New

CITY OF CRANE, TEXAS

ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED
AUGUST 31, 2025

Singleton Clark
CERTIFIED PUBLIC ACCOUNTANTS

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

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FINANCIAL SECTION

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Singleton Clark
CERTIFIED PUBLIC ACCOUNTANTS

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.

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

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

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

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

Required Supplementary Information

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The 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

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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 $385,521 as a result of this year's current operations to end at $4,547,756.
- 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.

Fund Financial Statements. A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the City's funds can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds as applicable.

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

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

The City maintains six individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund which are considered to be major funds. Data from the other five governmental funds are combined into a single aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements in the combining and individual fund statements and schedules section of this report.

The City adopts an annual appropriated budget for its General Fund and Water and Sewer Fund.

Proprietary Funds. The City has the option of maintaining two different types of proprietary funds. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The City uses an enterprise fund to account for its water and sewer utility operation. *Internal service funds* are an accounting device used to accumulate and allocate costs internally among a city's functions. The City is not currently utilizing an internal service fund. Because the services provided by internal service funds predominantly benefit governmental rather than business-type functions, they are usually included within *governmental activities* in the government-wide financial statements.

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 funds 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. The City is not currently utilizing Fiduciary 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 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 $16,967,746 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	2,896,219	2,524,055	40,163	76,369	2,936,382	2,600,424
Total liabilities	3,054,644	2,690,750	203,810	289,413	3,258,454	2,980,163
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	3,480,146	4,180,708	10,335,256	9,928,666	13,815,402	14,109,374
Total net position	$ 4,547,756	$ 5,246,584	$ 12,419,990	$ 11,950,005	$ 16,967,746	$ 17,196,589

A portion of the City's net position, $2,992,600 (approximately 18%), reflects its investment in capital assets (e.g., land, buildings, machinery, equipment, vehicles, and infrastructure), less any related outstanding debt that was used to acquire those assets. The City uses these capital assets to provide a variety of services to its citizens. Accordingly, these assets are not available for future spending. Although the City's investment in capital assets is reported net of related debt, it should be noted that the resources used to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the City's net position, $159,744 (approximately 1%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of $13,815,402 (approximately 81%) is unrestricted and may be used to meet the government's ongoing obligations to its citizens and creditors. At the end of the current fiscal year, the City is able to report positive balances in all reported categories of net position, both for the government as a whole, as well as for its separate governmental and business-type activities. The same situation held true for the prior fiscal year.

The City's overall net position increased by $84,464 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 decreased $385,521 from the prior fiscal year for an ending balance of $4,547,756. The decrease in the overall net position of governmental activities is primarily due to higher than anticipated expenses incurred during the year, as well as the City recording a transfer.

Condensed Statement of Activities
For the Years Ended August 31,

	Governmental Activities		Business-Type Activities		Total	
	2025	2024	2025	2024	2025	2024
Program Revenues:						
Charges for services	$ 1,169,024	$ 1,172,891	$ 1,792,517	$ 1,684,463	$ 2,961,541	$ 2,857,354
Operating grants & contributions	3,158	647	-	-	3,158	647
General Revenues:						
Property taxes	521,945	489,108	-	-	521,945	489,108
Other taxes	1,053,805	1,018,643	-	-	1,053,805	1,018,643
Grants and contributions not restricted to specific programs	28,254	147,146	-	-	28,254	147,146
Other	363,869	448,758	256,493	347,451	620,362	796,209
Total revenue	3,140,055	3,277,193	2,049,010	2,031,914	5,189,065	5,309,107
Expenses:						
General government	414,122	413,587	-	-	414,122	413,587
Public safety	1,903,531	1,691,665	-	-	1,903,531	1,691,665
Highways and streets	60,287	67,058	-	-	60,287	67,058
Sanitation	893,713	714,892	-	-	893,713	714,892
Interest on long-term debt	21,338	-	-	-	21,338	-
Water and sewer fund	-	-	1,811,610	1,536,903	1,811,610	1,536,903
Total expenses	3,292,991	2,887,202	1,811,610	1,536,903	5,104,601	4,424,105
Increase (decrease) in net position before transfers	(152,936)	389,991	237,400	495,011	84,464	885,002
Transfers	(232,585)	(123,500)	232,585	123,500	-	-
Increase (decrease) in net position	(385,521)	266,491	469,985	618,511	84,464	885,002
Net position - beg. (as restated)	4,933,277	6,302,379	11,950,005	11,331,494	16,883,282	17,633,873
Net position - ending	$ 4,547,756	$ 6,568,870	$ 12,419,990	$ 11,950,005	$ 16,967,746	$ 18,518,875

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.

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, 2025, amounts to $3,228,207 (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 decrease in capital assets for the current fiscal year was approximately 1%.

Capital Assets, Net of Accumulated Depreciation

	Governmental Activities 2025	Governmental Activities 2024	Change
Land	$ 7,831	$ 7,831	$ -
Buildings	286,372	286,372	-
Machinery, equipment, and vehicles	4,279,590	4,101,844	177,746
Total	4,573,793	4,396,047	177,746
Less accumulated depreciation	(3,430,320)	(3,164,877)	(265,443)
Capital assets, net of depreciation	$ 1,143,473	$ 1,231,170	$ (87,697)

	Business-Type Activities 2025	Business-Type Activities 2024	Change
Land	$ 294,718	$ 294,718	$ -
Buildings	300,937	76,510	224,427
Machinery, equipment, and vehicles	1,372,589	1,364,431	8,158
Infrastructure	6,375,490	6,375,490	-
Total	8,343,734	8,111,149	232,585
Less accumulated depreciation	(6,259,000)	(6,089,810)	(169,190)
Capital assets, net of depreciation	$ 2,084,734	$ 2,021,339	$ 63,395

Additional information on the City's capital assets can be found in Note III.D on pages 39-40 of this report.

Long-term Debt. At the end of the current fiscal year, the City had capital leases payable outstanding of $235,607. The remainder of the City long-term obligations reported on the financial statements comprises pension and OPEB related debt and compensated absences.

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.

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GOVERNMENT-WIDE FINANCIAL STATEMENTS

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CITY OF CRANE, TEXAS
STATEMENT OF NET POSITION
AUGUST 31, 2025

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
ASSETS			
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	7,667,711	12,665,446	20,333,157
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows NPL	389,868	259,912	649,780
Deferred outflows OPEB	5,640	3,760	9,400
Total deferred outflows of resources	395,508	263,672	659,180
LIABILITIES			
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	2,685,543	-	2,685,543
Compensated absences, noncurrent	164,909	9,652	174,561
Net OPEB liability	45,767	30,511	76,278
Total liabilities	3,054,644	203,810	3,258,454
DEFERRED INFLOWS OF RESOURCES			
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	460,819	305,318	766,137
NET POSITION			
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	3,480,146	10,335,256	13,815,402
Total net position	$ 4,547,756	$ 12,419,990	$ 16,967,746

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

CITY OF CRANE, TEXAS
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED AUGUST 31, 2025

		Program Revenues		
Functions/Programs:	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government:				
Governmental activities:				
General government	$ 414,122	$ 258,994	$ -	$ -
Public safety	1,903,531	171,290	3,158	-
Highways and streets	60,287	-	-	-
Sanitation	893,713	738,740	-	-
Interest and bank fees	21,338	-	-	-
Total governmental activities:	3,292,991	1,169,024	3,158	-
Business-type activities:				
Water and Sewer Fund	1,811,610	1,792,517	-	-
Total business-type activities:	1,811,610	1,792,517	-	-
Total primary government	$ 5,104,601	$ 2,961,541	$ 3,158	$ -

General revenues:
Property taxes
Sales taxes
Hotel/motel taxes
Franchise taxes
Contributions and donations from private sources
Investment earnings
Miscellaneous
Total general revenues
Transfers
Total general revenues, special/extraordinary item and tran
Change in net position
Net position - beginning (as restated)
Net position - ending

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
$ (155,128)	$ -	$ (155,128)
(1,729,083)	-	(1,729,083)
(60,287)	-	(60,287)
(154,973)	-	(154,973)
(21,338)	-	(21,338)
(2,120,809)	-	(2,120,809)
-	(19,093)	(19,093)
-	(19,093)	(19,093)
(2,120,809)	(19,093)	(2,139,902)
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
1,967,873	256,493	2,224,366
(232,585)	232,585	-
1,735,288	489,078	2,224,366
(385,521)	469,985	84,464
4,933,277	11,950,005	16,883,282
$ 4,547,756	$ 12,419,990	$ 16,967,746

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FUND BASIS FINANCIAL STATEMENTS

CITY OF CRANE, TEXAS
BALANCE SHEET
GOVERNMENTAL FUNDS
AUGUST 31, 2025

	General Fund	Total Nonmajor Funds	Total Governmental Funds
ASSETS			
Cash and cash equivalents	$ 5,084,059	$ 896,403	$ 5,980,462
Taxes receivable, delinquent	49,265	-	49,265
Accounts receivable	53,186	-	53,186
Allowance for uncollectible accounts receivable	(9,314)	-	(9,314)
Total assets	$ 5,177,196	$ 896,403	$ 6,073,599
LIABILITIES			
Accounts payable	$ 45,309	$ -	$ 45,309
Accrued payroll and benefits	36,198	-	36,198
Total liabilities	81,507	-	81,507
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue	49,265	-	49,265
Total deferred inflows of resources	49,265	-	49,265
FUND BALANCES			
Restricted:			
Fund balance - restricted for municipal court security	-	46,236	46,236
Fund balance - restricted for municipal court technology	-	41,619	41,619
Fund balance - restricted for hotel occupancy tax purposes	-	71,889	71,889
Assigned:			
Fund balance - assigned for coronavirus relief	-	364,891	364,891
Fund balance - assigned for fire department	-	371,768	371,768
Unassigned	5,046,424	-	5,046,424
Total fund balances	5,046,424	896,403	5,942,827
Total liabilities, deferred inflows, and fund balances	$ 5,177,196	$ 896,403	$ 6,073,599

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

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.	(2,927,370)
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	$ 4,547,756

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 BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED AUGUST 31, 2025

	General Fund	Total Nonmajor Funds	Total Governmental Funds
REVENUES			
Property taxes	$ 524,790	$ -	$ 524,790
Sales taxes	897,260	-	897,260
Hotel/motel taxes	-	18,541	18,541
Franchise taxes	138,004	-	138,004
Licenses and permits	49,128	-	49,128
Intergovernmental revenues	209,866	-	209,866
Fines	161,999	9,291	171,290
Investment earnings	330,893	12,608	343,501
Rents and royalties	738,740	-	738,740
Grants and contributions	28,254	-	28,254
Miscellaneous revenue	23,526	-	23,526
Total revenues	3,102,460	40,440	3,142,900
EXPENDITURES			
Current:			
General government	341,929	20,131	362,060
Public safety	1,678,602	-	1,678,602
Highways and streets	55,115	-	55,115
Sanitation	732,653	-	732,653
Debt service:			
Other debt principal	72,599	-	72,599
Interest - other debt	21,338	-	21,338
Capital outlay	177,746	-	177,746
Total expenditures	3,079,982	20,131	3,100,113
Excess (deficiency) of revenues over expenditures	22,478	20,309	42,787
OTHER FINANCING SOURCES (USES)			
Transfers out	-	(232,585)	(232,585)
Total other financing sources (uses)	-	(232,585)	(232,585)
Net change in fund balance	22,478	(212,276)	(189,798)
Fund balance - beginning	5,023,946	1,108,679	6,132,625
Fund balance - ending	$ 5,046,424	$ 896,403	$ 5,942,827

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.	(139,874)
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	$ (385,521)

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

CITY OF CRANE, TEXAS
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
AUGUST 31, 2025

	Business-Type Activities
	Water and Sewer Fund
ASSETS	
Current Assets:	
Cash and cash equivalents	$ 10,103,874
Accounts receivable, net	176,411
Net pension asset	300,427
Total current assets	10,580,712
Noncurrent Assets:	
Land	294,718
Infrastructure	6,375,490
Buildings	300,937
Furnishings and equipment	1,372,589
Accumulated depreciation	(6,259,000)
Total noncurrent assets	2,084,734
Total assets	12,665,446
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows NPL	259,912
Deferred outflows OPEB	3,760
Total deferred outflows of resources	263,672
LIABILITIES	
Current liabilities:	
Accounts payable	34,371
Accrued payroll and benefits	11,776
Other current liabilities	117,500
Total current liabilities	163,647
Noncurrent Liabilities:	
Compensated absences, noncurrent	9,652
Net OPEB liability	30,511
Total noncurrent liabilities	40,163
Total liabilities	203,810
DEFERRED INFLOWS OF RESOURCES	
Deferred inflows NPL	295,251
Deferred inflows OPEB	10,067
Total deferred inflows of resources	305,318
NET POSITION	
Net investment in capital assets	2,084,734
Unrestricted	10,335,256
Total net position	$ 12,419,990

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
REVENUES	
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
EXPENSES	
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.

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CITY OF CRANE, TEXAS
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
AUGUST 31, 2025

	Business-Type Activities Water and Sewer Fund
CASH FLOWS FROM OPERATING ACTIVITIES	
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
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Transfers from other funds	232,585
Net cash provided by (used for) capital and financing activities	232,585
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
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)
CASH FLOWS FROM INVESTING ACTIVITIES	
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
Reconciliation of operating income (loss) to net cash provided (used for) operating activities:	
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.

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NOTES TO THE FINANCIAL STATEMENTS

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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.

The government reports the following major enterprise funds:

The Water and Sewer Fund is used to account for operations of the water and sewer system which is financed and operated in a manner similar to private business enterprises. The intent of the governing body is that the costs (expenses, including depreciation) of providing goods and services to the general public on a continuing basis be financed or recovered primarily through user charges; or where the governing body has decide that periodic determination of revenue earned, expenses incurred, and net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

Additionally, the government reports the following fund types:

Special revenue funds are governmental funds which include resources restricted, committed, or assigned for specific purposes by a grantor or the City.

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

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

D. Measurement Focus and Basis of Accounting

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

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

The governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting.* Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, and claims and judgments, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under 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. 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.

2. *Investments*

Investments for the government are reported at fair value (generally based on quoted market prices) except for positions in Local Government Investment Pools (TexPool, LoneStar, etc.) when applicable. In accordance with state law, these investment pools operate in conformity with all of the requirements of the Securities and Exchange Commission's (SEC) Rule 2a7 as promulgated under the Investment Company Act of 1940, as amended. Accordingly, the pools qualify as 2a7-like pools and are reported at the net asset value per share (which approximates fair value) even though it is calculated using the amortized cost method. The pools are subject to regulatory oversight by the State Treasurer, although it is not registered with the SEC.

3. *Inventories and prepaid items*

Inventories are valued at cost using the first-in/first-out (FIFO) method and consist of expendable supplies and utility operations repair parts. The cost of such inventories is recorded as expenditures/expenses when consumed rather than when purchased. Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

4. *Capital assets*

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g. roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Capital assets, except for infrastructure assets, are defined by the government as assets with an initial, individual cost of more than $5,000 and an estimated useful life of more than one year.

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. 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.

G. Revenues and Expenditures/Expenses

1. Program revenues

Amounts reported as *program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions (including special assessments) that are restricted to meeting the operational or capital requirements of a particular function or segment. All taxes, including those dedicated for specific purposes, and other internally dedicated resources are reported as general revenues rather than as program revenues.

2. Property taxes

Property taxes are considered available when collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. The City levies its taxes on October 1 in conformity with Subtitle E, Texas Property Tax Code. Taxes are due upon receipt of the tax bill and are past due and subject to interest if not paid by February 1 of the year following the October 1 levy date. The assessed value of the property tax roll of January 1, 2024, upon which the levy for the 2024-2025 fiscal year was based, was $126,530,698. Taxes are delinquent if not paid by February 1st of the following calendar year. Delinquent taxes are subject to both penalty and interest charges plus 15% delinquent collection fees for attorney costs.

The tax rate assessed for the year ended August 31, 2025, to finance General Fund operations was $0.3753 per $100 valuation. The total tax levy for the General Fund for the 2024-2025 fiscal year was $474,870. Tax collections, including collections of prior year delinquent balances, for the year ended August 31, 2025, were 106.9% of the year end adjusted tax levy. Allowances for uncollectible taxes within the General Fund is based on historical experience in collecting taxes.

3. Compensated absences

The government's policy permits employees to accumulate earned but unused vacation benefits, which are eligible for payment upon separation from government service. Such benefits accumulate based on tenure, and vacation balance may not exceed five times the employee's quarterly rate of accrual. Sick leave is capped at 240 hours. The liability for such leave is reported as incurred in the government-wide and proprietary fund financial statements. A liability for those amounts is recorded in the governmental funds only if the liability has matured as a result of employee resignations or retirements. The liability for compensated absences includes salary-related benefits, where applicable.

For the year ending August 31, 2025, the City recognizes an ending liability of $174,561. Of this ending balance the city considers $0 due within 1 year. There were no significant changes in the City's policies or rates of usage for the year ended August 31, 2025.

The changes in compensated absence liability in a fiscal year is recognized as an expense and reported as an adjustment in accordance with Governmental Accounting Standards Board Statement No. 101 – Compensated Absences. This adjustment represents the net change which includes additions and deletions to the City's compensated absence liability. Additions include days awarded to existing employees annually. Deletions to the compensated absence liability include days that are used during the fiscal year.

In the year of implementation, GASB 101 typically requires a retroactive restatement of prior periods to reflect the effect on net position as if the standard had been in effect in prior year; however, no restatement was required as the City's Compensated Absences amount as previously recorded remained unchanged.

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:

	Maturity Time in Years			
Investment Type	Less than 1	1-5	6-10	More Than 10
Certificates of deposit	$ 30,128	$ -	$ -	$ -
IntraFi Cash Services	11,223,727	-	-	-
Total investments	$ 11,253,855	$ -	$ -	$ -

Due to their liquidity, these investments in certificates or deposit have been reported as Cash & Cash Equivalents within the financial statements.

Interest rate risk. In accordance with its investment policy, the government manages its exposure to declines in fair values by limiting the weighted average maturity of its investment portfolio to less than ten months.

Credit risk. State law limits investments in commercial paper and corporate bonds to the top two ratings issued by nationally recognized statistical rating organizations (NRSROs). It is the government's policy to limit its investments in these investment types to the top rating issued by NRSROs. As of August 31, 2025, the government's investment in the State Treasurer's investment pool was rated AAA by Standard & Poor's and Aaa by Moody's Investors Service. The government's investments in commercial paper were rated A1 by Standard & Poor's, F-1 by Fitch Ratings, and P-1 by Moody's Investor's Service. The government's investments in corporate bonds were rated AAA by Standard & Poor's and Fitch Ratings, and Aaa by Moody's Investors Service.

Concentration of credit risk. The government's investment policy does not allow for an investment in any one issuer that is in excess of 5 percent of the government's total investments. This restriction however does not apply to government investment pools due to the low risk nature of this type of investment.

Custodial credit risk-investments. For an investment, this is the risk that, in the event of the failure of the counterparty, the government will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party.

C. Receivables

Amounts are aggregated into a single accounts receivable (net of allowance for uncollectibles) line for certain funds and aggregated columns. Below is a detail of receivables for the proprietary fund of the government, including the applicable allowances for uncollectible accounts:

Water and Sewer Funds:

Receivables	Water and Sewer Fund
Accounts receivable	$ 203,382
Gross receivables	203,382
Less: Allowance for uncollectibles	(26,971)
Net receivables	$ 176,411

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

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

Governmental activities:		
General government	$	33,979
Public safety		157,534
Highways and streets		5,172
Sanitation		68,758
Total depreciation expense - governmental activities	$	265,443

E. Defined Benefit Pension Plan

Plan Description

The City participates as one of the over 940 plans in the defined benefit cash-balance plan administered by the Texas Municipal Retirement System (TMRS). TMRS is a statewide public retirement plan created by the State of Texas and administered in accordance with the TMRS Act, Subtitle G, Title 8, Texas Government Code (the TMRS Act) as an agent multiple-employer retirement system for employees of Texas participating cities. The TMRS Act places the general administration and management of TMRS with a six-member, Governor-appointed Board of Trustees; however, TMRS is not fiscally dependent on the State of Texas.

TMRS issues a publicly available Annual Comprehensive Financial Report (Annual Report) that can be obtained at tmrs.com.

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

Benefits Provided

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

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

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 or beneficiaries currently receiving benefits	17
Inactive employees entitled to but not yet receiving benefits	8
Active employees	28
	53

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.

The long-term expected rate of return on pension plan investments was determined by best estimate ranges of expected returns for each major asset class. The long-term expected rate of return is determined by weighting the expected return for each major asset class by the respective target asset allocation percentage. The target allocation and best estimates of the expected return for each major asset class in fiscal year 2025 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return (Arithmetic)
Global Equity	35.0%	7.1%
Core Fixed Income	6.0%	5.0%
Non-Core Fixed Income	6.0%	6.8%
Hedge Funds	5.0%	6.4%
Private Equity	13.0%	8.5%
Private Debt	13.0%	8.2%
Real Estate	12.0%	6.7%
Infrastructure	6.0%	6.0%
Other Private Markets	4.0%	7.3%
Total	100%	

Discount Rate

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

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (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	175,428	602,242	(426,812)
Balance at 12/31/2024	$ 8,177,705	$ 8,928,771	$ (751,066)

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.

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.

At August 31, 2025, 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	$ 474,278	$ 557,913
Differences between expected and actual economic experience	$ 50,448	148,781
Difference in assumption changes	-	31,433
Contributions subsequent to the measurement date	125,054	-
Total	$ 649,780	$ 738,127

$125,054 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, 2025. 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
2025	$ (20,339)
2026	44,074
2027	(168,982)
2028	(68,154)
2029	-
Thereafter	-
Total	$ (213,401)

F. Other Post-Employment Benefit (OPEB) Obligations

Benefits Provided

The City also participates in the cost sharing single-employer defined benefit group-term life insurance plan operated by the Texas Municipal Retirement System (TMRS) known as the Supplemental Death Benefits Fund (SDBF). The City elected, by ordinance, to provide group-term life insurance coverage to both current and retired employees. The City may terminate coverage under and discontinue participation in the SDBF by adopting an ordinance before November 1 of any year to be effective the following January 1.

The death benefit for active employees provides a lump-sum payment approximately equal to the employee's annual salary (calculated based on the employee's actual earnings, for the 12-month period preceding the month of death); retired employees are insured for $7,500; this coverage is an other post-employment benefit, or OPEB.

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

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.

Schedule of Changes in the Total OPEB Liability

	Increase (Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a) - (b)
Balance at 12/31/2023	$ 83,112	$ -	$ 83,112
Changes for the year:			
Service cost	3,182	-	3,182
Interest	3,153	-	3,153
Change of benefit terms	-	-	-
Difference between expected and actual experience	(7,165)	-	(7,165)
Changes of assumptions	(3,882)	-	(3,882)
Contributions - employer	-	-	-
Contributions - employee	-	-	-
Net investment income	-	-	-
Benefit payments, including refunds of employee contr.	(2,122)	-	(2,122)
Administrative expense	-	-	-
Other changes	-	-	-
Net changes	(6,834)	-	(6,834)
Balance at 12/31/2024	$ 76,278	$ -	$ 76,278

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 4.08%, 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 3.08% or 1-percentage-point higher 5.08% than the current rate:

	1% Decrease in Discount Rate (3.08%)	Current Discount Rate (4.08%)	1% Increase in Discount Rate (5.08%)
City's net OPEB liability	$ 89,905	$ 76,278	$ 65,418

Pension Plan Fiduciary Net Position

Detailed information about the OPEB 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.

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

For the year ended August 31, 2025, the city recognized OPEB expense of 3,172.

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	-
Total	$ 9,400	$ 25,167

$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	-
Total	$ (20,483)

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	$ 235,606

As of the year ended August 31, 2025, the City did not have any outstanding proprietary lease payment obligations.

I. Long-Term Liabilities

General Obligation Bonds

The government issues 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, 2025, the City did not have any outstanding bonds.

Details of long-term debt obligations outstanding at August 31, 2025 are as follows:

Governmental Activities:

Type	Sale Date	Original Borrowing	Interest Rates to Maturity	Final Maturity	Outstanding 8/31/25
Capital Leases					
Sanitation Truck	2019	$ 192,697	3.25%	2024	$ 29,849
Wheel Loader	2024	250,184	5.95%	2029	205,758
Total Capital Leases Payable					$ 235,607

Business-type Activities:

As of the year ended August 31, 2025, the City did not have any outstanding proprietary capital lease obligations.

Changes in Long-Term Liabilities

Changes in the government's long-term liabilities for the year ended August 31, 2025 are as follows:

Governmental Activities:

Description	Balance 9/1/24	Additions	Deletions	Balance 8/31/25	Due in One Year
Long-Term Debt Payable					
Landfill liabilities	$ 2,455,285	$ 71,569	$ -	$ 2,526,854	$ -
Capital leases	308,206	-	(72,599)	235,607	76,918
Compensated absences	24,004	140,905 *	-	164,909	-
NPA and OPEB	(144,684)	(256,088)	(4,100)	(404,872)	-
Governmental activities long-term liabilities	$ 2,642,811	$ (43,614)	$ (76,699)	$ 2,522,498	$ 76,918

* The change in compensated absences liability is presented as a net change.

Business-type Activities:

Description	Balance 9/1/24	Additions	Deletions	Balance 8/31/25	Due in One Year
Long-Term Debt Payable					
Capital leases	$ 33,472	$ -	$ (33,472)	$ -	$ -
Compensated absences	9,652	-	-	9,652	-
NPA and OPEB	(96,456)	(170,725)	(2,734)	(269,915)	-
Governmental activities long-term liabilities	$ (53,332)	$ (170,725)	$ (36,206)	$ (260,263)	$ -

J. 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 1000 gallons.

K. Fund Balance

The city does not currently have a fund balance policy.

L. Interfund Receivables and Payables

As of August 31, 2025, the City did not have any interfund balances.

M. Interfund Transfers

The composition of interfund transfers for the year ended is August 31, 2025 as follows:

	Transfer in to:
	Enterprise Funds
	Water and Sewer Fund
Transfer out from:	
Nonmajor Gov. Funds	$ 232,585
Total	$ 232,585

During the year, recurring transfers are used to 1) move revenues from a fund with collection authority to another fund with related expenditure requirements, 2) move general fund resources to provide subsidies to other funds as needs arise, and 3) move resources between the Water and Sewer Fund and the General Fund to supplement financing needs.

Furthermore, during the year ended August 31, 2025 the government made the following one-time transfers:

1. A transfer of $232,585 from the Coronavirus Local Fiscal Relief Fund to the Water and Sewer fund to provide for supplemental financing needs.

N. Municipal Solid Waste Landfill Closure and Post Closure Care Costs

The Governmental Accounting Standards Board Statement No. 18 requires municipalities that are subject to the U.S. Environmental Protection Agency rules to adopt this statement for periods beginning after August, 15, 1993.

The Statement applies to state and local governmental entities that are required by federal, state, or local laws or regulations to incur Municipal Solid Waste Landfill (MSWLF) closure and post closure care costs. Certain of these costs, which result in disbursements near or after the date that the MSWLF stops accepting solid waste and during the post closure period, the costs should be included in the estimated total current cost of MSWLF closure and post closure care, regardless of their capital or operating nature. The estimated total current costs of MSWLF closure and post closure care include:

1. The cost of equipment expected to be installed and facilities expected to be constructed (based on the MSWLF operating plan) near or after the date that the MSWLF stops accepting solid waste and during the post closure period.

2. The cost of final cover (capping) expected to be applied near or after the date that the MSWLF stops accepting solid waste.

3. The cost of monitoring and maintaining the expected usable MSWLF area during the post closure period.

The City closed part of its landfill on October 7, 1993. The City was granted an arid exemption on October 9, 1995. The exemption was temporary, extended, and finally made permanent. Information regarding the City's two landfills is presented on the following page.

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	$2,201,954
b. Total Reported Liability at August 31, 2025	$2,201,954
Estimated Liability to be Recognized in Future Years	-
Total Estimated Liability	$2,201,954
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	$ 324,900
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.

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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. Restatement

The City restated net position as of August 31, 2024 related to a change in estimate for the calculated landfill liabilities as of that date. See the table below.

Net Position as Previously Stated at August 31, 2024	$ 6,568,870
Change in estimate relates to closure costs for landfills	(1,635,593)
Net Position as Restated at August 31, 2024	$ 4,933,277

R. Subsequent Events

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

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REQUIRED SUPPLEMENTARY INFORMATION

CITY OF CRANE, TEXAS
SCHEDULE OF CHANGES IN NET PENSION (ASSET)/ LIABILITY AND RELATED RATIOS
FOR THE YEAR ENDED AUGUST 31, 2025

	Measurement Year 2024	Measurement Year 2023	Measurement Year 2022	Measurement Year 2021
A. Total pension liability				
1. Service cost	$ 299,500	$ 284,908	$ 262,012	$ 256,031
2. Interest (on the Total Pension Liability)	532,217	523,816	485,378	459,189
3. Changes of benefit terms	-	83,811	-	-
4. Difference between expected and actual experience	(121,625)	(107,034)	172,503	50,017
5. Changes of assumptions	-	(60,539)	-	-
6. Benefit payments, including refunds of employee contributions	(534,664)	(513,314)	(378,078)	(382,411)
7. Net change in total pension liability	$ 175,428	$ 211,648	$ 541,815	$ 382,826
8. Total pension liability - beginning	8,002,277	7,790,629	7,248,814	6,865,988
9. Total pension liability - ending	$ 8,177,705	$ 8,002,277	$ 7,790,629	$ 7,248,814
B. Plan fiduciary net position				
1. Contributions - employer	$ 155,761	$ 138,090	$ 129,766	$ 144,835
2. Contributions - employee	123,760	122,203	113,355	96,700
3. Net investment income	863,062	889,090	(615,616)	989,802
4. Benefit payments, including refunds of employee contributions	(534,664)	(513,314)	(378,078)	(382,411)
5. Administrative expense	(5,549)	(5,567)	(5,335)	(4,585)
6. Other changes	(130)	(40)	6,366	31
7. Net change in plan fiduciary net position	$ 602,242	$ 630,462	$ (749,542)	$ 844,372
8. Plan fiduciary net position - beginning	8,326,529	7,696,167	8,445,709	7,601,337
9. Plan fiduciary net position - ending	$ 8,928,771	$ 8,326,629	$ 7,696,167	$ 8,445,709
C. Net pension liability [A.9 - B.9]	$ (751,066)	$ (324,352)	$ 94,462	$ (1,196,895)
D. Plan fiduciary net position as a percentage of the total pension liability [B.9 / A.9]	109.18%	104.05%	98.79%	116.51%
E. Covered-employee payroll	$ 1,768,005	$ 1,745,759	$ 1,619,354	$ 1,574,607
F. Net position as a percentage of covered employee payroll [C / E]	-42.48%	-18.58%	5.83%	-76.01%

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%

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

	Fiscal Year			
	2025	2024	2023	2022
Actuarially Determined Contribution	$ 171,476	$ 145,117	$ 137,895	$ 126,410
Contributions in relation to the actuarially determined contribution	(171,476)	(145,117)	(137,895)	(126,410)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -
Covered employee payroll	$ 1,899,663	$ 1,711,845	$ 1,738,068	$ 1,570,244
Contributions as a percentage of covered employee payroll	9.03%	8.48%	7.93%	8.05%

Fiscal Year				
2021	2020	2019	2018	2017
$ 125,019	$ 119,090	$ 122,287	$ 120,401	$ 122,803
(125,019)	(119,090)	(122,287)	(120,401)	(123,572)
$ -	$ -	$ -	$ -	$ (769)
$ 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%

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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	Post-retirement: 2019 Municipal Retirees of Texas Mortality Tables. Male rates are multiplied by 103% and female rates are multiplied by 105%. The rates are projected on a fully generational basis by the most recent Scale MP-2021 (with immediate convergence). Pre-retirement: PUB(10) mortality tables, with the 110% of the Public Safety table used for males and the 100% of the General Employee table used for females. The rates are projected on a fully generational basis by the most recent Scale MP-2021 (with immediate convergence).

Other Information:

Notes	There were no benefit changes during the year.

CITY OF CRANE, TEXAS
SCHEDULE OF CHANGES IN OPEB LIABILITY AND RELATED RATIOS
FOR THE YEAR ENDED AUGUST 31, 2025

	Measurement Year 2024	Measurement Year 2023	Measurement Year 2022	Measurement Year 2021
A. Total pension liability				
1. Service cost	$ 3,182	$ 3,666	$ 6,477	$ 5,984
2. Interest on Total OPEB Liability	3,153	2,938	1,972	2,017
3. Changes of benefit terms	-	-	-	-
4. Difference between expected & actual experience	(7,165)	2,906	(5,313)	(2,717)
5. Changes of assumptions	(3,882)	3,848	(34,497)	3,224
6. Benefit payments	(2,122)	(1,920)	(1,781)	(3,149)
7. Net changes	$ (6,834)	$ 11,438	$ (33,142)	$ 5,359
8. Total OPEB Liability - beginning of the year	83,112	71,674	104,816	99,457
9. Total OPEB Liability - end of the year	$ 76,278	$ 83,112	$ 71,674	$ 104,816
E. Covered-employee payroll	$ 1,768,005	$ 1,745,759	$ 1,619,354	$ 1,574,607
F. Total OPEB Liability as a Percentage of Covered Payroll	4.31%	4.76%	4.43%	6.66%

	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%

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

	Fiscal Year			
	2025	2024	2023	2022
Actuarially Determined Contribution	$ 6,666	$ 6,271	$ 5,678	$ 3,973
Contributions in relation to the actuarially determined contribution	6,666	(6,271)	(5,678)	(3,973)
Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -
Covered employee payroll	$ 1,899,663	$ 1,711,845	$ 1,738,068	$ 1,570,244
Contributions as a percentage of covered employee payroll	0.35%	0.37%	0.33%	0.25%

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%

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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 Pention 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.

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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			Variance With
	Original	Final	Actual	Final Budget
REVENUES				
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	2,904,053	2,904,053	3,102,460	198,407
EXPENDITURES				
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	2,847,039	3,205,444	3,079,982	125,462
Excess (deficiency) of revenues over expenditures	57,014	(301,391)	22,478	323,869
OTHER FINANCING SOURCES (USES)				
Transfers in	100,000	100,000	-	(100,000)
Total other financing sources (uses)	100,000	100,000	-	(100,000)
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	$ 5,180,960	$ 4,822,555	$ 5,046,424	$ 223,869

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

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COMBINING AND INDIVIDUAL FUND FINANCIAL STATEMENTS AND SCHEDULES

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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.

CITY OF CRANE, TEXAS
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED AUGUST 31, 2025

	Special Revenue Funds		
	Fire Department Fund	Municipal Court Security	Municipal Court Technology
ASSETS			
Cash and cash equivalents	$ 371,768	$ 46,236	$ 41,619
Total assets	$ 371,768	$ 46,236	$ 41,619
LIABILITIES			
Accounts payable	$ -	$ -	$ -
Total liabilities	-	-	-
FUND BALANCES (DEFICITS)			
Restricted for:			
Restricted for municipal court security	-	46,236	-
Restricted for municipal court technology	-	-	41,619
Restricted for hotel occupancy tax purposes	-	-	-
Assigned for:			
Assigned for coronavirus relief	-	-	-
Assigned for fire department	371,768	-	-
Total Fund balances	371,768	46,236	41,619
Total liabilities, deferred inflows, and fund balances	$ 371,768	$ 46,236	$ 41,619

Special Revenue Funds		
Coronavirus Local Fiscal Relief Fund	Hotel/Motel Tax Fund	Total 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

CITY OF CRANE, TEXAS
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED AUGUST 31, 2025

	Special Revenue Funds		
	Fire Department Fund	Municipal Court Security	Municipal Court Technology
REVENUES			
Hotel/motel taxes	$ -	$ -	$ -
Fines	-	5,428	3,863
Investment earnings	12,608	-	-
Total revenues	12,608	5,428	3,863
EXPENDITURES			
Current:			
General government	-	-	-
Total expenditures	-	-	-
Excess (deficiency) of revenues over expenditures	12,608	5,428	3,863
OTHER FINANCING SOURCES (USES)			
Transfers out	-	-	-
Total other financing sources (uses)	-	-	-
Net change in fund balance	12,608	5,428	3,863
Fund balance - beginning	359,160	40,808	37,756
Fund balance - ending	$ 371,768	$ 46,236	$ 41,619

Special Revenue Funds		
Coronavirus Local Relief Fund	Hotel Fund	Total 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
$ 364,891	$ 71,889	$ 896,403

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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			Variance With
	Original	Final	Actual	Final Budget
REVENUES				
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	2,898,300	2,894,800	1,818,200	(1,076,600)
EXPENDITURES				
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	2,219,953	2,291,767	1,811,610	480,157
Excess (deficiency) of revenues over expenditures	678,347	603,033	6,590	(596,443)
OTHER FINANCING SOURCES (USES)				
Transfers in	150,000	150,000	232,585	82,585
Investment earnings	300,000	230,810	230,810	-
Total Other Financing Sources (Uses)	450,000	380,810	463,395	82,585
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	$ 13,078,352	$ 12,933,848	$ 12,419,990	$ (513,858)

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SINGLETON CLARK CERTIFIED PUBLIC ACCOUNTANTS

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.*

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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

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

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, 2025 and 2024.

SECTION III – FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS

Not applicable.