

OFFICIAL STATEMENT
August 1, 2024

In the opinion of McCall, Parkhurst & Horton L.L.P., Bond Counsel to the City, interest on the Certificates will be excludable from gross income for federal income tax purposes under statutes, regulations, published rulings and court decisions existing on the date thereof, subject to the matters described under "TAX MATTERS" herein, including the alternative minimum tax on certain corporations.

The Issuer has designated the Certificates as "Qualified Tax-Exempt Obligations" for financial institutions.

\$2,485,000
CITY OF CROWLEY, TEXAS
(A political subdivision of the State of Texas located in Tarrant & Johnson Counties, Texas)
COMBINATION TAX AND REVENUE CERTIFICATES OF OBLIGATION, SERIES 2024

Dated Date: August 1, 2024

Due: February 1, as shown on inside cover

The \$2,485,000 City of Crowley, Texas Combination Tax and Revenue Certificates of Obligation, Series 2024 (the "Certificates") are being issued pursuant to the Constitution and general laws of the State of Texas (the "State"), particularly the Certificate of Obligation Act of 1971 (Sections 271.041 through 271.064, Texas Local Government Code, as amended), Chapter 1502, Texas Government Code, as amended, the City's Home Rule Charter, and an ordinance (the "Ordinance") adopted by the City Council of the City of Crowley, Texas (the "City" or the "Issuer") on August 1, 2024. (See "THE CERTIFICATES - Authority for Issuance" herein.)

The Certificates constitute direct and general obligations of the Issuer payable primarily from the proceeds of an annual ad valorem tax levied upon all taxable property within the City, within the limitations prescribed by law, and are further payable from and secured by a lien on and pledge of the Pledged Revenues (identified and defined in the Ordinance), being a limited amount of the Net Revenues derived from the operation of the City's combined utility system (the "System"), not to exceed \$1,000 during the entire period the Certificates or interest thereon remain outstanding, such lien on and pledge of the limited amount of Net Revenues being subordinate and inferior to the lien on and pledge of such Net Revenues securing payment of any Prior Lien Obligations, Junior Lien Obligations, or Subordinate Lien Obligations hereafter issued by the City. The City previously authorized the issuance of the currently outstanding Limited Pledge Obligations (identified and defined in the Ordinance) which are payable, in part, from and secured by a lien on and pledge of a limited amount of the Net Revenues of the System in the manner provided in the ordinances authorizing the issuance of the currently outstanding Limited Pledge Obligations. In the Ordinance, the City reserves and retains the right to issue Prior Lien Obligations, Junior Lien Obligations, Subordinate Lien Obligations, and Additional Limited Pledge Obligations (all as identified and defined in the Ordinance), while the Certificates are Outstanding, without limitation as to principal amount but subject to any terms, conditions or restrictions as may be applicable thereto under law or otherwise. (See "THE CERTIFICATES - Security for Payment" herein.)

The Certificates constitute direct and general obligations of the Issuer payable primarily from the proceeds of an annual ad valorem tax levied upon all taxable property within the City, within the limitations prescribed by law, and are further secured by a lien on and pledge of the "Surplus Revenues" derived from the ownership and operation of the City's municipal utility system, all as provided in the Ordinance. (See "THE CERTIFICATES - Security for Payment" and "TAX RATE LIMITATIONS" herein.)

Interest on the Certificates will accrue from August 1, 2024 (the "Dated Date") as shown above and will be payable on February 1 and August 1 of each year, commencing February 1, 2025, until the earlier of stated maturity or prior redemption, and will be calculated on the basis of a 360-day year of twelve 30-day months. The definitive Certificates will be issued as fully registered obligations in book-entry form only and when issued will be registered in the name of Cede & Co., as nominee of The Depository Trust Company ("DTC"), New York, New York. DTC will act as securities depository. Book-entry interests in the Certificates will be made available for purchase in the principal amount of \$5,000 or any integral multiple thereof. Purchasers of the Certificates ("Beneficial Owners") will not receive physical delivery of certificates representing their interest in the Certificates purchased. So long as DTC or its nominee is the registered owner of the Certificates, the principal of and interest on the Certificates will be payable by BOKF, NA, Dallas, Texas, as Paying Agent Registrar to the securities depository, which will in turn remit such principal and interest to its participants, which will in turn remit such principal and interest to the Beneficial Owners of the Certificates. (See "BOOK-ENTRY-ONLY SYSTEM" herein.)

Proceeds from the sale of the Certificates will be used for the purpose of paying all or a portion of the City's contractual obligations incurred for the purpose of (1) purchase of materials, supplies, equipment (including radios), and machinery for the City's police department, (2) designing, acquiring, constructing, renovating, improving, equipping, repairing, enlarging, and/or extending the City's police department facility, including all necessary security upgrades and parking, (3) purchasing real property, information technology, landscaping, land, and rights of way authorized needs and purposes related to the aforementioned capital improvements, and (4) the payment of professional services related to the construction, project management, and financing of the aforementioned projects (collectively, the "Projects"), and for paying all or a portion of the legal, financial and engineering fees in connection with the Projects and the cost of issuance related to the Certificates. (See "THE CERTIFICATES - Use of Certificate Proceeds" herein.)

SEE FOLLOWING PAGE FOR STATED MATURITIES, PRINCIPAL AMOUNTS, INTEREST RATES, INITIAL YIELDS, CUSIP NUMBERS, A
REDEMPTION PROVISIONS FOR THE CERTIFICATES

The Certificates are offered for delivery, when, as and if issued and received by the initial purchaser thereof at a competitive sale (the "Purchaser") and subject to the approving opinion of the Attorney General of the State of Texas and the approval of certain legal matters by McCall, Parkhurst & Horton L.L.P., San Antonio, Texas, Bond Counsel. The legal opinion of Bond Counsel will be printed on, or attached to, the Certificates. (See "LEGAL MATTERS - Legal Opinions and No-Litigation Certificate" and "APPENDIX C - Form of Legal Opinion of Bond Counsel" herein). It is expected that the Certificates will be available for initial delivery through DTC on or about August 29, 2024.

\$2,485,000
CITY OF CROWLEY, TEXAS
(A political subdivision of the State of Texas located in Tarrant and Johnson Counties, Texas)
COMBINATION TAX AND REVENUE CERTIFICATES OF OBLIGATION, SERIES 2024

MATURITY SCHEDULE

CUSIP Prefix No. 228111⁽¹⁾

\$930,000 Serial Certificates

Stated Maturity February 1	Principal Amount	Interest Rate (%)	Initial Yield (%)	CUSIP Suffix⁽¹⁾
2026	\$ 85,000	5.000	3.200	YT1
2027	90,000	5.000	3.150	YU8
2028	95,000	5.000	3.150	YV6
2029	95,000	5.000	3.100	YW4
2030	100,000	5.000	3.150	YX2
2031	105,000	5.000	3.150	YY0
2032	115,000	5.000	3.150	YZ7
2033	120,000	5.000	3.200	ZA1
2034	125,000	4.000	3.200 ⁽²⁾	ZB9

\$1,555,000 Term Certificates

\$265,000	4.000%	Term Certificates due February 1, 2036 and priced to yield 3.300% ⁽²⁾	CUSIP Suffix ⁽¹⁾ ZD5
\$285,000	4.000%	Term Certificates due February 1, 2038 and priced to yield 3.450% ⁽²⁾	CUSIP Suffix ⁽¹⁾ ZF0
\$305,000	4.000%	Term Certificates due February 1, 2040 and priced to yield 3.600% ⁽²⁾	CUSIP Suffix ⁽¹⁾ ZH6
\$335,000	4.000%	Term Certificates due February 1, 2042 and priced to yield 3.750% ⁽²⁾	CUSIP Suffix ⁽¹⁾ ZK9
\$365,000	4.000%	Term Certificates due February 1, 2044 and priced to yield 3.850% ⁽²⁾	CUSIP Suffix ⁽¹⁾ ZM5

(Interest to accrue from Dated Date)

The Issuer reserves the right to redeem the Certificates maturing on or after February 1, 2034, in whole or in part, in principal amounts of \$5,000 or any integral multiple thereof on February 1, 2033, or any date thereafter, at the redemption price of par plus accrued interest as further described herein. Additionally, the Certificates maturing on February 1, 2036, February 1, 2038, February 1, 2040, February 1, 2042, and February 1, 2044 (collectively, the "Term Certificates") are also subject to mandatory sinking fund redemption. (See "THE CERTIFICATES - Redemption Provisions of the Certificates" herein.)

⁽¹⁾ CUSIP® is a registered trademark of the American Bankers Association. CUSIP Global Services ("CGS") is managed on behalf of the American Bankers Association by FactSet Research Systems Inc. Copyright^(c) 2023 CUSIP Global Services. All rights reserved. CUSIP® data herein is provided by CGS. This data is not intended to create a database and does not serve in any way as a substitute for the CGS database. CUSIP® numbers are provided for convenience of reference only. None of the City, the Financial Advisor nor the Purchaser shall be responsible for the selection or correctness of the CUSIP numbers set forth herein.

⁽²⁾ Yield calculated based on the assumption that the Certificates denoted and sold at a premium will be redeemed on February 1, 2033, the earliest date of redemption for the Certificates, at a price of par plus accrued interest to the date of redemption.

CITY OF CROWLEY TEXAS

ELECTED OFFICIALS

<u>Name</u>	<u>Years Served</u>	<u>Term Expires (May)</u>
Billy P. Davis Mayor	24	2025
Jim Hirth Mayor Pro-Tem	19	2027
Johnny Shotwell Councilmember, Place 1	20	2027
Jerry Beck, Jr. Councilmember, Place 2	20	2025
Jesse D. Johnson Councilmember, Place 3	8	2025
Matt Foster Councilmember, Place 5	8	2026
Scott Gilbreath Councilmember, Place 6	3	2026

ADMINISTRATION

<u>Name</u>	<u>Position</u>	<u>Years With The City</u>
Lori Watson	City Manager/Finance Director	20 years
Cristina Winner	Assistant City Manager	18 years
Matt Elgin	Assistant City Manger	6 years
Carol Konhauser	City Secretary	6 years

CONSULTANTS AND ADVISORS

Bond Counsel McCall, Parkhurst & Horton L.L.P.
San Antonio, Texas

Certified Public Accountants George, Morgan & Sneed, P.C.
Weatherford, Texas

Financial Advisor SAMCO Capital Markets, Inc.
San Antonio, Texas

For Additional Information Please Contact:

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USE OF INFORMATION IN THE OFFICIAL STATEMENT

No dealer, broker, salesman, or other person has been authorized to give any information, or to make any representation other than those contained in this Official Statement, and, if given or made, such other information or representations must not be relied upon as having been authorized by the Issuer. This Official Statement is not to be used in connection with an offer to sell or the solicitation of an offer to buy in any state in which such offer or solicitation is not authorized or in which the person making such offer or solicitation is not authorized or in which the person making such offer or solicitation is not qualified to do so or to any person to whom it is unlawful to make such offer or solicitation. Any information or expression of opinion herein contained is subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create an implication that there has been no change in the affairs of the Issuer or other matters described herein since the date hereof.

The Financial Advisor has provided the following sentence for inclusion in this Official Statement. The Financial Advisor has reviewed the information in this Official Statement in accordance with its responsibilities to the Issuer and, as applicable, to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Financial Advisor does not guarantee the accuracy or completeness of such information.

THE CERTIFICATES ARE EXEMPT FROM REGISTRATION WITH THE UNITED STATES SECURITIES AND EXCHANGE COMMISSION AND CONSEQUENTLY HAVE NOT BEEN REGISTERED THEREWITH. THE REGISTRATION, QUALIFICATION, OR EXEMPTION OF THE CERTIFICATES IN ACCORDANCE WITH APPLICABLE SECURITIES LAW PROVISIONS OF THE JURISDICTIONS IN WHICH THE CERTIFICATES HAVE BEEN REGISTERED, QUALIFIED, OR EXEMPTED SHOULD NOT BE REGARDED AS A RECOMMENDATION THEREOF.

NONE OF THE CITY, ITS FINANCIAL ADVISOR, OR THE PURCHASER MAKE ANY REPRESENTATION OR WARRANTY WITH RESPECT TO THE INFORMATION CONTAINED IN THIS OFFICIAL STATEMENT REGARDING THE DEPOSITORY TRUST COMPANY, ITS BOOK-ENTRY-ONLY SYSTEM, AS SUCH INFORMATION IS PROVIDED BY DTC.

The agreements of the City and others related to the Certificates are contained solely in the contracts described herein. Neither this Official Statement nor any other statement made in connection with the offer or sale of the Certificates is to be construed as constituting an agreement with the Purchaser of the Certificates. INVESTORS SHOULD READ THE ENTIRE OFFICIAL STATEMENT, INCLUDING ALL APPENDICES ATTACHED HERETO, TO OBTAIN INFORMATION ESSENTIAL TO MAKING AN INFORMED INVESTMENT DECISION.

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The cover page, subsequent pages hereof, and appendices attached hereto, are part of this Official Statement.

SELECTED DATA FROM THE OFFICIAL STATEMENT

The selected data is subject in all respects to the more complete information and definitions contained or incorporated in this Official Statement. The offering of the Certificates to potential investors is made only by means of this entire Official Statement. No person is authorized to detach this page from this Official Statement or to otherwise use it without the entire Official Statement.

The Issuer

The City of Crowley, Texas (the “City” or “Issuer”), a municipal corporation and political subdivision of the State of Texas, was originally incorporated in 1951 and adopted a Home Rule Charter on May 1, 1999, as amended on November 5, 2013. The City operates under a Council/Manager form of government with a Mayor and six Council Members. The City is directly south of Fort Worth, approximately 30 miles southwest of the Dallas-Fort Worth International Airport and two miles west of Interstate Highway 35. Farm-to-market roads 1187 and 731 provide ready access to Interstate Highways 20 and 35. The 2024 estimated population is 20,603. (See “APPENDIX B – General Information Regarding the City of Crowley and Tarrant and Johnson Counties” herein.)

The Certificates

The Certificates are being issued pursuant to the Constitution and general laws of the State of Texas (the “State”), particularly the Certificate of Obligation Act of 1971 (Sections 271.041 through 271.064, Texas Local Government Code, as amended), Chapter 1502, Texas Government Code, as amended, the City’s Home Rule Charter, and an ordinance (the “Ordinance”) adopted by the City Council of the City, on August 1, 2024. (See “THE CERTIFICATES - Authority for Issuance” herein.)

Paying Agent/Registrar

The initial Paying Agent/Registrar is BOKF, NA, Dallas, Texas.

Security

The Certificates constitute direct and general obligations of the Issuer payable primarily from the proceeds of an annual ad valorem tax levied upon all taxable property within the City, within the limitations prescribed by law, and are further payable from and secured by a lien on and pledge of the Pledged Revenues (identified and defined in the Ordinance), being a limited amount of the Net Revenues derived from the operation of the City’s combined utility system (the “System”), not to exceed \$1,000 during the entire period the Certificates or interest thereon remain outstanding, such lien on and pledge of the limited amount of Net Revenues being subordinate and inferior to the lien on and pledge of such Net Revenues securing the payment of any Prior Lien Obligations, Junior Lien Obligations, or Subordinate Lien Obligations hereafter issued by the City. The City previously authorized the issuance of the currently outstanding Obligations (identified and defined in the Ordinance) which are payable, in part, from and secured by a lien on and pledge of a limited amount of the Net Revenues of the System in the manner provided in the ordinances authorizing the issuance of the currently outstanding Obligations. In the Ordinance, the City reserves and retains the right to issue Prior Lien Obligations, Junior Lien Obligations, Subordinate Lien Obligations, and Additional Obligations (all as identified and defined in the Ordinance), while the Certificates are Outstanding, without limitation as to principal amount but subject to any terms, conditions or restrictions as may be applicable thereto under law or otherwise (See “THE CERTIFICATES - Security for Payment” and “TAX RATE LIMITATIONS” herein.)

Redemption Provisions of the Certificates

The Issuer reserves the right, at its sole option, to redeem Certificates stated to mature on or after February 1, 2034, in whole or in part, in principal amounts of \$5,000 or any integral multiple thereof, on February 1, 2033, or any date thereafter, at the redemption price of par plus accrued interest to the date fixed for redemption. Additionally, the Certificates maturing on February 1, 2036, February 1, 2038, February 1, 2040, February 2042 and February 1, 2044 (collectively, the “Term Certificates”) are also subject to mandatory sinking fund redemption. (See “THE CERTIFICATES - Redemption Provisions of the Certificates” herein.)

Tax Matters

In the opinion of McCall, Parkhurst & Horton L.L.P., San Antonio, Texas, as Bond Counsel to the City, interest on the Certificates will be excludable from gross income for federal income tax purposes under statutes, regulations, published rulings, and court decisions existing on the date thereof, including the alternative minimum tax on certain corporations. (See “TAX MATTERS” and “APPENDIX C - Form of Legal Opinion of Bond Counsel” herein.)

Qualified Tax-Exempt Obligations

The Issuer has designated the Certificates as “Qualified Tax-Exempt Obligations” for financial institutions. (See “TAX MATTERS – Qualified Tax-Exempt Obligations” herein.)

Use of Certificate Proceeds

Proceeds from the sale of the Certificates will be used for the purpose of paying all or a portion of the City's contractual obligations incurred for the purpose of (1) purchase of materials, supplies, equipment (including radios), and machinery for the City's police department, (2) designing, acquiring, constructing, renovating, improving, equipping, repairing, enlarging, and/or extending the City's police department facility, including all necessary security upgrades and parking, (3) purchasing real property, information technology, landscaping, land, and rights of way authorized needs and purposes related to the aforementioned capital improvements, and (4) the payment of professional services related to the construction, project management, and financing of the aforementioned projects (collectively, the "Projects"), and for paying all or a portion of the legal, financial and engineering fees in connection with the Projects and the cost of issuance related to the Certificates. (See "THE CERTIFICATES – Use of Certificate Proceeds" herein.)

Rating

S&P Global Ratings, a division of S&P Global Ratings Inc. ("S&P"), has assigned an unenhanced rating of "AA" to the Certificates. (See "OTHER PERTINENT INFORMATION - Rating" herein.) On July 22, 2024, S&P upgraded the City's long-term rating, including the Certificates, from "AA-" to "AA". A notice related to this upgrade was filed with EMMA on July 23, 2024.

Payment Record

The City has never defaulted on the payment of its general obligation or revenue indebtedness.

Future Debt Issues

The Issuer does not anticipate the issuance of any additional ad valorem tax debt in the next 12 months.

Delivery

When issued, anticipated on or about August 29, 2024.

Legality

Delivery of the Certificates is subject to the approval by the Attorney General of the State of Texas and the approval of certain legal matters by McCall, Parkhurst & Horton L.L.P., San Antonio, Texas, Bond Counsel.

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OFFICIAL STATEMENT
relating to

\$2,485,000

CITY OF CROWLEY, TEXAS

(A political subdivision of the State of Texas located in Medina County, Texas)
COMBINATION TAX AND REVENUE CERTIFICATES OF OBLIGATION, SERIES 2024

INTRODUCTORY STATEMENT

This Official Statement provides certain information in connection with the issuance by the City of Crowley, Texas (the “City” or the “Issuer”) of its \$2,485,000 Combination Tax and Revenue Certificates of Obligation, Series 2024 (the “Certificates”) identified on the cover page.

The Issuer is a political subdivision of the State of Texas (the “State”) and a municipal corporation organized and existing under the Constitution and laws of the State. Unless otherwise indicated, capitalized terms used in this Official Statement have the same meanings assigned to such terms in the Ordinance (defined below). Included in this Official Statement are descriptions of the Certificates and certain information about the Issuer and its finances. **ALL DESCRIPTIONS OF DOCUMENTS CONTAINED HEREIN ARE SUMMARIES ONLY AND ARE QUALIFIED IN THEIR ENTIRETY BY REFERENCE TO EACH SUCH DOCUMENT.** Copies of such documents may be obtained upon request from the Issuer or its Financial Advisor, SAMCO Capital Markets, Inc., 1020 Northeast Loop 410, Suite 640, San Antonio, Texas 78209, via electronic mail or upon payment of reasonable copying, handling, and delivery charges.

All financial and other information presented in this Official Statement has been provided by the City from its records, except for information expressly attributed to other sources. The presentation of information, including tables of receipts from taxes and other sources, is intended to show recent historic information, and is not intended to indicate future or continuing trends in financial position or other affairs of the City. No representation is made that past experience, as is shown by financial and other information, will necessarily continue or be repeated in the future.

This Official Statement speaks only as to its date, and the information contained herein is subject to change. A copy of the Final Official Statement pertaining to the Certificates will be deposited with the Municipal Securities Rulemaking Board through its Electronic Municipal Market Access (“EMMA”) system. See “CONTINUING DISCLOSURE OF INFORMATION” herein for a description of the City’s undertaking to provide certain information on a continuing basis.

THE CERTIFICATES

General Description of the Certificates

The Certificates will be dated August 1, 2024 (the “Dated Date”), will mature on the dates and in the principal amounts and will bear interest at the rates set forth on page 2 of this Official Statement. The Certificates will be registered and issued in denominations of \$5,000 or any integral multiple thereof. The Certificates will bear interest from the Dated Date, or from the most recent date to which interest has been paid or duly provided for, and will be paid semiannually on February 1 and August 1 of each year, commencing February 1, 2025, until stated maturity or prior redemption. Principal of and interest on the Certificates are payable in the manner described herein under “BOOK-ENTRY-ONLY SYSTEM”. In the event the Book-Entry-Only System is discontinued, the interest on the Certificates payable on an interest payment date will be payable to the registered owner as shown on the security register maintained by BOKF, NA, Dallas, Texas as the initial Paying Agent/Registrar, as of the Record Date (defined below), by check, mailed first-class, postage prepaid, to the address of such person on the security register or by such other method acceptable to the Paying Agent/Registrar requested by and at the risk and expense of the registered owner. In the event the Book-Entry-Only System is discontinued, principal of the Certificates will be payable at stated maturity or prior redemption upon presentation and surrender thereof at the corporate trust office of the Paying Agent/Registrar.

If the date for the payment of the principal of or interest on the Certificates is a Saturday, Sunday, a legal holiday or a day when banking institutions in the city where the Paying Agent/Registrar is located are authorized by law or executive order to close, then the date for such payment will be the next succeeding day which is not a Saturday, Sunday, legal holiday or a day on which banking institutions are authorized to close; and payment on such date will have the same force and effect as if made on the original date payment was due.

Authority for Issuance

The Certificates are being issued pursuant to the Constitution and general laws of the State of Texas (the “State”) particularly Certificate of Obligation Act of 1971 (Sections 271.041 through 271.064 Texas Local Government Code, as amended), Chapter 1502, Texas Government Code, as amended, the City’s Home Rule Charter, and an ordinance (the “Ordinance”) adopted by the City Council of the City (the “City Council”) on August 1, 2024.

Security for Payment

Ad Valorem Taxes. The Certificates are general obligations of the City, payable from its collection of an ad valorem tax levied annually, within the legal limitations imposed by law, upon all taxable property located in the City. (See “AD VALOREM PROPERTY TAXATION” and “TAX RATE LIMITATIONS” herein.)

Revenue Pledge Benefiting the Certificates. Solely to comply with Texas law allowing the Certificates to be sold for cash, the Certificates are further secured by a lien on and pledge of the Pledged Revenues (being a limited amount of the Net Revenues derived from the operation of the Issuer’s combined utility system (the “System”) not to exceed \$1,000 during the entire period the Certificates or interest thereon remain outstanding, such lien and pledge, however, being subordinate and inferior to the lien on and pledge of the Net Revenues securing the payment of any Prior Lien Obligations, Junior Lien Obligations, or Subordinate Lien Obligations (each as described and defined in the Ordinance) hereinafter issued by the Issuer. The City previously authorized the issuance of the currently outstanding Obligations (as described and defined in the Ordinance) which are payable, in part, from and secured by a lien on and pledge of a limited amount of the Net Revenues in the manner provided in the ordinances authorizing the issuance of the currently outstanding Obligations. In the Ordinance, the City reserves and retains the right to issue Prior Lien Obligations, Junior Lien Obligations, Subordinate Lien Obligations, and Additional Obligations (all as identified and defined in the Ordinance), while the Certificates are Outstanding, without limitation as to principal amount but subject to any terms, conditions or restrictions as may be applicable thereto under law or otherwise.

Redemption Provisions of the Certificates

Optional Redemption. The Issuer reserves the right, at its sole option, to redeem Certificates stated to mature, on or after February 1, 2034, in whole or in part, in principal amounts of \$5,000 or any integral multiple thereof on February 1, 2033, or any date thereafter, at the par value thereof plus accrued interest to the date fixed for redemption. If less than all of the Certificates within a stated maturity are to be redeemed, the particular Certificates to be redeemed shall be selected by lot or by other customary random method by the Paying Agent/Registrar.

Mandatory Sinking Fund Redemption: The Certificates maturing on February 1, 2036, February 1, 2038, February 1, 2040, February 1, 2042, and February 1, 2044 (collectively, the “Term Certificates”) are also subject to mandatory redemption prior to their stated maturity in part and by lot, at the redemption prices equal to the principal amounts thereof, plus accrued interest thereon to the redemption dates, on February 1, in the years and principal amounts shown below:

Term Certificates to Mature on February 1, 2036		Term Certificates to Mature on February 1, 2038		Term Certificates to Mature on February 1, 2040	
Year	Principal Amount	Year	Principal Amount	Year	Principal Amount
2035	\$130,000	2037	\$140,000	2039	\$150,000
2036*	135,000	2038*	145,000	2040*	155,000

Term Certificates to Mature on February 1, 2042		Term Certificates to Mature on February 1, 2044	
Year	Principal Amount	Year	Principal Amount
2041	\$165,000	2043	\$180,000
2042*	170,000	2044*	185,000

*Payable at Stated Maturity

Approximately forty-five (45) days prior to each mandatory redemption date for the Term Certificates, the Paying Agent/Registrar shall select by lot the numbers of the Term Certificates within the applicable Stated Maturity to be redeemed on the next following February 1 from money set aside for that purpose in the Certificate Fund. Any Certificate not selected for prior redemption shall be paid on the date of their stated maturity. The principal amount of a Certificate required to be redeemed pursuant to the operation of such mandatory redemption provisions shall be reduced, at the option of the Issuer, by the principal amount of any Term Certificates of such stated maturity which, at least fifty (50) days prior to the mandatory redemption date (1) shall have been defeased or acquired by the Issuer and delivered to the Paying Agent/Registrar for cancellation, (2) shall have been purchased and canceled by the Paying Agent/Registrar at the request of the Issuer, or (3) shall have been redeemed pursuant to the optional redemption provisions set forth above and not theretofore credited against a mandatory redemption requirement.

Notice of Redemption

At least 30 days prior to the date fixed for any redemption of any Certificates or portions thereof prior to stated maturity, the Issuer shall cause notice of such redemption to be sent by United States mail, first-class postage prepaid, to the registered owner of each Certificate or a portion thereof to be redeemed at its address as it appeared on the registration books of the Paying Agent/Registrar on the day such notice of redemption is mailed. By the date fixed for any such redemption, due provision shall be made with the Paying Agent/Registrar for the payment of the required redemption price for the Certificates or portions thereof which are to be so redeemed. If such notice of redemption is given and if due provision for such payment is made, all as provided above, the Certificates or portions thereof which are to

be so redeemed thereby automatically shall be treated as redeemed prior to their scheduled maturities, and they shall not bear interest after the date fixed for redemption, and they shall not be regarded as being outstanding except for the right of the registered owner to receive the redemption price from the Paying Agent/Registrar out of the funds provided for such payment.

ANY NOTICE OF REDEMPTION SO MAILED SHALL BE CONCLUSIVELY PRESUMED TO HAVE BEEN DULY GIVEN IRRESPECTIVE OF WHETHER RECEIVED BY THE CERTIFICATEHOLDER, AND, PROVIDED THAT PROVISION FOR PAYMENT OF THE REDEMPTION PRICE IS MADE AND ANY OTHER CONDITIONS TO REDEMPTION ARE SATISFIED, INTEREST ON THE REDEEMED CERTIFICATES SHALL CEASE TO ACCRUE FROM AND AFTER SUCH REDEMPTION DATE NOTWITHSTANDING THAT A CERTIFICATE HAS NOT BEEN PRESENTED FOR PAYMENT.

The Paying Agent/Registrar and the Issuer, so long as a Book-Entry-Only System is used for the Certificates, will send any notice of redemption, notice of proposed amendment to the Ordinance or other notices with respect to the Certificates only to DTC. Any failure by DTC to advise any DTC participant, or of any DTC participant or indirect participant to notify the Beneficial Owner, will not affect the validity of the redemption of the Certificates called for redemption or any other action premised on any such notice. Redemption of portions of the Certificates by the Issuer will reduce the outstanding principal amount of such Certificates held by DTC. In such event, DTC may implement, through its Book-Entry-Only System, a redemption of such Certificates held for the account of DTC participants in accordance with its rules or other agreements with DTC participants and then DTC participants and indirect participants may implement a redemption of such Certificates from the Beneficial Owners. Any such selection of Certificates to be redeemed will not be governed by the Ordinance and will not be conducted by the Issuer or the Paying Agent/Registrar. Neither the Issuer nor the Paying Agent/Registrar will have any responsibility to DTC participants, indirect participants or the persons for whom DTC participants act as nominees, with respect to the payments on the Certificates or the providing of notice to DTC participants, indirect participants, or Beneficial Owners of the selection of portions of the Certificates for redemption. (See "BOOK-ENTRY-ONLY SYSTEM" herein.)

Selection of Certificates to be Redeemed

The Certificates of a denomination larger than \$5,000 may be redeemed in part (in increments of \$5,000 or any integral multiple thereof). The Certificates to be partially redeemed must be surrendered in exchange for one or more new Certificates for the unredeemed portion of the principal. If less than all of the Certificates are to be redeemed, the Issuer will determine the amounts to be redeemed and will direct the Paying Agent/Registrar (or DTC while the Certificates are in Book-Entry-Only form) to select, at random and by lot, the particular Certificates, or portion thereof, to be redeemed. If a Certificate (or any portion of the principal sum thereof) will have been called for redemption and notice or such redemption will have been given, such Certificate (or the principal amount thereof to be redeemed), will become due and payable on such redemption date and interest thereon will cease to accrue from and after the redemption date, provided funds for the payment of the redemption price and accrued interest thereon are held by the Paying Agent/Registrar on the redemption date.

Use of Certificate Proceeds

Proceeds from the sale of the Certificates will be used for the purpose of paying all or a portion of the City's contractual obligations incurred for the purpose of (1) purchase of materials, supplies, equipment (including radios), and machinery for the City's police department, (2) designing, acquiring, constructing, renovating, improving, equipping, repairing, enlarging, and/or extending the City's police department facility, including all necessary security upgrades and parking, (3) purchasing real property, information technology, landscaping, land, and rights of way authorized needs and purposes related to the aforementioned capital improvements, and (4) the payment of professional services related to the construction, project management, and financing of the aforementioned projects (collectively, the "Projects"), and for paying all or a portion of the legal, financial and engineering fees in connection with the Projects and the cost of issuance related to the Certificates.

Sources and Uses

Sources	
Par Amount of the Certificates	\$2,485,000.00
Accrued Interest on the Certificates	8,357.22
Net Reoffering Premium	<u>120,096.05</u>
Total Sources of Funds	<u>\$2,613,453.27</u>
Uses	
Project Fund Deposit	\$2,500,000.00
Purchaser's Discount	28,589.93
Interest and Sinking Fund Deposit	8,357.22
Costs of Issuance	<u>76,506.12</u>
Total Uses	<u>\$2,613,453.27</u>

Payment Record

The Issuer has never defaulted on the payment of its ad valorem tax-backed indebtedness.

Amendments

The Issuer may amend the Ordinance without the consent of or notice to any registered owners in any manner not detrimental to the interests of the registered owners, including the curing of any ambiguity, inconsistency, or formal defect or omission therein. In addition, the Issuer may, with the written consent of the holders of a majority in aggregate principal amount of the Certificates then outstanding affected thereby, amend, add to, or rescind any of the provisions of the Ordinance; except that, without the consent of the registered owners of all of the Certificates affected, no such amendment, addition, or rescission may (1) extend the time or times of payment of the principal of and interest on the Certificates, reduce the principal amount thereof or the rate of interest thereon, (2) give any preference to any Certificate over any other Certificate, (3) extend any waiver of defaults to subsequent defaults, or (4) reduce the aggregate principal amount of Certificates required for consent to any such amendment, addition, or rescission.

Defeasance

The Ordinance provides for the defeasance of the Certificates when payment of the principal amount of the Certificates plus interest accrued on the Certificates to their due date (whether such due date be by reason of stated maturity, redemption, or otherwise), is provided by irrevocably depositing with a paying agent, or other authorized escrow agent, in trust (1) money in an amount sufficient to make such payment, and/or (2) Government Securities (defined below), to mature as to principal and interest in such amounts and at such times to insure the availability, without reinvestment, of sufficient money to make such payment, and all necessary and proper fees, compensation and expenses of the paying agent for the Certificates. The foregoing deposits shall be certified as to sufficiency by an independent accounting firm, the City's Financial Advisor, the Paying Agent/Registrar, or such other qualified financial institution (as provided in the Ordinance). The City has additionally reserved the right, subject to satisfying the requirements of (1) and (2) above, to substitute other Government Securities originally deposited, to reinvest the uninvested moneys on deposit for such defeasance and to withdraw for the benefit of the City moneys in excess of the amount required for such defeasance. The Ordinance provides that "Government Securities" means any securities and obligations now or hereafter authorized by State law that are eligible to discharge obligations such as the Certificates. Current State law permits defeasance with the following types of securities: (a) direct, noncallable obligations of the United States of America, including obligations that are unconditionally guaranteed by the United States of America, (b) noncallable obligations of an agency or instrumentality of the United States of America, including obligations that are unconditionally guaranteed or insured by the agency or instrumentality and that, on the date of the purchase thereof, are rated as to investment quality by a nationally recognized investment rating firm not less than AAA or its equivalent, (c) noncallable obligations of a state or an agency or a county, municipality, or other political subdivision of a state that on the date the governing body of the City adopts or approves the proceedings authorizing the financial arrangements have been refunded and are rated as to investment quality by a nationally recognized investment rating firm not less than AAA or its equivalent, and (d) any additional securities and obligations hereafter authorized by State law as eligible for use to accomplish the discharge of obligations such as the Certificates. There is no assurance that the ratings for U.S. Treasury securities acquired to defease any Certificates, or those for any other Government Securities, will be maintained at any particular rating category. Further, there is no assurance that current State law will not be amended in a manner that expands or contracts the list of permissible defeasance securities (such list consisting of these securities identified in clauses (a) through (c) above), or any rating requirement thereon, that may be purchased with defeasance proceeds relating to the Certificates ("Defeasance Proceeds"), though the City has reserved the right to utilize any additional securities for such purpose in the event the aforementioned list is expanded. Because the Ordinance does not contractually limit such permissible defeasance securities and expressly recognizes the ability of the City to use lawfully available Defeasance Proceeds to defease all or any portion of the Certificates, registered owners of Certificates are deemed to have consented to the use of Defeasance Proceeds to purchase such other defeasance securities, notwithstanding the fact that such defeasance securities may not be of the same investment quality as those currently identified under State law as permissible defeasance securities.

Upon such deposit as described above, such Certificates shall no longer be regarded to be outstanding or unpaid. After firm banking and financial arrangements for the discharge and final payment of the Certificates have been made as described above, all rights of the City to initiate proceedings to call the Certificates for redemption or take any other action amending the terms of the Certificates are extinguished; provided, however, the City has the option, to be exercised at the time of the defeasance of the Certificates, to call for redemption at an earlier date those Certificates which have been defeased to their maturity date, if the City (i) in the proceedings providing for the firm banking and financial arrangements, expressly reserves the right to call the Certificates for redemption, (ii) gives notice of the reservation of that right to the owners of the Certificates immediately following the making of the firm banking and financial arrangements, and (iii) directs that notice of the reservation be included in any redemption notices that it authorizes.

Default and Remedies

If the City defaults in the payment of principal, interest, or redemption price on the Certificates when due, or if it fails to make payments into any fund or funds created in the Ordinance, or defaults in the observation or performance of any other covenants, conditions, or obligations set forth in the Ordinance, the registered owners may seek a writ of mandamus to compel City officials to carry out their legally imposed duties with respect to the Certificates, if there is no other available remedy at law to compel performance of the Certificates or the Ordinance and the City's obligations are not uncertain or disputed. The issuance of a writ of mandamus is controlled by equitable principles, so rests with the discretion of the court, but may not be arbitrarily refused. There is no acceleration of maturity of the Certificates in the event of default and, consequently, the remedy of mandamus may have to be relied upon from year to year. The

Ordinance does not provide for the appointment of a trustee to represent the interest of the certificateholders upon any failure of the City to perform in accordance with the terms of the Ordinance, or upon any other condition and accordingly all legal actions to enforce such remedies would have to be undertaken at the initiative of, and be financed by, the registered owners. The Texas Supreme Court ruled in *Tooke v. City of Mexia*, 197 S.W.3d 325 (Tex. 2006) that a waiver of sovereign immunity in a contractual dispute must be provided for by statute in “clear and unambiguous” language.

Furthermore, *Tooke*, and subsequent jurisprudence, held that a municipality is not immune from suit for torts committed in the performance of its proprietary functions, as it is for torts committed in the performance of its governmental functions (the “Proprietary-Governmental Dichotomy”). Governmental functions are those that are enjoined on a municipality by law and are given by the State as a part of the State’s sovereignty, to be exercised by the municipality in the interest of the general public, while proprietary functions are those that a municipality may, in its discretion, perform in the interest of the inhabitants of municipality.

In *Wasson Interests, Ltd. v. City of Jacksonville*, 489 S.W.3d 427 (Tex. 2016) (“*Wasson*”) the Texas Supreme Court (the “Court”) addressed whether the distinction between governmental and proprietary acts (as found in tort-based causes of action) applies to breach of contract claims against municipalities. The Court analyzed the rationale behind the Proprietary-Governmental Dichotomy to determine that “a city’s proprietary functions are not done pursuant to the ‘will of the people’” and protecting such municipalities “via the [S]tate’s immunity is not an efficient way to ensure efficient allocation of [S]tate resources”. While the Court recognized that the distinction between government and proprietary functions is not clear, the *Wasson* opinion held that Proprietary-Governmental Dichotomy applies in contract-claims context. The Court reviewed *Wasson* again in June 2018 and clarified that to determine whether governmental immunity applies to a breach of contract claim, the proper inquiry is whether the municipality was engaged in a governmental or proprietary function when it entered into the contract, not at the time of alleged breach. Therefore, in regard to municipal contract cases (as in tort claims), it is incumbent on the courts to determine whether a function was proprietary or governmental based upon the statutory guidance and definitions found in the Texas Civil Practice and Remedies Code.

Notwithstanding the foregoing case law issued by the Court, such sovereign immunity issues have not been adjudicated in relation to bond matters (specifically, in regard to the issuance of municipal debt). Each situation will be prospectively evaluated based on the facts and circumstances surrounding the contract in question to determine if a suit, and subsequently, a judgment, is justiciable against a municipality.

If a judgment against the City could be obtained, it could not be enforced by direct levy and execution against the City’s property. Further, the registered owners cannot themselves foreclose on property within the City or sell property within the City to enforce the tax lien on taxable property to pay the principal of and interest on the Certificates. As noted above, the Ordinance provides that Certificate holders may exercise the remedy of mandamus to enforce the obligations of the City under the Ordinance. Neither the remedy of mandamus nor any other type of injunctive relief was at issue in *Tooke*, and it is unclear whether *Tooke* will be construed to have any effect with respect to the exercise of mandamus, as such remedy has been interpreted by Texas courts. In general, Texas courts have held that a writ of mandamus may be issued to require public officials to perform ministerial acts that clearly pertain to their duties. Texas courts have held that a ministerial act is defined as a legal duty that is prescribed and defined with a precision and certainty that leaves nothing to the exercise of discretion or judgment, though mandamus is not available to enforce purely contractual duties. However, mandamus may be used to require a public officer to perform legally imposed ministerial duties necessary for the performance of a valid contract to which the State or a political subdivision of the State is a party (including the payment of monies due under a contract). Furthermore, the City is eligible to seek relief from its creditors under Chapter 9 of the U.S. Bankruptcy Code (“Chapter 9”). Although Chapter 9 provides for the recognition of a security interest represented by a specifically pledged source of revenues, the pledge of ad valorem taxes in support of a general obligation of a bankrupt entity is not specifically recognized as a security interest under Chapter 9. Chapter 9 also includes an automatic stay provision that would prohibit, without Bankruptcy Court approval, the prosecution of any other legal action by creditors or certificateholders of an entity which has sought protection under Chapter 9. Therefore, should the City avail itself of Chapter 9 protection from creditors, the ability to enforce would be subject to the approval of the Bankruptcy Court (which could require that the action be heard in Bankruptcy Court instead of other federal or state court); and the Bankruptcy Code provides for broad discretionary powers of a Bankruptcy Court in administering any proceeding brought before it. The opinion of Bond Counsel will note that all opinions relative to the enforceability of the Ordinance and the Certificates are qualified with respect to the customary rights of debtors relative to their creditors and general principles of equity that permit the exercise of judicial discretion.

REGISTRATION, TRANSFER AND EXCHANGE

Paying Agent/Registrar

The initial Paying Agent/Registrar is BOKF, NA, Dallas, Texas. In the Ordinance, the Issuer retains the right to replace the Paying Agent/Registrar. If the Paying Agent/Registrar is replaced by the Issuer, the new Paying Agent/Registrar shall accept the previous Paying Agent/Registrar’s records and act in the same capacity as the previous Paying Agent/Registrar. Any successor Paying Agent/Registrar, selected at the sole discretion of the Issuer, shall be a national or state banking association or corporation organized and doing business under the laws of the United States of America or of any state, authorized under such laws to exercise trust powers, shall be subject to supervision or examination by federal or state authority, and registered as a transfer agent with the United States Securities and Exchange

Commission. Upon a change in the Paying Agent/Registrar for the Certificates, the Issuer agrees to promptly cause written notice thereof to be sent to each registered owner of the Certificates affected by the change by United States mail, first-class, postage prepaid.

The Certificates will be issued in fully registered form in multiples of \$5,000 for any one stated maturity, and principal and semiannual interest will be paid by the Paying Agent/Registrar. Interest will be paid by check or draft mailed on each interest payment date by the Paying Agent/Registrar to the registered owner at the last known address as it appears on the Paying Agent/Registrar's books or by such other method, acceptable to the Paying Agent/Registrar, requested by and at the risk and expense of the registered owner. Principal will be paid to the registered owner at stated maturity or prior redemption upon presentation to the Paying Agent/Registrar; provided however, that so long as DTC's Book-Entry-Only System is used, all payments will be made as described under "BOOK-ENTRY-ONLY SYSTEM" herein. If the date for the payment of the principal or interest on the Certificates shall be a Saturday, Sunday, a legal holiday or a day when banking institutions in the city where the Paying Agent/ Registrar is located are authorized to close, then the date for such payment shall be the next succeeding day which is not such a day, and payment on such date shall have the same force and effect as if made on the date payment was due.

Record Date

The record date ("Record Date") for determining the party to whom interest is payable on a Certificate on any interest payment date means the fifteenth (15th) day of the month next preceding each interest payment date. In the event of a non-payment of interest on a scheduled payment date, and for 30 days thereafter, a new record date for such interest payment will be established by the Paying Agent/Registrar. (See "REGISTRATION, TRANSFER, AND EXCHANGE - Special Record Date for Interest Payment" herein.)

Special Record Date for Interest Payment

In the event of a non-payment of interest on a scheduled payment date, and for 30 days thereafter, a new record date for such interest payment (a "Special Record Date") will be established by the Paying Agent/Registrar, if and when funds for the payment of such interest have been received from the Issuer. Notice of the Special Record Date and of the scheduled payment date of the past due interest (the "Special Payment Date" which shall be 15 days after the Special Record Date) shall be sent at least five business days prior to the Special Record Date by United States mail, first class postage prepaid, to the address of each registered owner of a Certificate appearing on the registration books of the Paying Agent/Registrar at the close of business on the last business day next preceding the date of mailing of such notice.

Future Registration

In the event the Certificates are not in the Book-Entry-Only System, the Certificates may be transferred, registered, and assigned on the registration books of the Paying Agent/Registrar only upon presentation and surrender thereof to the Paying Agent/Registrar, and such registration and transfer shall be without expense or service charge to the registered owner, except for any tax or other governmental charges required to be paid with respect to such registration and transfer. A Certificate may be assigned by the execution of an assignment form on the Certificate or by other instrument of transfer and assignment acceptable to the Paying Agent/Registrar. A new Certificate or Certificates will be delivered by the Paying Agent/Registrar in lieu of the Certificates being transferred or exchanged at the corporate trust office of the Paying Agent/Registrar, or sent by United States registered mail to the new registered owner at the registered owner's request, risk and expense. New Certificates issued in an exchange or transfer of Certificates will be delivered to the registered owner or assignee of the registered owner in not more than three (3) business days after the receipt of the Certificates to be canceled in the exchange or transfer and the written instrument of transfer or request for exchange duly executed by the registered owner or his duly authorized agent, in form satisfactory to the Paying Agent/Registrar. New Certificates registered and delivered in an exchange or transfer shall be in denominations of \$5,000 for any one stated maturity or any integral multiple thereof and for a like aggregate principal amount and rate of interest as the Certificate or Certificates surrendered for exchange or transfer. (See "BOOK-ENTRY-ONLY SYSTEM" herein for a description of the system to be utilized in regard to ownership and transferability of the Certificates.)

Limitation on Transfer of Certificates

Neither the Issuer nor the Paying Agent/Registrar shall be required to make any such transfer, conversion or exchange (i) during the period commencing with the close of business on any Record Date and ending with the opening of business on the next following principal or interest payment date or (ii) with respect to any Certificate or any portion thereof called for redemption prior to maturity, within 45 days prior to its redemption date; provided, however, that such limitation shall not apply to uncalled portions of a Certificate redeemed in part.

Replacement Certificates

The Issuer has agreed to replace mutilated, destroyed, lost, or stolen Certificates upon surrender of the mutilated Certificates to the Paying Agent/Registrar, or receipt of satisfactory evidence of such destruction, loss, or theft, and receipt by the Issuer and Paying Agent/Registrar of security or indemnity as may be required by either of them to hold them harmless. The Issuer may require payment of taxes, governmental charges, and other expenses in connection with any such replacement. The person requesting the authentication of and

delivery of a replacement Certificate must comply with such other reasonable regulations as the Paying Agent/Registrar may prescribe and pay such expenses as the Paying Agent/Registrar may incur in connection therewith.

BOOK-ENTRY-ONLY SYSTEM

This section describes how ownership of the Certificates is to be transferred and how the principal of, premium, if any, and interest on the Certificates are to be paid to and credited by The Depository Trust Company (“DTC”), New York, New York, while the Certificates are registered in its nominee name. The information in this section concerning DTC and the Book-Entry-Only System has been provided by DTC for use in disclosure documents such as this Official Statement. The City, the Financial Advisor, and the Purchaser believe the source of such information to be reliable, but take no responsibility for the accuracy or completeness thereof.

The City cannot and does not give any assurance that (1) DTC will distribute payments of debt service on the Certificates, or redemption or other notices, to DTC Participants, (2) DTC Participants or others will distribute debt service payments paid to DTC or its nominee (as the registered owner of the Certificates), or redemption or other notices, to the Beneficial Owners, or that they will do so on a timely basis, or (3) DTC will serve and act in the manner described in this Official Statement. The current rules applicable to DTC are on file with the United States Securities and Exchange Commission, and the current procedures of DTC to be followed in dealing with DTC Participants are on file with DTC.

DTC will act as securities depository for the Certificates. The Certificates will be issued as fully registered securities registered in the name of Cede & Co. (DTC’s partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully registered bond certificate will be issued for the Certificates, in the aggregate principal amount of such issue, and will be deposited with DTC.

DTC, the world’s largest depository, is a limited-purpose trust company organized under the New York Banking Law, a “banking organization” within the meaning of the New York Banking Law, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code, and a “clearing agency” registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity, corporate and municipal debt issues, and money market instruments from over 100 countries that DTC’s participants (“Direct Participants”) deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants’ accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation (“DTCC”). DTCC is the holding company for DTC, National Securities Clearing Corporation, and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (“Indirect Participants”). DTC has a S&P Global Ratings rating of AA+. The DTC Rules applicable to its Participants are on file with the United States Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

Purchases of Certificates under the DTC system must be made by or through Direct Participants, which will receive a credit for the Certificates on DTC’s records. The ownership interest of each actual purchaser of each Certificate is in turn to be recorded on the Direct and Indirect Participants’ records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Certificates are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive physical certificates representing their ownership interests in Certificates, except in the event that use of the book-entry system for the Certificates is discontinued.

To facilitate subsequent transfers, all Certificates deposited by Direct Participants with DTC are registered in the name of DTC’s partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Certificates with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in Beneficial Ownership. DTC has no knowledge of the actual Beneficial Owners of the Certificates; DTC’s records reflect only the identity of the Direct Participants to whose accounts such Certificates are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Certificates may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Certificates, such as redemptions, tenders, defaults, and proposed amendments to the Certificate documents. For example, Beneficial Owners of Certificates may wish to ascertain that the nominee holding the Certificates for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative,

Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the Certificates within a maturity are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such maturity to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Certificates unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the City as soon as possible after the Record Date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Certificates are credited on the Record Date (identified in a listing attached to the Omnibus Proxy).

Redemption proceeds, principal, and interest payments on the Certificates will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the City or the Paying Agent/Registrar, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC nor its nominee, the Paying Agent/Registrar, or the City, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, principal, and interest payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the City or the Paying Agent/Registrar, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the Certificates at any time by giving reasonable notice to Issuer or Paying Agent/Registrar. Under such circumstances, in the event that a successor depository is not obtained, physical certificates are required to be printed and delivered. The Issuer may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In that event, physical certificates will be printed and delivered to the holder of such Certificates and will be subject to transfer, exchange and registration provisions as set forth in the Ordinance and summarized under "REGISTRATION, TRANSFER AND EXCHANGE" hereinabove.

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the City, the Financial Advisor, and the Purchaser believe to be reliable, but none of the City, the Financial Advisor, or the Purchaser take responsibility for the accuracy thereof.

So long as Cede & Co. is the registered owner of the Certificates, the Issuer will have no obligation or responsibility to the DTC. Participants or Indirect Participants, or the persons for which they act as nominees, with respect to payment to or providing of notice to such Participants, or the persons for which they act as nominees.

Use of Certain Terms in Other Sections of this Official Statement

In reading this Official Statement it should be understood that while the Certificates are in the Book-Entry-Only System, references in other sections of this Official Statement to registered owners should be read to include the person for which the Participant acquires an interest in the Certificates, but (i) all rights of ownership must be exercised through DTC and the Book-Entry-Only System, and (ii) except as described above, payment or notices that are to be given to registered owners under the Ordinance will be given only to DTC.

Effect of Termination of Book-Entry-Only System

In the event that the Book-Entry-Only System is discontinued by DTC or the use of the Book-Entry-Only System is discontinued by the City, printed certificates representing the Certificates will be issued to the holders and the Certificates will be subject to transfer, exchange and registration provisions as set forth in the Ordinance and summarized under "REGISTRATION, TRANSFER AND EXCHANGE – Future Registration."

INVESTMENT POLICIES

The City invests its investable funds in investments authorized by State law and in accordance with investment policies approved and reviewed annually by the City Council of the City. Both State law and the City's investment policies are subject to change.

Legal Investments

Under State law and subject to certain limitations, the City is authorized to invest in (1) obligations of the United States or its agencies and instrumentalities; (2) direct obligations of the State of Texas or its agencies and instrumentalities; (3) collateralized mortgage obligations issued and secured by a federal agency or instrumentality of the United States; (4) other obligations unconditionally guaranteed or insured by the State of Texas or the United States or their respective agencies and instrumentalities; (5) "A" or better rated obligations of states,

agencies, counties, cities, and other political subdivisions of any state; (6) bonds issued, assumed, or guaranteed by the State of Israel; (7) federally insured interest-bearing bank deposits, brokered pools of such deposits, and collateralized certificates of deposit and share certificates; (8) fully collateralized United States government securities repurchase agreements; (9) one-year or shorter securities lending agreements secured by obligations described in clauses (1) through (7) above or (11) through (14) below or an irrevocable letter of credit issued by an “A” or better rated state or national bank; (10) 270-day or shorter bankers’ acceptances, if the short-term obligations of the accepting bank or its holding company are rated at least “A-1” or “P-1”; (11) commercial paper rated at least “A-1” or “P-1”; (12) SEC-registered no-load money market mutual funds that are subject to SEC Rule 2a-7; (13) SEC-registered no-load mutual funds that have an average weighted maturity of less than two years; (14) “AAA” or “AAAm”-rated investment pools that invest solely in investments described above; (15) in the case of bond proceeds, guaranteed investment contracts that are secured by obligations described in clauses (1) through (7) above and, except for debt service funds and reserves, have a term of 5 years or less; and (16) aggregate repurchase agreement transactions entered into by an investing entity in conformity with the provisions of subsections (a-1), (f), and (g) of Section 2256.011 of the Texas Public Funds Investment Act.

The City may not, however, invest in (1) interest only obligations, or non-interest bearing principal obligations, stripped from mortgage-backed securities; (2) collateralized mortgage obligations that have a remaining term that exceeds 10 years; and (3) collateralized mortgage obligations that bear interest at an index rate that adjusts opposite to the changes in a market index. In addition, the City may not invest more than 15% of its monthly average fund balance (excluding bond proceeds and debt service funds and reserves) in mutual funds described in clause (13) above or make an investment in any mutual fund that exceeds 10% of the fund’s total assets.

Except as stated above or inconsistent with its investment policy, the City may invest in obligations of any duration without regard to their credit rating, if any. If an obligation ceases to qualify as an eligible investment after it has been purchased, the City is not required to liquidate the investment unless it no longer carries a required rating, in which case the City is required to take prudent measures to liquidate the investment that are consistent with its investment policy.

Current Investments ⁽¹⁾

TABLE 1

As of May 31, 2024, the City held investments as follows:

<u>Type of Security</u>	<u>Market Value</u>	<u>Percentage of Total</u>
TexPool	\$48,311,636	100.00%

As of such date, the market value of such investments (as determined by the Issuer by reference to published quotations, dealer bids, and comparable information) was approximately 100% of their book value. No funds of the Issuer are invested in derivative securities, *i.e.*, securities whose rate of return is determined by reference to some other instrument, index, or commodity.

⁽¹⁾ Unaudited.

AD VALOREM PROPERTY TAXATION

The following is a summary of certain provisions of State law as it relates to ad valorem taxation and is not intended to be complete. Prospective investors are encouraged to review Title I of the Texas Tax Code, as amended (the “Property Tax Code”), for identification of property subject to ad valorem taxation, property exempt or which may be exempted from ad valorem taxation if claimed, the appraisal of property for ad valorem tax purposes, and the procedures and limitations applicable to the levy and collection of ad valorem taxes.

Valuation of Taxable Property

The Property Tax Code provides for countywide appraisal and equalization of taxable property values and establishes in each county of the State an appraisal district and an appraisal review board (the “Appraisal Review Board”) responsible for appraising property for all taxing units within the county. The appraisal of property within the City is the responsibility of the Tarrant County Appraisal District and Central Appraisal District of Johnson County (collectively, the “Appraisal District”). Except as generally described below, the Appraisal District is required to appraise all property within the Appraisal District on the basis of 100% of its market value and is prohibited from applying any assessment ratios. In determining market value of property, the Appraisal District is required to consider the cost method of appraisal, the income method of appraisal and the market data comparison method of appraisal, and use the method the chief appraiser of the Appraisal District considers most appropriate. The Property Tax Code requires appraisal districts to reappraise all property in its jurisdiction at least once every three years. A taxing unit may require annual review at its own expense and is entitled to challenge the determination of appraised value of property within the taxing unit by petition filed with the Appraisal Review Board.

State law requires the appraised value of an owner’s principal residence (“homestead” or “homesteads”) to be based solely on the property’s value as a homestead, regardless of whether residential use is considered to be the highest and best use of the property. State law further limits the appraised value of a homestead to the lesser of (1) the market value of the property or (2) 110% of the appraised value of the property for the preceding tax year plus the market value of all new improvements to the property. Effective January 1, 2024, an appraisal district is prohibited from increasing the appraised value of real property during the 2024 tax year on certain non-homestead properties (the “Subjected Property”) whose appraised values are not more than \$5 million dollars (the

“maximum property value”) to an amount not to exceed the lesser of (1) the market value of the Subjected Property for the most recent tax year that the market value was determined by the appraised office or (2) the sum of: (a) 20 percent of the appraised value of the Subjected Property for the preceding tax year; (b) the appraised value of the Subjected Property for the preceding tax year; and (c) the market value of all new improvements to the Subjected Property (collectively, the “Appraisal Cap”). After the 2024 tax year, through December 31, 2026, unless extended by the State Legislature, the maximum property value may be increased or decreased by the product of the preceding state fiscal year’s increase or decrease in the consumer price index, as applicable, to the maximum property value.

State law provides that eligible owners of both agricultural land and open-space land, including open-space land devoted to farm or ranch purposes or open-space land devoted to timber production, may elect to have such property appraised for property taxation on the basis of its productive capacity (“Productivity Value”). The same land may not be qualified as both agricultural and open-space land.

The appraisal values set by the Appraisal District are subject to review and change by the Appraisal Review Board. The appraisal rolls, as approved by the Appraisal Review Board, are used by taxing units, such as the City, in establishing their tax rolls and tax rates. See “AD VALOREM PROPERTY TAXATION – City and Taxpayer Remedies.”

State Mandated Homestead Exemptions

State law grants, with respect to each taxing unit in the State, various exemptions for disabled veterans and their families, surviving spouses of members of the armed services killed in action and surviving spouses of first responders killed or fatally wounded in the line of duty.

Local Option Homestead Exemptions

The governing body of a taxing unit, including a city, county, school district, or special district, at its option may grant: (1) an exemption of up to 20% of the appraised value of all homesteads (but not less than \$5,000) and (2) an additional exemption of at least \$3,000 of the appraised value of the homesteads of persons sixty-five (65) years of age or older and the disabled. Each taxing unit decides if it will offer the local option homestead exemptions and at what percentage or dollar amount, as applicable. The exemption described in (2), above, may also be created, increased, decreased or repealed at an election called by the governing body of a taxing unit upon presentment of a petition for such creation, increase, decrease, or repeal of at least 20% of the number of qualified voters who voted in the preceding election of the taxing unit. Cities, counties, and school districts are prohibited from repealing or reducing an optional homestead exemption that was granted in tax year 2022 through December 31, 2027.

Local Option Freeze for the Elderly and Disabled

The governing body of a county, municipality or junior college district may, at its option, provide for a freeze on the total amount of ad valorem taxes levied on the homesteads of persons 65 years of age or older or of disabled persons above the amount of tax imposed in the year such residence qualified for such exemption. Also, upon voter initiative, an election may be held to determine by majority vote whether to establish such a freeze on ad valorem taxes. Once the freeze is established, the total amount of taxes imposed on such homesteads cannot be increased except for certain improvements, and such freeze cannot be repealed or rescinded.

Personal Property

Tangible personal property (furniture, machinery, supplies, inventories, etc.) used in the “production of income” is taxed based on the property’s market value. Taxable personal property includes income-producing equipment and inventory. Intangibles such as goodwill, accounts receivable, and proprietary processes are not taxable. Tangible personal property not held or used for production of income, such as household goods, automobiles or light trucks, and boats, is exempt from ad valorem taxation unless the governing body of a taxing unit elects to tax such property.

Freeport and Goods-In-Transit Exemptions

Certain goods that are acquired in or imported into the State to be forwarded outside the State, and are detained in the State for 175 days or less for the purpose of assembly, storage, manufacturing, processing or fabrication (“Freeport Property”) are exempt from ad valorem taxation unless a taxing unit took official action to tax Freeport Property before April 1, 1990 and has not subsequently taken official action to exempt Freeport Property. Decisions to continue taxing Freeport Property may be reversed in the future; decisions to exempt Freeport Property are not subject to reversal.

Certain goods, that are acquired in or imported into the State to be forwarded to another location within or without the State, stored in a location that is not owned by the owner of the goods and are transported to another location within or without the State within 175 days (“Goods-in-Transit”), are generally exempt from ad valorem taxation; however, the Property Tax Code permits a taxing unit, on a local option basis, to tax Goods-in-Transit if the taxing unit takes official action, after conducting a public hearing, before January 1 of the first tax year in which the taxing unit proposes to tax Goods-in-Transit. Goods-in-Transit and Freeport Property do not include oil, natural gas

or petroleum products, and Goods-in-Transit does not include aircraft or special inventories such as manufactured housing inventory, or a dealer's motor vehicle, boat, or heavy equipment inventory.

A taxpayer may receive only one of the Goods-in-Transit or Freeport Property exemptions for items of personal property.

Other Exempt Property

Other major categories of exempt property include property owned by the State or its political subdivisions if used for public purposes, property exempt by federal law, property used for pollution control, farm products owned by producers, property of nonprofit corporations used for scientific research or educational activities benefitting a college or university, designated historic sites, solar and wind-powered energy devices, and certain classes of intangible personal property.

Tax Increment Reinvestment Zones

A city or county, by petition of the landowners or by action of its governing body, may create one or more tax increment reinvestment zones ("TIRZ") within its boundaries. At the time of the creation of the TIRZ, a "base value" for the real property in the TIRZ is established and the difference between any increase in the assessed valuation of taxable real property in the TIRZ in excess of the base value is known as the "tax increment". During the existence of the TIRZ, all or a portion of the taxes levied against the tax increment by a city or county, and all other overlapping taxing units that elected to participate, are restricted to paying only planned project and financing costs within the TIRZ and are not available for the payment of other obligations of such taxing units.

The City participates in one TIRZ, the Tax Increment Reinvestment Zone #1, which was established in 2013 for a period of 25 years (until 2038) and consists of 957 acres of land. The City contributes 100% of tax increment within this TIRZ for the purposes of public buildings and facilities, roadwork, water and sewer projects, drainage, parks, façade renovation, and economic development.

Tax Abatement Agreements – Chapter 380 Economic Development Agreement

Taxing units may also enter into tax abatement agreements to encourage economic development. Under the agreements, a property owner agrees to construct certain improvements on its property. The taxing unit, in turn, agrees not to levy a tax on all or part of the increased value attributable to the improvements until the expiration of the agreement. The abatement agreement could last for a period of up to 10 years.

Temporary Exemption for Qualified Property Damaged by a Disaster

The Property Tax Code provides for a temporary exemption from ad valorem taxation of a portion of the appraised value of certain property that is at least 15% physically damaged by a disaster and located within an area declared to be a disaster area by the Governor of the State of Texas. This temporary exemption is automatic if the disaster is declared prior to a taxing unit, such as the City, adopting its tax rate for the tax year. A taxing unit, such as the City, may authorize the exemption at its discretion if the disaster is declared after the taxing unit has adopted its tax rate for the tax year. The amount of the exemption is based on the percentage of damage and is prorated based on the date of the disaster. Upon receipt of an application submitted within the eligible timeframe by a person who qualifies for a temporary exemption under the Property Tax Code, the Appraisal District is required to complete a damage assessment and assign a damage assessment rating to determine the amount of the exemption. The temporary exemption amounts established by the Property Tax Code range from 15% for property less than 30% damaged to 100% for property that is a total loss. Any such temporary exemption granted for disaster-damaged property expires on January 1 of the first year in which the property is reappraised. For more information on the exemption, reference is made to Section 11.35 of the Property Tax Code, as amended. On April 13, 2020, the Attorney General of Texas released his opinion that "a court would likely conclude that the Legislature intended to limit the temporary tax exemption to apply to property physically harmed as a result of a declared disaster. Thus, purely economic, non-physical damage to property caused by the COVID-19 disaster is not eligible for the temporary tax exemption provided by section 11.35 of the Tax Code." Tex. Att'y Gen. Op. No. KP-0299 (2020).

City and Taxpayer Remedies

Under certain circumstances, taxpayers and taxing units, including the City, may appeal the determinations of the Appraisal District by timely initiating a protest with the Appraisal Review Board. Additionally, taxing units such as the City may bring suit against the Appraisal District to compel compliance with the Property Tax Code.

Owners of certain property with a taxable value in excess of the current year "minimum eligibility amount", as determined by the State Comptroller, and situated in a county with a population of one million or more, may protest the determinations of an appraisal district directly to a three-member special panel of the appraisal review board, appointed by the chairman of the appraisal review board, consisting of highly qualified professionals in the field of property tax appraisal. The minimum eligibility amount was set at \$59,562,331 million for the 2024 tax year, and is adjusted annually by the State Comptroller to reflect the inflation rate.

The Property Tax Code sets forth notice and hearing procedures for certain tax rate increases by the City and provides for taxpayer referenda that could result in the repeal of certain tax increases (see "TAX RATE LIMITATIONS – Public Hearing and Maintenance and Operations Tax Rate Limitations"). The Property Tax Code also establishes a procedure for providing notice to property owners of reappraisals reflecting increased property value, appraisals which are higher than renditions, and appraisals of property not previously on an appraisal roll.

Levy and Collection of Taxes

The City is responsible for the collection of its taxes, unless it elects to transfer such functions to another governmental entity. Taxes are due October 1, or when billed, whichever comes later, and become delinquent after January 31 of the following year. A delinquent tax incurs a penalty of six percent (6%) of the amount of the tax for the first calendar month it is delinquent, plus one percent (1%) for each additional month or portion of a month the tax remains unpaid prior to July 1 of the year in which it becomes delinquent. If the tax is not paid by July 1 of the year in which it becomes delinquent, the tax incurs a total penalty of twelve percent (12%) regardless of the number of months the tax has been delinquent and incurs an additional penalty of up to twenty percent (20%) if imposed by the City. The delinquent tax also accrues interest at a rate of one percent (1%) for each month or portion of a month it remains unpaid. The Property Tax Code also makes provision for the split payment of taxes, discounts for early payment and the postponement of the delinquency date of taxes for certain taxpayers. Furthermore, the City may provide, on a local option basis, for the split payment, partial payment, and discounts for early payment of taxes under certain circumstances. **The City does not allow split payments but does allow discounts for early payment.**

City's Rights in the Event of Tax Delinquencies

Taxes levied by the City are a personal obligation of the owner of the property. On January 1 of each year, a tax lien attaches to property to secure the payment of all state and local taxes, penalties, and interest ultimately imposed for the year on the property. The lien exists in favor of each taxing unit, including the City, having power to tax the property. The City's tax lien is on a parity with tax liens of such other taxing units. A tax lien on real property takes priority over the claim of most creditors and other holders of liens on the property encumbered by the tax lien, whether or not the debt or lien existed before the attachment of the tax lien; however, whether a lien of the United States is on a parity with or takes priority over a tax lien of the City is determined by applicable federal law. Personal property, under certain circumstances, is subject to seizure and sale for the payment of delinquent taxes, penalty, and interest.

At any time after taxes on property become delinquent, the City may file suit to foreclose the lien securing payment of the tax, to enforce personal liability for the tax, or both. In filing a suit to foreclose a tax lien on real property, the City must join other taxing units that have claims for delinquent taxes against all or part of the same property.

Collection of delinquent taxes may be adversely affected by the amount of taxes owed to other taxing units, adverse market conditions, taxpayer redemption rights, or bankruptcy proceedings which restrain the collection of a taxpayer's debt.

Federal bankruptcy law provides that an automatic stay of actions by creditors and other entities, including governmental units, goes into effect with the filing of any petition in bankruptcy. The automatic stay prevents governmental units from foreclosing on property and prevents liens for post-petition taxes from attaching to property and obtaining secured creditor status unless, in either case, an order lifting the stay is obtained from the bankruptcy court. In many cases, post-petition taxes are paid as an administrative expense of the estate in bankruptcy or by order of the bankruptcy court.

TAX RATE LIMITATIONS

Public Hearing and Maintenance and Operations Tax Rate Limitations

The following terms as used in this section have the meanings provided below:

"adjusted" means lost values are not included in the calculation of the prior year's taxes and new values are not included in the current year's taxable values.

"de minimis rate" means the maintenance and operations tax rate that will produce the prior year's total maintenance and operations tax levy (adjusted) from the current year's values (adjusted), plus the rate that produces an additional \$500,000 in tax revenue when applied to the current year's taxable value, plus the debt service tax rate.

"no-new-revenue tax rate" means the combined maintenance and operations tax rate and debt service tax rate that will produce the prior year's total tax levy (adjusted) from the current year's total taxable values (adjusted).

"special taxing unit" means a city for which the maintenance and operations tax rate proposed for the current tax year is 2.5 cents or less per \$100 of taxable value.

“unused increment rate” means the cumulative difference between a city’s voter-approval tax rate and its actual tax rate for each of the tax years 2021 through 2023, which may be applied to a city’s tax rate in tax years 2022 through 2024 without impacting the voter-approval tax rate.

“voter-approval tax rate” means the maintenance and operations tax rate that will produce the prior year’s total maintenance and operations tax levy (adjusted) from the current year’s values (adjusted) multiplied by 1.035, plus the debt service tax rate, plus the “unused increment rate”.

The City’s tax rate consists of two components: (1) a rate for funding of maintenance and operations expenditures in the current year (the “maintenance and operations tax rate”), and (2) a rate for funding debt service in the current year (the “debt service tax rate”). Under State law, the assessor for the City must submit an appraisal roll showing the total appraised, assessed, and taxable values of all property in the City to the City Council by August 1 or as soon as practicable thereafter.

A city must annually calculate its voter-approval tax rate and no-new-revenue tax rate in accordance with forms prescribed by the State Comptroller and provide notice of such rates to each owner of taxable property within the city and the county tax assessor-collector for each county in which all or part of the city is located. A city must adopt a tax rate before the later of September 30 or the 60th day after receipt of the certified appraisal roll, except that a tax rate that exceeds the voter-approval tax rate must be adopted not later than the 71st day before the next occurring November uniform election date. If a city fails to timely adopt a tax rate, the tax rate is statutorily set as the lower of the no-new-revenue tax rate for the current tax year or the tax rate adopted by the city for the preceding tax year.

As described below, the Property Tax Code provides that if a city adopts a tax rate that exceeds its voter-approval tax rate or, in certain cases, its de minimis rate, an election must be held to determine whether or not to reduce the adopted tax rate to the voter-approval tax rate.

A city may not adopt a tax rate that exceeds the lower of the voter-approval tax rate or the no-new-revenue tax rate until each appraisal district in which such city participates has delivered notice to each taxpayer of the estimated total amount of property taxes owed and the city has held a public hearing on the proposed tax increase.

For cities with a population of 30,000 or more as of the most recent federal decennial census, if the adopted tax rate for any tax year exceeds the voter-approval tax rate, that city must conduct an election on the next occurring November uniform election date to determine whether or not to reduce the adopted tax rate to the voter-approval tax rate.

For cities with a population less than 30,000 as of the most recent federal decennial census, if the adopted tax rate for any tax year exceeds the greater of (i) the voter-approval tax rate or (ii) the de minimis rate, the city must conduct an election on the next occurring November uniform election date to determine whether or not to reduce the adopted tax rate to the voter-approval tax rate. However, for any tax year during which a city has a population of less than 30,000 as of the most recent federal decennial census and does not qualify as a special taxing unit, if a city’s adopted tax rate is equal to or less than the de minimis rate but greater than both (a) the no-new-revenue tax rate, multiplied by 1.08, plus the debt service tax rate or (b) the city’s voter-approval tax rate, then a valid petition signed by at least three percent of the registered voters in the city would require that an election be held to determine whether or not to reduce the adopted tax rate to the voter-approval tax rate.

Any city located at least partly within an area declared a disaster area by the Governor of the State or the President of the United States during the current year may calculate its voter-approval tax rate using a 1.08 multiplier, instead of 1.035, until the earlier of (i) the second tax year in which such city’s total taxable appraised value exceeds the taxable appraised value on January 1 of the year the disaster occurred, or (ii) the third tax year after the tax year in which the disaster occurred.

State law provides cities and counties in the State the option of assessing a maximum one-half percent (1/2%) sales and use tax on retail sales of taxable items for the purpose of reducing its ad valorem taxes, if approved by a majority of the voters in a local option election. If the additional sales and use tax for ad valorem tax reduction is approved and levied, the no-new-revenue tax rate and voter-approval tax rate must be reduced by the amount of the estimated sales tax revenues to be generated in the current tax year.

The calculations of the no-new-revenue tax rate and voter-approval tax rate do not limit or impact the City’s ability to set a debt service tax rate in each year sufficient to pay debt service on all of the City’s tax-supported debt obligations, including the Certificates.

Reference is made to the Property Tax Code for definitive requirements for the levy and collection of ad valorem taxes and the calculation of the various defined tax rates.

Debt Tax Rate Limitations

The State constitution and the City Charter provide that the ad valorem taxes levied by the City for general purposes and for the purpose of paying the principal of and interest on the City’s indebtedness must not exceed \$2.50 for each \$100 of assessed valuation of taxable property. There is no constitutional or statutory limitation within the \$2.50 rate for interest and sinking fund purposes; however, the Texas Attorney General, who must approve the issuance of the Certificates, has adopted an administrative policy that prohibits the issuance of debt by a municipality, such as the City, if its issuance produces debt service requirements exceeding that which can be paid from \$1.50 of

the foregoing \$2.50 maximum tax rate calculated at 90% collections. The issuance of the Certificates does not result in the City's violation of the foregoing.

The Property Tax Code as Applied to the City

The City has not granted an additional exemption of 20% of the market value of residence homesteads; minimum exemption of \$5,000.

The City has adopted the tax freeze for citizens who are disabled or are 65 years of age or older.

Ad valorem taxes are not levied by the City against the exempt value of residence homesteads for the payment of debt.

The City does not tax nonbusiness personal property, and the Appraisal District does not collect taxes for the City.

The City does not permit split payments, and discounts are not allowed.

The City does not tax Freeport Property.

The City does not tax Goods-in-Transit.

The City does not collect an additional one-quarter of one percent sales tax for reduction of ad valorem taxes.

The City has not adopted a tax abatement policy.

The City does not participate in any tax increment financing zones.

TAX MATTERS

Opinion

On the date of initial delivery of the Certificates, McCall, Parkhurst & Horton L.L.P., San Antonio, Texas, Bond Counsel, will render its opinion that, in accordance with statutes, regulations, published rulings and court decisions existing on the date thereof ("Existing Law"), (i) interest on the Certificates for federal income tax purposes will be excludable from the "gross income" of the holders thereof, and (ii) the Certificates will not be treated as "specified private activity bonds", the interest on which would be included as an alternative minimum tax preference item under Section 57(a)(5) of the Internal Revenue Code of 1986 (the "Code"). Except as stated above, Bond Counsel to the City will express no opinion as to any other federal, state or local tax consequences of the purchase, ownership or disposition of the Certificates (see "APPENDIX C - Form of Legal Opinion of Bond Counsel").

In rendering its opinion, Bond Counsel will rely upon (a) the City's federal tax certificate, and (b) covenants of the City with respect to arbitrage, the application of the proceeds to be received from the issuance and sale of the Certificates and certain other matters. Failure by the City to observe the aforementioned representations or covenants, could cause the interest on the Certificates to become taxable retroactively to the date of issuance.

The Code and the regulations promulgated thereunder contain a number of requirements that must be satisfied subsequent to the issuance of the Certificates in order for interest on the Certificates to be, and to remain, excludable from gross income for federal income tax purposes. Failure to comply with such requirements may cause interest on the Certificates to be included in gross income retroactively to the date of the issuance of the Certificates. The opinion of Bond Counsel is conditioned on compliance by the City with the covenants and requirements described in the preceding paragraph, and Bond Counsel to the City has not been retained to monitor compliance with these requirements subsequent to the issuance of the Certificates.

Bond Counsel's opinion represents its legal judgment based upon its review of Existing Law and the reliance on the aforementioned information, representations, and covenants. Bond Counsel's opinion is not a guarantee of a result. The Existing Law is subject to change by the Congress and to subsequent judicial and administrative interpretation by the courts and the Department of the Treasury. There can be no assurance that such Existing Law or the interpretation thereof will not be changed in a manner which would adversely affect the tax treatment of the purchase, ownership or disposition of the Certificates.

A ruling was not sought from the Internal Revenue Service by the City with respect to the Certificates or the property financed with the proceeds of the Certificates. Bond Counsel's opinion represents its legal judgment based upon its review of Existing Law and the representations of the City that it deems relevant to render such opinion and is not a guarantee of result. No assurances can be given as to whether or not the Internal Revenue Service will commence an audit of the Certificates, or as to whether the Internal Revenue Service would agree with the opinion of Bond Counsel. If an Internal Revenue Service audit is commenced, under current procedures the Internal Revenue Service is likely to treat the City as the taxpayer and the certificateholders may have no right to participate in such procedure. No additional interest will be paid upon any determination of taxability.

Federal Income Tax Accounting Treatment of Original Issue Discount

The initial public offering price to be paid for one or more maturities of the Certificates may be less than the principal amount thereof or one or more periods for the payment of interest on the Certificates may not be equal to the accrual period or be in excess of one year (the "Original Issue Discount Certificates"). In such event, the difference between (i) the "stated redemption price at maturity" of each Original Issue Discount Certificate, and (ii) the initial offering price to the public of such Original Issue Discount Certificate would constitute original issue discount. The "stated redemption price at maturity" means the sum of all payments to be made on the Certificates less the amount of all periodic interest payments. Periodic interest payments are payments which are made during equal accrual periods (or during any unequal period if it is the initial or final period) and which are made during accrual periods which do not exceed one year.

Under Existing Law, any owner who has purchased such Original Issue Discount Certificate in the initial public offering is entitled to exclude from gross income (as defined in Section 61 of the Code) an amount of income with respect to such Original Issue Discount Certificate equal to that portion of the amount of such original issue discount allocable to the accrual period. For a discussion of certain collateral federal tax consequences, see the discussion set forth below.

In the event of the redemption, sale or other taxable disposition of such Original Issue Discount Certificate prior to stated maturity, however, the amount realized by such owner in excess of the basis of such Original Issue Discount Certificate in the hands of such owner (adjusted upward by the portion of the original issue discount allocable to the period for which such Original Issue Discount Certificate was held by such initial owner) is includable in gross income.

Under Existing Law, the original issue discount on each Original Issue Discount Certificate is accrued daily to the stated maturity thereof (in amounts calculated as described below for each six-month period ending on the date before the semiannual anniversary dates of the date of the Certificates and ratably within each such six-month period) and the accrued amount is added to an initial owner's basis for such Original Issue Discount Certificate for purposes of determining the amount of gain or loss recognized by such owner upon the redemption, sale or other disposition thereof. The amount to be added to basis for each accrual period is equal to (a) the sum of the issue price and the amount of original issue discount accrued in prior periods multiplied by the yield to stated maturity (determined on the basis of compounding at the close of each accrual period and properly adjusted for the length of the accrual period) less (b) the amounts payable as current interest during such accrual period on such Original Issue Discount Certificate.

The federal income tax consequences of the purchase, ownership, redemption, sale or other disposition of Original Issue Discount Certificates which are not purchased in the initial offering at the initial offering price may be determined according to rules which differ from those described above. All owners of Original Issue Discount Certificates should consult their own tax advisors with respect to the determination for federal, state and local income tax purposes of the treatment of interest accrued upon redemption, sale or other disposition of such Original Issue Discount Certificates and with respect to the federal, state, local and foreign tax consequences of the purchase, ownership, redemption, sale or other disposition of such Original Issue Discount Certificates.

Collateral Federal Income Tax Consequences

The following discussion is a summary of certain collateral federal income tax consequences resulting from the purchase, ownership or disposition of the Certificates. This discussion is based on Existing Law, which is subject to change or modification, retroactively.

The following discussion is applicable to investors, other than those who are subject to special provisions of the Code, such as financial institutions, property and casualty insurance companies, life insurance companies, individual recipients of Social Security or Railroad Retirement benefits, individuals allowed an earned income credit, certain S corporations with Subchapter C earnings and profits, foreign corporations subject to the branch profits tax, taxpayers qualifying for the health insurance premium assistance credit, and taxpayers who may be deemed to have incurred or continued indebtedness to purchase tax-exempt obligations.

THE DISCUSSION CONTAINED HEREIN MAY NOT BE EXHAUSTIVE. INVESTORS, INCLUDING THOSE WHO ARE SUBJECT TO SPECIAL PROVISIONS OF THE CODE, SHOULD CONSULT THEIR OWN TAX ADVISORS AS TO THE TAX TREATMENT WHICH MAY BE ANTICIPATED TO RESULT FROM THE PURCHASE, OWNERSHIP AND DISPOSITION OF TAX-EXEMPT OBLIGATIONS BEFORE DETERMINING WHETHER TO PURCHASE THE CERTIFICATES.

Interest on the Certificates may be includable in certain corporations' "adjusted financial statement income" determined under section 56A of the Code to calculate the alternative minimum tax imposed by section 55 of the Code.

Under Section 6012 of the Code, holders of tax-exempt obligations, such as the Certificates, may be required to disclose interest received or accrued during each taxable year on their returns of federal income taxation.

Section 1276 of the Code provides for ordinary income tax treatment of gain recognized upon the disposition of a tax-exempt obligation, such as the Certificates, if such obligation was acquired at a "market discount" and if the fixed maturity of such obligation is equal to or exceeds, one year from the date of issue. Such treatment applies to "market discount bonds" to the extent such gain does not exceed the accrued market discount of such Certificates, although for this purpose, a de minimis amount of market discount is ignored. A "market

discount bond” is one which is acquired by the holder at a purchase price which is less than the stated redemption price at maturity or, in the case of a bond issued at an original issue discount, the “revised issue price” (i.e., the issue price plus accrued original issue discount). The “accrued market discount” is the amount which bears the same ratio to the market discount as the number of days during which the holder holds the obligation bears to the number of days between the acquisition date and the final maturity date.

State, Local and Foreign Taxes

Investors should consult their own tax advisors concerning the tax implications of the purchase, ownership or disposition of the Certificates under applicable state or local laws. Foreign investors should also consult their own tax advisors regarding the tax consequences unique to investors who are not United States persons.

Information Reporting and Backup Withholding

Subject to certain exceptions, information reports describing interest income, including original issue discount, with respect to the Certificates will be sent to each registered holder and to the Internal Revenue Service. Payments of interest and principal may be subject to backup withholding under Section 3406 of the Code if a recipient of the payments fails to furnish to the payor such owner’s social security number or other taxpayer identification number (“TIN”), furnishes an incorrect TIN, or otherwise fails to establish an exemption from the backup withholding tax. Any amounts so withheld would be allowed as a credit against the recipient’s federal income tax. Special rules apply to partnerships, estates and trusts, and in certain circumstances, and in respect of Non-U.S. Holders, certifications as to foreign status and other matters may be required to be provided by partners and beneficiaries thereof.

Future and Proposed Legislation

Tax legislation, administrative actions taken by tax authorities, or court decisions, whether at the federal or state level, may adversely affect the tax-exempt status of interest on the Certificates under federal or state law and could affect the market price or marketability of the Certificates. Any such proposal could limit the value of certain deductions and exclusions, including the exclusion for tax-exempt interest. The likelihood of any such proposal being enacted cannot be predicted. Prospective purchasers of the Certificates should consult their own tax advisors regarding the foregoing matters.

Qualified Tax-Exempt Obligations for Financial Institutions

Section 265(a) of the Code provides, in pertinent part, that interest paid or incurred by a taxpayer, including a “financial institution,” on indebtedness incurred or continued to purchase or carry tax-exempt obligations is not deductible in determining the taxpayer’s taxable income. Section 265(b) of the Code provides an exception to the disallowance of such deduction for any interest expense paid or incurred on indebtedness of a taxpayer that is a “financial institution” allocable to tax-exempt obligations, other than “private activity bonds,” that are designated by a “qualified small issuer” as “qualified tax-exempt obligations.” A “qualified small issuer” is any governmental issuer (together with any “on-behalf of” and “subordinate” issuers) who issues no more than \$10,000,000 of tax-exempt obligations during the calendar year. Section 265(b)(5) of the Code defines the term “financial institution” as any “bank” described in section 585(a)(2) of the Code, or any person accepting deposits from the public in the ordinary course of such person’s trade or business that is subject to federal or state supervision as a financial institution. Notwithstanding the exception to the disallowance of the deduction of interest on indebtedness related to “qualified tax-exempt obligations” provided by section 265(b) of the Code, section 291 of the Code provides that the allowable deduction to a “bank,” as defined in section 585(a)(2) of the Code, for interest on indebtedness incurred or continued to purchase “qualified tax-exempt obligations” shall be reduced by twenty-percent (20%) as a “financial institution preference item.” The Certificates are designated as “qualified tax-exempt obligations” within the meaning of section 265(b) of the Code. In furtherance of that designation, the City covenants to take such action that would assure, or to refrain from such action that would adversely affect, the treatment of the Certificates as “qualified tax-exempt obligations.” **Potential purchasers should be aware that if the issue price to the public exceeds \$10,000,000, there is a reasonable basis to conclude that the payment of a de minimis amount of premium in excess of \$10,000,000 is disregarded; however, the IRS could take a contrary view. If the IRS takes the position that the amount of such premium is not disregarded, then such obligations might fail to satisfy the \$10,000,000 limitation and the Certificates would not be “qualified tax-exempt obligations.”**

CONTINUING DISCLOSURE OF INFORMATION

The City in the Ordinance has made the following agreement for the benefit of the holders and Beneficial Owners of the Certificates. The City is required to observe the agreement for so long as it remains obligated to advance funds to pay the Certificates. Under the agreement, the City will be obligated to provide certain updated financial information and operating data annually, and timely notice of specified events, to the Municipal Securities Rulemaking Board (“MSRB”). This information will be available to the public free of charge from the MSRB via the Electronic Municipal Market Access (“EMMA”) system at www.emma.msrb.org, as further described below under “Availability of Information”.

Annual Reports

Under Texas law, including, but not limited to, Chapter 103, as amended, Texas Local Government Code, the Issuer must keep its fiscal records in accordance with generally accepted accounting principles, must have its financial accounts and records audited by a certified public accountant and must file each audit report within 180 days after the close of the Issuer's fiscal year. The Issuer's fiscal records and audit reports are available for public inspection during the regular business hours, and the Issuer is required to provide a copy of the Issuer's audit reports to any certificateholder or other member of the public within a reasonable time on request upon payment of charges prescribed by the Texas General Services Commission.

The City will file certain updated financial information and operating data with the MSRB annually. The information to be updated includes all quantitative financial information and operating data with respect to the City of the general type included in this Official Statement in Table 1 hereof, Tables 1 through 14 of Appendix A to this Official Statement, and in Appendix D. The Issuer will update and provide this information within twelve months after the end of each fiscal year of the City beginning in the year 2024. The City will provide the updated information to the MSRB in an electronic format, which will be available through EMMA to the general public without charge.

The Issuer may provide updated information in full text or may incorporate by reference certain other publicly available documents, as permitted by SEC Rule 15c2-12 (the "Rule"). The updated information will include audited financial statements for the Issuer, if the Issuer commissions an audit and it is completed by the required time. If audited financial statements are not available by that time, the Issuer will provide by the required time unaudited financial statements for the applicable fiscal year to the MSRB with the financial information and operating data and will file the annual audit report when and if the same becomes available. Any such financial statements will be prepared in accordance with the accounting principles described in the Issuer's annual financial statements or such other accounting principles as the Issuer may be required to employ from time to time pursuant to state law or regulation.

The Issuer's current fiscal year end is September 30. Accordingly, it must provide updated information by the end of September in each year following end of its fiscal year, unless the Issuer changes its fiscal year. If the Issuer changes its fiscal year, it will notify the MSRB through EMMA of the change.

Notice of Certain Events

The City will also provide timely notices of certain events to the MSRB. The City will provide notice of any of the following events with respect to the Certificates to the MSRB in a timely manner (but not in excess of ten business days after the occurrence of the event): (1) principal and interest payment delinquencies; (2) non-payment related defaults, if material; (3) unscheduled draws on debt service reserves reflecting financial difficulties; (4) unscheduled draws on credit enhancements reflecting financial difficulties; (5) substitution of credit or liquidity providers, or their failure to perform; (6) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB), or other material notices or determinations with respect to the tax status of the Certificates, or other material events affecting the tax status of the Certificates, as the case may be; (7) modifications to rights of holders of the Certificates, if material; (8) Certificate calls, if material, and tender offers; (9) defeasances; (10) release, substitution, or sale of property securing repayment of the Certificates, if material; (11) rating changes; (12) bankruptcy, insolvency, receivership, or similar event of the City, which shall occur as described below; (13) the consummation of a merger, consolidation, or acquisition involving the City or the sale of all or substantially all of its assets, other than in the ordinary course of business, the entry into of a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; (14) appointment of a successor or additional paying agent/registrar or the change of name of a paying agent/registrar, if material; (15) incurrence of a Financial Obligation of the City, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the City, any of which affect security holders, if material; and (16) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the City, any of which reflect financial difficulties. In the Ordinance, the City adopted policies and procedures to ensure timely compliance of its continuing disclosure undertakings. In addition, the City will provide timely notice of any failure by the City to provide annual financial information in accordance with their agreement described above under "Annual Reports." Neither the Certificates nor the Ordinance make provision for credit enhancement, liquidity enhancement, or debt service reserves.

For these purposes, (a) any event described in clause (12) in the immediately preceding paragraph is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent, or similar officer for the City in a proceeding under the United States Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the City, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement, or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the City, and (b) the City intends the words used in the immediately preceding clauses (15) and (16) and in the definition of Financial Obligation above to have the meanings ascribed to them in SEC Release No. 34-83885 dated August 20, 2018.

Availability of Information

All information and documentation filing required to be made by the City in accordance with its undertaking made for the Certificates will be made with the MSRB in electronic format in accordance with MSRB guidelines. Access to such filings will be provided, without charge to the general public, by the MSRB.

Limitations and Amendments

The City has agreed to update information and to provide notices of certain specified events only as described above. The City has not agreed to provide other information that may be relevant or material to a complete presentation of its financial results of operations, condition, or prospects or agreed to update any information that is provided, except as described above. The City makes no representation or warranty concerning such information or concerning its usefulness to a decision to invest in or sell Certificates at any future date. The City disclaims any contractual or tort liability for damages resulting in whole or in part from any breach of its agreement or from any statement made pursuant to its agreement, although holders or Beneficial Owners of Certificates may seek a writ of mandamus to compel the City to comply with its agreement.

The City may amend its continuing disclosure agreement to adapt to changed circumstances that arise from a change in legal requirements, a change in law, or a change in the identity, nature, status, or type of operations of the City, if the agreement, as amended, would have permitted an underwriter to purchase or sell Certificates in the offering described herein in compliance with the Rule and either the holders of a majority in aggregate principal amount of the outstanding Certificates consent or any person unaffiliated with the City (such as nationally recognized bond counsel) determines that the amendment will not materially impair the interests of the holders or Beneficial Owners of the Certificates. If the City amends its agreement, it must include with the next financial information and operating data provided in accordance with its agreement described above under "Annual Reports" an explanation, in narrative form, of the reasons for the amendment and of the impact of any change in the type of information and data provided. The City may also amend or repeal the provisions of this continuing disclosure agreement if the SEC amends or repeals the applicable provision of the Rule or a court of final jurisdiction enters judgment that such provisions of the Rule are invalid, but only if and to the extent that the provisions of this sentence would not prevent any Purchasers from lawfully purchasing or selling Certificates, respectively, in the primary offering of the Certificates.

Compliance with Prior Undertakings

During the past five years, the City has complied in all material respects with its continuing disclosure agreements made in accordance with the Rule.

LEGAL MATTERS

Legal Opinions and No-Litigation Certificate

The Issuer will furnish the Purchaser with a complete transcript of proceedings incident to the authorization and issuance of the Certificates, including the unqualified approving legal opinion of the Attorney General of the State of Texas to the effect that the Initial Certificate is a valid and legally binding obligation of the Issuer, and based upon examination of such transcript of proceedings, the approval of certain legal matters by Bond Counsel, to the effect that the Certificates, issued in compliance with the provisions of the Ordinance, are valid and legally binding obligations of the Issuer and, subject to the qualifications set forth herein under "TAX MATTERS", the interest on the Certificates is exempt from federal income taxation under existing statutes, published rulings, regulations, and court decisions. Though it represents the Financial Advisor from time to time in matters unrelated to the issuance of the Certificates, Bond Counsel was engaged by, and only represents, the City in connection with the issuance of the Certificates. In its capacity as Bond Counsel to the City, McCall, Parkhurst & Horton L.L.P., San Antonio, Texas has reviewed (except for numerical, statistical or technical data) the information under the captions "THE CERTIFICATES" (except under the subcaptions "Use of Certificate Proceeds", "Sources and Uses" "Payment Record", and "Default and Remedies", as to which no opinion is expressed), "REGISTRATION, TRANSFER AND EXCHANGE", "TAX MATTERS", "CONTINUING DISCLOSURE OF INFORMATION" (except under the subheading "Compliance with Prior Undertakings" as to which no opinion is expressed), "LEGAL MATTERS—Legal Investments and Eligibility to Secure Public Funds in Texas", and "OTHER PERTINENT INFORMATION—Registration and Qualification of Certificates for Sale" in the Official Statement and such firm is of the opinion that the information relating to the Certificates and the Ordinance contained under such captions is a fair and accurate summary of the information purported to be shown and that the information and descriptions contained under such captions relating to the provisions of applicable state and federal laws are correct as to matters of law. The customary closing papers, including a certificate to the effect that no litigation of any nature has been filed or is then pending to restrain the issuance and delivery of the Certificates or which would affect the provision made for their payment or security, or in any manner questioning the validity of the Certificates will also be furnished. The legal fees to be paid Bond Counsel for services rendered in connection with the issuance of Certificates are contingent on the sale and initial delivery of the Certificates. The legal opinion of Bond Counsel will accompany the Certificates deposited with DTC or will be printed on the definitive Certificates in the event of the discontinuance of the Book-Entry-Only System.

The various legal opinions to be delivered concurrently with the delivery of the Certificates express the professional judgment of the attorneys rendering the opinions as to the legal issues explicitly addressed therein. In rendering a legal opinion, the attorney does not become an insurer or guarantor of the expression of professional judgment, of the transaction opined upon, or of the future performance of the parties to the transaction, nor does the rendering of an opinion guarantee the outcome of any legal dispute that may arise out of the transaction.

Litigation

In the opinion of various officials of the Issuer, there is no litigation or other proceeding pending against or, to their knowledge, threatened against the Issuer in any court, agency, or administrative body (either state or federal) wherein an adverse decision would materially adversely affect the financial condition of the Issuer.

At the time of the initial delivery of the Certificates, the City will provide the Purchaser with a certificate to the effect that no litigation of any nature has been filed or is then pending challenging the issuance of the Certificates or that affects the payment and security of the Certificates or in any other manner questioning the issuance, sale, or delivery of the Certificates.

Legal Investments and Eligibility to Secure Public Funds in Texas

Section 1201.041 of the Public Securities Procedures Act (Chapter 1201, Texas Government Code, as amended) and Section 271.051, as amended, Texas Local Government Code, each, provide that the Certificates are negotiable instruments governed by Chapter 8, as amended, Texas Business and Commerce Code, and are legal and authorized investments for insurance companies, fiduciaries, and trustees, and for the sinking funds of municipalities or other political subdivisions or public agencies of the State of Texas. For political subdivisions in Texas which have adopted investment policies and guidelines in accordance with the Public Funds Investment Act, Chapter 2256, as amended, Texas Government Code, the Certificates must have to be assigned a rating of at least "A" or its equivalent as to investment quality by a national rating agency before such obligations are eligible investments for sinking funds and other public funds. (See "OTHER PERTINENT INFORMATION – Rating" herein.) In addition, various provisions of the Texas Finance Code provide that, subject to a prudent investor standard, the Certificates are legal investments for state banks, savings banks, trust companies with at least \$1 million of capital, and savings and loan associations.

The City has made no investigation of other laws, rules, regulations or investment criteria which might apply to such institutions or entities or which might limit the suitability of the Certificates for any of the foregoing purposes or limit the authority of such institutions or entities to purchase or invest in the Certificates for such purposes. The City has made no review of laws in other states to determine whether the Certificates are legal investments for various institutions in those states.

FORWARD LOOKING STATEMENTS

The statements contained in this Official Statement, and in any other information provided by the City, that are not purely historical, are forward-looking statements, including statements regarding the City's expectations, hopes, intentions, or strategies regarding the future. Readers should not place undue reliance on forward-looking statements. All forward-looking statements included in this Official Statement are based on information available to the City on the date hereof, and the City assumes no obligation to update any such forward-looking statements. It is important to note that the City's actual results could differ materially from those in such forward-looking statements.

The forward-looking statements herein are necessarily based on various assumptions and estimates and are inherently subject to various risks and uncertainties, including risks and uncertainties relating to the possible invalidity of the underlying assumptions and estimates and possible changes or developments in social, economic, business, industry, market, legal, and regulatory circumstances and conditions and actions taken or omitted to be taken by third parties, including customers, suppliers, business partners and competitors, and legislative, judicial and other governmental authorities and officials. Assumptions related to the foregoing involve judgments with respect to, among other things, future economic, competitive, and market conditions and future business decisions, all of which are difficult or impossible to predict accurately and many of which are beyond the control of the City. Any of such assumptions could be inaccurate and, therefore, there can be no assurance that the forward-looking statements included in this Official Statement will prove to be accurate.

OTHER PERTINENT INFORMATION

Registration and Qualification of Certificates for Sale

The sale of the Certificates has not been registered under the Securities Act of 1933, as amended, in reliance upon exemptions provided in such Act; the Certificates have not been qualified under the Securities Act of Texas in reliance upon exemptions contained therein; nor have the Certificates been qualified under the securities acts of any other jurisdiction. The Issuer assumes no responsibility for qualification of the Certificates under the securities laws of any jurisdiction in which they may be sold, assigned, pledged, hypothecated or otherwise transferred. This disclaimer of responsibility for qualification for sale or other disposition of the Certificates shall not be construed as an interpretation of any kind with regard to the availability of any exemption from securities registration or qualification provisions.

It is the obligation of the Purchaser to register or qualify the sale of the Certificates under the securities laws of any jurisdiction which so requires. The City agrees to cooperate, at the Purchaser's written request and sole expense, in registering or qualifying the Certificates or in obtaining an exemption from registration or qualification in any state where such action is necessary; provided, however, that the City shall not be required to qualify as a foreign corporation or to execute a general consent to service of process in any jurisdiction.

Rating

S&P Global Ratings (“S&P”) has assigned an unenhanced, underlying rating of “AA” to the Certificates. An explanation of the significance of such a rating may be obtained from S&P. The rating of the Certificates by S&P reflects only the view of S&P at the time the rating is given, and the Issuer makes no representations as to the appropriateness of the rating. There is no assurance that the rating will continue for any given period of time, or that the rating will not be revised downward or withdrawn entirely by S&P, if, in the judgment of S&P, circumstances so warrant. Any such downward revision or withdrawal of the rating may have an adverse effect on the market price of the Certificates. On July 22, 2024, S&P upgraded the City’s long-term rating, including the Certificates, from “AA-” to “AA”. A notice related to this upgrade was filed with EMMA on July 23, 2024.

Periodically, rating agencies will evaluate and, on occasion as a result of these evaluations revise, their rating methodologies and criteria for municipal issuers such as the City. A revision in a rating agency’s rating methodology could result in a positive or negative change in a rating assigned by that agency, even if the rated entity has experienced no material change in financial condition or operation. Any of the rating agencies at any time while the Certificates remain outstanding could undertake such an evaluation process.

Authenticity of Financial Information

The financial data and other information contained herein have been obtained from the Issuer’s records, audited financial statements and other sources which are believed to be reliable. All of the summaries of the statutes, documents and Ordinances contained in this Official Statement are made subject to all of the provisions of such statutes, documents and Ordinances. These summaries do not purport to be complete statements of such provisions and reference is made to such documents for further information. All information contained in this Official Statement is subject, in all respects, to the complete body of information contained in the original sources thereof and no guaranty, warranty or other representation is made concerning the accuracy or completeness of the information herein. In particular, no opinion or representation is rendered as to whether any projection will approximate actual results, and all opinions, estimates and assumptions, whether or not expressly identified as such, should not be considered statements of fact.

Financial Advisor

SAMCO Capital Markets, Inc. is employed as a Financial Advisor to the Issuer in connection with the issuance of the Certificates. In this capacity, the Financial Advisor has compiled certain data relating to the Certificates and has drafted this Official Statement. The Financial Advisor has not independently verified any of the data contained herein or conducted a detailed investigation of the affairs of the Issuer to determine the accuracy or completeness of this Official Statement. Because of its limited participation, the Financial Advisor assumes no responsibility for the accuracy or completeness of any of the information contained herein. The fees for the Financial Advisor are contingent upon the issuance, sale and initial delivery of the Certificates.

The Financial Advisor has provided the following sentence for inclusion in this Official Statement. The Financial Advisor has reviewed the information in this Official Statement in accordance with its responsibilities to the City and, as applicable, to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Financial Advisor does not guarantee the accuracy or completeness of such information.

Winning Bidder

After requesting competitive bids for the Certificates, the City accepted the bid of BOKF Financial Securities, Inc. (previously defined as the “Purchaser” or the “Initial Purchaser”) to purchase the Certificates at the interest rates shown on the page 2 of this Official Statement at a price of par, plus a net reoffering premium of \$120,096.05, less a Purchaser’s discount of \$28,589.93, plus accrued interest on the Certificates from their Dated Date to their date of initial delivery. The City can give no assurance that any trading market will be developed for the City after their sale by the City to the Purchaser. The City has no control over the price at which the Certificates are subsequently sold and the initial yield at which the Certificates will be priced and reoffered will be established by and will be the responsibility of the Purchaser.

Certification of the Official Statement

At the time of payment for and delivery of the Initial Certificates, the Purchaser will be furnished a certificate, executed by proper officials of the City, acting in their official capacities, to the effect that to the best of their knowledge and belief: (a) the descriptions and statements of or pertaining to the City contained in its Official Statement, and any addenda, supplement or amendment thereto, for the Certificates, on the date of such Official Statement, on the date of sale of said Certificates and the acceptance of the best bid therefor, and on the date of the delivery thereof, were and are true and correct in all material respects; (b) insofar as the City and its affairs, including its financial affairs, are concerned, such Official Statement did not and does not contain an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading; (c) insofar as the descriptions and statements including financial data, of or pertaining to entities, other than the City, and their activities contained in such Official Statement are concerned, such statements and data have been obtained from sources which the City believes to be reliable and the City has no reason to believe that they are untrue in any material respect, and (d) there has been no material adverse change in the financial condition of the City, since September 31, 2023, the date of the last financial statements of the City appearing in the Official Statement.

Information from External Sources

References to web site addresses presented herein are for informational purposes only and may be in the form of a hyperlink solely for the reader’s convenience. Unless specified otherwise, such web sites and the information or links contained therein are not incorporated into, and are not part of, this Official Statement for purposes of, and as that term is defined in, SEC Rule 15c2-12.

Concluding Statement

No person has been authorized to give any information or to make any representations other than those contained in this Official Statement, and if given or made, such other information or representations must not be relied upon as having been authorized by the City. This Official Statement does not constitute an offer to sell or solicitation of an offer to buy in any state in which such offer or solicitation is not authorized or in which the person making such offer or solicitation is not qualified to do so or to any person to whom it is unlawful to make such offer of solicitation.

The information set forth herein has been obtained from the City’s records, audited financial statements and other sources which the City considers to be reliable. There is no guarantee that any of the assumptions or estimates contained herein will ever be realized. All of the summaries of the statutes, documents and the Ordinance contained in this Official Statement are made subject to all of the provisions of such statutes, documents, and the Ordinance. These summaries do not purport to be complete statements of such provisions and reference is made to such summarized documents for further information. Reference is made to official documents in all respects.

The Ordinance authorizing the issuance of the Certificates approved the form and content of this Official Statement and any addenda, supplement or amendment thereto and authorized its further use in the re-offering of the Certificates by the Purchaser.

This Official Statement was approved by the Council for distribution in accordance with the provisions of the SEC’s rule codified at 17 C.F.R. Section 240.15c2-12, as amended.

CITY OF CROWLEY, TEXAS

/s/ Billy P. Davis
Mayor
City of Crowley, Texas

ATTEST:

/s/ Carol Konhauser
City Secretary
City of Crowley, Texas

APPENDIX A

**FINANCIAL INFORMATION RELATING TO
THE CITY OF CROWLEY, TEXAS**

FINANCIAL INFORMATION OF THE ISSUER

ASSESSED VALUATION

TABLE 1

2024 Certified Market Value of Taxable Property (100% of Market Value).....	\$	2,369,057,713
Less Exemptions:		
Over 65 or Disabled.....	\$	47,677,302
Veterans' Exemptions.....		49,957,106
Pollution Control/Solar & Wind.....		947,793
Other.....		105,377,811
Absolute.....		141,329,040
Homestead Exemption.....		1,119,536
TOTAL EXEMPTIONS	\$	346,408,588
2024 Certified Assessed Value of Taxable Property.....	\$	2,022,649,125

Source: Tarrant Appraisal District and Central Appraisal District of Johnson County

GENERAL OBLIGATION BONDED DEBT

(as of August 1, 2024)

General Obligation Debt Principal Outstanding

General Obligation Refunding Bonds, Series 2013	\$	265,000
Combination Tax and Limited Pledge Revenue Certificates of Obligation, Series 2016		3,970,000
General Obligation Refunding Bonds, Series 2017		3,505,000
Combination Tax and Limited Pledge Revenue Certificates of Obligation, Series 2018		8,840,000
Combination Tax and Limited Pledge Revenue Certificates of Obligation, Series 2019		6,275,000
Combination Tax and Limited Pledge Revenue Certificates of Obligation, Series 2020		2,655,000
General Obligation Refunding Bonds, Series 2020		1,000,000
Combination Tax and Limited Pledge Revenue Certificates of Obligation, Series 2021		12,385,000
General Obligation Refunding Bonds, Series 2021		2,125,000
Combination Tax and Limited Pledge Revenue Certificates of Obligation, Series 2024 (the "Certificates")		2,485,000
Total Gross General Obligation Debt	\$	43,505,000

Less: Self Supporting Debt

General Obligation Refunding Bonds, Series 2013 (53% Crime Control and Prevention District)	\$	140,000
Combination Tax and Limited Pledge Revenue Certificates of Obligation, Series 2016 (50% Water & Sewer)		1,975,000
General Obligation Refunding Bonds, Series 2017 (28% Water & Sewer)		965,000
Combination Tax and Limited Pledge Revenue Certificates of Obligation, Series 2018 (38% EDC)		3,380,000
Combination Tax and Limited Pledge Revenue Certificates of Obligation, Series 2019 (100% Water & Sewer)		6,275,000
Combination Tax and Limited Pledge Revenue Certificates of Obligation, Series 2020 (100% EDC)		2,655,000
General Obligation Refunding Bonds, Series 2020 (100% Water & Sewer)		1,000,000
Combination Tax and Limited Pledge Revenue Certificates of Obligation, Series 2024 (the "Certificates") (100% EDC)		2,485,000
Total Self-Supporting Debt	\$	18,875,000
Total Net General Obligation Debt Outstanding	\$	24,630,000

2024 Net Assessed Valuation \$ 2,022,649,125

Ratio of Total Gross General Obligation Debt Principal to Certified Net Taxable Assessed Valuation 2.15%

Ratio of Net General Obligation Debt to Certified Net Taxable Assessed Valuation 1.22%

Population: 2000 - 7,467; 2010 - 12,838; 2020 - 18,070; est. 2024: 20,603

Per Capita Certified Net 2024 Taxable Assessed Valuation - \$98,172.55

Per Capita Gross General Obligation Debt Principal - \$2,111.59

Per Capita Net General Obligation Debt Principal - \$1,195.46

CITY DEBT OBLIGATIONS - CAPITAL LEASE AND NOTES PAYABLE

TABLE 2

(As of September 30, 2023)

None

Source: The Issuer's Annual Financial Report for the fiscal year ended September 30, 2023.

GENERAL OBLIGATION DEBT SERVICE REQUIREMENTS

Fiscal Year Ending Sept. 30	Current Total Outstanding Debt ^(a)	The Certificates			Combined Debt Service ^(a)	Less: Self- Supporting Debt	Total Net Debt Service
		Principal	Interest	Total			
2025	\$ 4,221,412	-	\$ 107,450	\$ 107,450	\$ 4,328,862	\$ 1,795,144	\$ 2,533,719
2026	4,023,109	\$85,000	105,325	190,325	4,213,434	1,738,460	2,474,975
2027	4,020,694	90,000	100,950	190,950	4,211,644	1,742,687	2,468,957
2028	4,020,694	95,000	96,325	191,325	4,212,019	1,740,818	2,471,201
2029	4,014,448	95,000	91,575	186,575	4,201,023	1,730,702	2,470,321
2030	3,264,342	100,000	86,700	186,700	3,451,042	1,527,152	1,923,890
2031	3,272,657	105,000	81,575	186,575	3,459,232	1,526,326	1,932,906
2032	3,108,314	115,000	76,075	191,075	3,299,389	1,385,043	1,914,346
2033	2,809,723	120,000	70,200	190,200	2,999,923	1,383,700	1,616,222
2034	2,803,081	125,000	64,700	189,700	2,992,781	1,381,960	1,610,821
2035	2,803,688	130,000	59,600	189,600	2,993,288	1,384,869	1,608,419
2036	2,800,365	135,000	54,300	189,300	2,989,665	1,381,225	1,608,440
2037	2,429,098	140,000	48,800	188,800	2,617,898	1,193,448	1,424,450
2038	2,423,865	145,000	43,100	188,100	2,611,965	1,191,065	1,420,900
2039	1,616,777	150,000	37,200	187,200	1,803,977	892,503	911,475
2040	1,121,625	155,000	31,100	186,100	1,307,725	399,250	908,475
2041	909,563	165,000	24,700	189,700	1,099,263	189,700	909,563
2042	-	170,000	18,000	188,000	188,000	188,000	-
2043	-	180,000	11,000	191,000	191,000	191,000	-
2044	-	185,000	3,700	188,700	188,700	188,700	-
Total	<u>\$ 49,663,454</u>	<u>\$ 2,485,000</u>	<u>\$ 1,212,375</u>	<u>\$ 3,697,375</u>	<u>\$ 52,793,129</u>	<u>\$ 22,584,049</u>	<u>\$ 30,209,080</u>

^(a) Includes self-supporting debt.

TAX ADEQUACY (Includes Self-Supporting Debt)

2024 Certified Assessed Value of Taxable Property	\$ 2,022,649,125
Maximum Annual Debt Service Requirements (Fiscal Year Ending 9-30-2025)	4,328,862
Indicated required I&S Fund Tax Rate at 98% Collections to produce Maximum Debt Service requirements	\$ 0.2184

Note: Above computations are exclusive of investment earnings, delinquent tax collections and penalties and interest on delinquent tax collections.

TAX ADEQUACY (Excludes Self-Supporting Debt)

2024 Certified Assessed Value of Taxable Property	\$ 2,022,649,125
Maximum Annual Debt Service Requirements (Fiscal Year Ending 9-30-2025)	2,533,719
Indicated required I&S Fund Tax Rate at 98% Collections to produce Maximum Debt Service requirements	\$ 0.12782

Note: Above computations are exclusive of investment earnings, delinquent tax collections and penalties and interest on delinquent tax collections.

GENERAL OBLIGATION PRINCIPAL REPAYMENT SCHEDULE

(as of August 1, 2024)

Fiscal Year Ending 9-30	Principal Repayment Schedule			Principal Unpaid at End of Year	Percent of Principal Retired (%)
	Currently Outstanding ^(a)	The Certificates	Total		
2025	\$ 2,980,000	-	\$ 2,980,000	\$ 40,525,000	6.8%
2026	2,885,000	\$85,000	2,970,000	37,555,000	13.7%
2027	2,995,000	90,000	3,085,000	34,470,000	20.8%
2028	3,115,000	95,000	3,210,000	31,260,000	28.1%
2029	3,230,000	95,000	3,325,000	27,935,000	35.8%
2030	2,590,000	100,000	2,690,000	25,245,000	42.0%
2031	2,685,000	105,000	2,790,000	22,455,000	48.4%
2032	2,600,000	115,000	2,715,000	19,740,000	54.6%
2033	2,370,000	120,000	2,490,000	17,250,000	60.3%
2034	2,430,000	125,000	2,555,000	14,695,000	66.2%
2035	2,495,000	130,000	2,625,000	12,070,000	72.3%
2036	2,555,000	135,000	2,690,000	9,380,000	78.4%
2037	2,245,000	140,000	2,385,000	6,995,000	83.9%
2038	2,300,000	145,000	2,445,000	4,550,000	89.5%
2039	1,555,000	150,000	1,705,000	2,845,000	93.5%
2040	1,090,000	155,000	1,245,000	1,600,000	96.3%
2041	900,000	165,000	1,065,000	535,000	98.8%
2042	-	170,000	170,000	365,000	99.2%
2043	-	180,000	180,000	185,000	99.6%
2044	-	185,000	185,000	-	100.0%
Total	\$ 41,020,000	\$ 2,485,000	\$ 43,505,000		

^(a) Includes self-supporting debt.

TAXABLE ASSESSED VALUATION FOR TAX YEARS 2015-2024

TABLE 3

Tax Year	Net Taxable	Change From Preceding Year	
	Assessed Valuation	Amount (\$)	Percent
2015	\$ 746,060,271	-	-
2016	778,957,906	32,897,635	4.41%
2017	851,918,491	72,960,585	9.37%
2018	966,374,232	114,455,741	13.44%
2019	1,158,624,296	192,250,064	19.89%
2020	1,229,006,266	70,381,970	6.07%
2021	1,327,777,549	98,771,283	8.04%
2022	1,567,575,533	239,797,984	18.06%
2023	1,896,148,234	328,572,701	20.96%
2024	2,022,649,125	126,500,891	6.67%

Source: Texas Comptroller of Public Accounts, Tarrant Appraisal District and Central Appraisal District of Johnson County.

PRINCIPAL TAXPAYERS 2023

TABLE 4

Name	Type of Business/Property	2023	
		Assessed Valuation	Assessed Valuation
Harbison Fischer Mfg Co	Steel Manufacturing	\$ 40,425,904	2.13%
Wal-Mart Stores Texas LP	Retail Sales	19,081,382	1.01%
Azz Inc	Manufacturer	16,580,664	0.87%
Atwood Distributing LP	Distribution Center	14,854,617	0.78%
Yes Companies EXP2 WFC LLC	Manufactured Housing	14,456,356	0.76%
Powerhouse Partners LLC	Oil and Gas	14,132,468	0.75%
Oncor Electric Delivery Co LLC	Electric Utility	12,154,610	0.64%
Stone Gate Station	Retail Shopping Center	11,021,800	0.58%
SFR Assets Owner LLC	Real Estate	8,409,582	0.44%
Atmos Energy/Mid Texas Division	Energy	6,998,640	0.37%
		\$ 158,116,023	8.34%

Source: Texas Comptroller of Public Accounts, Tarrant Appraisal District and Central Appraisal District of Johnson County.

Note: The 2024 Top 10 Taxpayers unavailable at the time of printing.

CLASSIFICATION OF ASSESSED VALUATION

TABLE 5

	2024	% of Total	2023	% of Total	2022	% of Total
Single-Family	\$ 1,697,960,418	71.67%	\$ 1,534,779,934	68.90%	\$ 1,297,512,147	70.70%
Multi-Family	131,074,965	5.53%	130,617,149	5.86%	96,384,126	5.25%
Vacant Land	23,629,706	1.00%	31,038,066	1.39%	22,329,155	1.22%
Commercial Land With Improvements	445,125	0.02%	399,316	0.02%	399,340	0.02%
Open Space Land	3,109,251	0.13%	29,191,956	1.31%	116,516	0.01%
Rural Land and Improvements	1,088,474	0.05%	417,743	0.02%	467,510	0.03%
Commercial	299,400,879	12.64%	289,632,609	13.00%	265,763,374	14.48%
Industrial	19,831,826	0.84%	20,300,369	0.91%	19,234,447	1.05%
Oil and Gas	8,920,837	0.38%	47,607,773	2.14%	17,287,830	0.94%
Utilities	53,686,427	2.27%	37,601,767	1.69%	32,444,186	1.77%
Personal Property Tangible Commercial	43,687,195	1.84%	39,449,033	1.77%	37,016,265	2.02%
Personal Property Tangible Industrial	33,072,728	1.40%	33,481,089	1.50%	23,642,206	1.29%
Mobile Homes	4,054,954	0.17%	4,106,108	0.18%	4,156,181	0.23%
Residential and Special Inventory	48,035,571	2.03%	28,008,776	1.26%	17,529,893	0.96%
Vacant Right of Way	1,059,357	0.04%	1,059,357	0.05%	1,050,057	0.06%
Total Appraised Value	\$ 2,369,057,713	100.00%	\$ 2,227,691,045	100.00%	\$ 1,835,333,233	100.00%
Less:						
Over 65 or Disabled	\$ 47,677,302		\$ 43,852,055		\$ 38,721,558	
Veterans' Exemptions	49,957,106		37,911,191		30,107,965	
Pollution Control/Solar & Wind	947,793		189,655		-	
Other	105,377,811		106,336,911		72,488,063	
Absolute	141,329,040		143,252,999		122,263,962	
Homestead Exemption	1,119,536		-		4,176,152	
Net Taxable Assessed Valuation	\$ 2,022,649,125		\$ 1,896,148,234		\$ 1,567,575,533	

Source: Tarrant Appraisal District and Central Appraisal District of Johnson County

TAX DATA

TABLE 6

Tax Year	Net Taxable Assessed Valuation	Tax Rate	Tax Levy	% of Collections Current	% of Collections Total	Year Ended
2015	\$ 746,060,271	0.739270	5,515,400	96.68	97.75	9/30/2016
2016	778,957,906	0.739270	5,758,602	98.92	101.09	9/30/2017
2017	851,918,491	0.719000	6,125,294	99.41	100.60	9/30/2018
2018	966,374,232	0.709000	6,851,593	99.75	99.90	9/30/2019
2019	1,158,624,296	0.739270	7,901,725	99.65	101.20	9/30/2020
2020	1,229,006,266	0.699806	8,600,660	99.50	99.78	9/30/2021
2021	1,327,777,549	0.729545	9,686,735	99.50	99.70	9/30/2022
2022	1,567,575,533	0.645203	10,114,044	99.63	100.10	9/30/2023
2023	1,896,148,234	0.594890	11,279,996	99.58	99.51	9/30/2024*
2024	2,022,649,125					

* Collections as of May 31, 2024.

TAX RATE DISTRIBUTION

TABLE 7

	2023-24	2022-23	2021-22	2020-21	2019-20
General Fund	\$ 0.459734	\$ 0.499736	\$ 0.526103	\$ 0.512910	\$ 0.513591
I & S Fund	0.135156	0.145467	0.203442	0.186896	0.225679
Total Tax Rate	\$ 0.594890	\$ 0.645203	\$ 0.729545	\$ 0.699806	\$ 0.739270

Source: Texas Comptroller of Public Accounts, Tarrant Appraisal District and Central Appraisal District of Johnson County

MUNICIPAL SALES TAX COLLECTIONS

TABLE 8

The Issuer has adopted the provisions of Chapter 321, Texas Tax Code, as amended, and pursuant thereto levies a sales and use tax at the rate of 1% on the retail sales of taxable items sold within the Issuer. In addition, some issuers, including the City, are eligible to levy a sales tax of up to ½ of 1% for property tax relief and/or an additional sales tax of up to ½ of 1% for economic development. State law also provides certain cities the option of assessing a sales and use tax for a variety of other purposes, including municipal street maintenance and repair, sports and community venues, and funding certain projects through municipal development districts created by the City pursuant to Chapter 377, Texas Local Government Code. State law limits the maximum aggregate sales and use tax rate in any area to 8¼%. Accordingly, the collection of local sales and use taxes in the area of the City (including sales and use taxes levied by the City) is limited to no more than 2% (when combined with the State sales and use tax rate of 6¼%).

The Issuer has not authorized the additional ½ of 1% sales tax for property tax relief but has authorized an additional 1/2 of 1% sales tax for economic development and an additional 1/2 of 1% sales tax for the Crowley Crime Control and Prevention District. The figures below represent collections from the combined 2.00% sales tax.

Calendar Year	Total Collected	% of Ad Valorem Tax Levy	Equivalent of Ad Valorem Tax Rate	Crowley Crime Control and Prevention District
2015	\$ 2,080,250	37.72%	0.279	621,598
2016	2,240,620	38.91%	0.288	650,858
2017	2,443,066	39.88%	0.287	747,226
2018	2,507,238	36.59%	0.259	764,176
2019	2,913,172	36.87%	0.251	883,718
2020	3,275,137	38.08%	0.266	1,019,228
2021	3,647,127	37.65%	0.275	1,157,401
2022	4,256,823	42.09%	0.272	1,328,467
2023	4,518,655	40.06%	0.238	1,414,630
2024*	2,883,617			

Source: State Comptroller's Office of the State of Texas.

*As of July, 2024

CITY OF CROWLEY ECONOMIC DEVELOPMENT CORPORATION

On June 1, 2016, the Crowley Economic Development Corporation issued its "City of Crowley Economic Development Corporation Sales Tax Revenue Bonds, Taxable Series 2016", in the amount of \$2,180,000, secured by the previously mentioned 1/2 of 1% sales tax imposed for economic development purposes.

Fiscal Year Ended 9/30	Principal	Interest	Total
2025	\$ 150,000	\$ 57,450	\$ 207,450
2026	155,000	51,450	206,450
2027	165,000	45,250	210,250
2028	170,000	37,000	207,000
2029	180,000	28,500	208,500
2030	190,000	19,500	209,500
2031	200,000	10,000	210,000
Total	\$ 1,615,000	\$ 470,400	\$ 2,085,400

OVERLAPPING DEBT INFORMATION

(As of August 1, 2024)

The following table indicates the indebtedness, defined as outstanding bonds payable from ad valorem taxes, of governmental entities overlapping the City and the estimated percentages and amounts of such indebtedness attributable to property within the City. Expenditures of the various taxing bodies overlapping the territory of the Issuer are paid out of ad valorem taxes levied by these taxing bodies on properties overlapping the Issuer. These political taxing bodies are independent of the Issuer and may incur borrowings to finance their expenditures. The following statements of direct and estimated overlapping ad valorem tax bonds was developed from information contained in the "Texas Municipal Reports" published by the Municipal Advisory Council of Texas. Except for the amounts relating to the Issuer, the Issuer has not independently verified the accuracy or completeness of such information, and no person should rely upon such information as being accurate or complete. Furthermore, certain of the entities listed below may have authorized or issued additional bonds since the date stated below, and such entities may have programs requiring the authorization and/or issuance of substantial amounts of additional bonds, the amount of which cannot be determined.

Taxing Body	Gross Debt (As of 8/1/24)	% Overlapping	Amount Overlapping
Burleson Independent School District	\$ 267,678,538	0.92%	\$ 2,462,643
Crowley Independent School District	928,148,753	15.22%	141,264,240
Johnson County	16,210,000	0.02%	3,242
Tarrant County	345,130,000	0.56%	1,932,728
Tarrant Co College Dist	591,230,000	0.56%	3,310,888
Tarrant County Hospital District	446,660,000	0.56%	2,501,296
Total Gross Overlapping Debt			<u>\$ 151,475,037</u>
City of Crowley			\$ 43,505,000
Total Gross Direct and Overlapping Debt			<u>\$ 194,980,037</u>
Ratio of Gross Direct and Overlapping Debt to 2024 Net Assessed Valuation			9.64%
Per Capita Gross Direct and Overlapping Debt			\$ 9,463.67

Note: The above figures show Gross General Obligation Debt for the Issuer. The Issuer's Net General Obligation Debt is \$24,630,000 (preliminary, subject to change). Calculations on the basis of Net General Obligation Debt would change the above figures as follows:

Total Direct and Overlapping Debt	\$ 176,105,037
Ratio of Direct and Overlapping Debt to 2024 Net Assessed Valuation	8.71%
Per Capita Net Direct and Overlapping Debt	\$8,547.54

Source: Texas Municipal Reports published by the Municipal Advisory Council of Texas

ASSESSED VALUATION AND TAX RATE OF OVERLAPPING ISSUERS

Governmental Subdivision	2023 Assessed Valuation	% of Actual	2023 Tax Rate
Burleson Independent School District	\$ 7,241,165,674	100%	1.258000
Crowley Independent School District	11,205,715,752	100%	1.258000
Johnson County	23,564,368,487	100%	0.335000
Tarrant County	287,630,145,281	100%	0.195000
Tarrant Co College Dist	310,866,090,441	100%	0.112000
Tarrant County Hospital District	287,594,945,024	100%	0.195000

Source: Texas Municipal Reports published by the Municipal Advisory Council of Texas.

AUTHORIZED BUT UNISSUED GENERAL OBLIGATION BONDS OF DIRECT AND OVERLAPPING GOVERNMENTAL SUBDIVISIONS

Issuer	Date of Authorization	Purpose	Amount Authorized	Issued To-Date	Unissued
Burleson Independent School District	None				
Crowley Independent School District	5/6/2023	School Bldg/Buses Technology	\$ 948,240,217	\$ 375,000,000	\$ 573,240,217
		Athletic Improvements	95,406,485	75,000,000	20,406,485
			<u>\$ 1,043,646,702</u>	<u>\$ 450,000,000</u>	<u>\$ 593,646,702</u>
Johnson County	None				
Tarrant County *	8/8/1998	Justice Center	\$ 70,600,000	\$ 63,100,000	\$ 7,500,000
	8/8/1998	Healthcare Facility	9,100,000	1,000,000	8,100,000
	5/13/2006	County Buildings	62,300,000	47,300,000	15,000,000
	11/2/2021	Street & Bridge	400,000,000	225,000,000	175,000,000
			<u>\$ 542,000,000</u>	<u>\$ 336,400,000</u>	<u>\$ 205,600,000</u>
Tarrant Co College District	11/5/2019	College Facility	\$ 825,000,000	\$ 700,000,000	\$ 125,000,000
Tarrant County Hospital District	11/6/2018	College Facility	\$ 800,000,000	\$ 450,000,000	\$ 350,000,000
Crowley, City of	None				

Source: Texas Municipal Reports published by the Municipal Advisory Council of Texas.

* While the foregoing bonds received previous voter authorization, and such authorization remains valid, the ability to issue such bonds on the basis of voted authorization in excess of 10 years old is generally subject to a Texas Attorney General analysis of whether the length of time elapsed from the election to present day meets a reasonableness standard.

EMPLOYEE'S PENSION PLAN AND OTHER POST-EMPLOYMENT BENEFITS**TABLE 9**

For more detailed information see the City's 2023 Annual Comprehensive Financial Report, Note 12.

GENERAL FUND COMPARATIVE STATEMENT OF REVENUES AND EXPENDITURES**TABLE 10**

The following statements set forth in condensed form reflect the historical operations of the Issuer. Such summary has been prepared for inclusion herein based upon information obtained from the Issuer's audited financial statements and records. Reference is made to such statements for further and complete information.

	Fiscal Year Ended				
	9/30/2023	9/30/2022	9/30/2021	9/30/2020	9/30/2019
Fund Balance - Beginning of Year	\$ 12,068,556	\$ 11,068,939	\$ 10,141,007	\$ 9,018,440	\$ 7,504,640
Revenues	20,721,113	15,616,563	13,619,098	13,196,187	12,341,013
Expenditures	19,087,803	14,906,813	13,344,492	12,654,086	11,327,792
Excess (Deficit) of Revenues Over Expenditures	\$ 1,633,310	\$ 709,750	\$ 274,606	\$ 542,101	\$ 1,013,221
Other Financing Sources (Uses):					
Operating Transfers In	\$ 580,466	\$ 580,466	\$ 580,466	\$ 580,466	\$ 580,466
Issuance of Long-Term Debt	(326,677)	(290,599)	-	-	-
Operating Transfers Out	-	-	-	-	(79,887)
Interest Income	-	-	-	-	-
Proceeds Bonds	407,951	-	-	-	-
Proceeds from Sale of Bonds	-	-	72,860	-	-
Total Financings Sources (Uses)	661,740	289,867	653,326	580,466	500,579
Fund Balance - End of Year ⁽¹⁾	<u>\$ 14,363,606</u>	<u>\$ 12,068,556</u>	<u>\$ 11,068,939</u>	<u>\$ 10,141,007</u>	<u>\$ 9,018,440</u>

Source: The Issuer's Annual Comprehensive Financial Reports and information provided by the Issuer.
The City estimates a Fund Balance for Fiscal Year ending September 30, 2024 to be \$14,800,000.

UTILITY SYSTEM PLANT IN OPERATION

TABLE 11

	<u>FYE 9/30/2023</u>
Land	4,805,554
Construction in Progress	17,656,904
Buildings and Improvements	31,055,480
Infrastructure/utility system	24,452,995
Equipment and furniture	11319356
Leased Equipment	<u>245,558</u>
Total Capital Assets	\$ 89,535,847
Less: Accumulated Depreciation	<u>(35,795,258)</u>
Net Capital Assets	<u>\$ 53,740,589</u>

Source: The Issuer's Annual Financial Report for fiscal year ended September 30, 2023 and information provided by the Issuer.

WATERWORKS SYSTEM OPERATING STATEMENT

TABLE 12

The following condensed statements have been compiled using accounting principles customarily employed in the determination of net revenues available for debt service, and in all instances exclude depreciation, transfers, bad debt, debt service payments and expenditures identified as capital.

Fiscal Year Ended:	9/30/2023	9/30/2022	9/30/2021	9/30/2020	9/30/2019
Revenues	\$ 9,680,130	\$ 8,456,339	\$ 7,901,657	\$ 7,906,104	\$ 7,387,990
Expenses	<u>5,662,747</u>	<u>4,484,426</u>	<u>4,415,593</u>	<u>4,697,027</u>	<u>5,119,260</u>
Net Revenue Available for Debt Service	\$ 4,017,383	\$ 3,971,913	\$ 3,486,064	\$ 3,209,077	\$ 2,268,730
Customer Count:					
Water	7,036	6,865	6,627	6,589	6,432
Sewer	6,802	6,640	6,410	6,370	6,162

Source: The Issuer's Annual Financial Report for fiscal year ended September 30, 2023 and information provided by the Issuer.

WATER RATES**TABLE 13**

(Based on monthly billing)

New Rates
(Effective July 18, 2023)

Minimum Base Rate 3/4 inch meter	\$	17.99
Minimum Base Rate 1 inch meter	\$	18.99
Minimum Base Rate 1 1/2 inch meter	\$	36.99
Minimum Base Rate 2 inch meter	\$	54.99
Minimum Base Rate 3 inch meter	\$	69.99
Minimum Base Rate 4 inch meter	\$	99.90
First 2,000 Gallons	\$	2.50
up to 10,000 Gallons, per 1,000 Gallons	\$	4.92
11,000-25,000 Gallons, per 1,000 Gallons	\$	5.46
26,000-75,000 Gallons, per 1,000 Gallons	\$	5.99
All over 76,000 Gallons, per 1,000 Gallons	\$	6.26

Outside City Limits

Minimum Base Rate (Includes \$4.00 administrative fee)	\$	21.99
Minimum Base Rate 1 inch meter	\$	22.99
Minimum Base Rate 1 1/2 inch meter	\$	40.99
Minimum Base Rate 2 inch meter	\$	58.99
Minimum Base Rate 3 inch meter	\$	143.99
Minimum Base Rate 4 inch meter	\$	323.99
First 2,000 Gallons	\$	2.50
Up to 10,000 Gallons, per 1,000 Gallons	\$	4.92
11,000-25,000 Gallons, per 1,000 Gallons	\$	5.46
26,000-75,000 Gallons, per 1,000 Gallons	\$	5.99
All over 76,000 Gallons, per 1,000 Gallons	\$	6.26
Monthly rate for bulk water, per 1,000 gallons	\$	8.50
Base fee	\$	36.00
Bulk water deposit	\$	1,500.00
Administrative fee	\$	40.00

Old Rates**(Effective July 18, 2020)**

Minimum Base Rate 3/4 inch meter	\$	17.99
Minimum Base Rate 1 inch meter	\$	18.99
Minimum Base Rate 1 1/2 inch meter	\$	36.99
Minimum Base Rate 2 inch meter	\$	54.99
Minimum Base Rate 3 inch meter	\$	69.99
Minimum Base Rate 4 inch meter	\$	99.99
First 2,000 Gallons	\$	2.50
up to 10,000 Gallons, per 1,000 Gallons	\$	4.92
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Outside City Limits

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11,000-25,000 Gallons, per 1,000 Gallons	\$	5.46
26,000-75,000 Gallons, per 1,000 Gallons	\$	5.99
All over 76,000 Gallons, per 1,000 Gallons	\$	6.26

SEWER RATES**TABLE 14**

(Based on monthly billing)

New Rates
(Effective July 18, 2023)

Minimum Base Rate	\$	17.99
Minimum Base Rate 1 inch meter	\$	18.99
Minimum Base Rate 1 1/2 inch meter	\$	36.99
Minimum Base Rate 2 inch meter	\$	54.99
Minimum Base Rate 3 inch meter	\$	69.99
Minimum Base Rate 4 inch meter	\$	99.99
Residential sewer rates (all meter sizes)		
Up to 2,000 gallons, per 1,000 gallons	\$	2.50
All over 3,000 gallons per 1,000 gallons (12,000 maximum)	\$	3.75

Old Rates**(Effective July 18, 2020)**

Minimum Base Rate	\$	17.99
Minimum Base Rate 1 inch meter	\$	18.99
Minimum Base Rate 1 1/2 inch meter	\$	36.99
Minimum Base Rate 2 inch meter	\$	54.99
Minimum Base Rate 3 inch meter	\$	69.99
Minimum Base Rate 4 inch meter	\$	99.99
First 2,000 Gallons per 1,000 Gallons	\$	2.50
3,000-10,000 Gallons, per 1,000 Gallons (12,000 maximum)	\$	3.75
Industrial and Commercial Sewer Rates (all meter sizes)		
Up to 2,000 gallons, per 1,000 gallons	\$	2.50
All over 3,000 gallons per 1,000 gallons (no maximum)	\$	3.75

APPENDIX B

**GENERAL INFORMATION REGARDING THE CITY OF CROWLEY
AND TARRANT AND JOHNSON COUNTIES, TEXAS**

**GENERAL INFORMATION REGARDING THE CITY OF CROWLEY, TEXAS
AND TARRANT COUNTY, TEXAS**

The City of Crowley, Texas (the “City”) is 6.7 square miles and located in southern Tarrant County, Texas. The City is approximately 13 miles from the City of Fort Worth, Texas at the crossroads of Farm roads 1187 and 731, two miles west of Interstate Hwy 35. The rural atmosphere allows relaxed living while having city conveniences of a metropolitan area right in our own backyard.

The City was incorporated in the State of Texas on February 12, 1951 under Title 28, Revised Civil Statutes of Texas, Chapters 1-10, as amended, relating to cities and towns and adopted a Home Rule Charter on May 1, 1999. The Home Rule Charter was most recently amended on November 5, 2013. The City operates under a Mayor-Council form of government and provides the following services as authorized by the State of Texas, as a duly incorporated General Law City, and subsequent City ordinances: public safety (police and fire), highways and streets, sanitation, water and sewer, public improvements, planning and zoning, and general administrative services. The City Manager is responsible for executing the laws and administering the government of the City. The City Council consists of seven members, a mayor and six council-persons elected by the City’s residents.

Several manufacturing and industrial firms are located in the City area, as well as a variety of commercial establishments, restaurants, shops, and food stores. Undeveloped property in industrial zoning districts is currently available within the City limits with rail service and an adequate water supply to meet fire protection and diversified demands. The City is not financially dependent upon any one industry. The City recognizes the value of industry to its economic base and continues to seek industry which will be beneficial to the community. The City is a retail center located near Fort Worth, Texas.

TARRANT COUNTY, TEXAS

Tarrant County, Texas (the “County”) is an urban county located in the north central part of Texas with an estimated 2024 population of 2,210,248. The City of Fort Worth, Texas which began as an army post in 1849 serves as the county seat. The County is one of the fastest growing urban counties in the United States today. Twenty-five other incorporated cities are located wholly within the County, and seven other incorporated county-line cities are located largely within the County’s boundaries. The twelve county Dallas-Fort Worth Metroplex has a total population of almost 8.1 million people, making it the largest metropolitan area in the South and the fourth-largest in the United States.

The County’s roots lie in the ‘Old West’ and much of its heritage can be traced to the era of the cowboy and cattle drives that passed through the County. The County is one of 254 counties in Texas which were originally set up by the State of Texas to serve as decentralized administrative divisions providing state services and collecting state taxes.

The County has changed dramatically over the past few years. Once dependent on defense plants and its military base, the County’s economy has been transformed into one of the most vibrant and diverse in the nation and is leading the regional resurgence in business relocations and expansions, retail development and new housing construction. Once tied to the oil rigs and cattle ranches of west Texas, the County’s businesses today reach around the globe and the County’s commercial and industrial airports are among the country’s foremost international gateways.

The advantages that the County offers – a low cost of living, a central location, a mild climate, an outstanding transportation network, an educated, dynamic and adaptable work force, a vigorous “can do” business attitude and a long and effective tradition of cooperation between government and business – have made the County one of the fastest growing economies in the nation.

Principal Employers

<u>Employer</u>	<u>Entity</u>	<u>2023 Employees</u>	<u>2023 Percentage of Total Tarrant County Employment</u>
AMR Corp./American Airlines	Commercial Airlines	35,000	3.31%
Lockheed Martin Aeronautics Company	Aircraft Manufacturer	21,600	2.04%
DFW International Airport	Airport Facilities	14,000	1.32%
Texas Health Resources	Health Care	12,776	1.21%
NAS Fort Worth JRB	Naval Station	11,000	1.04%
GM Arlington Assembly Plant	Manufacturing	10,512	0.99%
Fort Worth Independent School District	School District	9,956	0.94%
Cook Children's Health Care System	Health Care	8,777	0.83%
Arlington Independent School District	School District	7,908	0.75%
University of Texas at Arlington	Higher Education	7,647	0.72%

Source: Tarrant County audited financial statements for fiscal year ended September 30, 2023.

Taxpayers

<u>Taxpayer</u>	<u>FISCAL YEAR 2023 Taxable Assessed Value*</u>	<u>Percentage of Taxable Assessed Value</u>
Winner LLC	\$2,083,530	0.81%
Oncor Electric Delivery	1,608,230	0.63%
American Airlines	1,471,937	0.57%
General Motors LLC	1,100,091	0.43%
Atmos Energy/Mid Tex Division	690,906	0.27%
Bell Helicopter Textron	450,721	0.18%
Alcon Laboratories	411,059	0.16%
Amazon.com Services LLC	391,931	0.15%
Walmart Real Estate Bus. Trust	377,761	0.15%
United Parcel Service Inc.	363,060	0.14%

*Amounts in thousands.

Source: Tarrant County audited financial statements for fiscal year ended September 30, 2023.

Museums

The Amon Carter Museum was established by Amon G. Carter, Sr. (1879-1955), and opened in 1961 to house his collection of four hundred paintings, drawings, and sculptures by Frederic Remington and Charles M. Russell, the single most important collection of works by these artists. The Amon Carter Museum collects, preserves and exhibits a wide range of nineteenth and early twentieth-century American paintings, prints, and sculptures as well as one of the finest collections of American photography from the early days to the present.

The Kimbell Art Museum has long been considered the finest small museum in the United States. Its holding range in period from antiquity to the 20th century including masterpieces by Fra Angelico, El Greco, Caravaggio, La Tour, Velasquez, Rembrandt, Houdon, Goya, David, Delacroix, Cezanne, Mondrian, Picasso, Matisse, Holbein and Vigee Le Brun. The museum is one of the only institutions in the Southwest with a substantial collection of Asian arts and has also assembled small but select groups of Mesoamerican, African and Mediterranean antiquities. The Kimbell is the site of choice for many traveling shows and exhibits.

Parks and Lakes

The region's many parks and lakes offer everything from public trails for horseback riding, hiking and rollerblading to lectures and guided tours of the area's natural sanctuaries. There are over 20 public and private golf courses. There are ten lakes, all or partly located in the County, covering over 100,000 acres. County residents have access to numerous other lakes throughout the region and camping is available at several state parks within the North Texas region.

	Labor Force Statistics ⁽¹⁾				
	<u>2024</u> ⁽²⁾	<u>2023</u> ⁽³⁾	<u>2022</u> ⁽³⁾	<u>2021</u> ⁽³⁾	<u>2020</u> ⁽³⁾
Civilian Labor Force	1,186,156	1,170,758	1,139,902	1,089,007	1,082,822
Total Employed	1,145,393	1,127,271	1,098,145	1,028,664	1,003,269
Total Unemployed	40,763	43,487	41,757	60,343	79,553
% Unemployment	3.4%	3.7%	3.7%	5.5%	7.3%
Texas Unemployment	3.5%	3.9%	3.9%	5.9%	7.6%

(1) Source: Texas Workforce Commission.

(2) April 2024.

(3) Average Annual Statistics.

JOHNSON COUNTY, TEXAS

Johnson County (the "County") is located north central Texas on the southwestern edge of the Dallas-Fort Worth area and is included in the Dallas-Fort Worth-Arlington Metropolitan Statistical Area. The County has an estimated 2023 population of 202,906. The county seat is the City of Cleburne, which is fifty-five miles southwest of downtown Dallas.

The County provides a full range of services including general governmental services, County and Justice Court systems, maintaining public facilities, ensuring public safety, preserving public health and welfare, and maintenance of County roads and bridges.

<u>Employer</u>	<u>Number of Employees</u>
Burleson ISD	1,700
Cleburne ISD	1,030
Wal-Mart Distribution Center	998
Joshua ISD	870
Sabre Tubular Structures	746
Johnson County	745
Wal-Mart Supercenter (Burleson)	480
City of Burleson	479
HEB (Burleson)	400
Texas Health Resources	395

Source: Johnson County audited financial statements for fiscal year ended September 30, 2023.

2023 Top Taxpayers

<u>Employer</u>	<u>2023 Taxable Assessed Value</u>	<u>% of Total Assessed Value</u>
Javelin Energy Partners Mgmt	\$197,385,936	0.84%
Klein Tools Inc	165,244,001	0.70%
UPP Operating LLC	164,933,258	0.70%
ETC Texas Processing Ltd	146,207,298	0.62%
James Hardie Building Products	131,561,408	0.56%
Oncor Electric Delivery Co LLC	107,571,375	0.46%
BKV North Texas LLC	85,756,597	0.36%
TEP Barnett USA LLC	83,075,618	0.35%
Wal-Mart Stores East LP	82,281,155	0.35%
Halliburton Energy Services Inc	79,921,944	0.34%

Source: Johnson County audited financial statements for fiscal year ended September 30, 2023.

Labor Force Statistics ⁽¹⁾

	<u>2024 ⁽²⁾</u>	<u>2023 ⁽³⁾</u>	<u>2022 ⁽³⁾</u>	<u>2021 ⁽³⁾</u>	<u>2020 ⁽³⁾</u>
Civilian Labor Force	92,622	91,344	88,975	86,254	77,847
Total Employed	89,542	88,059	85,823	82,061	75,204
Total Unemployed	3,080	3,285	3,152	4,193	5,405
% Unemployment	3.3%	3.6%	3.5%	4.9%	6.5%
Texas Unemployment	3.5%	3.9%	3.9%	5.6%	7.7%

(1) Source: Texas Workforce Commission.

(2) April 2024.

(3) Average Annual Statistics.

APPENDIX C

FORM OF LEGAL OPINION OF BOND COUNSEL

August 29, 2024

**CITY OF CROWLEY, TEXAS
COMBINATION TAX AND REVENUE
CERTIFICATES OF OBLIGATION SERIES 2024
DATED AS OF AUGUST 1, 2024
IN THE AGGREGATE PRINCIPAL AMOUNT OF \$2,485,000**

AS BOND COUNSEL FOR THE CITY OF CROWLEY, TEXAS (the *City*) in connection with the issuance of the certificates of obligation described above (the *Certificates*), we have examined into the legality and validity of the Certificates, which bear interest from the dates specified in the text of the Certificates until maturity or prior redemption at the rates and payable on the dates as stated in the text of the Certificates, and which are subject to redemption, all in accordance with the terms and conditions stated in the text of the Certificates.

WE HAVE EXAMINED the applicable and pertinent provisions of the Constitution and general laws of the State of Texas and a transcript of certified proceedings of the City, and other pertinent instruments authorizing and relating to the issuance of the Certificates including (i) the ordinance authorizing the issuance of the Certificates (the *Ordinance*), (ii) one of the executed Certificates (*Certificate No. T-1*), and (iii) the City's Federal Tax Certificate of even date herewith.

BASED ON SAID EXAMINATION, IT IS OUR OPINION that the Certificates have been authorized, issued and delivered in accordance with law; that the Certificates constitute valid and legally binding general obligations of the City in accordance with their terms except as the enforceability thereof may be limited by bankruptcy, insolvency, reorganization, moratorium, liquidation, and other similar laws now or hereafter enacted relating to creditors' rights generally or by general principles of equity which permit the exercise of judicial discretion; that the City has the legal authority to issue the Certificates and to repay the Certificates; that ad valorem taxes sufficient to provide for the payment of the interest on and principal of the Certificates, as such interest comes due, and as such principal matures, have been levied and ordered to be levied against all taxable property in the City, and have been pledged for such payment, within the limits prescribed by law; and that "Pledged Revenues" (as such term is defined and described in the Ordinance) received by the City from the ownership and operation of the City's System have been pledged to further secure the payment of the Certificates in the manner set forth in the Ordinance.

IT IS FURTHER OUR OPINION, except as discussed below, that the interest on the Certificates is excludable from the gross income of the owners for federal income tax purposes under the statutes, regulations, published rulings and court decisions existing on the date of this opinion. We are further of the opinion that the Certificates are not "specified private activity bonds" and that, accordingly, interest on the Certificates will not be included as an individual alternative minimum tax preference item under section 57(a)(5) of the Internal Revenue Code of 1986. In expressing the aforementioned opinions, we



have relied on certain representations of the City, the accuracy of which we have not independently verified, and have assumed compliance by the City with certain covenants regarding the use and investment of the proceeds of the Certificates and the use of the property financed therewith. We call your attention to the fact that if such representations are determined to be inaccurate or if the City fails to comply with such covenants, interest on the Certificates may become includable in gross income retroactively to the date of issuance of the Certificates.

EXCEPT AS STATED ABOVE, we express no opinion as to any other federal, state, or local tax consequences of acquiring, carrying, owning or disposing of the Certificates, including the amount, accrual or receipt of interest on, the Certificates. Owners of the Certificates should consult their tax advisors regarding the applicability of any collateral tax consequences of owning the Certificates.

WE CALL YOUR ATTENTION TO THE FACT that the interest on tax-exempt obligations, such as the Certificates, may be includable in a corporation's adjusted financial statement income for purposes of determining the alternative minimum tax imposed on certain corporations by section 55 of the Code.

OUR OPINIONS ARE BASED ON EXISTING LAW, which is subject to change. Such opinions are further given, and are based on our knowledge of facts, as of the date hereof. We assume no duty or obligation to update or supplement our opinions to reflect any facts or circumstances that may hereafter come to our attention or to reflect any changes in any law that may hereafter occur or become effective. Moreover, our opinions are not a guarantee of result and are not binding on the Internal Revenue Service (the *Service*); rather, such opinions represent our legal judgment based upon our review of existing law and in reliance upon the representations and covenants referenced above that we deem relevant to such opinions. The Service has an ongoing audit program to determine compliance with rules that relate to whether interest on state or local obligations is includable in gross income for federal income tax purposes. No assurance can be given whether or not the Service will commence an audit of the Certificates. If an audit is commenced, in accordance with its current published procedures the Service is likely to treat the City as the taxpayer. We observe that the City has covenanted not to take any action, or omit to take any action within its control, that if taken or omitted, respectively, may result in the treatment of interest on the Certificates as includable in gross income for federal income tax purposes.

OUR SOLE ENGAGEMENT in connection with the issuance of the Certificates is as Bond Counsel for the City, and, in that capacity, we have been engaged by the City for the sole purpose of rendering an opinion with respect to the legality and validity of the Certificates under the Constitution and general laws of the State of Texas, and with respect to the exclusion from gross income of the interest on the Certificates for federal income tax purposes, and for no other reason or purpose. The foregoing opinions represent our legal judgment based upon a review of existing legal authorities that we deem relevant to render such opinions and are not a guarantee of a result. We have not been requested to investigate or verify, and have not independently investigated or verified, any records, data, or other material relating to the financial condition or capabilities of the City, or the disclosure thereof in connection with the sale of the Certificates, and have not assumed any responsibility with respect thereto.



We express no opinion and make no comment with respect to the marketability of the Certificates and we have relied solely on certificates executed by officials of the City as to the current outstanding indebtedness of, and assessed valuation of taxable property within, the City. Our role in connection with the City's Official Statement prepared for use in connection with the sale of the Certificates has been limited as described therein

Respectfully,

APPENDIX D

FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2023

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CITY OF CROWLEY, TEXAS

ANNUAL FINANCIAL REPORT

For the Year Ended September 30, 2023

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CITY OF CROWLEY, TEXAS
Annual Financial Report
For the Year Ended September 30, 2023

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CITY OF CROWLEY, TEXAS
Annual Financial Report
For the Year Ended September 30, 2023

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INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor and City Council
City of Crowley
Crowley, 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 the City of Crowley, Texas, (the "City") as of and for the year ended September 30, 2023, 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 of Crowley, Texas, as of September 30, 2023, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America 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 of Crowley, Texas and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City'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 management's discussion and analysis, budgetary comparison information, schedule of changes in net pension liability and related ratios, schedule of contributions and schedule of changes in total OPEB liability on pages 4 - 14 and pages 51 - 60 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 accompanying combining and individual nonmajor fund financial statements and schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, 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 and individual nonmajor fund financial statements and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

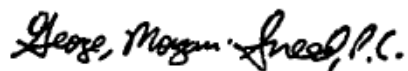
Other Information

Management is responsible for the other information included in the annual report. The other information comprises the other supplementary information listed in the table of contents 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 Governmental Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated **January 12, 2024**, on our consideration of the City of Crowley, Texas' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, 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 of Crowley, Texas' internal control over financial reporting and compliance.



Weatherford, Texas

January 12, 2024

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FINANCIAL SECTION

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MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of The City of Crowley, Texas, we offer readers of The City of Crowley's financial statements this narrative overview and analysis of the financial activities of The City of Crowley for the fiscal year ended September 30, 2023.

FINANCIAL HIGHLIGHTS

- The assets and deferred outflows of resources of the City of Crowley exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$72,428,189 (*net position*) compared to \$63,150,185 for the prior year. Of this amount, \$20,938,869 (*unrestricted net position*) may be used to meet the City's ongoing obligations to citizens and creditors.
- The City's total net position increased by \$9,278,004. The City's governmental activities net position increased by \$8,408,779 and the business-type activities net position increased by \$869,225.
- As of the close of the current year, the City of Crowley's governmental funds reported combined ending fund balances of \$36,493,917 compared to \$33,633,505 for the prior year.
- At the end of the current year, unassigned fund balance for the general fund was \$14,245,713, or 75% of total general fund expenditures.

OVERVIEW OF THE FINANCIAL STATEMENTS

The City's annual financial report consists of three components (1) management's discussion and analysis, (2) the basic financial statements (government-wide financial statements, fund financial statements and notes to the financial statements) and (3) supplementary information.

Government-wide financial statements.

The government-wide financial statements report information about the City as a whole using accounting methods similar to those used by private-sector companies. The statement of net position includes all of the government's assets, deferred outflows of resources, liabilities, and deferred inflows of resources, with the difference reported as net position. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The two government-wide statements report the City's net position and how they have changed. Net position – the difference between the City's assets, deferred outflows of resources, liabilities, and deferred inflows of resources – are one way to measure the City's financial health or position.

- Over time, increases or decreases in the City's net position are an indicator of whether its financial health is improving or deteriorating, respectively.
- To assess the overall health of the City, one needs to consider additional nonfinancial factors such as changes in the City's tax base.

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). All of the City's services are included here, such as general government, public works and safety, and community services in the governmental activities and stormwater utility and water and sewer services in the business-type or proprietary activities.

The government-wide financial statements can be found on Exhibits A-1 and B-1 of this report.

Fund financial statements.

The fund financial statements provide more detailed information about the City's most significant funds-not the City as a whole. Funds are used by the City to keep track of specific sources of funding and spending for particular purposes.

- Some funds are required by State law and by bond covenants.
- The City Council establishes other funds to control and manage money for particular purposes or to show that it is properly using certain taxes and grants.

All of the funds of the City can be divided into two categories: governmental funds and proprietary funds.

Governmental funds. Most of the City's basic services are included in governmental funds, which focus on (1) short-term inflows and outflows of spendable resources and (2) the balances left at year-end that are available for spending. Consequently, the governmental fund statements provide a detailed short-term view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs. Because this information does not encompass the additional long-term focus of the government-wide statements, we provide a reconciliation that explains the relationship (or differences) between them.

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, debt service fund, economic development corporation and capital projects fund which are considered major funds. Data from the other 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 elsewhere in this report.

The City adopts an annual appropriated budget for the general fund, debt service fund, crime control and prevention district, economic development corporation and water and sewer fund. A budgetary comparison schedule has been provided for the general fund and economic development corporation to demonstrate compliance with this budget.

The basic governmental fund financial statements can be found on Exhibits C-1 through C-4 of this report.

Proprietary funds. Services for which the City charges customers a fee are generally reported in proprietary funds. Proprietary funds, like the government-wide statements, provide both long-term and short-term financial information. The City maintains two types of proprietary funds. The City uses enterprise funds to account for its water and sewer and stormwater utility operations. The City uses one internal service fund to account for self-funded insurance. This service benefits both governmental and business-type functions, and it has been split between the governmental and business-type activities in the government-wide financial statements.

The basic proprietary fund financial statements can be found on Exhibits D-1 through D-3 of this report.

Notes to the financial statements provide additional information that is necessary for a complete understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 25 – 50 of this report.

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government’s financial position. In the case of the City, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$72,428,189 as of September 30, 2023. Below is a summary of the City’s Statement of Net Position.

Condensed Statement of Net Position

	Governmental Activities		Business-type Activities		Total	
	2023	2022	2023	2022	2023	2022
Current and other assets	\$ 40,250,535	\$ 39,939,850	\$ 15,598,187	\$ 21,964,709	\$ 55,848,722	\$ 61,904,559
Capital assets	53,740,589	49,757,644	18,726,591	12,752,384	72,467,180	62,510,028
Total Assets	93,991,124	89,697,494	34,324,778	34,717,093	128,315,902	124,414,587
Deferred outflows of resources	3,147,624	1,374,461	245,345	116,998	3,392,969	1,491,459
Current liabilities	3,211,824	5,755,913	1,442,664	1,697,350	4,654,488	7,453,263
Noncurrent liabilities	42,677,561	41,234,907	11,792,763	12,577,895	54,470,324	53,812,802
Total liabilities	45,889,385	46,990,820	13,235,427	14,275,245	59,124,812	61,266,065
Deferred inflows of resources	144,959	1,385,510	10,911	104,286	155,870	1,489,796
Net position:						
Net investment in capital assets	30,203,313	24,347,506	10,238,919	9,720,445	40,442,232	34,067,951
Restricted	9,176,752	8,252,997	1,870,336	1,717,521	11,047,088	9,970,518
Unrestricted	11,724,339	10,095,122	9,214,530	9,016,594	20,938,869	19,111,716
Total net position	\$ 51,104,404	\$ 42,695,625	\$ 21,323,785	\$ 20,454,560	\$ 72,428,189	\$ 63,150,185

The largest portion of the City’s net position (55%) reflects its investment in capital assets (e.g. land, buildings and improvements, infrastructure/utility systems and equipment and furniture); less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City’s investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the City’s net position (15%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position of \$21,343,102 may be used to meet the government’s ongoing obligations to citizens and creditors.

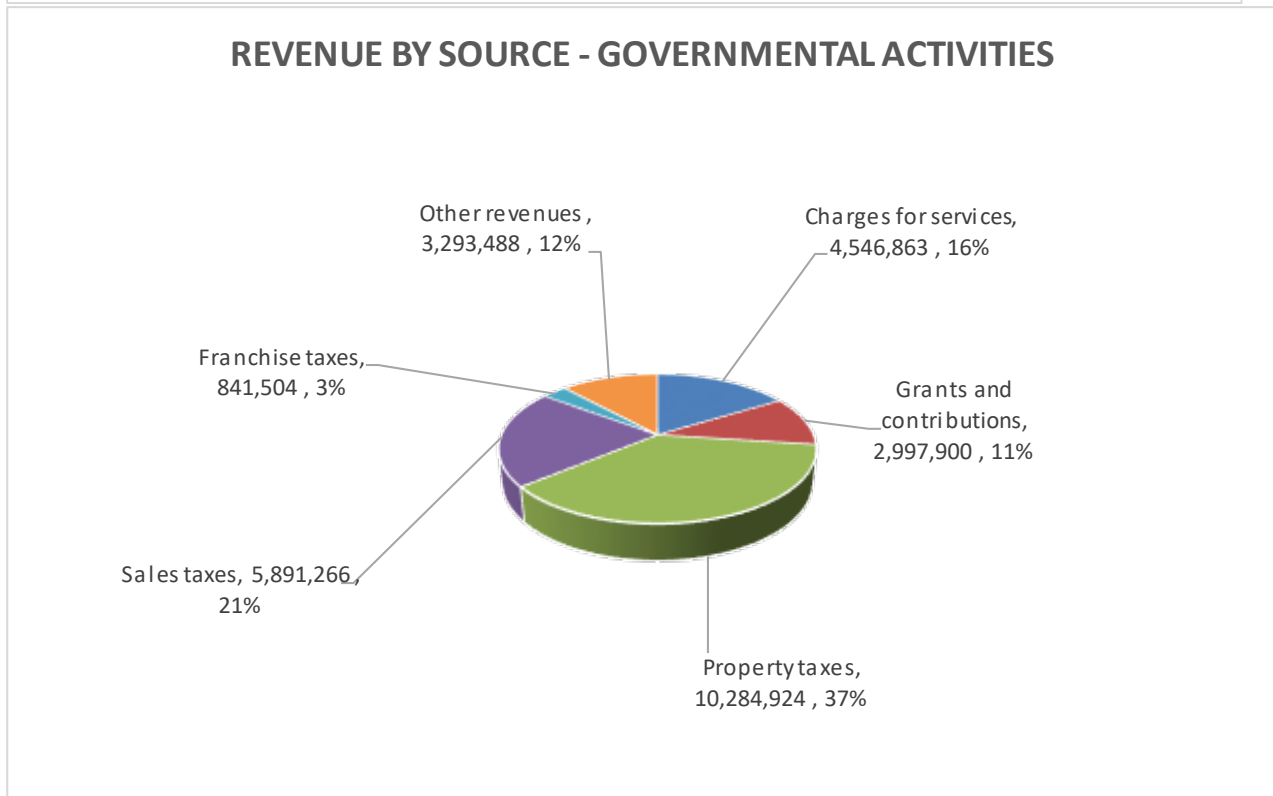
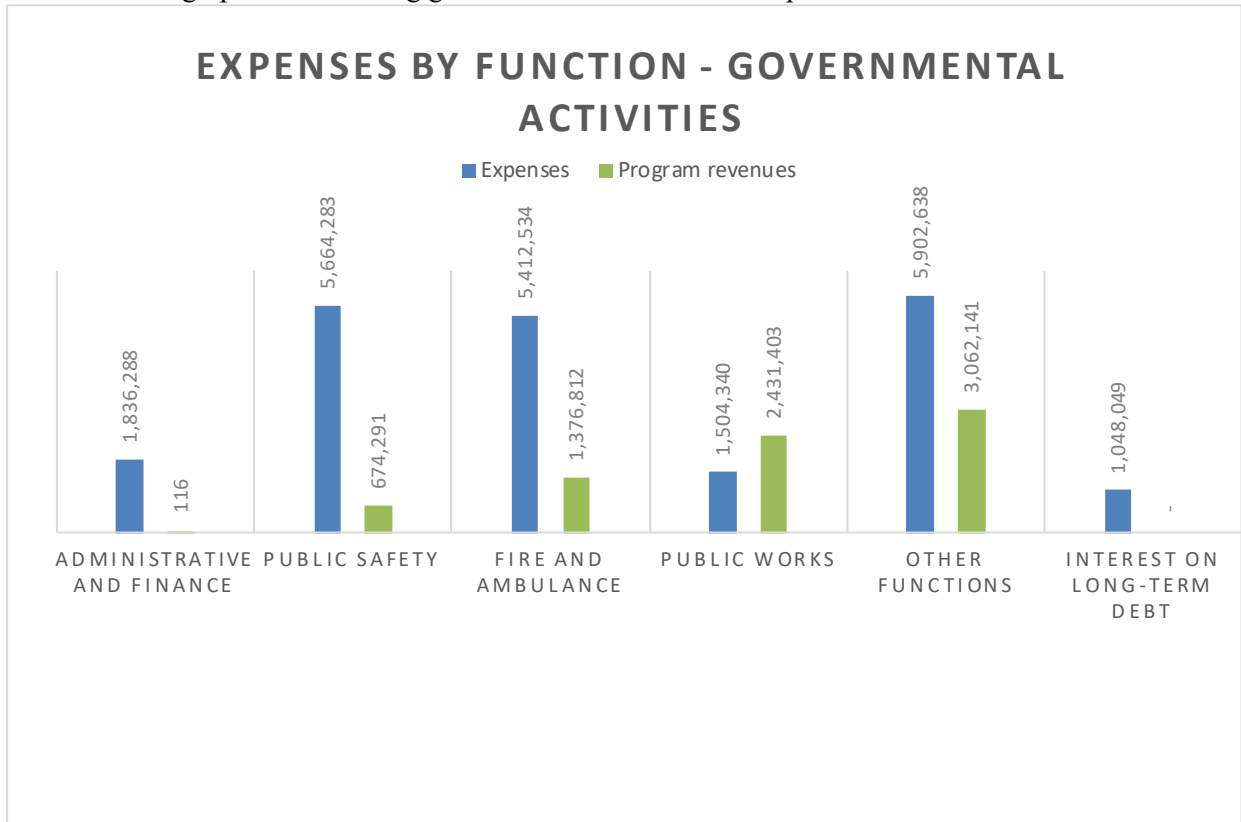
At the end of the current year, the City is able to report positive balances in all three categories of net position, both for the government as a whole, as well as for its separate governmental and business-type activities.

Below is a summary of the City’s Statement of Activities.

Changes in Net Position

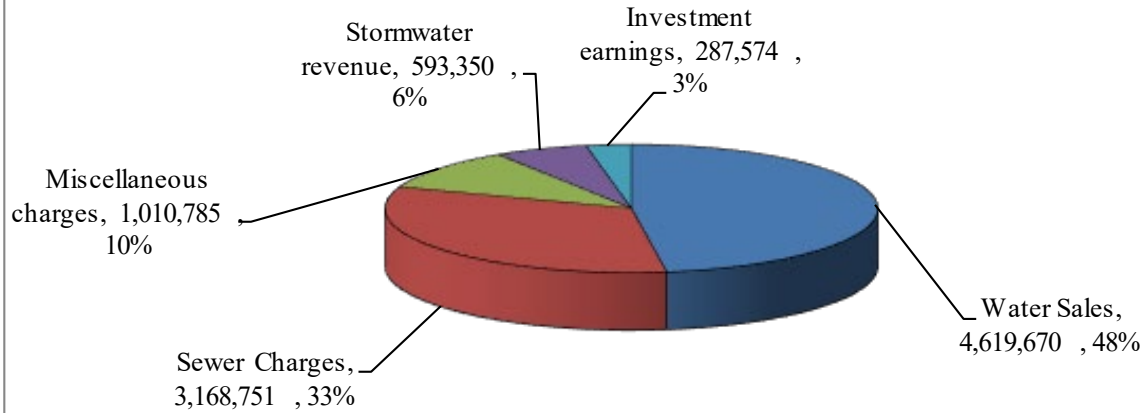
	Governmental Activities		Business-type Activities		Total	
	2023	2022	2023	2022	2023	2022
Revenues:						
Program revenues:						
Charges for services	\$ 4,546,863	\$ 3,637,186	\$ 9,392,556	\$ 8,976,857	\$ 13,939,419	\$ 12,614,043
Operating grants and contributions	566,497	1,100,846	-	-	566,497	1,100,846
Capital grants and contributions	2,431,403	1,154,348	-	-	2,431,403	1,154,348
General revenues:						
Property taxes	10,284,924	9,949,630	-	-	10,284,924	9,949,630
Sales taxes	5,891,266	5,570,929	-	-	5,891,266	5,570,929
Franchise taxes	841,504	929,647	-	-	841,504	929,647
Oil & gas royalties	134,600	258,381	-	-	134,600	258,381
Investment earnings	2,157,952	302,330	287,574	65,517	2,445,526	367,847
Gain (loss) on sale	492,971	-	-	-	-	-
Other revenue	100,014	59,107	-	-	100,014	59,107
Insurance recoveries	407,951	40,617	-	2,502	407,951	43,119
Total revenues	27,855,945	23,003,021	9,680,130	9,044,876	37,043,104	32,047,897
Expenses						
Administration and finance	1,836,288	1,634,153	-	-	1,836,288	1,634,153
Municipal court	301,597	282,284	-	-	301,597	282,284
Library	774,978	658,839	-	-	774,978	658,839
Senior citizens	37,454	25,047	-	-	37,454	25,047
Public safety	5,664,283	4,397,949	-	-	5,664,283	4,397,949
Fire and ambulance	5,412,534	4,224,169	-	-	5,412,534	4,224,169
Public works	1,504,340	1,326,688	-	-	1,504,340	1,326,688
Parks	520,335	463,582	-	-	520,335	463,582
Recreation center	985,398	799,494	-	-	985,398	799,494
Animal control	434,710	374,335	-	-	434,710	374,335
Code enforcement	102,346	85,194	-	-	102,346	85,194
Community development	661,727	460,760	-	-	661,727	460,760
Community center	13,941	19,121	-	-	13,941	19,121
Sanitation	1,015,291	985,297	-	-	1,015,291	985,297
Economic development	182,816	55,778	-	-	182,816	55,778
Nondepartmental	872,044	1,328,131	-	-	872,044	1,328,131
Interest and fiscal charges	1,048,049	1,168,604	-	-	1,048,049	1,168,604
Stormwater utility	-	-	101,511	102,624	101,511	102,624
Water and Sewer	-	-	6,788,427	5,562,650	6,788,427	5,562,650
Total expenses	21,368,133	18,289,425	6,889,938	5,665,274	28,258,071	23,954,699
Increase (decrease) in net position before transfers	6,487,812	4,713,596	2,790,192	3,379,602	8,785,033	8,093,198
Transfers	1,920,967	580,466	(1,920,967)	(580,466)	-	-
Increase (decrease) in net position	8,408,779	5,294,062	869,225	2,799,136	8,785,033	8,093,198
Net position-beginning	42,695,625	37,401,563	20,454,560	17,655,424	63,150,185	55,056,987
Net position-ending	\$ 51,104,404	\$ 42,695,625	\$ 21,323,785	\$ 20,454,560	\$ 71,935,218	\$ 63,150,185

Below are two graphs summarizing governmental revenues and expenses:

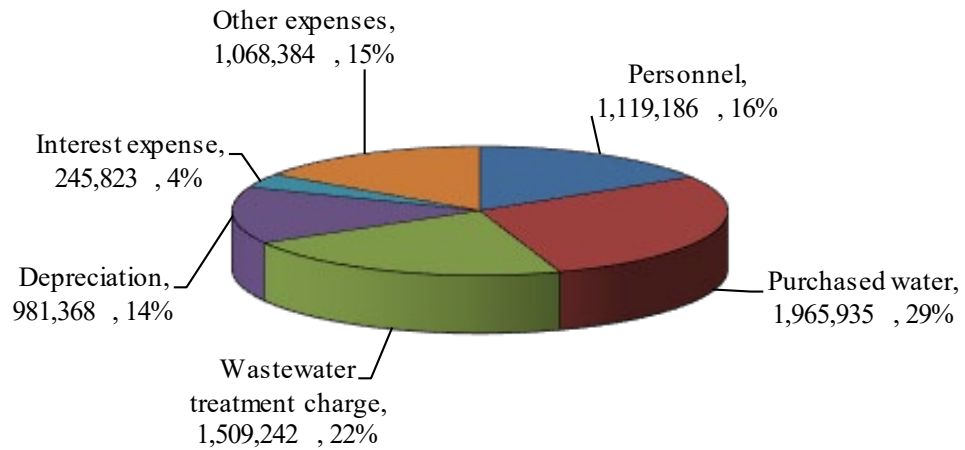


Below are two graphs summarizing business-type activities revenues and expenses:

Revenues by source - Business-type Activities



Expenses - Business-type Activities



Financial Analysis of the Government's Funds

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

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

At year end, the City's governmental funds reported combined ending fund balances of \$36,493,917. \$14,245,713 (39%) constitutes unassigned fund balance, which is available for spending at the government's discretion. The remainder of fund balance is restricted and nonspendable.

The general fund is the chief operating fund of the City. At the end of the current fiscal year, unassigned fund balance of the general fund was \$14,245,713. The fund balance of the general fund increased \$2,295,050 compared to an increase of \$999,617 in the prior year. Key factors contributing to the increase in fund balance between the two fiscal years are highlighted below:

- Revenues increased \$512,501 (35%). The largest increases were an increase in grants and contributions of \$1,895,229 due to CSLSRF grants spent for the Downtown Plaza/Crowley Crossing projects, an increase investment earnings of \$1,588,747 due to increase in interest rates, an increase in property tax revenue of \$754,731 due to increase in property tax values of approximately \$224M, however, property tax rates decreased by .08 cents. Fees and fines increased \$471,981 due to increase in development fees and municipal court fines and other revenue increased \$409,036 due to various insurance claims.
- Expenditures increased \$4,180,990 (28%). The increase was primarily due to a \$2,549,223 increase in capital outlays related to the downtown plaza project; \$673,219 increase in public safety due to hiring of additional officers and salary step increases and \$648,166 increase in fire and ambulance due to salary step increases and equipment upgrades.

Below is a comparison of the general fund's net change in fund balance for 2023 and 2022.

	09/30/2023	09/30/2022	Increase (Decrease)	Percent Increase (Decrease)
REVENUES				
Taxes:				
Property	\$ 7,479,903	\$ 6,725,172	\$ 754,731	11%
Sales	2,997,794	2,834,825	162,969	6%
Franchise	871,965	812,003	59,962	7%
Charges for service	2,235,034	2,159,240	75,794	4%
Fees and Fines	1,344,995	873,014	471,981	54%
Licenses and permits	757,268	539,435	217,833	40%
Grants and contributions	2,939,015	1,043,786	1,895,229	182%
Oil & Gas Revenue	134,600	258,381	(123,781)	-48%
Investment Earnings	1,860,725	271,978	1,588,747	584%
Other revenue	99,814	98,729	1,085	1%
Total revenues	<u>20,721,113</u>	<u>15,616,563</u>	<u>5,104,550</u>	<u>33%</u>
EXPENDITURES				
Administrative and finance	1,217,657	1,080,299	137,358	13%
Municipal court	269,317	259,869	9,448	4%
Library	700,888	599,016	101,872	17%
Senior citizens	37,036	25,673	11,363	44%
Public safety	4,510,949	3,837,730	673,219	18%
Fire and ambulance	4,650,717	4,002,551	648,166	16%
Public works	809,301	830,038	(20,737)	-2%
Parks	581,920	452,290	129,630	29%
Recreation Center	753,955	591,989	161,966	27%
Animal Control	371,865	328,278	43,587	13%
Code enforcement	95,783	86,435	9,348	0%
Community development	644,381	465,360	179,021	38%
Community center	13,941	19,121	(5,180)	-27%
Sanitation	1,015,291	985,297	29,994	3%
Nondepartmental	847,054	1,324,342	(477,288)	-36%
Capital outlay	2,558,928	9,705	2,549,223	26267%
Debt service:				
Principal	8,261	8,027	234	100%
Interest and fiscal charges	559	793	(234)	100%
Total expenditures	<u>19,087,803</u>	<u>14,906,813</u>	<u>4,180,990</u>	<u>28%</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	580,466	580,466	-	0%
Transfers out	(326,677)	(290,599)	(36,078)	-100%
Total other financing sources (uses)	<u>253,789</u>	<u>289,867</u>	<u>(36,078)</u>	<u>-12%</u>
NET CHANGE IN FUND BALANCE	<u>\$ 1,887,099</u>	<u>\$ 999,617</u>	<u>\$ 887,482</u>	

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 enterprise funds at the end of the year amounted to \$9,222,133. Total net position of the enterprise funds increased \$869,225. Total revenues increased \$635,254 (7%) primarily due to an increase in water and sewer sales in the amount of \$408,384 because of an increase in customers and an increase in consumption. Investment earnings increased \$222,057 due to increase in interest rates. The cost of providing water, sewer and stormwater services increased \$1,224,664 (22%). The increase was primarily due to \$677,004 increase wastewater treatment charge, \$303,070 increase in salaries and benefits and \$126,550 increase in depreciation.

Unrestricted net position of the self-funded insurance internal service fund was (\$31,629). Internal service fund net position decreased \$31,422.

General Fund Budgetary Highlights

The City made amendments to the general fund original appropriations approved by the City Council. Overall these changes resulted in an increase in expenditures from the original budget of 1% or \$112,563. The increase to the budget was for equipment and maintenance expenditures in the current year.

Overall, general fund actual expenditures were over budget by \$2,923,727 primarily due to \$2,558,928 in capital outlay expenditures that were not budgeted. The Downtown Plaza/Crowley Crossing project is partly funded by the Coronavirus State and Local Fiscal Recovery Funds and bond money.

Capital Assets

The City's investment in capital assets for its governmental and business type activities as of September 30, 2023, amounts to \$72,467,180 (net of accumulated depreciation).

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

Governmental Activities:

- \$4,629,513 was spent on the Downtown Plaza/Crowley Crossing Project.
- \$1,581,262 was spent on 105 N Tarrant and 326 E Main properties.
- \$759,844 was spent on Main Street Reconstruction.
- \$289,285 was spent on police and fire equipment.
- \$149,073 was spent on two police vehicles and accessories.
- \$128,684 was spent on parks and public works equipment.
- \$286,635 was spent on Oarlock Drive paving improvements.

Business-type activities:

- \$6,768,765 was spent on water and sewer line improvements.

**The City of Crowley's Capital Assets
(Net of Depreciation)**

	Governmental Activities		Business-type Activities		Total	
	2023	2022	2023	2022	2023	2022
Land	\$ 4,805,554	\$ 5,243,743	\$ 121,751	\$ 121,751	\$ 4,927,305	\$ 5,365,494
Construction in progress	17,656,904	19,518,254	186,809	46,948	17,843,713	19,565,202
Buildings and improvements	18,959,813	15,870,687	1,310,662	1,381,047	20,270,475	17,251,734
Infrastructure/utility system	9,248,824	6,243,710	16,657,644	10,646,338	25,906,468	16,890,048
Equipment and furniture	2,846,925	2,859,517	449,725	556,300	3,296,650	3,415,817
Leased equipment	222,569	21,733	-	-	222,569	21,733
Total	\$ 53,740,589	\$ 49,757,644	\$ 18,726,591	\$ 12,752,384	\$ 72,467,180	\$ 62,510,028

Additional information on the City's capital assets can be found in the notes to the financial statements.

Debt Administration

At the end of the year, the City had a total bonded debt of \$47,806,017. Of this amount, \$8,815,752 are bonded debt backed by the full faith and credit of the government, \$37,554,149 are certificates of obligation secured by ad valorem taxes and surplus revenues, and \$1,436,116 are revenue bonds secured by sales tax revenue. Outstanding at year-end are as follows:

	Governmental Activities		Business-type Activities		Total	
	2023	2022	2023	2022	2023	2022
General Obligation Bonds	\$ 6,499,079	\$ 7,806,613	\$ 2,316,673	\$ 2,878,060	\$ 8,815,752	\$ 10,684,673
Certificates of Obligation	28,528,647	29,408,187	9,025,502	9,525,541	37,554,149	38,933,728
Revenue Bonds	1,436,116	1,586,255	-	-	1,436,116	1,586,255
Total	\$ 36,463,842	\$ 38,801,055	\$ 11,342,175	\$ 12,403,601	\$ 47,806,017	\$ 51,204,656

The City's bond ratings are listed below:

	Standard & Poor's
General obligation bonds	AA-
Certificate of obligation bonds	AA-

No direct funded debt limitation is imposed on the City under current state law or the City's Home Rule Charter.

Additional information on the City's long-term debt can be found in Notes 8 through 10 to the financial statements.

Economic factors and the Next Year's Budgets and Rates

General fund revenues are budgeted to increase \$1,687,426 or 11% in fiscal year 2023-2024 when compared to the 2022-2023 amended budget to \$17,271,481. The adopted tax rate is \$.594890 per \$100 assessed value. The largest increases in the revenue budget are on intergovernmental revenue (\$446,916), sales tax revenue (\$297,499), property tax revenue (\$740,456) and investment earnings (\$187,047).

General fund expenditures are budgeted to increase \$1,319,625 or 8% when compared to the prior year amended appropriations to \$17,483,701. The largest increases are \$432,190 in fire and ambulance appropriations, \$519,332 in police appropriations, \$228,139 in administrative and finance appropriations, \$197,327 in nondepartmental appropriations and \$97,293 in public works appropriations. The largest decrease is \$228,890 in parks appropriations.

Request for Information

This financial report is designed to provide our citizens, taxpayers, customers and all investors and creditors with a general overview of the City's finances and to demonstrate the City's accountability for the money it receives. If you have questions about this report or need additional financial information, you may contact the City Offices at 201 E Main St or by telephone at 817-297-2201.

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BASIC FINANCIAL STATEMENTS

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CITY OF CROWLEY
Statement of Net Position
September 30, 2023

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 678,392	\$ 2,560,250	\$ 3,238,642
Investments	37,172,903	7,597,727	44,770,630
Receivables (net of allowance for uncollectibles)			
Property taxes	66,040	-	66,040
Other taxes	1,343,344	-	1,343,344
Accounts	415,064	1,237,258	1,652,322
Miscellaneous	518,365	4,709	523,074
Prepaid items	33,288	-	33,288
Inventory	23,139	155,149	178,288
Restricted assets			
Cash and cash equivalents	-	810,791	810,791
Investments	-	3,232,303	3,232,303
Capital assets			
Nondepreciable	22,462,458	308,560	22,771,018
Depreciable, net of accumulated depreciation and amortization	31,278,131	18,418,031	49,696,162
Total Assets	93,991,124	34,324,778	128,315,902
Deferred Outflows of Resources			
Deferred outflow related to pension	3,002,894	225,024	3,227,918
Deferred outflow related to OPEB	67,096	5,050	72,146
Deferred charges on refunding	77,634	15,271	92,905
Total Deferred Outflows of Resources	3,147,624	245,345	3,392,969
LIABILITIES			
Accounts payable	1,369,929	522,652	1,892,581
Accrued payroll liabilities	379,025	36,261	415,286
Due to other governments	75,505	-	75,505
Unearned revenue	1,151,130	-	1,151,130
Interest payable	236,235	72,960	309,195
Customer deposits payable	-	810,791	810,791
Noncurrent liabilities:			
Due within one year	2,909,637	833,054	3,742,691
Due in more than one year	39,767,924	10,959,709	50,727,633
Total liabilities	45,889,385	13,235,427	59,124,812
DEFERRED INFLOWS OF RESOURCES			
Deferred inflow related to OPEB	144,959	10,911	155,870
Total deferred inflows of resources	144,959	10,911	155,870
NET POSITION			
Net investment in capital assets	30,203,313	10,238,919	40,442,232
Restricted for:			
Capital improvements	-	1,870,336	1,870,336
Debt service	564,236	-	564,236
Public safety	2,621,694	-	2,621,694
Economic development	5,593,183	-	5,593,183
Grant program	9,283	-	9,283
Donations	94,754	-	94,754
Community program	293,602	-	293,602
Unrestricted	11,724,339	9,214,530	20,938,869
Total net position	\$ 51,104,404	\$ 21,323,785	\$ 72,428,189

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

CITY OF CROWLEY
Statement of Activities
For the Year Ended September 30, 2023

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government				
Governmental activities:				
Administration and finance	\$ 1,836,288	\$ 116	\$ -	\$ -
Municipal court	301,597	65,499	-	-
Library	774,978	7,656	13,800	-
Senior citizens	37,454	-	-	-
Public safety	5,664,283	666,611	7,680	-
Fire and ambulance	5,412,534	857,454	519,358	-
Public works	1,504,340	-	-	2,431,403
Parks	520,335	227,000	-	-
Recreation Center	985,398	175,811	-	-
Animal control	434,710	13,110	9,778	-
Code enforcement	102,346	-	-	-
Community development	661,727	1,377,267	-	-
Community center	13,941	-	551	-
Sanitation	1,015,291	1,101,872	-	-
Economic development	182,816	54,467	-	-
Nondepartmental	872,044	-	15,330	-
Interest and fiscal charges	1,048,049	-	-	-
Total governmental activities	<u>21,368,133</u>	<u>4,546,863</u>	<u>566,497</u>	<u>2,431,403</u>
Business-type activities:				
Water and sewer	6,788,427	8,799,206	-	-
Stormwater utility	101,511	593,350	-	-
Total business-type activities	<u>6,889,938</u>	<u>9,392,556</u>	<u>-</u>	<u>-</u>
Total primary government	<u>\$ 28,258,071</u>	<u>\$ 13,939,419</u>	<u>\$ 566,497</u>	<u>\$ 2,431,403</u>

General Revenues:

Taxes:

Property taxes, levied for general purposes

Property taxes, levied for debt service

Property taxes, levied for TIRZ #1

Sales taxes

Franchise

Oil and gas royalties

Investment earnings

Gain (loss) on sale of capital assets

Other revenue

Transfers

Total general revenues and transfers

Change in net position

Net position - beginning

Net position - ending

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

Exhibit B-1

Net (Expense) Revenue and Changes in Net Position		
Primary Government		
Governmental Activities	Business-type Activities	Total
\$ (1,836,172)	\$ -	\$ (1,836,172)
(236,098)	-	(236,098)
(753,522)	-	(753,522)
(37,454)	-	(37,454)
(4,989,992)	-	(4,989,992)
(4,035,722)	-	(4,035,722)
927,063	-	927,063
(293,335)	-	(293,335)
(809,587)	-	(809,587)
(411,822)	-	(411,822)
(102,346)	-	(102,346)
715,540	-	715,540
(13,390)	-	(13,390)
86,581	-	86,581
(128,349)	-	(128,349)
(856,714)	-	(856,714)
(1,048,049)	-	(1,048,049)
<u>(13,823,370)</u>	<u>-</u>	<u>(13,823,370)</u>
-	2,010,779	2,010,779
-	491,839	491,839
-	2,502,618	2,502,618
<u>\$ (13,823,370)</u>	<u>\$ 2,502,618</u>	<u>\$ (11,320,752)</u>
\$ 7,466,012	\$ -	\$ 7,466,012
2,268,142	-	2,268,142
550,770	-	550,770
5,891,266	-	5,891,266
841,504	-	841,504
134,600	-	134,600
2,157,952	287,574	2,445,526
492,971	-	492,971
507,965	-	507,965
1,920,967	(1,920,967)	-
<u>22,232,149</u>	<u>(1,633,393)</u>	<u>20,598,756</u>
8,408,779	869,225	9,278,004
<u>42,695,625</u>	<u>20,454,560</u>	<u>63,150,185</u>
<u>\$ 51,104,404</u>	<u>\$ 21,323,785</u>	<u>\$ 72,428,189</u>

CITY OF CROWLEY
Balance Sheet
Governmental Funds
September 30, 2023

	General	Debt Service	Capital Projects	Economic Development Corporation	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS						
Cash and cash equivalents	\$ 445,209	\$ -	\$ -	\$ 210,018	\$ 23,165	\$ 678,392
Investments	15,370,175	549,347	13,459,832	2,868,513	4,925,036	37,172,903
Receivables (Net of allowances for uncollectibles)						
Property taxes	51,151	14,889	-	-	-	66,040
Other taxes	814,248	-	-	273,352	255,744	1,343,344
Accounts	415,064	-	-	-	-	415,064
Miscellaneous	348,951	-	-	169,401	13	518,365
Inventory	23,139	-	-	-	-	23,139
Due from other funds	55,491	-	-	-	-	55,491
Total assets	17,523,428	564,236	13,459,832	3,521,284	5,203,958	40,272,738
LIABILITIES						
Accounts payable	758,428	-	396,630	105,519	44,435	1,305,012
Accrued payroll liabilities	379,025	-	-	-	-	379,025
Unearned revenue	1,149,095	-	-	-	2,035	1,151,130
Due to other governments	75,505	-	-	-	-	75,505
Due to other funds	-	-	-	-	55,491	55,491
Total liabilities	2,362,053	-	396,630	105,519	101,961	2,966,163
DEFERRED INFLOWS OF RESOURCES						
Unavailable revenue	797,769	14,889	-	-	-	812,658
Total deferred inflows of resources	797,769	14,889	-	-	-	812,658
FUND BALANCES						
Nonspendable						
Inventory	23,139	-	-	-	-	23,139
Restricted	94,754	549,347	13,063,202	3,415,765	5,101,997	22,225,065
Unassigned	14,245,713	-	-	-	-	14,245,713
Total fund balances	14,363,606	549,347	13,063,202	3,415,765	5,101,997	36,493,917
Total liabilities, deferred inflows of resources and fund balances	\$ 17,523,428	\$ 564,236	\$ 13,459,832	\$ 3,521,284	\$ 5,203,958	\$ 40,272,738

CITY OF CROWLEY
Reconciliation of the Governmental Funds Balance Sheet
To the Statement of Net Position
September 30, 2023

Total fund balances - governmental funds	\$	36,493,917
<p>Capital assets used in governmental activities are not financial resources and therefore are reported in the governmental funds. The cost of these assets was \$89,535,847 and the accumulated depreciation and amortization was \$35,795,258. The net effect of including the ending balances of capital assets (net of depreciation and amortization) in the governmental activities is to increase net position.</p>		
		53,740,589
<p>Deferred charges on refunding related to governmental activity debt are not financial resources and, therefore, are not reported in the governmental funds.</p>		
		77,634
<p>Long-term liabilities, including \$36,463,842 bonds, \$214,270 lease liabilities, and \$564,968 compensated absences payable are not due and payable in the current period, and, therefore are not reported as liabilities in the fund financial statements.</p>		
		(37,243,080)
<p>Net pension liability and related deferred outflows and inflows of resources are reported in the Statement of Net Position of the governmental activities but are not reported in the governmental funds.</p>		
Net pension liability	\$	(5,200,923)
Deferred outflow related to pension		3,002,894
		(2,198,029)
<p>Net OPEB liability and related deferred outflows of resources are reported in the Statement of Net Position of the governmental activities but are not reported in the governmental funds.</p>		
Total OPEB liability	\$	(233,559)
Deferred inflow related to OPEB		(144,959)
Deferred outflow related to OPEB		67,096
		(311,422)
<p>Interest payable is not expected to be liquidated with available financial resources and is not reported as a liability in the fund financial statements.</p>		
		(236,235)
<p>Property taxes, franchise taxes, ems charges and municipal court fines and fees are not available soon enough to pay for the current period's expenditures and therefore are deferred revenue in the fund financial statements.</p>		
		812,659
<p>The City uses an internal service fund to charge the costs of self funded insurance to the appropriate functions in other funds. The assets and liabilities of the internal service fund are included in governmental activities in the statement of net position. The net effect of this consolidation is to increase net position.</p>		
		(31,629)
Net position of governmental activities	\$	51,104,404

CITY OF CROWLEY
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended September 30, 2023

	General	Debt Service	Capital Projects	Economic Development Corporation	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES						
Taxes						
Property	\$ 7,479,903	\$ 2,278,409	\$ -	\$ -	\$ 550,770	\$ 10,309,082
Sales	2,997,794	-	-	1,492,635	1,400,837	5,891,266
Franchise taxes	871,965	-	-	-	19,416	891,381
Charges for service	2,235,034	-	-	-	9,119	2,244,153
Fees and fines	1,344,995	-	-	-	56,444	1,401,439
Licenses and permits	757,268	-	-	-	-	757,268
Grants and contributions	2,939,015	-	-	-	58,885	2,997,900
Oil and gas revenue	134,600	-	-	-	-	134,600
Investment earnings	1,860,725	-	-	179,950	117,277	2,157,952
Other revenue	99,814	-	-	54,467	2,252	156,533
Total revenues	<u>20,721,113</u>	<u>2,278,409</u>	<u>-</u>	<u>1,727,052</u>	<u>2,215,000</u>	<u>26,941,574</u>
EXPENDITURES						
Current:						
Administrative and finance	1,217,657	-	-	236,710	343	1,454,710
Municipal court	269,317	-	-	-	24,421	293,738
Library	700,888	-	-	-	-	700,888
Senior citizens center	37,036	-	-	-	-	37,036
Public safety	4,510,949	-	-	-	916,166	5,427,115
Fire and ambulance	4,650,717	-	-	-	158,550	4,809,267
Public works	809,301	-	-	-	-	809,301
Parks	581,920	-	-	-	-	581,920
Recreation center	753,955	-	-	-	-	753,955
Animal control	371,865	-	-	-	-	371,865
Code enforcement	95,783	-	-	-	-	95,783
Community development	644,381	-	-	-	-	644,381
Community center	13,941	-	-	-	-	13,941
Sanitation	1,015,291	-	-	-	-	1,015,291
Economic development	-	-	-	86,802	89,729	176,531
Nondepartmental	847,054	-	-	-	-	847,054
Capital outlay	2,558,928	-	1,690,273	3,988,643	-	8,237,844
Debt service:						
Principal	8,261	1,495,000	-	415,000	255,000	2,173,261
Interest and fiscal charges	559	896,519	-	313,470	11,662	1,222,210
Bond issuance costs	-	-	-	-	-	-
Total expenditures	<u>19,087,803</u>	<u>2,391,519</u>	<u>1,690,273</u>	<u>5,040,625</u>	<u>1,455,871</u>	<u>29,666,091</u>
Excess (deficiency) of revenues over expenditures	<u>1,633,310</u>	<u>(113,110)</u>	<u>(1,690,273)</u>	<u>(3,313,573)</u>	<u>759,129</u>	<u>(2,724,517)</u>
OTHER FINANCING SOURCES (USES)						
Transfers in	580,466	-	1,340,501	-	122,083	2,043,050
Transfers out	(326,677)	-	-	-	-	(326,677)
Capital lease	-	-	-	215,473	-	215,473
Insurance recoveries	407,951	-	-	-	-	407,951
Proceeds from sale of capital assets	-	-	-	3,245,132	-	3,245,132
Total other financing sources (uses)	<u>661,740</u>	<u>-</u>	<u>1,340,501</u>	<u>3,460,605</u>	<u>122,083</u>	<u>5,584,929</u>
Net change in fund balances	<u>2,295,050</u>	<u>(113,110)</u>	<u>(349,772)</u>	<u>147,032</u>	<u>881,212</u>	<u>2,860,412</u>
Fund balances - beginning	<u>12,068,556</u>	<u>662,457</u>	<u>13,412,974</u>	<u>3,268,733</u>	<u>4,220,785</u>	<u>33,633,505</u>
Fund balances - ending	<u>\$ 14,363,606</u>	<u>\$ 549,347</u>	<u>\$ 13,063,202</u>	<u>\$ 3,415,765</u>	<u>\$ 5,101,997</u>	<u>\$ 36,493,917</u>

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

CITY OF CROWLEY
Reconciliation of Statement of Revenues,
Expenditures and Changes in Fund Balances of
The Governmental Funds to the Statement of Activities
For the Year Ended September 30, 2023

Total net change in fund balances - governmental funds	\$ 2,860,412
Current year capital outlays and long-term debt principal payments are expenditures in the fund financial statements, but they should be shown as increases in capital assets and reductions in long-term debt in the government-wide financial statements. The net effect of including \$8,907,069 of capital outlays and \$2,173,261 of debt principal payments is to increase net position.	11,080,330
The net effect of various miscellaneous transaction involving capital assets (i.e. sales and disposal) is to increase net position.	(2,752,161)
Depreciation and amortization are not recognized as expenses in governmental funds since they do not require the use of current financial resources. The net effect of the current year's depreciation and amortization is to decrease net position.	(2,171,963)
Current year capital lease are other financing sources in the fund financial statements. The increase in long-term debt is a decrease in net position.	(215,473)
Revenues in the government-wide statement of activities that do not provide current financial resources are not reported as revenues in the funds.	13,449
GASB 68 required the City to recognize their net pension liability, deferred resource inflow related to pension, and deferred resource outflow related to pension. The changes in these balances decreased net position.	(551,293)
GASB 75 required the City to recognize their total OPEB liability and deferred resource inflow related to OPEB. The changes in these balances decreased net position.	(11,542)
Current year interest payable and compensated absences of the governmental funds are not due and payable in the current period, and, therefore are not reported as liabilities or assets in the funds. The \$12,335 increase in interest payable and \$14,281 decrease in compensated absences and \$161,826 (net) amortization of deferred charges and premiums increased net position.	188,442
The City uses an internal service fund to charge the costs of self funded insurance to the appropriate functions in other funds. The adjustment to reflect the consolidation of the internal service fund activities related to governmental activities increased net position.	<u>(31,422)</u>
Change in net position of governmental activities	<u>\$ 8,408,779</u>

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

CITY OF CROWLEY
Statement of Net Position
Proprietary Funds
September 30, 2023

	Business-type Activities			Governmental
	Enterprise Funds			Activities
	Water and Sewer Fund	Stormwater Utility	Totals	Internal Service Fund
ASSETS				
Current Assets:				
Cash and cash equivalents	\$ 660,838	\$ 1,899,412	\$ 2,560,250	\$ -
Investments	7,597,727	-	7,597,727	-
Receivables (Net of allowance for uncollectibles):				
Accounts	1,160,040	77,218	1,237,258	-
Miscellaneous	4,709	-	4,709	-
Prepaid expenses	-	-	-	33,288
Inventory	155,149	-	155,149	-
Restricted Assets				
Cash and cash equivalents	810,791	-	810,791	-
Investments	3,232,303	-	3,232,303	-
Total current assets	<u>13,621,557</u>	<u>1,976,630</u>	<u>15,598,187</u>	<u>33,288</u>
Noncurrent Assets:				
Capital assets, at cost				
Non-depreciable assets	121,751	186,809	308,560	-
Depreciable assets, net of accumulated depreciation	17,320,148	1,097,883	18,418,031	-
Total noncurrent assets	<u>17,441,899</u>	<u>1,284,692</u>	<u>18,726,591</u>	<u>-</u>
Total assets	<u>31,063,456</u>	<u>3,261,322</u>	<u>34,324,778</u>	<u>33,288</u>
Deferred Outflows of Resources				
Deferred outflows related to pension	225,024	-	225,024	-
Deferred outflows related to OPEB	5,050	-	5,050	-
Deferred charges on refunding	15,271	-	15,271	-
Total Deferred Outflows of Resources	<u>\$ 245,345</u>	<u>\$ -</u>	<u>\$ 245,345</u>	<u>\$ -</u>
LIABILITIES				
Current Liabilities				
Accounts payable	\$ 465,672	\$ 56,980	\$ 522,652	\$ 64,917
Accrued payroll liabilities	36,261	-	36,261	-
Compensated absences	29,910	-	29,910	-
Current portion of long-term liabilities	803,144	-	803,144	-
Interest payable	72,960	-	72,960	-
Current Liabilities Payable from Restricted Assets				
Customer deposits payable	810,791	-	810,791	-
Total current liabilities	<u>2,218,738</u>	<u>56,980</u>	<u>2,275,718</u>	<u>64,917</u>
Noncurrent Liabilities				
Compensated absences	11,632	-	11,632	-
Net pension liability	391,141	-	391,141	-
Total OPEB liability	17,580	-	17,580	-
Bonds payable	10,539,356	-	10,539,356	-
Total noncurrent liabilities	<u>10,959,709</u>	<u>-</u>	<u>10,959,709</u>	<u>-</u>
Total liabilities	<u>13,178,447</u>	<u>56,980</u>	<u>13,235,427</u>	<u>64,917</u>
Deferred Inflows of Resources				
Deferred inflow related to OPEB	10,911	-	10,911	-
Total Deferred Inflows of Resources	<u>10,911</u>	<u>-</u>	<u>10,911</u>	<u>-</u>
NET POSITION				
Net investment in capital assets	8,954,227	1,284,692	10,238,919	-
Restricted for impact fees for capital improvements (Expendable)	1,870,336	-	1,870,336	-
Unrestricted	7,294,880	1,919,650	9,214,530	(31,629)
Total net position	<u>\$ 18,119,443</u>	<u>\$ 3,204,342</u>	<u>\$ 21,323,785</u>	<u>\$ (31,629)</u>

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

CITY OF CROWLEY
Statement of Revenues, Expenses, and Changes in Fund Net Position
Proprietary Funds
For the Year Ended September 30, 2023

	Business-type Activities			Governmental
	Enterprise Funds			Activities
	Water and Sewer Fund	Stormwater Utility	Totals	Internal Service Fund
Operating revenues				
Charges for services:				
Water Sales	\$ 4,619,670	\$ -	\$ 4,619,670	\$ -
Sewer charges	3,168,751	-	3,168,751	-
Stormwater revenue	-	593,350	593,350	-
Other revenue	1,010,785	-	1,010,785	1,208,508
Total operating revenue	<u>8,799,206</u>	<u>593,350</u>	<u>9,392,556</u>	<u>1,208,508</u>
Operating expenses				
Personnel services	1,119,186	-	1,119,186	1,444,524
Professional services	125,595	21,589	147,184	-
Purchased water	1,965,935	-	1,965,935	-
Wastewater treatment charge	1,509,242	-	1,509,242	-
Contractual services	402,396	1,000	403,396	-
Insurance	87,181	-	87,181	-
Administrative	18,078	2,212	20,290	-
Repairs and maintenance	309,844	16,057	325,901	-
Utilities	84,432	-	84,432	-
Depreciation	920,715	60,653	981,368	-
Total operating expenses	<u>6,542,604</u>	<u>101,511</u>	<u>6,644,115</u>	<u>1,444,524</u>
Operating income (loss)	<u>2,256,602</u>	<u>491,839</u>	<u>2,748,441</u>	<u>(236,016)</u>
Nonoperating revenues (expenses):				
Investment earnings	287,574	-	287,574	-
Interest expense	(245,823)	-	(245,823)	-
Total nonoperating revenues (expenses)	<u>41,751</u>	<u>-</u>	<u>41,751</u>	<u>-</u>
Income (loss) before capital contributions and transfers	2,298,353	491,839	2,790,192	(236,016)
Transfers in	-	-	-	204,594
Transfers out	(580,466)	(1,340,501)	(1,920,967)	-
Change in net position	1,717,887	(848,662)	869,225	(31,422)
Net position - beginning	16,401,556	4,053,004	20,454,560	(207)
Net position - ending	<u>\$ 18,119,443</u>	<u>\$ 3,204,342</u>	<u>\$ 21,323,785</u>	<u>\$ (31,629)</u>

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

CITY OF CROWLEY
Statement of Cash Flows
Proprietary Funds
For the Year Ended September 30, 2023

	Business-type Activities Enterprise Funds			Governmental Activities
	Water and Sewer Fund	Stormwater Utility	Totals	Internal Service Fund
Cash flows from operating activities:				
Cash received from customers	\$ 8,610,494	\$ 586,831	\$ 9,197,325	\$ 1,224,144
Cash paid to suppliers	(4,842,185)	(3,851)	(4,846,036)	(1,428,738)
Cash paid to employees	(1,099,143)	-	(1,099,143)	-
Net cash provided (used) by operating activities	<u>2,669,166</u>	<u>582,980</u>	<u>3,252,146</u>	<u>(204,594)</u>
Cash flow from noncapital financing activities:				
Transfers (to) from other funds	(580,466)	(1,340,501)	(1,920,967)	204,594
Net cash provided (used) by noncapital financing activities	<u>(580,466)</u>	<u>(1,340,501)</u>	<u>(1,920,967)</u>	<u>204,594</u>
Cash flow from capital and related financing activities:				
Principal payments on long-term debt	(1,015,000)	-	(1,015,000)	-
Capital outlay	(6,768,766)	(186,812)	(6,955,578)	-
Interest paid on capital debt	(291,903)	-	(291,903)	-
Net cash provided (used) by capital and related financing activities	<u>(8,075,669)</u>	<u>(186,812)</u>	<u>(8,262,481)</u>	<u>-</u>
Cash flow from investing activities:				
Proceeds from sales and maturities of investments	2,283,950	-	2,283,950	-
Investment earnings	287,574	-	287,574	-
Net cash provided (used) by investing activities	<u>2,571,524</u>	<u>-</u>	<u>2,571,524</u>	<u>-</u>
Net increase (decrease) in cash and cash equivalents	(3,415,445)	(944,333)	(4,359,778)	-
Cash and cash equivalents, beginning	4,887,074	2,843,745	7,730,819	-
Cash and cash equivalents, ending	<u>\$ 1,471,629</u>	<u>\$ 1,899,412</u>	<u>\$ 3,371,041</u>	<u>\$ -</u>
Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities				
Operating income (loss)	<u>\$ 2,256,602</u>	<u>\$ 491,839</u>	<u>\$ 2,748,441</u>	<u>\$ (236,016)</u>
Adjustments to reconcile operating income to net cash provided (used) by operating activities:				
Depreciation expense	920,715	60,653	981,368	-
(Increase) decrease in accounts receivable	(223,287)	(6,519)	(229,806)	15,636
(Increase) decrease in miscellaneous receivables	10,017	-	10,017	-
(Increase) decrease in prepaid expenses	-	-	-	(2,898)
(Increase) decrease in inventory	(57,419)	-	(57,419)	-
Increase (decrease) in accounts payable	(335,445)	37,007	(298,438)	18,684
Increase (decrease) in accrued payroll liabilities	14,863	-	14,863	-
Increase (decrease) in customer meter deposits	34,575	-	34,575	-
Increase (decrease) in net pension balances	42,495	-	42,495	-
Increase (decrease) in total OPEB balances	870	-	870	-
Increase (decrease) in compensated absences payable	5,180	-	5,180	-
Total adjustments	<u>412,564</u>	<u>91,141</u>	<u>503,705</u>	<u>31,422</u>
Net cash provided (used) by operating activities	<u>\$ 2,669,166</u>	<u>\$ 582,980</u>	<u>\$ 3,252,146</u>	<u>\$ (204,594)</u>

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

CITY OF CROWLEY, TEXAS
Notes to Financial Statements
September 30, 2023

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The City of Crowley, Texas (the City) is a Home Rule city which citizens elect the mayor and six council members at large. The City operates under the Council-Manager form of government and provides such services as are authorized by its charter to advance the welfare, health, comfort, safety, and convenience of the City and its inhabitants.

As required by generally accepted accounting principles, these financial statements present the City and its component units, entities for which the City is considered financially accountable or other organizations whose nature and significant relationship with the City are such that exclusion would cause the City's financial statements to be misleading or incomplete. The City is financially accountable if it appoints a voting majority of the organization's governing board and (1) it is able to impose its will on the organization or (2) there is a potential for the organization to provide specific financial burden or benefit on the City. Based on these considerations, the Crowley Crime Control and Prevention District and the Crowley Economic Development Corporation have been included in the City's reporting entity as blended component units. Blended component units, although legally separate entities, are, in substance, part of the government's operations and so data from these units are combined with data of the primary government. Both component units have September 30 year ends.

Blended Component Units

The *Crowley Crime Control and Prevention District* (the "Crime District") is an entity legally separate from the City and was created by resolution of the City Council with approval by vote of the residents of Crowley. The Crime District is funded with a one half percent sales tax. The City Council services as the board of directors of the Crime District. The day-to-day operations of the Crime District are performed by City employees. For financial reporting purposes, the Crime Control and Prevention District is reported as if it were a part of the City's operations because the Crime District's governing body is the same as that of the City.

The *Crowley Economic Development Corporation* (the "Corporation") is a nonprofit development corporation formed under the Development Corporation Act of 1979 and governed by Section 4B of the Act. The Corporation was created with approval of a vote of the residents of Crowley and is governed by a seven-member board of directors appointed by the City Council. The Corporation is funded with a one-half percent sales tax. The Corporation was created to promote economic development with the City and State of Texas in order to eliminate unemployment and under employment and to promote and encourage employment and the public welfare of, for, and on behalf of the City. The Corporation may finance and undertake any such project, subject to the regulations and limitations set forth in Section 4B of the Act and a special election held in the City on February 2, 2002. For financial reporting purposes, the Corporation is reported as if it were a part of the City's operations because it provides services entirely for the City.

B. Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

CITY OF CROWLEY, TEXAS
Notes to Financial Statements
September 30, 2023

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. 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 that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

C. Measurement Focus, Basis of Accounting and Basis of Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund financial statements. 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.

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. The government considers all revenues available if they are collected within 60 days after year-end. Expenditures generally are recorded when the related fund liability is incurred, however, debt service expenditures and expenditures related to compensated absences and claims and judgments, are recognized when payment is due.

Property taxes, sales taxes, franchise taxes, 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 period. All other revenue items are considered to be measurable and available only when the government receives payment.

The accounts of the City are organized and operated on the basis of funds. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds are maintained consistent with legal and managerial requirements.

The City reports the following major governmental funds:

The *general fund* is the City's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The *debt service fund* is used to account for the resources accumulated and payments made for principal and interest on long-term general obligation debt of governmental funds.

CITY OF CROWLEY, TEXAS
Notes to Financial Statements
September 30, 2023

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The *general capital projects fund* accounts for the acquisition or construction of major capital assets and facilities financed by general obligation bonds or certificates of obligation of the governmental activities.

The *special revenue fund* (economic development corporation) is used to account for the proceeds of specific revenue sources requiring separate accounting because of legal or regulatory provisions or administrative actions.

The City reports the following major enterprise fund:

The *water and sewer fund* accounts for the provision of water and sewer services to the residents of the City. All activities necessary to provide such services are accounted for in this fund.

Additionally, the government reports the following fund and fund types:

The *special revenue funds* are governmental funds that account for the proceeds of specific revenue sources (other than for major capital projects) that are legally restricted to expenditure for specific purposes.

The *stormwater utility fund* is an enterprise fund that is used to account for the maintenance of the drainage system for the City.

The City utilizes one *internal service fund* to account for self-funded health insurance.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges and transfers between the governmental activities and the business-type activities, which cannot be eliminated.

Amounts reported as program revenues include 1) charges for customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

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 City's enterprise funds are charges to customers for sales and services. Operating expenses for the enterprise 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.

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

CITY OF CROWLEY, TEXAS
Notes to Financial Statements
September 30, 2023

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

1. *Cash and Investments*

The City pools cash resources of its various funds to maximize its investment program. Cash applicable to a particular fund is readily identifiable. Investment income from this internal pooling is allocated to the respective funds based upon the sources of funds invested.

The City's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments that are highly liquid with maturity within three months or less when purchased. Amounts invested in Tex-Pool public investment pools are not considered cash and cash equivalents. Assets reported as cash and cash equivalents are considered cash and cash equivalents for the statement of cash flows.

2. *Interfund Receivables and Payables*

Transactions between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as "due to/from other funds". Any residual balances outstanding between the governmental activities and the business-type activities are reported in the government-wide financial statements as "internal balances".

3. *Unbilled Service*

Utility operating revenues (water and sewer) are billed on monthly cycles. The City records estimated revenues for services delivered during the fiscal year, which will be billed during the next fiscal year.

4. *Inventory*

The inventories of supplies are recorded under the purchase method. Under the purchase method the inventory is first recorded as an expense when purchased and then adjusted at the end of the year to reflect the value of inventory at that date. Inventories are valued at the lower of cost or market using the first-in-first-out ("FIFO") method.

5. *Capital Assets*

Capital assets, which include property, plant, equipment and infrastructure, are reported in the applicable governmental activities or business-type activities columns in the government-wide financial statements and in the proprietary funds financial statements. The City defines capital assets as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated market value at the date of donation.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed.

CITY OF CROWLEY, TEXAS
Notes to Financial Statements
September 30, 2023

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Property, plant and equipment of the primary government and component unit are depreciated using the straight-line method over the following estimated useful lives:

Buildings and improvements	15 - 30 years
Infrastructure/utility systems	10 - 50 years
Equipment and furniture	2 - 15 years

6. *Compensated Absences*

It is the City's policy to permit employees to accumulate a limited amount of earned but unused vacation and sick pay benefits. The City pays up to 200 hours of accrued vacation leave when an employee retires. Vacation and sick pay benefits are accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in the governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

7. *Long-term Obligations*

In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statements of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of the applicable bond premium or discount.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance cost, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

8. *Fund Balance – Governmental Funds*

In the fund financial statements, governmental funds report the following classifications of fund balance:

Nonspendable – includes amounts that cannot be spent because they are either not spendable in form (such as prepaids or inventory) or are legally or contractually required to be maintained intact (such as endowment funds).

Restricted – includes amounts restricted by external sources (creditors, laws of other governments, etc.) or by constitutional provision or enabling legislation.

Committed – includes amounts constrained to specific purposes by a government itself, using its highest decision-making authority; to be reported as committed, amounts cannot be used for any other purpose unless the government takes the same highest-level action to remove or change the constraint (City Council ordinance or resolution).

Assigned – includes amounts a government intends to use for a specific purpose; intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority. The City has not yet adopted a policy designating who can assign amounts.

CITY OF CROWLEY, TEXAS
Notes to Financial Statements
September 30, 2023

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Unassigned – All amounts not included in other spendable classifications.

At September 30, 2023, the grant fund reported a deficit fund balance of \$4,354. The City will fund the deficit from the general fund.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the City considers restricted fund balance to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the City considers amounts to have been first spent out of committed funds, then assigned, and finally unassigned as needed.

The details of the fund balances of the governmental funds are as follows:

	General Fund	Debt Service Fund	Capital Projects	Economic Development Corporation	Nonmajor Governmental Funds	Total Governmental Funds
Nonspendable						
Inventory	\$ 23,139	\$ -	\$ -	\$ -	\$ -	\$ 23,139
Restricted						
Debt Service	-	549,347	-	-	-	549,347
Capital Projects	-	-	13,063,202	-	-	13,063,202
Public Safety - Police	-	-	-	-	2,562,678	2,562,678
Public Safety - Court	-	-	-	-	59,016	59,016
Economic Development	-	-	-	3,415,765	2,177,418	5,593,183
Grant programs	-	-	-	-	9,283	9,283
Public Education Grant	-	-	-	-	293,602	293,602
Donations	94,754	-	-	-	-	94,754
Unassigned	14,245,713	-	-	-	-	14,245,713
	<u>\$ 14,363,606</u>	<u>\$ 549,347</u>	<u>\$ 13,063,202</u>	<u>\$ 3,415,765</u>	<u>\$ 5,101,997</u>	<u>\$ 36,493,917</u>

9. Net Position

Net position represents the difference between assets and liabilities, deferred inflows of resources. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvements of those assets, and adding back unspent proceeds. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislations adopted by the City or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. The following is a reconciliation of restricted fund balance reported in the governmental fund financial statements to restricted net position of the governmental activities reported in the government-wide financial statements.

CITY OF CROWLEY, TEXAS
Notes to Financial Statements
September 30, 2023

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Restricted Fund Balance (Exhibit C-1)	\$ 22,225,065
Unspent proceeds from bonds reclassified to net investment in capital assets	(13,063,202)
Deferred tax revenue restricted for debt service	14,889
Restricted net position (Exhibit A-1)	\$ 9,176,752

When an expense is incurred for purposes for which both restricted and unrestricted net position is available, the City’s policy is to apply restricted net position and then unrestricted net position.

10. *Use of Estimates*

The preparation of financial statements, in conformity with Generally Accepted Accounting Principles, requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual amounts could differ from those estimates.

11. *Pensions*

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

NOTE 2: DEPOSITS AND INVESTMENTS

Substantially all operating cash and investments are maintained in consolidated cash and investment accounts. Investment income relating to consolidated investments is allocated to the individual funds monthly based on the funds’ pro-rata share of total cash and investments.

The City’s investment policy authorizes the City to invest in U.S. Treasury obligations, U.S. government agency and instrumentality obligations, certificates of deposit, investment-grade obligations of state, provincial and local governments and public authorities, money market mutual funds regulated by the SEC and local government investment pools wither state-administered or developed through joint powers statutes and other intergovernmental agreement legislation. During the year ended September 30, 2023, the City did not own any types of securities other than those permitted by statute.

The City invests in the TexPool, which is a local government investment pool in the State of Texas. All investments are stated at amortized cost, which is in most cases approximates the market value of the securities. The objective of TexPool is to maintain a stable \$1.00 net asset value; however, the \$1.00 net asset value is not guaranteed or insured by the State of Texas. All TexPool securities are marked to market daily.

CITY OF CROWLEY, TEXAS
Notes to Financial Statements
September 30, 2023

NOTE 2: DEPOSITS AND INVESTMENTS (Continued)

The City’s investments are as follows:

<u>Investment</u>	<u>Credit Rating (1)</u>	<u>Weighted Average Maturities</u>	<u>Percentage of Total Investments</u>	<u>Cost</u>	<u>Fair Value</u>
Investment in TexPool	AAAm	26 days	100.00%	\$ 48,002,933	\$ 48,002,933

(1) Per Standard and Poor’s

Custodial Credit Risk – Deposits

Custodial credit risk is the risk that in the event of a bank failure, the government’s deposits may not be returned to it. The City’s funds are required to be deposited and invested under the terms of a depository contract. The City’s deposits are required to be collateralized with securities held by the pledging institution’s trust department or agent in the City’s name. The pledge of approved securities is waived only to the extent of the depository bank’s dollar amount of Federal Deposit Insurance Corporation (“FDIC”) Insurance. At September 30, 2023, all of the City’s deposits were covered by FDIC Insurance or collateralized with securities held by the bank’s agent in the City’s name.

Credit Risk– Investments

The City controls credit risk by limiting its investments to those instruments allowed by its investment policy.

Interest Rate Risk – Investments

In accordance with its investment policy, the City manages its exposure to declines in fair market values by structuring its investment portfolio so that securities mature to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities on the open market prior to maturity and investing operating funds primarily in shorter-term securities, money market mutual funds or similar investment pools and limiting the average maturity of the portfolio.

The City’s investments at September 30, 2023 included the following:

The following cash and investments in the water and sewer fund are restricted for the following purposes:

	<u>Restricted</u>
Business-type Activities	
Customer deposits	\$ 810,791
Construction - water fund	3,232,303
Total	<u>\$ 4,043,094</u>

CITY OF CROWLEY, TEXAS
Notes to Financial Statements
September 30, 2023

NOTE 3: PROPERTY TAX

The City’s property tax is levied (assessed) each October 1, on the value listed as of the prior January 1, for all real property and personal property located in the City. Taxes are billed and due on October 1 of each year. The last date for payment without penalty is the following January 31. Delinquent penalties are added on February 1 with additional attorney fees being added on July 1. Lien attaches to properties on the January 1 following levy date. Tarrant County bills and collects the general property taxes for the City. In the governmental funds the City’s property tax revenues are recognized when levied to the extent that they result in current receivables available for financing current operations. The remaining receivables are reflected in deferred revenue.

NOTE 4: RECEIVABLES

All receivables are shown net of an allowance for uncollectible accounts. The allowances for uncollectible accounts are based upon historical experience. Property tax, EMS and municipal court allowances for uncollectible accounts are equal to approximately 58%, 56% and 85% of the outstanding balances, respectively, at September 30, 2023. The allowance for water, and sewer trade accounts receivable is equal to the accounts receivable that are inactive (final billed) as of September 30, 2023. Receivables as of year-end for the City’s major and nonmajor funds, including the applicable allowances for uncollectible accounts are as follows:

	General	Debt Service	Capital Projects	Economic Development Corporation	Nonmajor Governmental	Water and Sewer	Stormwater Utility
Receivables:							
Property taxes	\$ 123,091	\$ 35,830	\$ -	\$ -	\$ -	\$ -	\$ -
Other taxes	814,248	-	-	273,352	255,744	-	-
Accounts	866,808	-	-	-	-	1,366,118	77,218
Miscellaneous	1,294,367	-	-	169,401	13	4,709	-
Gross receivables	3,098,514	35,830	-	442,753	255,757	1,370,827	77,218
Less: allowance							
for uncollectibles	(1,469,100)	(20,941)	-	-	-	(206,078)	-
Net total receivables	<u>\$1,629,414</u>	<u>\$ 14,889</u>	<u>\$ -</u>	<u>\$ 442,753</u>	<u>\$ 255,757</u>	<u>\$1,164,749</u>	<u>\$ 77,218</u>

NOTE 5: DEFERRED OUTFLOWS/INFLOWS OF RESOURCES

In addition to assets, the statement of financial position and or balance sheet 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. The City has only three items that qualify for reporting in this category, deferred charges on refunding bonds, deferred outflows related to pensions and deferred outflows related to OPEB reported in the government-wide statement of net position and proprietary fund statement of net position. A deferred charge on refunding results from the difference in the carrying value of the refunded debt and its acquisition price. The amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

In addition to liabilities, the statement of financial position and or balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents acquisition of net position or fund balance that applies to future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The city has two types of

CITY OF CROWLEY, TEXAS
Notes to Financial Statements
September 30, 2023

NOTE 5: DEFERRED OUTFLOWS/INFLOWS OF RESOURCES (Continued)

items that qualifies for reporting in this category, unavailable revenues for governmental funds and deferred inflows related to OPEB in the government-wide statement of net position and proprietary fund statement of net position. At the end of the fiscal year the components of deferred inflows in the governmental funds were as follows:

	General	Debt Service	Total Governmental Funds
Deferred property tax revenue	\$ 51,151	\$ 14,889	\$ 66,040
Deferred franchise tax revenue	242,161	-	242,161
Deferred EMS charges revenue	337,607	-	337,607
Deferred municipal court fees and fines	166,850	-	166,850
	<u>\$ 797,769</u>	<u>\$ 14,889</u>	<u>\$ 812,658</u>

NOTE 6: CAPITAL ASSETS

Capital asset activity for the year ended September 30, 2023 was as follows:

	Beginning Balance	Increases	Decreases	Transfers & Adjustments	Ending Balance
Governmental activities:					
Non - Depreciable Assets:					
Land	\$ 5,243,743	\$ -	\$ (438,189)	\$ -	\$ 4,805,554
Construction in progress	19,518,254	5,936,062	(25,000)	(7,772,412)	17,656,904
Total non-depreciable assets	<u>24,761,997</u>	<u>5,936,062</u>	<u>(463,189)</u>	<u>(7,772,412)</u>	<u>22,462,458</u>
Depreciable Assets:					
Building and improvements	27,490,470	1,624,213	(2,689,648)	4,630,445	31,055,480
Infrastructure/utility system	20,805,952	552,196	-	3,094,847	24,452,995
Equipment and furniture	10,874,197	579,125	(181,086)	47,120	11,319,356
Intangible Right-to-Use					
Lease-Equipment	30,085	215,473	-	-	245,558
Total capital assets being depr	<u>59,200,704</u>	<u>2,971,007</u>	<u>(2,870,734)</u>	<u>7,772,412</u>	<u>67,073,389</u>
Accumulated Depreciation:					
Building and improvements	(11,619,783)	(876,560)	400,676	-	(12,095,667)
Infrastructure/utility system	(14,562,242)	(641,929)	-	-	(15,204,171)
Equipment and furniture	(8,014,680)	(638,837)	181,086	-	(8,472,431)
Accumulated Amortization:					
Intangible Right-to-Use					
Lease-Equipment	(8,352)	(14,637)	-	-	(22,989)
Total accumulated depr/amort	<u>(34,205,057)</u>	<u>(2,171,963)</u>	<u>581,762</u>	<u>-</u>	<u>(35,795,258)</u>
Governmental activities capital assets, net	<u>\$49,757,644</u>	<u>\$ 6,735,106</u>	<u>\$ (2,752,161)</u>	<u>\$ -</u>	<u>\$53,740,589</u>

CITY OF CROWLEY, TEXAS
Notes to Financial Statements
September 30, 2023

NOTE 6: CAPITAL ASSETS (Continued)

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

Governmental activities:		
General government	\$	268,993
Library		63,618
Public safety		356,574
Fire and ambulance		377,838
Public works		704,837
Parks		128,043
Recreation center		224,484
Animal control		47,576
Total depreciation expense - governmental activities	<u>\$</u>	<u>2,171,963</u>

	Beginning Balance	Increases	Decreases	Transfers & Adjustments	Ending Balance
Business-type activities:					
Non - Depreciable Assets:					
Land	\$ 121,751	\$ -	\$ -	\$ -	\$ 121,751
Construction in progress	46,948	6,955,575	-	(6,815,714)	186,809
Total non-depreciable assets	<u>168,699</u>	<u>6,955,575</u>	<u>-</u>	<u>(6,815,714)</u>	<u>308,560</u>
Depreciable Assets:					
Building and improvements	2,289,427	-	-	-	2,289,427
Infrastructure/utility system	21,902,397	-	-	6,815,714	28,718,111
Equipment and furniture	3,099,311	-	-	-	3,099,311
Total capital assets being depr	<u>27,291,135</u>	<u>-</u>	<u>-</u>	<u>6,815,714</u>	<u>34,106,849</u>
Accumulated Depreciation:					
Building and improvements	(908,376)	(70,389)	-	-	(978,765)
Infrastructure/utility system	(11,256,059)	(804,408)	-	-	(12,060,467)
Equipment and furniture	(2,543,015)	(106,571)	-	-	(2,649,586)
Total accumulated depreciation	<u>(14,707,450)</u>	<u>(981,368)</u>	<u>-</u>	<u>-</u>	<u>(15,688,818)</u>
Business-type activities capital assets, net	<u>\$ 12,752,384</u>	<u>\$ 5,974,207</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 18,726,591</u>

Depreciation expense was charged to functions/programs of the business-type activities as follows:

Business-type activities:		
Water and sewer	\$	920,715
Stormwater utility		60,653
Total depreciation expense - business-type activities	<u>\$</u>	<u>981,368</u>

CITY OF CROWLEY, TEXAS
Notes to Financial Statements
September 30, 2023

NOTE 7: INTERFUND RECEIVABLE, PAYABLES AND TRANSFERS

The composition of interfund balances for the City’s individual major funds and nonmajor funds at September 30, 2023, is as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>	<u>Purpose</u>
General	Crime Control & Prevention	\$ 55,491	Crime Control Expenses.
Total governmental funds		<u>\$ 55,491</u>	

The composition of interfund transfers for the City’s individual major funds and nonmajor funds at September 30, 2023, is as follows:

<u>Transfer In</u>	<u>Transfer Out</u>	<u>Amount</u>	<u>Purpose</u>
General	Water and Sewer	\$ 580,466	Use unrestricted revenues collected in the water and sewer fund to finance various general fund programs in accordance with budgetary authorization.
Crime Control	General	66,691	Public safety
Grant fund	General	55,392	Fire and ambulance
Capital projects	Stormwater Utility	1,340,501	For Main street project expenses.
Total governmental funds transfers in		<u>\$ 2,043,050</u>	
Internal Service Fund	General	<u>\$ 204,594</u>	Self-funded health insurance

NOTE 8: GOVERNMENTAL ACTIVITIES LONG-TERM DEBT

The general obligation bonds and certificates of obligation bonds principal and interest are paid by the debt service fund, economic development corporation and crime control and prevention district while the sales tax revenue bonds are paid solely by the economic development corporation. Repayment of principal and interest maturities is principally made from property and sales tax revenues. Also, for governmental activities, compensated absences, pension liability and other postemployment benefit liability are generally liquidated by the general fund.

CITY OF CROWLEY, TEXAS
Notes to Financial Statements
September 30, 2023

NOTE 8: GOVERNMENTAL ACTIVITIES LONG-TERM DEBT (continued)

As of September 30, 2023, the City had the following governmental activities long-term debt outstanding:

	<u>09/30/2022</u>	<u>Additions</u>	<u>Retirements</u>	<u>09/30/2023</u>	<u>Due Within One Year</u>
General Obligation Bonds					
Direct Placements					
\$4,920,000; General Obligation Refunding Bonds, Series 2013, due in semi-annual installments from 2/1/2014; 2.19% until 2/1/2025.	\$ 1,250,000	\$ -	\$ 485,000	\$ 765,000	\$ 500,000
Total	1,250,000	-	485,000	765,000	500,000
Not Direct Placements					
\$590,000; General Obligation Refunding Bonds, Series 2012A; due in semi-annual installments from 2/1/2014; 2.00% 3.00% until 2/1/2023.	70,000	-	70,000	-	-
Series 2012A unamortized bond premium	4,992	-	4,992	-	-
\$4,745,000; General Obligation Refunding Bonds, Series 2017, due in semi-annual installments from 2/1/2018; 3.00% until 2/1/2029.	3,450,000	-	450,000	3,000,000	460,000
Series 2017 unamortized bond premium	143,653	-	20,940	122,713	20,940
\$2,580,000; General Obligation Refunding Bonds, Series 2021, due in semi-annual installments from 2/1/2023; 2.00% - 5.00% until 2/1/2032.	2,580,000	-	225,000	2,355,000	230,000
Series 2021 unamortized bond premium	307,968	-	51,602	256,366	48,904
Total	<u>6,556,613</u>	<u>-</u>	<u>822,534</u>	<u>5,734,079</u>	<u>759,844</u>
Total General Obligation Bonds	<u>\$ 7,806,613</u>	<u>\$ -</u>	<u>\$ 1,307,534</u>	<u>\$ 6,499,079</u>	<u>\$ 1,259,844</u>

CITY OF CROWLEY, TEXAS
Notes to Financial Statements
September 30, 2023

NOTE 8: GOVERNMENTAL ACTIVITIES LONG-TERM DEBT (Continued)

	<u>09/30/2022</u>	<u>Additions</u>	<u>Retirements</u>	<u>09/30/2023</u>	<u>Due Within One Year</u>
Certificates of Obligation					
\$2,970,000; Combination Tax and Limited Pledge Revenue Certificates of Obligation, Series 2016 due in annual installments from 2/1/17;					
2.00% - 3.00% until 2/1/2025.					
	2,280,000	-	140,000	2,140,000	145,000
Series 2016 unamortized premium	50,870	-	3,633	47,237	3,633
\$11,080,000; Combination and Limited Pledge Revenue Certificates of Obligation, Series 2018 due in annual installments from 8/1/19;					
3.50% - 5.00% until 8/1/2038.					
	9,725,000	-	430,000	9,295,000	455,000
Series 2018 unamortized premium	484,900	-	30,307	454,593	30,307
\$3,000,000; Combination and Limited Pledge Revenue Certificates of Obligation, Series 2020 due in annual installments from 2/1/21;					
3.00% - 6.00% until 2/1/2040.					
	2,875,000	-	105,000	2,770,000	115,000
Series 2020 unamortized premium	71,415	-	3,968	67,447	3,968
\$12,885,000; Combination and Limited Pledge Revenue Certificates of Obligation, Series 2021 due in annual installments from 2/1/22;					
2.00% - 5.00% until 2/1/2041.					
	12,750,000	-	105,000	12,645,000	260,000
Series 2021 unamortized premium	1,171,002	-	61,632	1,109,370	58,388
Total Certificates of Obligation	<u>\$ 29,408,187</u>	<u>\$ -</u>	<u>\$ 879,540</u>	<u>\$ 28,528,647</u>	<u>\$ 1,071,296</u>
Revenue Bonds					
\$2,180,000; Sales Tax Revenue Bonds, Taxable Series 2016 due in annual installments from 8/1/17; 3.00% - 5.00% until 8/1/2031.					
	\$ 1,495,000	\$ -	\$ 140,000	\$ 1,355,000	\$ 145,000
Series 2016 unamortized premium	91,255	-	10,139	81,116	10,139
Total Revenue Bonds	<u>\$ 1,586,255</u>	<u>\$ -</u>	<u>\$ 150,139</u>	<u>\$ 1,436,116</u>	<u>\$ 155,139</u>
Leases	<u>\$ 22,058</u>	<u>\$ 215,473</u>	<u>\$ 23,261</u>	<u>\$ 214,270</u>	<u>\$ 12,237</u>
Total OPEB liability	<u>\$ 343,254</u>	<u>\$ -</u>	<u>\$ 109,696</u>	<u>\$ 233,558</u>	<u>\$ 4,344</u>
Net pension liability	<u>\$ 1,489,291</u>	<u>\$ 3,711,632</u>	<u>\$ -</u>	<u>\$ 5,200,923</u>	<u>\$ -</u>
Compensated absences	<u>\$ 579,249</u>	<u>\$ 402,778</u>	<u>\$ 417,059</u>	<u>\$ 564,968</u>	<u>\$ 406,777</u>
Total Governmental Activities	<u>\$ 41,234,907</u>	<u>\$ 4,329,883</u>	<u>\$ 2,887,229</u>	<u>\$ 42,677,561</u>	<u>\$ 2,909,637</u>

CITY OF CROWLEY, TEXAS
Notes to Financial Statements
September 30, 2023

NOTE 8: GOVERNMENTAL ACTIVITIES LONG-TERM DEBT (Continued)

The aggregate debt service payments to maturity of the governmental activities general obligation bonds (not direct placement), certificates of obligation bonds and sales tax revenue bonds are as follows:

Year Ending September 30,	<u>General Obligation</u>		<u>Certificates of Obligation</u>		<u>Sales Tax Revenue Bonds</u>		Total
	Principal	Interest	Principal	Interest	Principal	Interest	
2024	\$ 690,000	\$ 167,975	\$ 975,000	\$ 901,219	\$ 145,000	\$ 63,250	\$ 2,942,444
2025	710,000	148,706	1,205,000	852,669	150,000	57,450	3,123,825
2026	730,000	128,244	1,325,000	794,653	155,000	51,450	3,184,347
2027	750,000	104,150	1,390,000	731,280	165,000	45,250	3,185,680
2028	780,000	76,200	1,455,000	665,426	170,000	37,000	3,183,626
2029 - 2033	1,695,000	90,225	8,260,000	2,351,568	570,000	58,000	13,024,793
2034 - 2038	-	-	9,185,000	1,021,286	-	-	10,206,286
2039 - 2043	-	-	3,055,000	96,963	-	-	3,151,963
Total debt service requirements	5,355,000	715,500	26,850,000	7,415,064	1,355,000	312,400	42,002,964
Add: Unamortized premium	379,079	-	1,678,647	-	81,116	-	2,138,842
	<u>\$ 5,734,079</u>	<u>\$ 715,500</u>	<u>\$ 28,528,647</u>	<u>\$ 7,415,064</u>	<u>\$ 1,436,116</u>	<u>\$ 312,400</u>	<u>\$ 44,141,806</u>

Governmental bonds from direct placements include a provision that in the event the City defaults in the payments or performance of covenants, conditions, or obligations, the holders of the bonds shall be entitled to seek a writ of mandamus issued by a court of proper jurisdiction compelling and requiring the governing body of the City to observe and perform the covenant, condition and obligation prescribed by the bond ordinance.

Year Ending September 30,	<u>General Obligation</u>		Total
	Principal	Interest	
2024	\$ 500,000	\$ 11,279	\$ 511,279
2025	265,000	2,902	267,902
Total debt service requirements	<u>\$ 765,000</u>	<u>\$ 14,181</u>	<u>\$ 779,181</u>

CITY OF CROWLEY, TEXAS
Notes to Financial Statements
September 30, 2023

NOTE 9: BUSINESS-TYPE ACTIVITIES LONG-TERM DEBT

	<u>09/30/2022</u>	<u>Additions</u>	<u>Retirements</u>	<u>09/30/2023</u>	<u>Due Within One Year</u>
General Obligation Bonds					
\$1,945,000; General Obligation Refunding Bonds, Series 2012A; due in semi-annual installments from 2/1/2014; 2.00% 3.00% until 2/1/2023.	\$ 230,000	\$ -	\$ 230,000	\$ -	\$ -
Series 2012A unamortized bond premium	18,609	-	18,609	-	-
\$1,800,000; General Obligation Refunding Bonds, Series 2017, due in semi-annual installments from 2/1/2018; 3.00% until 2/1/2029.	1,305,000	-	170,000	1,135,000	170,000
Series 2017 unamortized bond premium	54,451	-	7,778	46,673	7,778
\$1,405,000; General Obligation Refunding Bonds, Series 2020, due in semi-annual installments from 2/1/2022; 1.31% until 2/1/2031.	1,270,000	-	135,000	1,135,000	135,000
Total General Obligation Bonds	<u>\$ 2,878,060</u>	<u>\$ -</u>	<u>\$ 561,387</u>	<u>\$ 2,316,673</u>	<u>\$ 312,778</u>
Certificates of Obligation					
\$2,965,000; Combination Tax and Limited Pledge Revenue Certificates of Obligation, Series 2016 due in annual installments from 2/1/17; 2.00% - 3.00% until 2/1/2025.	2,280,000	-	165,000	2,115,000	140,000
Series 2016 unamortized premium	49,910	-	3,825	46,085	3,825
\$7,810,000; Combination Tax and Limited Pledge Revenue Certificates of Obligation, Series 2019 due in annual installments from 2/1/20; 2.00% - 5.00% until 2/1/2039.	6,920,000	-	315,000	6,605,000	330,000
Series 2019 unamortized premium	275,631	-	16,214	259,417	16,214
Total Certificates of Obligation	<u>\$ 9,525,541</u>	<u>\$ -</u>	<u>\$ 500,039</u>	<u>\$ 9,025,502</u>	<u>\$ 490,039</u>
Total OPEB liability	<u>\$ 25,836</u>	<u>\$ -</u>	<u>\$ 8,256</u>	<u>\$ 17,580</u>	<u>\$ 327</u>
Net pension liability	<u>\$ 112,096</u>	<u>\$ 279,370</u>	<u>\$ -</u>	<u>\$ 391,466</u>	<u>\$ -</u>
Compensated absences	<u>\$ 36,362</u>	<u>\$ 31,361</u>	<u>\$ 26,181</u>	<u>\$ 41,542</u>	<u>\$ 29,910</u>
Total Business-Type Activities	<u>\$ 12,577,895</u>	<u>\$ 310,731</u>	<u>\$ 1,095,863</u>	<u>\$ 11,792,763</u>	<u>\$ 833,054</u>

CITY OF CROWLEY, TEXAS
Notes to Financial Statements
September 30, 2023

NOTE 9: BUSINESS-TYPE ACTIVITIES LONG-TERM DEBT (Continued)

The aggregate debt service requirements to maturity for business-type activities general obligation bonds and certificates of obligation outstanding as of September 30, 2023, are as follows:

Year Ending September 30,	<u>General Obligation</u>		<u>Certificates of Obligation</u>		Total
	Principal	Interest	Principal	Interest	
2024	\$ 305,000	\$ 46,409	\$ 470,000	\$ 213,895	\$ 1,035,304
2025	315,000	39,166	485,000	197,970	1,037,136
2026	330,000	31,352	500,000	183,858	1,045,210
2027	335,000	23,505	520,000	166,431	1,044,936
2028	345,000	15,714	535,000	148,354	1,044,068
2029 - 2033	640,000	11,646	2,880,000	541,045	4,072,691
2034 - 2038	-	-	2,840,000	213,810	3,053,810
2039 - 2043	-	-	490,000	6,003	496,003
Total debt service requirements	2,270,000	167,792	8,720,000	1,671,366	12,829,158
Add: Unamortized premium	46,673	-	305,502	-	352,175
	<u>\$ 2,316,673</u>	<u>\$ 167,792</u>	<u>\$ 9,025,502</u>	<u>\$ 1,671,366</u>	<u>\$ 13,181,333</u>

The various bond ordinances contain a number of limitations and restrictions. Management believes the City is in compliance with all significant limitation and restrictions at September 30, 2023.

NOTE 10: LEASES

With the implementation of Governmental Accounting Standards Board Statement No. 87, *Leases*, a lease meeting the criteria of this statement requires the lessee to recognize a lease liability and an intangible right to use asset. The City, as a lessee, has entered into lease agreements involving copiers, postage machine and parking lot. The total of the City's leased assets is recorded at cost of \$245,558 less accumulated amortization of \$22,989.

Lease agreements are summarized as follows:

Description	Date	Payment Terms	Payment Amount	Interest Rate	Total Lease Liability	Balance 09/30/23
Copier	10/27/20	60 months	\$ 223	3.45%	\$ 10,192	\$ 5,379
Copier	05/01/21	60 months	\$ 185	3.18%	9,474	5,509
Postage Machine	07/02/19	60 months	\$ 326	2.36%	10,419	2,908
Parking Lot	03/01/23	20 years	\$ 15,000	5.13%	215,473	200,473
					<u>\$ 245,558</u>	<u>\$ 214,269</u>

CITY OF CROWLEY, TEXAS
Notes to Financial Statements
September 30, 2023

NOTE 10: LEASES (Continued)

The future lease payments under lease agreements are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Totals</u>
2024	\$ 12,237	\$ 10,604	\$ 22,841
2025	9,726	10,177	19,903
2026	6,718	9,802	16,520
2027	5,479	9,521	15,000
2028-2032	31,913	43,087	75,000
2033-2037	57,602	32,398	90,000
2038-2042	90,594	14,407	105,001
	<u>\$ 214,269</u>	<u>\$ 129,996</u>	<u>\$ 344,265</u>

At September 30, 2023, the amount of interest cost incurred and expensed was \$559.

NOTE 11: RISK MANAGEMENT

The City is exposed to various risk of loss related to torts; theft of, damage to and destruction of assets, errors and omissions; injuries to employees; and natural disasters. The City is a member of the Texas Municipal League and participates in the Intergovernmental Risk Pool insurance coverage and are 100% covered through third-party insurance policies. The City has maintained insurance coverage in all major categories of risk comparable to that of the prior year with not reduction in coverage. The amount of settlements during the past three years has not exceeded the insurance coverage.

NOTE 12: DEFINED BENEFIT PENSION PLANS

Plan Description

The City participates in one of 919 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 TRMS 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 based on the sum of the member's contributions, with interest, and the city-financed monetary credits with interest, and their age at retirement and other actuarial factors. The retiring member may select one of seven monthly benefit 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 Member contributions and interest.

CITY OF CROWLEY, TEXAS
Notes to Financial Statements
September 30, 2023

NOTE 12: DEFINED BENEFIT PENSION PLANS (Continued)

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

	Plan Year 2022
Employee deposit rate	6%
Matching ratio (city to employee)	2-1
Years required for vesting	5
Service retirement eligibility (expressed as age/years of service)	60/5, 0/20
Updated service credit	100%
Annuity increase (to retirees)	70% of CPI

Employees Covered by Benefit Terms

At the December 31, 2022 valuation and measurement date, the following employees were covered by the benefit terms:

Active employees	125
Inactive employees or beneficiaries currently receiving benefits	70
Inactive employees entitled to but not yet receiving benefits	107
	302

Contributions

Member contribution rates in TMRS are either 5%, 6%, or 7% of the member's total compensation, and the city matching ratios are either 1:1 (1 to 1), 1.5:1 (1½ to 1), or 2:1 (2 to 1), 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 6% of their annual gross earnings during the fiscal year. The contribution rates for the City were 11.47% and 11.30% in calendar years 2021 and 2022, respectively. The city's contributions to TMRS for the year ended September 30, 2023, were \$1,141,720, and were equal to the required contributions.

Net Pension Liability

The City's Net Pension Liability (NPL) was measured as of December 31, 2022, 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, 2022 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	

CITY OF CROWLEY, TEXAS
Notes to Financial Statements
September 30, 2023

NOTE 12: DEFINED BENEFIT PENSION PLANS (continued)

Salary increases are based on a service-related table. Mortality rates for active members are based on the PUB(10) mortality tables with Public Safety table used for males and the General Employee table used for females. Mortality rates for healthy retirees and beneficiaries are based on the Gender-distinct 2019 Municipal Retirees of Texas mortality tables. The rates for actives, healthy retirees and beneficiaries are projected on a fully generational basis by Scale UMP to account for future mortality improvements. For disabled annuitants, the same mortality tables for healthy retirees are used with a 4-year set-forward for males and a 3-year set-forward for females. In addition, a 3.5% and a 3.0% minimum mortality rate is applied, for males and females respectively, to reflect the impairment for younger members who become disabled. The rates are projected on a fully generational basis by Scale UMP to account for future mortality improvements subject to the floor.

The actuarial assumptions were developed primarily from the actuarial investigation of the experience of TMRS over the four-year period from December 31, 2014 to December 31, 2018. The assumptions were adopted in 2019 and first used in the December 31, 2019 actuarial valuation. The post-retirement mortality assumption for Annuity Purchase Rates (APRs) is based on the Mortality Experience Investigation Study covering 2009 through 2011 and dated December 31, 2013. Plan assets are managed on a total return basis with an emphasis on both capital appreciation as well as the production of income to satisfy the short-term and long-term funding needs to TMRS.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. In determining the best estimate of a recommended investment return assumption under the various alternative asset allocation portfolios, GRS focused on the are between (1) arithmetic mean (aggressive) without an adjustments for time (conservative) and (2) the geometric mean (conservative) with an adjustment for time (aggressive). The target allocation and best estimates of real rates of return for each major asset class in fiscal year 2022 are summarized in the following table:

<u>Assest Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Rate of Return (Arithmetic)</u>
Global Equity	35.00%	7.70%
Core Fixed Income	6.00%	4.90%
Non-Core Fixed Income	20.00%	8.70%
Other Public and Private Markets	12.00%	8.10%
Real Estate	12.00%	5.80%
Hedge Funds	5.00%	6.90%
Private Equity	10.00%	11.80%
Total	<u>100.00%</u>	

CITY OF CROWLEY, TEXAS
Notes to Financial Statements
September 30, 2023

NOTE 12: DEFINED BENEFIT PENSION PLANS (Continued)

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.

Changes in the Net Pension Liability

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
	(a)	(b)	(a) - (b)
Balance at 12/31/21	\$ 26,666,705	\$ 25,065,317	\$ 1,601,388
Changes for the year:			
Service cost	1,260,544	-	1,260,544
Interest	1,818,125	-	1,818,125
Changes in net benefit terms	-	-	-
Difference between expected and actual experience	593,816	-	593,816
Change of assumptions	-	-	-
Contributions - employer	-	981,693	(981,693)
Contributions - employee	-	527,792	(527,792)
Net investment income	-	(1,831,064)	1,831,064
Benefit payments, including refunds of employee contributions	(723,583)	(723,583)	-
Administrative expense	-	(15,833)	15,833
Other changes	-	18,895	(18,895)
Net changes	<u>2,948,902</u>	<u>(1,042,100)</u>	<u>3,991,002</u>
Balance at 12/31/22	<u>\$ 29,615,607</u>	<u>\$ 24,023,217</u>	<u>\$ 5,592,390</u>

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

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

	1% Decrease in Discount Rate (5.75%)	Discount Rate (6.75%)	1% Increase in Discount Rate (7.75%)
City's Net Pension Liability	\$10,449,227	\$5,592,390	\$1,684,304

CITY OF CROWLEY, TEXAS
Notes to Financial Statements
September 30, 2023

NOTE 12: DEFINED BENEFIT PENSION PLANS (Continued)

Pension Plan Fiduciary Net Position

Detailed information about the pension plan’s Fiduciary Net Position is available in the Schedule of Changes in Fiduciary Net Position, by Participating City. That report may be obtained at *trms.com*.

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

For the year ended September 30, 2023, the City recognized pension expense of \$1,735,510.

At September 30, 2023, 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
Difference in expected and actual experience	\$ 690,892	\$ -
Difference in assumption changes	6,990	-
Difference in projected and actual earnings	1,640,306	-
Contributions subsequent to the measurement date	889,730	-
Total	\$ 3,227,918	\$ -

\$889,730 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 September 30, 2024. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended September 30:	
2023	\$ 450,214
2024	650,199
2025	533,182
2026	704,593
Thereafter	-
	\$ 2,338,188

NOTE 13. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)

Plan Description

The City’s defined benefit OPEB plan, Supplemental Death Benefits Fund (SDBF), provides OPEB for active employees and retirees. The SDBF is a single employer defined benefit plan administered by the Texas Municipal Retirement System (TMRS). This is a voluntary program in which participating member cities may elect, by ordinance, to provide group-term life insurance benefit for their active members, including or not including retirees.

CITY OF CROWLEY, TEXAS
Notes to Financial Statements
September 30, 2023

NOTE 13. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (Continued)

The City may terminate coverage and discontinue participation in the SDBF by adopting an ordinance before November 1 of any year to be effective the following January 1. No assets are accumulated in a trust that meets the criteria in paragraph 4 of *GASB Statement No. 75*.

Benefits Provided

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

At December 31, 2022 valuation and measurement date, the following employees were covered by the benefit terms:

Active employees	125
Inactive employees currently receiving benefits	37
Inactive employees entitled to but not yet receiving benefits	18
	180

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.

Total OPEB Liability

The City's Total OPEB Liability of \$251,138 was measured as of December 31, 2022 and was determined by an actuarial valuation as of that date.

Actuarial Assumptions and Other Inputs

The Total OPEB Liability in the December 31, 2022 actuarial valuation was determined using actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.50% per year
Overall payroll growth	3.50% to 11.50% including inflation
Retiree's share of benefit-related costs	\$0

All administrative expenses are paid through the Pension Trust and accounted for under reporting requirements under GASB Statement No. 68.

Mortality rates for service retirees were based on the 2019 Municipal Retirees of Texas Mortality Tables. The rates are projected on a fully generational basis with scale UMP.

CITY OF CROWLEY, TEXAS
Notes to Financial Statements
September 30, 2023

NOTE 13. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (Continued)

Mortality rates for disabled retirees were based on 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 scale UMP to account for future mortality improvements subject to the floor.

The actuarial assumptions used in the December 31, 2022 valuation were based on the results of an actuarial experience study for the period December 31, 2014 to December 31, 2018.

Discount Rate

The discount rate used to measure the Total OPEB Liability was 4.05%. The discount rate was based on the Fidelity Index’s “20-Year Municipal GO AA Index” rate as of December 31, 2022.

Changes in the Total OPEB Liability

	Total OPEB Liability
Balance at 12/31/21	\$ 369,090
Changes for the year:	
Service cost	29,029
Interest	7,010
Changes in net benefit terms	-
Difference between expected and actual experience	(10,508)
Changes of assumptions or other inputs	(138,205)
Benefit payments**	(5,278)
Net changes	(117,952)
Balance at 12/31/22	\$ 251,138

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

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

The following presents the total OPEB liability of the City, calculated using the discount rate of 4.05%, as well as what the City’s total OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (3.05%) or 1 percentage point higher (5.05%) than the current rate:

	1% Decrease in Discount Rate 3.05%	Discount Rate 4.05%	1% Increase in Discount Rate 5.05%
City's Total OPEB Liability	\$303,763	\$251,138	\$210,327

CITY OF CROWLEY, TEXAS
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September 30, 2023

NOTE 13. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (Continued)

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

For the year ended September 30, 2023, the City recognized OPEB expense of \$22,486.

At September 30, 2023, the City reported deferred outflows of resources and deferred outflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference in expected and actual experience	\$ -	\$ 35,254
Difference in assumption changes	58,196	120,616
Contributions subsequent to the measurement date	13,950	-
Total	\$ 72,146	\$ 155,870

Amounts reported as deferred outflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ended September 30:

2023	\$ (13,841)
2024	(16,040)
2025	(14,329)
2026	(25,661)
2027	(24,182)
Thereafter	(3,621)
	\$ (97,674)

NOTE 14: CONTINGENT LIABILITIES

Federal and State Programs

Federal and state funding received related to various grant programs are based upon periodic reports detailing reimbursable expenditures made, in compliance with program guidelines, to the grantor agency.

These programs are governed by various statutory rules and regulations of grantors. Amounts received and receivable under these various funding programs are subject to periodic audit and adjustment by the funding agencies. To the extent, if any, the City has not complied with all the rules and regulations with respect to performance, financial or otherwise, adjustment to or return of fund monies may be required.

As it pertains to other matters of compliance, in the opinion of the City's administration, there are no significant contingent liabilities relating to matters of compliance and accordingly, no provision has been made in the accompanying financial statements for such contingencies.

Litigation

Various claims and lawsuits are pending against the City. Although the outcome of these lawsuits is not presently determinable, it is the opinion of City management and legal counsel that the potential loss on all claims will be covered by the City's insurance policy or will not have a material adverse effect on the financial condition of the City.

CITY OF CROWLEY, TEXAS
Notes to Financial Statements
September 30, 2023

NOTE 15: CONTRACTS AND COMMITMENTS

A. Water and Sewer Contracts

The City has separate contracts with the City of Fort Worth, Texas for the purchase of treated water and for the treatment of wastewater. The contracts require the City to pay varying amounts based on the costs associated with water purchased and treated. Purchases during 2023 of treated water were \$1,965,935 and for the treatment of wastewater were \$1,509,242.

B. Construction Contracts

The City entered into a \$5,313,519 construction contract for the Downtown Plaza project. The project is being funded by bond money and CSLFRF funds. Expenditures as of September 30, 2023 were \$4,591,717.

The City entered into a \$7,998,017 construction contract for the Main Street project. The project is being funded by Texas Department of Transportation up to \$4,500,000 and the rest will be funded by bond money. Expenditures as of September 30, 2023 were \$7,857,216.

NOTE 16: CORONAVIRUS LOCAL FISCAL RECOVERY FUND

Under the American Rescue Plan Act of 2021, the Coronavirus State and Local Fiscal Recovery Fund (CSLFRF) provides emergency funding for eligible local governments. The U.S. Treasury manages the distribution of these funds to Texas counties and cities with populations above 50,000. Cities, villages, towns, and townships serving populations of less than 50,000 are classified as non-entitlement units of local government (NEUs) and will receive funding distributed by TDEM. The City received a total award amount of \$4,078,556 as of September 30, 2023. To date the City spent \$3,048,343 of the funds to address the negative economic impact caused by COVID-19 pandemic. \$1,030,213 of the funds have not been spent and are reported as unearned revenue.

NOTE 18: SUBSEQUENT EVENTS

Subsequent events were evaluated through February 6, 2024, which is the date the financial statements were available to be issued.

NOTE 19: NEW ACCOUNTING PRONOUNCEMENTS

GASB Statement No. 96, Subscription-Based Information Technology Arrangements was effective for the fiscal year ended September 30, 2023. The City has entered into subscription-based technology information technology arrangements involving:

- A SCADA (Supervisory Control and Data Acquisition) water service suite regarding the City's water system and electronic water meter reading software
- Law enforcement, fire and EMS software
- Document imaging software
- Accounting, payroll services and server software subscriptions

The City has outflows of resources during the fiscal year totaling \$141,616 that are not included in the measurement of a subscription liability. The City's software subscriptions are not commitments longer than twelve months; therefore a subscription liability is not calculated.

REQUIRED SUPPLEMENTARY INFORMATION

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CITY OF CROWLEY, TEXAS
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
General Fund
For the Year Ended September 30, 2023

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Taxes:				
Property	\$ 7,530,387	\$ 7,530,387	\$ 7,479,903	\$ (50,484)
Sales	2,871,000	2,871,000	2,997,794	126,794
Franchise	790,500	790,500	871,965	81,465
Charges for service	2,070,915	2,070,915	2,235,034	164,119
Fees and fines	835,850	835,850	1,344,995	509,145
Licenses and permits	764,375	764,375	757,268	(7,107)
Grants and contributions	393,375	393,375	2,939,015	2,545,640
Oil & gas revenue	-	-	134,600	134,600
Investment earnings	35,000	312,953	1,860,725	1,547,772
Other revenue	14,700	14,700	507,765	493,065
Total revenues	<u>15,306,102</u>	<u>15,584,055</u>	<u>21,129,064</u>	<u>5,545,009</u>
EXPENDITURES				
Administrative and finance	1,152,296	1,162,053	1,217,657	(55,604)
Municipal court	276,917	276,917	269,317	7,600
Library	685,661	696,991	700,888	(3,897)
Senior center	40,355	40,355	37,036	3,319
Public safety	4,267,175	4,269,913	4,510,949	(241,036)
Fire and ambulance	4,669,905	4,669,905	4,650,717	19,188
Public works	722,620	761,884	809,301	(47,417)
Parks	683,226	715,031	581,920	133,111
Recreation Center	761,215	772,146	753,955	18,191
Animal Control	367,055	367,055	371,865	(4,810)
Code enforcement	97,630	97,630	95,783	1,847
Community development	501,960	505,960	644,381	(138,421)
Community center	13,468	13,468	13,941	(473)
Sanitation	991,700	991,700	1,015,291	(23,591)
Nondepartmental	820,330	823,068	847,054	(23,986)
Capital outlay	-	-	2,558,928	(2,558,928)
Debt service:				
Principal	-	-	8,261	(8,261)
Interest and fiscal charges	-	-	559	(559)
Total expenditures	<u>16,051,513</u>	<u>16,164,076</u>	<u>19,087,803</u>	<u>(2,923,727)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(745,411)</u>	<u>(580,021)</u>	<u>2,041,261</u>	<u>2,621,282</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	580,466	580,466	580,466	-
Transfers out	-	-	(326,677)	(326,677)
Total other financing sources (uses)	<u>580,466</u>	<u>580,466</u>	<u>253,789</u>	<u>(326,677)</u>
Net change in fund balances	(164,945)	445	2,295,050	2,294,605
Fund balance - beginning	<u>12,068,556</u>	<u>12,068,556</u>	<u>12,068,556</u>	<u>-</u>
Fund balance - ending	<u>\$ 11,903,611</u>	<u>\$ 12,069,001</u>	<u>\$ 14,363,606</u>	<u>\$ 2,294,605</u>

The accompanying notes to the required supplementary information are an integral part of this schedule.

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CITY OF CROWLEY, TEXAS
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
Economic Development Corporation
For the Year Ended September 30, 2023

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Sales tax	\$ 1,400,500	\$ 1,400,500	\$ 1,492,635	\$ 92,135
Other revenue	400,796	400,796	54,467	(346,329)
Investment earnings	8,000	8,000	179,950	171,950
Total revenues	<u>1,809,296</u>	<u>1,809,296</u>	<u>1,727,052</u>	<u>(82,244)</u>
EXPENDITURES				
Administrative	391,216	391,216	236,710	154,506
Economic development	69,000	69,000	86,799	(17,799)
Capital outlay	-	-	3,773,170	(3,773,170)
Debt service				
Principal	400,000	400,000	400,000	-
Interest and fiscal charges	312,725	312,725	313,473	(748)
Total expenditures	<u>1,172,941</u>	<u>1,172,941</u>	<u>4,825,152</u>	<u>(3,652,211)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>636,355</u>	<u>636,355</u>	<u>(3,098,100)</u>	<u>(3,734,455)</u>
OTHER FINANCING SOURCES (USES)				
Proceeds from the sale of capital assets	-	-	3,245,132	3,245,132
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>3,245,132</u>	<u>3,245,132</u>
Net change in fund balances	636,355	636,355	147,032	(489,323)
Fund balance - beginning	<u>3,268,733</u>	<u>3,268,733</u>	<u>3,268,733</u>	<u>-</u>
Fund balance - ending	<u>\$ 3,905,088</u>	<u>\$ 3,905,088</u>	<u>\$ 3,415,765</u>	<u>\$ (489,323)</u>

The accompanying notes to the required supplementay information are an integral part of this schedule.

CITY OF CROWLEY, TEXAS
Schedule of Changes in Net Pension Liability and Related Ratios
Last 10 Years (will ultimately be displayed)

	2014	2015	2016	2017
Total Pension Liability				
Service cost	\$ 689,124	\$ 737,801	\$ 761,876	\$ 809,245
Interest (on the Total Pension Liability)	961,835	1,028,535	1,094,661	1,165,642
Changes in net benefit terms (TMRS Plan Participation)	-	-	-	-
Difference between expected and actual experience	(314,507)	199,815	(171,608)	143,078
Change of assumptions	-	22,670	-	-
Benefit payments, including refunds of employee contributions	(332,931)	(482,919)	(471,107)	(842,986)
Net change in total pension liability	1,003,521	1,505,902	1,213,822	1,274,979
Total pension liability - beginning	13,562,397	14,565,918	16,071,820	17,285,642
Total pension liability - ending	<u>\$ 14,565,918</u>	<u>\$ 16,071,820</u>	<u>\$ 17,285,642</u>	<u>\$ 18,560,621</u>
Plan Fiduciary Net Position				
Contributions - employer	\$ 509,970	\$ 560,076	\$ 547,783	\$ 612,770
Contributions - employee	301,460	316,426	320,340	341,694
Net investment income	679,713	19,225	906,744	2,039,047
Benefit payments, including refunds of employee contributions	(332,931)	(482,919)	(471,107)	(842,986)
Administrative expense	(7,095)	(11,712)	(10,251)	(10,575)
Other	(583)	(578)	(552)	(537)
Net change in plan fiduciary net position	1,150,534	400,518	1,292,957	2,139,413
Plan fiduciary net position - beginning	11,879,419	13,029,953	13,430,471	14,723,428
Plan fiduciary net position - ending	<u>\$ 13,029,953</u>	<u>\$ 13,430,471</u>	<u>\$ 14,723,428</u>	<u>\$ 16,862,841</u>
Net Pension Liability	<u>\$ 1,535,965</u>	<u>\$ 2,641,349</u>	<u>\$ 2,562,214</u>	<u>\$ 1,697,780</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	89.46%	83.57%	85.18%	90.85%
Covered-employee Payroll	\$ 5,024,334	\$ 5,273,772	\$ 5,339,006	\$ 5,694,899
Net Pension Liability as a Percentage of Covered Employee Payroll	30.57%	50.08%	47.99%	29.81%

The accompanying notes to the required supplementay information are an integral part of this schedule.

Exhibit E-3

2018	2019	2020	2021	2022
\$ 885,458	\$ 945,202	\$ 1,041,224	\$ 1,105,570	\$ 1,260,544
1,262,609	1,379,106	1,517,914	1,642,311	1,818,125
-	-	-	-	-
234,189	331,400	11,496	535,035	593,816
-	106,850	-	-	-
<u>(596,064)</u>	<u>(776,423)</u>	<u>(731,880)</u>	<u>(787,913)</u>	<u>(723,583)</u>
1,786,192	1,986,135	1,838,754	2,495,003	2,948,902
18,560,621	20,346,813	22,332,948	24,171,702	26,666,705
<u>20,346,813</u>	<u>22,332,948</u>	<u>24,171,702</u>	<u>26,666,705</u>	<u>29,615,607</u>
\$ 658,211	\$ 713,371	\$ 800,661	\$ 882,120	\$ 981,693
371,521	397,422	438,718	467,142	527,792
(504,971)	2,593,887	1,495,595	2,829,491	(1,831,064)
(596,064)	(776,423)	(731,880)	(787,913)	(723,583)
(9,762)	(14,659)	(9,673)	(13,082)	(15,833)
(510)	(441)	(376)	91	18,895
<u>(81,575)</u>	<u>2,913,157</u>	<u>1,993,045</u>	<u>3,377,849</u>	<u>(1,042,100)</u>
16,862,841	16,781,266	19,694,423	21,687,468	25,065,317
<u>\$ 16,781,266</u>	<u>\$ 19,694,423</u>	<u>\$ 21,687,468</u>	<u>\$ 25,065,317</u>	<u>\$ 24,023,217</u>
<u>\$ 3,565,547</u>	<u>\$ 2,638,525</u>	<u>\$ 2,484,234</u>	<u>\$ 1,601,388</u>	<u>\$ 5,592,390</u>
82.48%	88.19%	89.72%	93.99%	81.12%
\$ 6,192,015	\$ 6,623,700	\$ 7,311,968	\$ 7,785,706	\$ 8,796,536
57.58%	39.83%	33.97%	20.57%	63.57%

CITY OF CROWLEY, TEXAS
Schedule of Contributions
Last 10 Fiscal Years (will ultimately be displayed)

	2014	2015	2016	2017	2018
Actuarially Determined Contributions	\$ 518,829	\$ 554,893	\$ 543,837	\$ 595,975	\$ 647,135
Contributions in relation to the actuarially determined contributions	<u>505,650</u>	<u>551,534</u>	<u>543,837</u>	<u>595,975</u>	<u>647,135</u>
Contribution deficiency (excess)	\$ 13,179	\$ 3,359	\$ -	\$ -	\$ -
Covered employee payroll	\$ 4,987,378	\$ 5,257,985	\$ 5,248,757	\$ 5,611,602	\$ 6,067,638
Contributions as a percentage of covered employee payroll	10.14%	10.49%	10.36%	10.62%	10.67%

The accompanying notes to the required supplementary information are an integral part of this schedule.

Exhibit E-4

<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
\$ 692,597	\$ 811,200	\$ 864,843	\$ 945,817	\$ 1,141,720
<u>692,597</u>	<u>811,200</u>	<u>864,843</u>	<u>945,817</u>	<u>1,141,720</u>
\$ -	\$ -	\$ -	\$ -	\$ -
\$ 6,453,864	\$ 7,440,180	\$ 7,694,112	\$ 8,446,008	\$ 10,008,240
10.73%	10.90%	11.24%	11.20%	11.41%

CITY OF CROWLEY, TEXAS
Schedule of Changes in Total OPEB Liability and Related Ratios
Last 10 Years (will ultimately be displayed)

	2017	2018	2019	2020
Total OPEB Liability				
Service cost	\$ 11,390	\$ 14,242	\$ 13,910	\$ 19,742
Interest (on the Total OPEB Liability)	7,276	7,656	8,317	8,219
Changes in net benefit terms	-	-	-	-
Difference between expected and actual experience	-	(9,834)	(716)	(11,498)
Change of assumptions or other inputs	19,900	(17,734)	51,672	51,769
Benefit payments	(1,139)	(1,238)	(1,325)	(1,462)
Net change in total OPEB liability	<u>37,427</u>	<u>(6,908)</u>	<u>71,858</u>	<u>66,770</u>
Total OPEB liability - beginning	<u>187,368</u>	<u>224,795</u>	<u>217,887</u>	<u>289,745</u>
Total OPEB Liability	<u>\$ 224,795</u>	<u>\$ 217,887</u>	<u>\$ 289,745</u>	<u>\$ 356,515</u>
Covered-employee payroll	\$ 5,694,899	\$ 6,192,015	\$ 6,623,700	\$ 7,311,968
Total OPEB liability as a percentage of covered employee payroll	3.95%	3.52%	4.37%	4.88%

The accompanying notes to the required supplementary information are an integral part of this schedule.

Exhibit E-5

<u>2021</u>	<u>2022</u>
\$ 24,136	\$ 29,029
7,325	7,010
-	-
(26,501)	(10,508)
12,286	(138,205)
<u>(4,671)</u>	<u>(5,278)</u>
12,575	(117,952)
<u>356,515</u>	<u>369,090</u>
<u>\$ 369,090</u>	<u>\$ 251,138</u>
\$ 7,785,706	\$ 8,796,536
4.74%	2.85%

CITY OF CROWLEY
Notes to the Required Supplementary Information
For the Year Ended September 30, 2023

Budget

The City Council adopts an annual budget on a basis consistent with generally accepted accounting principles for the general fund, debt service fund and major special revenue funds. The water and sewer fund budget is adopted on the modified accrual basis of accounting which is not GAAP basis for enterprise funds. City management may transfer part or all of any unencumbered appropriation balance within specific programs; however, any revisions that alter the total expenditures of a program must be approved by the City Council. The legal level of control is at the fund level.

All unused appropriations, except appropriations for capital expenditures, lapse at the close of the fiscal year to the extent they have not been expended or encumbered. An appropriation for capital expenditures shall continue in force until the purpose for which it was made is accomplished or abandoned.

Excess of Expenditures over Appropriations

In the general fund, administrative and finance, public safety, public works, community development, sanitation, nondepartmental, and capital outlay expenditures exceeded appropriations by \$55,604, \$241,036, \$47,417, \$138,421, \$23,591, \$23,986 and \$2,558,928, respectively. Overall, total actual expenditures were over budget by \$2,923,727 primarily due to capital outlay expenditures that were not budgeted. The Downtown Plaza/Crowley Crossing project is partly funded by the Coronavirus State and Local Fiscal Recovery Funds and bond money.

In the economic development corporation, economic development and capital outlay expenditures exceeded appropriations by \$17,799 and \$3,773,170, respectively. Overall, total actual expenditures were over budget by \$3,652,211 primarily due to capital outlay expenditures that were not budgeted. The capital outlay expenditures include the Downtown Plaza project and acquisition of two real estate properties (326 E Main and 308 W Main).

Schedule of Contributions – Pensions

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	23 Years (longest amortization ladder)
Asset Valuation Method	10 Year smooth market, 12% soft corridor
Inflation	2.50%
Salary increases	3.50% to 11.50% including inflation
Investment Rate of Return	6.75%
Retirement Age	Experience-based table of rates that are specific to the City's plan of benefits. Last updated for the 2019 valuation pursuant to an experience study of the period 2014-2018.

CITY OF CROWLEY
Notes to the Required Supplementary Information
For the Year Ended September 30, 2023

Schedule of Contributions – Pensions (continued)

Methods and Assumptions Used to Determine Contribution Rates (continued):

Mortality	Post-retirement: 2019 Municipal Retirees of Texas Mortality Tables. The rates are projected on a fully generational basis with scale UMP. Pre-retirement: PUB(10) mortality tables, with Public Safety table used for males and the General Employee table used for females. The rates are projected on a fully generational basis with scale UMP.
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Other Information:

Notes	There were no benefit changes during the year.
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Schedule of Contributions – OPEB (Retiree-only portion of rate)

Plan/ Calendar Year	Total SDB Contribution Rate	Retiree Portion of SDB Contribution (Rate)
2019	0.13%	0.02%
2020	0.14%	0.02%
2021	0.14%	0.06%
2022	0.14%	0.06%
2023	0.24%	0.06%

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

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

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COMBINING FINANCIAL STATEMENTS
NONMAJOR GOVERNMENTAL FUNDS

CITY OF CROWLEY
Nonmajor Governmental Funds
Combining Balance Sheet
September 30, 2023

	Nonmajor			
	Court Technology & Security	Outdoor Warning Device	Grant	LEOSE Training
Assets				
Cash and cash equivalents	\$ -	\$ 9,119	\$ -	\$ 14,046
Investments	59,016	-	-	-
Receivables (Net of allowances for uncollectibles)				
Other taxes	-	-	-	-
Miscellaneous	-	-	13	-
Total assets	\$ 59,016	\$ 9,119	\$ 13	\$ 14,046
Liabilities				
Accounts payable	\$ -	\$ -	\$ 2,332	\$ 409
Due to other funds	-	-	-	-
Unearned revenue	-	-	2,035	-
Total liabilities	-	-	4,367	409
Fund balance				
Restricted	59,016	9,119	(4,354)	13,637
Total fund balances	59,016	9,119	(4,354)	13,637
Total liabilities, deferred inflows of resources and fund balances	\$ 59,016	\$ 9,119	\$ 13	\$ 14,046

Exhibit F-1

Governmental Funds				
Crime Control & Prevention District	TIRZ #1	Truancy	Public, Educational, and Government Access (PEG)	Total Nonmajor Funds
\$ -	\$ -	\$ -	\$ -	\$ 23,165
2,339,125	2,193,025	42,503	291,367	4,925,036
253,509	-	-	2,235	255,744
-	-	-	-	13
<u>\$ 2,592,634</u>	<u>2,193,025</u>	<u>42,503</u>	<u>\$ 293,602</u>	<u>\$ 5,203,958</u>
\$ 26,087	\$ 15,607	\$ -	\$ -	\$ 44,435
55,491	-	-	-	55,491
-	-	-	-	2,035
<u>81,578</u>	<u>15,607</u>	<u>-</u>	<u>-</u>	<u>101,961</u>
2,511,056	2,177,418	42,503	293,602	5,101,997
<u>2,511,056</u>	<u>2,177,418</u>	<u>42,503</u>	<u>293,602</u>	<u>5,101,997</u>
<u>\$ 2,592,634</u>	<u>\$ 2,193,025</u>	<u>\$ 42,503</u>	<u>\$ 293,602</u>	<u>\$ 5,203,958</u>

CITY OF CROWLEY
Nonmajor Governmental Funds
Combining Statement of Revenues, Expenditures and Changes in Fund Balance
For the Year Ended September 30, 2023

				Nonmajor
	Court Technology & Security	Outdoor Warning Device	Grant	LEOSE Training
Revenues				
Sales tax	\$ -	\$ -	\$ -	\$ -
Property taxes	-	-	-	-
Fees and fines	38,464	-	-	-
Charges for service	-	9,119	-	-
Franchise taxes	-	-	-	-
Grants and contributions	-	-	58,885	-
Investment earnings	-	-	-	-
Other	-	-	-	2,052
Total revenue	<u>38,464</u>	<u>9,119</u>	<u>58,885</u>	<u>2,052</u>
Expenditures				
Current				
Administrative	-	-	-	-
Municipal court	24,421	-	-	-
Public safety	-	-	47,893	3,320
Economic development	-	-	-	-
Fire and ambulance	-	-	157,828	722
Debt Service				
Principal	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total expenditures	<u>24,421</u>	<u>-</u>	<u>205,721</u>	<u>4,042</u>
Excess (deficiency) of revenues over (under) expenditures	<u>14,043</u>	<u>9,119</u>	<u>(146,836)</u>	<u>(1,990)</u>
Other financing sources (uses)				
Transfers in	-	-	55,392	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>55,392</u>	<u>-</u>
Net change in fund balances	14,043	9,119	(91,444)	(1,990)
Fund balances - beginning	44,973	-	87,090	15,627
Fund balances - ending	<u>\$ 59,016</u>	<u>\$ 9,119</u>	<u>\$ (4,354)</u>	<u>\$ 13,637</u>

Governmental Funds				
Crime Control & Prevention District	TIRZ #1	Truancy	Public, Educational, and Government Access (PEG)	Total Nonmajor Funds
\$ 1,400,837	\$ -	\$ -	\$ -	\$ 1,400,837
-	550,770	-	-	550,770
-	-	17,980	-	56,444
-	-	-	19,416	9,119
-	-	-	-	19,416
-	-	-	-	58,885
96,584	20,693	-	-	117,277
200	-	-	-	2,252
<u>1,497,621</u>	<u>571,463</u>	<u>17,980</u>	<u>19,416</u>	<u>2,215,000</u>
-	-	-	343	343
-	-	-	-	24,421
864,953	-	-	-	916,166
-	89,729	-	-	89,729
-	-	-	-	158,550
255,000	-	-	-	255,000
11,662	-	-	-	11,662
<u>1,131,615</u>	<u>89,729</u>	<u>-</u>	<u>343</u>	<u>1,455,871</u>
<u>366,006</u>	<u>481,734</u>	<u>17,980</u>	<u>19,073</u>	<u>759,129</u>
<u>66,691</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>122,083</u>
<u>66,691</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>122,083</u>
432,697	481,734	17,980	19,073	881,212
2,078,359	1,695,684	24,523	274,529	4,220,785
<u>\$ 2,511,056</u>	<u>\$ 2,177,418</u>	<u>\$ 42,503</u>	<u>\$ 293,602</u>	<u>\$ 5,101,997</u>

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OTHER SUPPLEMENTARY INFORMATION

(Unaudited)

CITY OF CROWLEY, TEXAS
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
Debt Service Fund
For the Year Ended September 30, 2023

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Property taxes	\$ 2,197,322	\$ 2,197,322	\$ 2,278,409	\$ 81,087
Total revenues	<u>2,197,322</u>	<u>2,197,322</u>	<u>2,278,409</u>	<u>81,087</u>
EXPENDITURES				
Debt service				
Principal	1,539,625	1,539,625	1,495,000	44,625
Interest and fiscal charges	852,222	852,222	896,519	(44,297)
Total debt service	<u>2,391,847</u>	<u>2,391,847</u>	<u>2,391,519</u>	<u>328</u>
Total expenditures	<u>2,391,847</u>	<u>2,391,847</u>	<u>2,391,519</u>	<u>328</u>
Excess (deficiency) of revenues over expenditures	<u>(194,525)</u>	<u>(194,525)</u>	<u>(113,110)</u>	<u>81,415</u>
FUND BALANCE - BEGINNING	<u>662,457</u>	<u>662,457</u>	<u>662,457</u>	<u>-</u>
FUND BALANCE - ENDING	<u>\$ 467,932</u>	<u>\$ 467,932</u>	<u>\$ 549,347</u>	<u>\$ 81,415</u>

CITY OF CROWLEY
Schedule of Revenues, Expenses, and Changes in Fund Net Position - Budget and Actual
Water and Sewer Fund
For the Year Ended September 30, 2023

	Budget Amounts		Actual Amounts	Variance
	Original	Final	Budgetary Basis	Positive (Negative)
Operating revenues:				
Water sales	\$ 4,055,735	\$ 4,055,735	\$ 4,619,670	\$ 563,935
Sewer charges	2,845,000	2,845,000	3,168,751	323,751
Miscellaneous	321,900	321,900	1,010,785	688,885
Total operating revenue	<u>7,222,635</u>	<u>7,222,635</u>	<u>8,799,206</u>	<u>1,576,571</u>
Operating expenses:				
Personnel	1,161,399	1,161,399	1,119,186	42,213
Professional services	66,231	66,231	125,595	(59,364)
Purchased water	1,750,000	1,750,000	1,965,935	(215,935)
Wastewater treatment charge	1,500,000	1,500,000	1,509,242	(9,242)
Contractual services	383,356	383,356	402,396	(19,040)
Insurance	41,752	41,752	87,181	(45,429)
Administrative	18,924	18,924	18,078	846
Repairs and maintenance	334,825	334,825	309,844	24,981
Utilities	65,100	65,100	84,432	(19,332)
Total operating expenses	<u>5,321,587</u>	<u>5,321,587</u>	<u>5,621,889</u>	<u>(300,302)</u>
Operating income (loss)	<u>1,901,048</u>	<u>1,901,048</u>	<u>3,177,317</u>	<u>1,276,269</u>
Nonoperating revenues (expenses):				
Investment earnings	14,000	14,000	287,574	273,574
Debt service - principal	(1,015,000)	(1,015,000)	(1,015,000)	-
Interest expense	(292,563)	(292,563)	(245,823)	46,740
Total nonoperating revenues (expenses)	<u>(1,293,563)</u>	<u>(1,293,563)</u>	<u>(973,249)</u>	<u>320,314</u>
Income (loss) before capital contributions and transfers	607,485	607,485	2,204,068	1,596,583
Transfers out	<u>(580,466)</u>	<u>(580,466)</u>	<u>(580,466)</u>	<u>-</u>
Change in net position	27,019	27,019	1,623,602	1,596,583
Net position - beginning	<u>16,401,556</u>	<u>16,401,556</u>	<u>16,401,556</u>	<u>-</u>
Net position - ending	<u>\$ 16,428,575</u>	<u>\$ 16,428,575</u>	<u>\$ 18,025,158</u>	<u>\$ 1,596,583</u>
Reconciliation from Budgetary Basis to GAAP Basis:				
Depreciation expense			(920,715)	
Principal payments on long-term debt			<u>1,015,000</u>	
Net Position - ending (GAAP Basis)			<u>\$ 18,119,443</u>	

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**OVERALL COMPLIANCE AND INTERNAL CONTROL
SECTION**

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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 and City Council
City of Crowley, Texas

We have audited, in accordance with auditing standards general 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 Crowley, Texas (the “City”) as of and for the year ended September 30, 2023, and the related notes to the financial statements, which collectively comprise the City’s basic financial statements and have issued our report thereon dated February 6, 2024.

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

Purpose of This Report

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

George Morgan Friesel, P.C.

Weatherford, Texas

February 6, 2024

SINGLE AUDIT REPORT

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**INDEPENDENT AUDITOR’S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM
AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM
GUIDANCE**

To the Honorable Mayor and City Council
City of Crowley, Texas

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the City of Crowley, Texas’s (the “City”) compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the City’s major federal programs for the year ended September 30, 2023. The City’s major federal programs are identified in the summary of auditor’s results section of the accompanying schedule of findings and questioned costs.

In our opinion, the City of Crowley, Texas complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2023.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor’s Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with 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 opinion on compliance for each major federal program. Our audit does not provide a legal determination of the City’s compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the City’s federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the City's compliance based on our audit. 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, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the City's compliance with the requirements of each major federal program as a whole.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 City's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the City's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control Over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

George Morgan Fines, P.C.

Weatherford, Texas

February 6, 2024

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CITY OF CROWLEY, TEXAS
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 FOR THE YEAR ENDED SEPTEMBER 30, 2023

A. Summary of Auditor's Results

1. Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

Material weakness identified? Yes X No

Significant deficiency identified that are not considered to be material weaknesses? Yes X None Reported

Noncompliance material to financial statements noted Yes X No

2. Federal Awards

Internal control over major programs:

Material weakness(es) identified? Yes X No

Significant deficiency(s) identified that are not considered to be material weaknesses? Yes X None Reported

Type of auditor's report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with the Uniform Guidance? Yes X No

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
21.027	Coronavirus State and Local Fiscal Recovery Funds

Dollar threshold used to distinguish between type A and type B programs: \$750,000

Auditee qualified as low-risk auditee? X Yes No

B. Financial Statement Findings

None

C. Federal Award Findings and Questioned Costs

None

CITY OF CROWLEY, TEXAS
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
YEAR ENDED SEPTEMBER 30, 2023

None

CITY OF CROWLEY, TEXAS
CORRECTIVE ACTION PLAN
YEAR ENDED SEPTEMBER 30, 2023

Contact for Corrective Action Plan:

Robert Loftin
City Manager

Federal Statement Findings

None reported

Federal Award Findings and Questioned Costs

None reported

CITY OF CROWLEY, TEXAS
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 FOR THE YEAR ENDED SEPTEMBER 30, 2023

Federal Grantor/Pass-through Grantor/Program or Cluster Title	Federal CFDA Number	Pass-through Entity Identifying Number	Federal Expenditures
<u>U.S. Department of Treasury</u>			
Passed Through from Texas Division of Emergency Management:			
COVID-19 Coronavirus State and Local Fiscal Recovery Fund	21.027	HYXJAAMN2EC4	\$ 2,431,404
Total U.S. Department of Treasury			<u>2,431,404</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u>\$ 2,431,404</u>

See accompanying notes to schedule of expenditures of federal awards.

CITY OF CROWLEY, TEXAS
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED SEPTEMBER 30, 2023

Reporting Entity

The City of Crowley is a charter city in which the citizens elect the mayor at large and five council members by wards. The financial statements of the City of Crowley, Texas ("City") include all governmental activities, organizations, and functions of the City.

Basis of Presentation

The accompanying schedule of expenditures of federal awards includes the federal program activity of the City of Crowley, Texas and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the City, it is not intended to and does not present the financial position, changes in net position, or cash flows of the City.

Indirect Cost Rate

The City has elected not to use the 10-percent de minimus indirect cost rate allowed under the Uniform Guidance.

Financial Advisory Services
Provided By:

