	117,500
Noncurrent liabilities:			
Bonds and other long-term payables, noncurrent	1,008,710	-	1,008,710
Compensated absences, noncurrent	164,909	9,652	174,561
Net OPEB liability	45,767	30,511	76,278
Total liabilities	<u>1,377,811</u>	<u>203,810</u>	<u>1,581,621</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Unavailable revenue	2,843	-	2,843
Deferred inflows NPL	442,876	295,251	738,127
Deferred inflows OPEB	15,100	10,067	25,167
Total deferred inflows of resources	<u>460,819</u>	<u>305,318</u>	<u>766,137</u>
<b>NET POSITION</b>			
Net investment in capital assets	907,866	2,084,734	2,992,600
Restricted for municipal court security	46,236	-	46,236
Restricted for municipal court technology	41,619	-	41,619
Restricted for hotel occupancy tax purposes	71,889	-	71,889
Unrestricted	5,156,979	10,335,256	15,492,235
Total net position	<u>\$ 6,224,589</u>	<u>\$ 12,419,990</u>	<u>\$ 18,644,579</u>

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

Net (Expense) Revenue and Changes in Net Position  
Primary Government

<u>Governmental</u> <u>Activities</u>	<u>Business-Type</u> <u>Activities</u>	<u>Total</u>
\$ (155,129)	\$ -	\$ (155,129)
(1,729,083)	-	(1,729,083)
(60,287)	-	(60,287)
(113,732)	-	(113,732)
(21,338)	-	(21,338)
<u>(2,079,569)</u>	<u>-</u>	<u>(2,079,569)</u>
-	(19,093)	(19,093)
-	(19,093)	(19,093)
<u>(2,079,569)</u>	<u>(19,093)</u>	<u>(2,098,662)</u>
521,945	-	521,945
897,260	-	897,260
18,541	-	18,541
138,004	-	138,004
28,254	-	28,254
343,501	230,810	574,311
20,368	25,683	46,051
<u>1,967,873</u>	<u>256,493</u>	<u>2,224,366</u>
(232,585)	232,585	-
<u>1,735,288</u>	<u>489,078</u>	<u>2,224,366</u>
(344,281)	469,985	125,704
6,568,870	11,950,005	18,518,875
<u>\$ 6,224,589</u>	<u>\$ 12,419,990</u>	<u>\$ 18,644,579</u>

FUND BASIS FINANCIAL STATEMENTS

CITY OF CRANE, TEXAS  
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE  
STATEMENT OF NET POSITION  
AUGUST 31, 2025

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

Total fund balance of all governmental funds	\$ 5,942,827
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	1,143,473
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.	46,422
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.	(1,250,537)
Additional long-term liabilities related to the recognition of the net pension liability and the net OPEB liability are not reported in the funds.	342,404
Net position of governmental activities	<u>\$ 6,224,589</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, 2025

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

Net change in fund balances for total governmental funds	\$ (189,798)
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.	(87,697)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	(2,845)
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.	(98,634)
The net effect of various transactions involving the net pension liability and the net OPEB liability is to decrease net position.	34,693
Change in net position for governmental activities	<u><u>\$ (344,281)</u></u>

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, 2025

	Business-Type Activities
	Water and Sewer Fund
<b>REVENUES</b>	
Operating revenues:	
Charges for services:	
Water	\$ 1,449,301
Wastewater/sewer	321,571
Other charges	21,645
Miscellaneous revenue	25,683
Total operating revenues	1,818,200
<b>EXPENSES</b>	
Operating expenses:	
Salaries and wages	715,965
Purchased services	494,987
Purchased property services	104,161
Other purchased services	48,891
Materials and supplies	29,467
Other operating expenses	111,362
Depreciation	169,190
Miscellaneous	137,587
Total operating expenses	1,811,610
Operating income (loss)	6,590
Nonoperating revenues (expenses)	
Investment earnings	230,810
Total nonoperating revenues (expenses)	230,810
Income before transfers in (out)	237,400
Transfers in	232,585
Change in net position	469,985
Net position-beginning	11,950,005
Net position-ending	\$ 12,419,990

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, 2025

	Business-Type Activities Water and Sewer Fund
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Receipts from customers	\$ 1,816,337
Receipt (return) of customer deposits	(3,277)
Payments to suppliers and service providers	(888,376)
Payments to employees for salaries and benefits	(780,294)
Net cash provided by (used for) operating activities	144,390
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>	
Transfers from other funds	232,585
Net cash provided by (used for) capital and financing activities	232,585
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>	
Acquisition and construction of capital assets	(232,585)
Principal paid on capital debt	(33,472)
Net cash provided by (used for) capital and related financing activities	(266,057)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
Interest on investments	230,810
Net cash provided by investing activities	230,810
Net increase (decrease) in cash and cash equivalents	341,728
Cash and cash equivalents-beginning	9,762,146
Cash and cash equivalents-ending	\$ 10,103,874
 <b>Reconciliation of operating income (loss) to net cash provided (used for) operating activities:</b>	
Operating income (loss)	\$ 6,590
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:	
Depreciation expense	169,190
(Increase) decrease in accounts receivable	(1,863)
(Increase) decrease in inventories	43,000
(Decrease) increase in deposits payable	(3,277)
(Decrease) increase in accounts payable	(4,921)
(Decrease) increase in accrued liabilities	(41,199)
(Decrease) increase in NPL/OPEB	(23,130)
Total adjustments	137,800
Net cash provided by (used for) operating activities	\$ 144,390

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, 2025

**I. Summary of Significant Accounting Policies**

**Implementation of New Governmental Accounting Pronouncements**

*Governmental Accounting Standards Board Statement No. 101 – Compensated Absences (GASB 101)* provides guidance on the accounting and financial reporting for Compensated Absences for governments. The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. This Statement requires that liabilities for compensated absences be recognized for (1) leave that has not been used and (2) leave that has been used but not yet paid in cash or settled through noncash means.

*Governmental Accounting Standards Board Statement No. 102 – Certain Risk Disclosures (GASB 102)*. This Statement requires a government to assess whether a concentration or constraint makes the primary government reporting unit or other reporting units that report a liability for revenue debt vulnerable to the risk of a substantial impact. Additionally, this Statement requires a government to assess whether an event or events associated with a concentration or constraint that could cause the substantial impact have occurred, have begun to occur, or are more likely than not to begin to occur within 12 months of the date the financial statements are issued.

This section describes the significant accounting and reporting guidelines of the City.

**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.

The government reports the following major governmental funds:

The General Fund is the government's primary operating fund. It accounts for all financial resources of the general government, except those accounted for in another fund.

CITY OF CRANE, TEXAS  
NOTES TO THE FINANCIAL STATEMENTS  
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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. While all appropriations and encumbrances lapse at year end, valid outstanding encumbrances (those for which performance under the executory contract is expected in the next year) are re-appropriated and become part of the subsequent year's budget pursuant to state regulations.

### ***2. Excess of expenditures over appropriations***

For the year ended August 31, 2025, debt service expenditures were not budgeted for in the General Fund causing a budgetary overage of \$93,937. Expenditures exceeded appropriations in the Other operating expenses line item of the Water and Sewer Fund budget by \$43,000 and Depreciation expense was not appropriated, causing a budgetary overage of \$169,190 in the Water and Sewer Fund.

## **F. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance**

### ***1. Cash and cash equivalents***

The government'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.

CITY OF CRANE, TEXAS  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED AUGUST 31, 2025

**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. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

**8. *Fund balance policies***

Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The government itself can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance). The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the government’s highest level of decision-making authority.

The governing council is the highest level of decision-making authority for the government that can, by adoption of an ordinance prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the ordinance remains in place until a similar action is taken (the adoption of another ordinance) to remove or revise the limitation. Amounts in the assigned fund balance classification are intended to be used by the government for specific purposes but do not meet the criteria to be classified as committed.

CITY OF CRANE, TEXAS  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED AUGUST 31, 2025

**4. Proprietary funds operating and nonoperating revenues and expenses**

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund’s principal ongoing operations. The principal operating revenues of the water fund and electric fund are charges to customers for sales and services. The water fund also recognizes as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the system. 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, 2025 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, 2025, the government’s bank balance was \$5,250,830 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, 2025, 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	11,223,727	-	-	-
<b>Total investments</b>	<b>\$ 11,253,855</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

CITY OF CRANE, TEXAS  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED AUGUST 31, 2025

**D. Capital Assets**

Capital assets activity for the year ended August 31, 2025, was as follows:

**Governmental Activities:**

	Balance 9/1/24	Increases	Decreases	Balance 8/31/25
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	4,101,844	177,746	-	4,279,590
Total capital assets, being depreciated	4,388,216	177,746	-	4,565,962
Less accumulated depreciation for:				
Buildings and improvements	(205,342)	(5,999)	-	(211,341)
Machinery, equipment, and vehicles	(2,959,535)	(259,444)	-	(3,218,979)
Total accumulated depreciation	(3,164,877)	(265,443)	-	(3,430,320)
Total capital assets being depreciated, net	1,223,339	(87,697)	-	1,135,642
Governmental activities capital assets, net	\$ 1,231,170	\$ (87,697)	\$ -	\$ 1,143,473

**Business-Type Activities:**

	Balance 9/1/24	Increases	Decreases	Balance 8/31/25
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	224,427	-	300,937
Machinery, equipment, and vehicles	1,364,431	8,158	-	1,372,589
Infrastructure	6,375,490	-	-	6,375,490
Total capital assets, being depreciated	7,816,431	232,585	-	8,049,016
Less accumulated depreciation for:				
Buildings and improvements	(60,340)	(2,998)	-	(63,338)
Machinery, equipment, and vehicles	(1,014,735)	(65,650)	-	(1,080,385)
Infrastructure	(5,014,735)	(100,542)	-	(5,115,277)
Total accumulated depreciation	(6,089,810)	(169,190)	-	(6,259,000)
Total capital assets being depreciated, net	1,726,621	63,395	-	1,790,016
Business-type activities capital assets, net	\$ 2,021,339	\$ 63,395	\$ -	\$ 2,084,734

CITY OF CRANE, TEXAS  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED AUGUST 31, 2025

*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 compensation during the fiscal year. The contribution rates for the City were 8.47% and 9.15% in calendar years 2024 and 2025, respectively. The City's contributions to TMRS for the year ended August 31, 2025 were \$171,476, and were equal to the required contributions.

*Net Pension Liability*

The City's Net Pension Liability (NPL) was measured as of December 31, 2024, 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, 2024 actuarial valuation was determined using the following actuarial assumptions:

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

Salary increases are based on a service-related table. Mortality rates for 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, 2025

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
	(a)	(b)	(a) - (b)
Balance at 12/31/2023	\$ 8,002,277	\$ 8,326,529	\$ (324,252)
Changes for the year:			
Service cost	299,500	-	299,500
Interest	532,217	-	532,217
Change of benefit terms	-	-	-
Difference between expected and actual experience	(121,625)	-	(121,625)
Changes of assumptions	-	-	-
Contributions - employer	-	155,761	(155,761)
Contributions - employee	-	123,760	(123,760)
Net investment income	-	863,062	(863,062)
Benefit payments, including refunds of employee contr.	(534,664)	(534,664)	-
Administrative expense	-	(5,549)	5,549
Other changes	-	(130)	130
Net changes	<u>175,428</u>	<u>602,242</u>	<u>(426,812)</u>
Balance at 12/31/2024	<u>\$ 8,177,705</u>	<u>\$ 8,928,771</u>	<u>\$ (751,066)</u>

*Sensitivity of the net pension (asset)/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	\$ 263,871	\$ (751,066)	\$ (1,594,701)

*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 [tmrs.com](http://tmrs.com).

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

For the year ended August 31, 2025, the City recognized pension expense of \$31,521.

CITY OF CRANE, TEXAS  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED AUGUST 31, 2025

*Employees Covered by Benefit Terms*

At the December 31, 2024 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees currently receiving benefits	13
Inactive employees entitled to but not yet receiving benefits	3
Active employees	28
	44
	44

*Contributions*

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

The City's contributions to the TMRS SDBF for the years August 31, 2025 and 2024 were \$6,666 and \$6,271 respectively, which equaled the required contributions each year.

*Plan Assets*

At the December 31, 2024 valuation and measurement date, there are no assets accumulated in trust.

*Actuarial Assumptions*

The Total OPEB Liability in the December 31, 2024 actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.50% per year
Salary increases	3.50%-11.85% including inflation per year
Discount rate	4.08%
Retirees' share of benefit costs	\$0

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 RP2019 Municipal Retirees of Texas Mortality Tables with male rates multiplied by 103% and female rates are multiplied by 105%. The rates are projected on a fully generation basis by the most recent Scale MP-2021 (with immediate convergence). Mortality rates for disable retirees are calculated using the 2019 Municipal Retirees of Texas Mortality Tables with a 4 year set-forward for males and a 3 year set-forward for females. In addition, a 3.5% and 3% minimum mortality rate will be applied to reflect the impairment for younger members who become disabled for males and females, respectively. The rates are projected on a fully generational basis by the most recent Scale MP-2021 (with immediate convergence) to account for future mortality improvements subject to the floor.

CITY OF CRANE, TEXAS  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED AUGUST 31, 2025

At August 31, 2025, the city reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between projected and actual investment earnings	\$ 1,760	\$ 8,346
Difference in assumption changes	2,924	16,821
Contributions subsequent to the measurement date	4,716	-
<b>Total</b>	<b>\$ 9,400</b>	<b>\$ 25,167</b>

\$4,716 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 OPEB liability for the year ending August 31, 2025. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in OPEB expense as follows:

Measurement Year Ended Dec 31st:	Net Deferred Outflows (Inflows) of Resources
2025	\$ (8,771)
2026	(8,701)
2027	(871)
2028	(2,103)
2029	(37)
Thereafter	-
<b>Total</b>	<b>\$ (20,483)</b>

### G. Risk Management

The government is exposed to various risks of loss related to torts: theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. During the year, the City purchased commercial insurance to cover general liabilities. There are no significant reductions in coverage in the past fiscal year and no settlements exceeding insurance coverage for each of the past three fiscal years.

### H. Lease Obligations

#### 1. Capital Leases

The future minimum lease obligations and the net present value of the Governmental lease payments as of August 31, 2025, were as follows:

Year Ending September 30,	Governmental Activities
2026	\$ 90,937
2027	59,312
2028	59,312
2029	59,311
Total minimum lease payments	268,872
Less: amount representing interest	(33,266)
Present value of minimum lease payments	<b>\$ 235,606</b>

CITY OF CRANE, TEXAS  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED AUGUST 31, 2025

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	\$ 525,120
b. Total Reported Liability at August 31, 2025	\$ 525,120
Estimated Liability to be Recognized in Future Years	-
Total Estimated Liability	<u>\$ 525,120</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 1.037% 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 8/15/2025 - Equivalent Tons	44,649
Percent Used	2.53%
Management Estimate of Closure and Postclosure Costs	\$ 324,900
b. Total Reported Liability at August 31, 2025	\$ 324,900
Estimated Liability to be Recognized in Future Years	-
Total Estimated Liability	<u>\$ 324,900</u>
c. Percentage of Landfill Used to Date	
	2.53%
Estimated Remaining Useful Life in Years	343 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 1.037% increase.	

CITY OF CRANE, TEXAS  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED AUGUST 31, 2025

**O. 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.

The government is 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.

**P. Subsequent Events**

As of January 30, 2026, there were no items noted requiring recording or disclosure.

REQUIRED SUPPLEMENTARY INFORMATION

Measurement Year 2020	Measurement Year 2019	Measurement Year 2018	Measurement Year 2017	Measurement Year 2016
\$ 250,714	\$ 231,976	\$ 224,857	\$ 188,213	\$ 192,756
436,939	421,859	428,335	425,465	420,009
-	-	-	(181,430)	(112,894)
28,665	(77,297)	(375,402)	(434,077)	(399,483)
-	21,937	-	-	-
(396,288)	(372,577)	(382,012)	-	-
\$ 320,030	\$ 225,898	\$ (104,222)	\$ (1,829)	\$ 100,388
6,545,958	6,320,060	6,424,282	6,426,111	6,325,723
\$ 6,865,988	\$ 6,545,958	\$ 6,320,060	\$ 6,424,282	\$ 6,426,111

\$ 122,414	\$ 123,074	\$ 140,197	\$ 122,803	\$ 121,431
106,115	97,119	97,946	81,327	82,526
547,789	987,673	(201,879)	849,257	400,628
(396,288)	(372,577)	(382,012)	(434,077)	(399,483)
(3,549)	(5,587)	(3,905)	(4,403)	(4,526)
(138)	(168)	(204)	(223)	(244)
\$ 376,343	\$ 829,534	\$ (349,857)	\$ 614,684	\$ 200,332
7,224,994	6,395,460	6,745,317	6,130,634	5,930,302
\$ 7,601,337	\$ 7,224,994	\$ 6,395,460	\$ 6,745,318	\$ 6,130,634
\$ (735,349)	\$ (679,036)	\$ (75,400)	\$ (321,036)	\$ 295,477

110.71%      110.37%      101.19%      105.00%      95.40%

\$ 1,525,950    \$ 1,387,415    \$ 1,399,234    \$ 1,161,807    \$ 1,178,937

-48.19%      -48.94%      -5.39%      -27.63%      25.06%

Fiscal Year				
<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
\$ 125,019	\$ 119,090	\$ 122,287	\$ 120,401	\$ 122,803
<u>(125,019)</u>	<u>(119,090)</u>	<u>(122,287)</u>	<u>(120,401)</u>	<u>(123,572)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (769)</u>
\$ 1,547,071	\$ 1,438,054	\$ 1,327,408	\$ 1,182,128	\$ 1,161,807
8.08%	8.28%	9.21%	10.19%	10.57%

CITY OF CRANE, TEXAS  
 NOTES TO SCHEDULE OF EMPLOYER CONTRIBUTIONS  
 NET PENSION (ASSET)/LIABILITY  
 FOR THE YEAR ENDED AUGUST 31, 2025

**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 with age. Last updated for the 2023 valuation pursuant to an experience study of the period ending 2022.
Mortality	<p>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).</p> <p>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).</p>

**Other Information:**

Notes There were no benefit changes during the year.

Measurement Year 2020	Measurement Year 2019	Measurement Year 2018	Measurement Year 2017
\$ 4,883	\$ 2,914	\$ 3,218	\$ 2,324
2,611	3,025	2,682	2,665
-	-	-	-
(13,188)	(7,046)	1,310	-
13,123	14,464	(5,582)	5,941
(916)	(971)	(979)	(697)
\$ 6,513	\$ 12,386	\$ 649	\$ 10,233
92,944	80,558	79,909	69,676
\$ 99,457	\$ 92,944	\$ 80,558	\$ 79,909
\$ 1,525,950	\$ 1,387,415	\$ 1,399,234	\$ 1,161,807
6.52%	6.70%	5.76%	6.88%

Fiscal Year				
2021	2020	2019	2018	2017
\$ 4,192	\$ 2,876	\$ 2,615	\$ 2,601	\$ 2,196
(4,192)	(2,876)	(2,615)	(2,601)	(2,196)
\$ -	\$ -	\$ -	\$ -	\$ -
\$ 1,547,071	\$ 1,438,054	\$ 1,327,408	\$ 1,182,128	\$ 1,161,807
0.27%	0.20%	0.20%	0.22%	0.19%

CITY OF CRANE, TEXAS  
 NOTES TO SCHEDULE OF EMPLOYER CONTRIBUTIONS  
 OPEB LIABILITY  
 FOR THE YEAR ENDED AUGUST 31, 2025

**Summary of Actuarial Assumptions:**

Inflation	2.50%
Salary increases	3.60% to 11.85%; including inflation
Discount rate*	4.08%
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.

**Other Information:**

Notes

\* The discount rate was based on the Bond Buyer "20-Bond GO Index" rate closest to, but not later than December 31, 2024.

The Actuarial assumptions used in the December 31, 2024 valuation were based on the results of an actuarial experience study for the period ending December 31, 2022.

CITY OF CRANE, TEXAS  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL – GENERAL FUND  
FOR THE YEAR ENDED AUGUST 31, 2025

	Budgeted Amounts		Actual	Variance With Final Budget
	Original	Final		
<b>REVENUES</b>				
Property taxes	\$ 486,143	\$ 486,143	\$ 524,790	\$ 38,647
Sales taxes	834,300	834,300	897,260	62,960
Franchise taxes	136,500	136,500	138,004	1,504
Licenses and permits	65,880	65,880	49,128	(16,752)
Intergovernmental revenues	185,000	185,000	209,866	24,866
Fines	225,850	225,850	161,999	(63,851)
Investment earnings	180,000	180,000	330,893	150,893
Rents and royalties	755,080	755,080	738,740	(16,340)
Contributions and donations from private sources	-	-	28,254	28,254
Miscellaneous revenue	35,300	35,300	23,526	(11,774)
Total revenues	<u>2,904,053</u>	<u>2,904,053</u>	<u>3,102,460</u>	<u>198,407</u>
<b>EXPENDITURES</b>				
Current:				
General government	339,090	344,902	341,929	2,973
Public safety	1,669,730	1,736,947	1,678,602	58,345
Highways and streets	57,000	60,115	55,115	5,000
Sanitation	659,219	864,480	732,653	131,827
Debt service:				
Other debt principal	-	-	72,599	(72,599)
Interest - other debt	-	-	21,338	(21,338)
Capital outlay	122,000	199,000	177,746	21,254
Total Expenditures	<u>2,847,039</u>	<u>3,205,444</u>	<u>3,079,982</u>	<u>125,462</u>
Excess (deficiency) of revenues over expenditures	<u>57,014</u>	<u>(301,391)</u>	<u>22,478</u>	<u>323,869</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	100,000	100,000	-	(100,000)
Total other financing sources (uses)	<u>100,000</u>	<u>100,000</u>	<u>-</u>	<u>(100,000)</u>
Net change in fund balances	157,014	(201,391)	22,478	223,869
Fund balance - beginning	5,023,946	5,023,946	5,023,946	-
Fund balance - ending	<u>\$ 5,180,960</u>	<u>\$ 4,822,555</u>	<u>\$ 5,046,424</u>	<u>\$ 223,869</u>

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

*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.

<b>Special Revenue Funds</b>		Total
Coronavirus Local Fiscal Relief Fund	Hotel/Motel Tax Fund	Non-Major Governmental Funds
\$ 364,891	\$ 71,889	\$ 896,403
\$ 364,891	\$ 71,889	\$ 896,403
\$ -	\$ -	\$ -
-	-	-
-	-	46,236
-	-	41,619
-	71,889	71,889
364,891	-	364,891
-	-	371,768
364,891	71,889	896,403
\$ 364,891	\$ 71,889	\$ 896,403

<u>Special Revenue Funds</u>		Total
Coronavirus Local Relief Fund	Hotel Fund	Non-Major Governmental Funds
\$ -	\$ 18,541	\$ 18,541
-	-	9,291
-	-	12,608
-	18,541	40,440
9,131	11,000	20,131
9,131	11,000	20,131
(9,131)	7,541	20,309
(232,585)	-	(232,585)
(232,585)	-	(232,585)
(241,716)	7,541	(212,276)
606,607	64,348	1,108,679
<u>\$ 364,891</u>	<u>\$ 71,889</u>	<u>\$ 896,403</u>

CITY OF CRANE, TEXAS  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL – WATER AND SEWER FUND  
FOR THE YEAR ENDED AUGUST 31, 2025

	Budgeted Amounts		Actual	Variance With Final Budget
	Original	Final		
<b>REVENUES</b>				
Operating revenues				
Charges for services:				
Water sales	\$ 2,514,000	\$ 2,514,000	\$ 1,449,301	\$ (1,064,699)
Wastewater/sewer	332,000	332,000	321,571	(10,429)
Other charges for services	18,800	18,800	21,645	2,845
Miscellaneous revenues	33,500	30,000	25,683	(4,317)
Total revenues	<u>2,898,300</u>	<u>2,894,800</u>	<u>1,818,200</u>	<u>(1,076,600)</u>
<b>EXPENDITURES</b>				
Current:				
Personnel services	768,096	748,568	715,965	32,603
Purchased prof. and technical services	505,000	527,391	494,987	32,404
Purchased property services	143,250	106,218	104,161	2,057
Other purchased services	26,500	48,891	48,891	-
Materials and supplies	27,500	29,706	29,467	239
Other operating expenses	53,000	68,362	111,362	(43,000)
Depreciation	-	-	169,190	(169,190)
Miscellaneous	696,607	762,631	137,587	625,044
Total Expenditures	<u>2,219,953</u>	<u>2,291,767</u>	<u>1,811,610</u>	<u>480,157</u>
Excess (deficiency) of revenues over expenditures	<u>678,347</u>	<u>603,033</u>	<u>6,590</u>	<u>(596,443)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	150,000	150,000	232,585	82,585
Investment earnings	300,000	230,810	230,810	-
Total Other Financing Sources (Uses)	<u>450,000</u>	<u>380,810</u>	<u>463,395</u>	<u>82,585</u>
Net Change in Fund Balances	1,128,347	983,843	469,985	(513,858)
Fund balance - beginning	11,950,005	11,950,005	11,950,005	-
Fund balance - ending	<u>\$ 13,078,352</u>	<u>\$ 12,933,848</u>	<u>\$ 12,419,990</u>	<u>\$ (513,858)</u>

*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, 2025, and the related notes to the financial statements, which collectively comprise the City's basic financial statements and have issued our report thereon dated January 30, 2026.

**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. However, material weaknesses or significant deficiencies may exist that were not identified.

**Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether 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

January 30, 2026

CITY OF CRANE, TEXAS  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED AUGUST 31, 2025

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**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

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**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, 2025 and 2024.

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**SECTION III – FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS**

Not applicable.