

CITY OF IOWA COLONY, TEXAS

ANNUAL FINANCIAL REPORT

September 30, 2024

DRAFT



**CITY OF
IOWA
COLONY**

CITY OF IOWA COLONY, TEXAS

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INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor and
Members of City Council of
City of Iowa Colony, Texas

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, business-type activities, each major fund, the discretely presented component unit, and the aggregate remaining fund information of City of Iowa Colony, Texas (the "City"), as of and for the year ended September 30, 2024, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, each major fund, the discretely presented component unit, and the aggregate remaining fund information of the City, as of September 30, 2024, and the respective changes in financial position 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 (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

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

To the Honorable Mayor and
Members of City Council of
City of Iowa Colony, Texas

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 GAAS 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 GAAS, 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, general fund budgetary comparison schedule, and pension information, as listed in the table of contents, 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.

To the Honorable Mayor and
Members of City Council of
City of Iowa Colony, Texas

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The combining and individual fund statements and schedules 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 fund statements and schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Houston, Texas
May 21, 2025

DRAFT



CITY OF IOWA COLONY, TEXAS

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the City of Iowa Colony, we offer the readers of the City's financial statements this narrative overview and analysis of the financial activities of the City of Iowa Colony for the fiscal year ended September 30, 2024.

Overview of the Financial Statements

The discussion and analysis provided here are intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements consists of three components: (1) government-wide financial statements, (2) fund financial statements, and (3) the notes to financial statements. This report also includes supplementary information intended to furnish additional detail to support the basic financial statements themselves.

Government-wide Financial Statements. The government-wide financial statements are designed to provide readers with a broad overview of the City's finances, in a manner similar to a private sector business. The government-wide financial statements include the governmental activities, the business-type activities and the City's discretely presented component unit.

The statement of net position presents financial information on all the City's assets, liabilities, and deferred inflows/outflows of resources, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The statement of activities presents information showing how the City's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City include administration, finance, police, animal control, emergency management, municipal court, public works, parks and recreation, community development, fire marshal/inspections, intergovernmental, and interest on long-term debt. The business-type activities of the City include the Utility fund.

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

The government-wide financial statements can be found beginning on page 13 of this report.

Fund Financial Statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives.

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

CITY OF IOWA COLONY, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)

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

The City maintains eleven (11) individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for General Fund, American Rescue Plan Act (ARPA) Fund, Debt Service Fund, and Capital Projects Fund, all of which are considered major funds for reporting purposes. Data from the non-major governmental funds is provided in the form of combining statements found beginning on page 54 of this report.

The basic governmental fund financial statements can be found beginning on page 15 of this report.

Proprietary Funds. The City maintains one type of proprietary fund. The enterprise fund is used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses an enterprise fund to account for its Utility operations (water & sewer).

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the Utility Fund, which is considered to be a major fund of the City.

The basic proprietary fund financial statements can be found beginning on page 19 of this report.

Notes to the Basic Financial Statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found beginning on page 23 of this report.

Other Information. In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the City of Iowa Colony's general fund budgetary comparisons and required supplementary pension plan information. Required supplementary information can be found beginning on page 49 of this report.

CITY OF IOWA COLONY, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)

Government-wide Financial Analysis

Below is a condensed schedule of Net Position as of September 30, 2024 and 2023:

	Governmental Activities		Business-type Activities		Total	
	2024	2023	2024	2023	2024	2023
Assets						
Current assets	\$ 13,873,161	\$ 14,828,587	\$ 2,110,570	\$ -	\$ 15,983,731	\$ 14,828,587
Capital assets	29,806,684	26,106,090	24,978,559	-	54,785,243	26,106,090
Total Assets	43,679,845	40,934,677	27,089,129	-	70,768,974	40,934,677
Deferred Outflows of Resources	214,571	216,823	-	-	214,571	216,823
Liabilities						
Other liabilities	6,658,114	5,348,084	871,856	-	7,529,970	5,348,084
Long term liabilities	14,681,024	15,081,115	3,483,278	-	18,164,302	15,081,115
Total Liabilities	21,339,138	20,429,199	4,355,134	-	25,694,272	20,429,199
Deferred Inflows of Resources	40,592	35,939	-	-	40,592	35,939
Net Position:						
Net investment						
in capital assets	15,254,435	13,955,472	22,102,864	-	37,357,299	13,955,472
Restricted	880,888	751,319	-	-	880,888	751,319
Unrestricted	6,379,363	5,979,571	631,131	-	7,010,494	5,979,571
Total Net Position	\$ 22,514,686	\$ 20,686,362	\$ 22,733,995	\$ -	\$ 45,248,681	\$ 20,686,362

Net position may serve over time as a useful indicator of a government's financial position. The assets and deferred outflows of resources of the City exceeded its liabilities and deferred inflows at the close of the most recent fiscal year by \$45,248,681 million. Of this amount, \$37,357,299 was invested in capital assets, \$6,379,363 was unrestricted and the balance of \$880,888 was restricted.

CITY OF IOWA COLONY, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)

Below is a condensed schedule of Changes in Net Position for fiscal year 2024 and 2023, in thousands:

	Governmental Activities		Business-type Activities		Total	
	2024	2023	2024	2023	2024	2023
Revenues						
Program Revenues:						
Charges for services	\$ 5,122,604	\$ 3,771,571	\$ 1,131,066	\$ -	\$ 6,253,670	\$ 3,771,571
Operating grants	118,492	225,043	-	-	118,492	225,043
Capital grants	-	2,900,702	22,351,043	-	22,351,043	2,900,702
General revenues:						
Property taxes	3,069,482	2,763,388	-	-	3,069,482	2,763,388
Sales taxes	1,155,331	886,097	-	-	1,155,331	886,097
Franchise taxes	567,534	257,885	-	-	567,534	257,885
Investment earnings	608,262	380,391	113,523	-	721,785	380,391
Other	513,532	306,490	2,812	-	516,344	306,490
Total Revenues	11,155,237	11,491,567	23,598,444	-	34,753,681	11,491,567
Expenses:						
Administration	1,472,568	988,759	-	-	1,472,568	988,759
Finance	213,338	140,980	-	-	213,338	140,980
Police	2,061,078	1,730,924	-	-	2,061,078	1,730,924
Animal control	90,523	84,868	-	-	90,523	84,868
Emergency management	322,612	895	-	-	322,612	895
Municipal court	235,476	240,001	-	-	235,476	240,001
Public works	437,624	868,946	-	-	437,624	868,946
Parks and recreation	187,903	190,120	-	-	187,903	190,120
Community development	3,159,410	2,707,085	-	-	3,159,410	2,707,085
Fire marshal/inspections	504,518	395,386	-	-	504,518	395,386
Interest	641,863	661,128	-	-	641,863	661,128
Utilities	-	-	864,449	-	864,449	-
Total Expenses	9,326,913	8,009,092	864,449	-	10,191,362	8,009,092
Change in net position	1,828,324	3,482,475	22,733,995	-	24,562,319	3,482,475
Beginning Net Position	20,686,362	17,203,887	-	-	20,686,362	17,203,887
Ending Net Position	\$ 22,514,686	\$ 20,686,362	\$ 22,733,995	\$ -	\$ 45,248,681	\$ 20,686,362

Governmental Activities. The net position of the governmental activities increased by approximately \$1.8 million during the current fiscal year. This increase was mostly due to revenues for community development and property taxes exceeding the current period expenses.

Business-type Activities. The net position of the business-type activities increased by approximately \$22.7 million during the current fiscal year due to contribution of capital assets due to a conveyance agreement with Brazoria County Municipal Utility District No. 31.

CITY OF IOWA COLONY, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)

As shown below, revenues generated by the City's programs are not sufficient to cover the costs. The City relies on property taxes, sales taxes, investment income and other general revenues to cover the costs associated with the various programs.

	Expenses		Program Revenues		Net (Cost) of Services	
	2024	2023	2024	2023	2024	2023
Program:						
Administration	\$ 1,472,568	\$ 988,759	\$ 853,393	\$ 950,279	\$ (619,175)	\$ (38,480)
Finance	213,338	140,980	-	-	(213,338)	(140,980)
Police	2,061,078	1,730,924	433,285	3,331,631	(1,627,793)	1,600,707
Animal control	90,523	84,868	-	-	(90,523)	(84,868)
Emergency management	322,612	895	-	-	(322,612)	(895)
Municipal court	235,476	240,001	-	-	(235,476)	(240,001)
Public works	437,624	868,946	96,837	190,179	(340,787)	(678,767)
Parks and recreation	187,903	190,120	-	-	(187,903)	(190,120)
Community development	3,159,410	2,707,085	3,857,581	2,425,227	698,171	(281,858)
Fire marshal/inspections	504,518	395,386	-	-	(504,518)	(395,386)
Interest	641,863	661,128	-	-	(641,863)	(661,128)
	<u>\$ 9,326,913</u>	<u>\$ 8,009,092</u>	<u>\$ 5,241,096</u>	<u>\$ 6,897,316</u>	<u>\$ (4,085,817)</u>	<u>\$ (1,111,776)</u>

Financial Analysis of the Government's Funds

As noted earlier, the City used fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The focus of the City's governmental funds is to provide information on near-term inflows, outflows and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

The General Fund reported an ending fund balance of \$6,061,730, a decrease in fund balance from current year activity of \$221,915. In addition, the beginning fund balance was restated to increase fund balance by \$644,238 due to an error correction in allocating property tax revenues in a previous fiscal year.

The American Rescue Plan Act (ARPA) Fund reported an ending fund balance of \$0 as all funds in this account are were received in advance and no spending has occurred as of the end of the fiscal year.

The Debt Service Fund reported an ending fund balance of \$494,010, an increase in fund balance from current year activity of \$574,591 due to property tax collections exceeding debt service payments. In addition, the beginning fund balance was restated to decrease fund balance by \$644,238 due to an error correction in allocating property tax revenues in a previous fiscal year.

The Capital Projects Fund reported an ending fund balance of \$0, a decrease from the previous fiscal year of \$2,746,117 due to planned spending from the Series 2022 Tax and Revenue Certificates of Obligation funds to construct the new public safety building.

Capital Assets and Debt Administration

Capital Assets. The City's investment in capital assets for its governmental activities as of September 30, 2024 amounted to \$29,806,684 (net of accumulated depreciation). This investment in capital assets includes land, buildings, park facilities, machinery and equipment, construction in progress, and the intangible right-to-use assets.

Additional information on the City's capital assets can be found in Note 8 to the basic financial statements of this report.

CITY OF IOWA COLONY, TEXAS
MANAGEMENT’S DISCUSSION AND ANALYSIS (continued)

Debt Administration. At the end of the current fiscal year, the City had total certificates of obligation and general obligation bonds outstanding of \$13,455,000.

General Fund Budgetary Highlights

During the 2024 fiscal year, the City’s final amended budget planned for \$7,949,350 in revenues and \$6,248,750 in expenditures. Actual revenues were greater than estimated revenues by \$771,319 and total expenditures were greater than appropriations by \$2,549,152 resulting in an ending fund balance of \$6,061,730 which less than anticipated.

Economic Factors and Next Year’s Budgets and Rates

The city has adopted a General Fund operating budget for the 2025 fiscal year as follows:

	<u>Fiscal Year</u>
	<u>2025</u>
General Fund:	
Revenues	\$ 8,423,600
Expenditures	(8,407,910)
Revenues Over/(Under) Expenditures	<u>\$ 15,690</u>

The 2025 budget includes property tax rates of \$0.234209 for maintenance and operations (M&O) and \$0.285000 for the interest and sinking fund (I&S) per \$100 of value on real and personal property within the City limits, for a total tax rate of \$0.519209. This was no change, in total, from the 2024 fiscal year tax rate of \$0.519209 per \$100 of value on real and personal property within the City limits.



BASIC FINANCIAL STATEMENTS

CITY OF IOWA COLONY, TEXAS

STATEMENT OF NET POSITION

September 30, 2024

	Primary Government			Component Unit
	Governmental	Business-type		
	Activities	Activities	Total	ICDA
Assets				
Cash and cash equivalents	\$ 13,454,645	\$ 519,247	\$ 13,973,892	\$ 3,477,074
Investments	151,290	-	151,290	-
Restricted cash and cash equivalents	-	1,259,218	1,259,218	-
Receivables:				
Accounts receivable, net	254,013	332,105	586,118	-
Due from other governments	13,213	-	13,213	-
Capital assets not being depreciated:				
Nondepreciable	5,381,892	2,800,543	8,182,435	-
Depreciable, net	24,424,792	22,178,016	46,602,808	-
Total Assets	43,679,845	27,089,129	70,768,974	3,477,074
Deferred Outflows of Resources				
Deferred outflows - pension	214,571	-	214,571	-
Total Deferred Outflows of Resources	214,571	-	214,571	-
Liabilities				
Accounts payable and accrued expenses	1,337,178	685,855	2,023,033	10,931
Unearned revenue	2,763,399	20,906	2,784,305	-
Developer deposits	2,236,983	-	2,236,983	-
Customer deposits	-	165,095	165,095	-
Accrued interest payable	320,554	-	320,554	519,030
Noncurrent liabilities:				
Due within one year - bonds, leases, financing arrangements	348,402	-	348,402	840,000
Due in more than one year - bonds, leases, financing arrangements	14,203,847	3,483,278	17,687,125	33,257,107
Net pension liability	128,775	-	128,775	-
Total Liabilities	21,339,138	4,355,134	25,694,272	34,627,068
Deferred Inflows of Resources				
Deferred inflows - pension	40,592	-	40,592	-
Total Deferred Inflows of Resources	40,592	-	40,592	-
Net Position				
Net investment in capital assets	15,254,435	22,102,864	37,357,299	-
Restricted for:				
Public safety	664,477	-	664,477	-
Debt service	193,889	-	193,889	-
Grants	22,522	-	22,522	-
Unrestricted	6,379,363	631,131	7,010,494	(31,149,994)
Total Net Position	\$ 22,514,686	\$ 22,733,995	\$ 45,248,681	\$ (31,149,994)

CITY OF IOWA COLONY, TEXAS
STATEMENT OF ACTIVITIES
For the Year Ended September 30, 2024

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position			
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			Component Unit
					Governmental Activities	Business-type Activities	Total	ICDA
Primary Government:								
Governmental Activities:								
Administration	\$ 1,472,568	\$ 853,143	\$ 250	\$ -	\$ (619,175)	\$ -	\$ (619,175)	\$ -
Finance	213,338	-	-	-	(213,338)	-	(213,338)	-
Police	2,061,078	411,880	21,405	-	(1,627,793)	-	(1,627,793)	-
Animal control	90,523	-	-	-	(90,523)	-	(90,523)	-
Emergency management	322,612	-	-	-	(322,612)	-	(322,612)	-
Municipal court	235,476	-	-	-	(235,476)	-	(235,476)	-
Public works	437,624	-	96,837	-	(340,787)	-	(340,787)	-
Parks and recreation	187,903	-	-	-	(187,903)	-	(187,903)	-
Community development	3,159,410	3,857,581	-	-	698,171	-	698,171	-
Fire marshal/inspections	504,518	-	-	-	(504,518)	-	(504,518)	-
Intergovernmental	-	-	-	-	-	-	-	-
Interest	641,863	-	-	-	(641,863)	-	(641,863)	-
Total Governmental Activities	9,326,913	5,122,604	118,492	-	(4,085,817)	-	(4,085,817)	-
Business-type Activities:								
Utilities	864,449	1,131,066	-	22,351,043	-	22,617,660	22,617,660	-
Total business-type Activities:	864,449	1,131,066	-	22,351,043	-	22,617,660	22,617,660	-
Total Primary Government	\$ 10,191,362	\$ 6,253,670	\$ 118,492	\$ 22,351,043	(4,085,817)	22,617,660	18,531,843	-
Component Unit								
ICDA	\$ 2,493,111	\$ -	\$ -	\$ -				(2,493,111)
General Revenues:								
Taxes:								
Property taxes					3,069,482	-	3,069,482	3,277,825
Sales taxes					1,155,331	-	1,155,331	-
Franchise taxes					567,534	-	567,534	-
Unrestricted investment earnings					608,262	113,523	721,785	102,367
Miscellaneous					513,532	2,812	516,344	-
Total General Revenues					5,914,141	116,335	6,030,476	3,380,192
Change in net position					1,828,324	22,733,995	24,562,319	887,081
Net Position - beginning					20,686,362	-	20,686,362	(32,037,075)
Net Position - ending					\$ 22,514,686	\$ 22,733,995	\$ 45,248,681	\$ (31,149,994)

CITY OF IOWA COLONY, TEXAS
GOVERNMENTAL FUNDS
BALANCE SHEET
September 30, 2024

	General Fund	American Rescue Plan Act (ARPA) Fund	Debt Service Fund	Capital Projects Fund	Non-Major Governmental Funds	Total Governmental Funds
Assets						
Current assets:						
Cash and cash equivalents	\$ 5,033,995	\$ 900,751	\$ 494,010	\$ 6,159,765	\$ 866,124	\$ 13,454,645
Investments	151,290	-	-	-	-	151,290
Due from other funds	5,682,771	-	-	-	-	5,682,771
Property taxes receivable	42,056	-	20,433	-	-	62,489
Sales tax receivable	122,693	-	-	-	53,130	175,823
Fines and forfeitures receivable	15,701	-	-	-	-	15,701
Due from other governments	-	-	-	-	13,213	13,213
Total Assets	\$ 11,048,506	\$ 900,751	\$ 514,443	\$ 6,159,765	\$ 932,467	\$ 19,555,932
Liabilities						
Accounts payable	\$ 765,303	\$ -	\$ -	\$ 482,080	\$ 24,617	\$ 1,272,000
Accrued expenses	64,085	-	-	-	1,093	65,178
Due to other funds	-	-	-	5,677,685	5,086	5,682,771
Developer deposits	2,236,983	-	-	-	-	2,236,983
Unearned revenue	1,862,648	900,751	-	-	-	2,763,399
Total Liabilities	4,929,019	900,751	-	6,159,765	30,796	12,020,331
Deferred Inflows of Resources						
Unavailable revenue - property taxes	42,056	-	20,433	-	-	62,489
Unavailable revenue - fines	15,701	-	-	-	-	15,701
Total Deferred Inflows of Resources	57,757	-	20,433	-	-	78,190
Fund Balances						
Restricted:						
Public safety	-	-	-	-	664,477	664,477
Debt Service	-	-	494,010	-	-	494,010
Grants	-	-	-	-	22,522	22,522
Assigned:						
Park Reserves	-	-	-	-	214,672	214,672
Capital improvements	1,625,000	-	-	-	-	1,625,000
Unassigned	4,436,730	-	-	-	-	4,436,730
Total Fund Balances	6,061,730	-	494,010	-	901,671	7,457,411
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 11,048,506	\$ 900,751	\$ 514,443	\$ 6,159,765	\$ 932,467	\$ 19,555,932

CITY OF IOWA COLONY, TEXAS
GOVERNMENTAL FUNDS
RECONCILIATION OF THE BALANCE SHEET
TO THE STATEMENT OF NET POSITION
September 30, 2024

Total Fund Balance, Governmental Funds	\$	7,457,411
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Amounts reported for governmental activities in the Statement of Net Position are different because:

Capital assets used in governmental activities are not current financial resources and therefore are not reported in this fund financial statement, but are reported in the governmental activities of the Statement of Net Position.	29,806,684
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Uncollected adjudicated fines and outstanding property taxes that are not available to pay current period expenditures and therefore are not reported in this fund financial statement, but are reported in the governmental activities of the Statement of Net Position.	78,190
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Long-term liabilities that are not due and payable in the current period, and therefore, are not reported in the funds.

Certificates of obligation	(13,455,000)
Premium on bonds	(1,085,994)
Leases payable	(11,255)
Net pension asset/(liability)	(128,775)
Accrued interest payable on long-term debt	(320,554)

Differences between expected and actual experiences, assumption changes and net differences between projected and actual earnings and contributions subsequent to the measurement date for the postretirement benefits (pension and OPEB) are recognized as deferred outflows of resources and deferred inflows of resources on the statement of net position.

Deferred outflows - pension related	214,571
Deferred inflows - pension related	(40,592)

Net Position of Governmental Activities	\$	22,514,686
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CITY OF IOWA COLONY, TEXAS

GOVERNMENTAL FUNDS

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES

For the Year Ended September 30, 2024

	General Fund	American Rescue Plan Act (ARPA) Fund	Debt Service Fund	Capital Projects Fund	Non-Major Governmental Funds	Total Governmental Funds
Revenues						
Property taxes	\$ 1,493,443	\$ -	\$ 1,564,251	\$ -	\$ -	\$ 3,057,694
Sales taxes	828,921	-	-	-	326,410	1,155,331
Franchise taxes	567,534	-	-	-	-	567,534
License and permits	3,857,581	-	-	-	-	3,857,581
Intergovernmental	250	-	-	-	118,242	118,492
Charges for services - Intergovernmental	853,143	-	-	-	-	853,143
Fines and forfeitures	392,067	-	-	-	20,170	412,237
Investment earnings	214,198	-	-	355,018	39,046	608,262
Miscellaneous revenue	513,532	-	-	-	-	513,532
Total Revenues	8,720,669	-	1,564,251	355,018	503,868	11,143,806
Expenditures						
Current:						
Administration	1,113,810	-	-	290,270	6,823	1,410,903
Finance	216,338	-	-	-	-	216,338
Police	1,545,524	-	-	-	142,831	1,688,355
Animal control	91,523	-	-	-	-	91,523
Emergency management	322,612	-	-	-	-	322,612
Municipal court	237,243	-	-	-	233	237,476
Public works	435,885	-	-	-	-	435,885
Parks and recreation	187,903	-	-	-	-	187,903
Community development	2,519,979	-	-	-	-	2,519,979
Fire marshal/inspections	506,518	-	-	-	-	506,518
Debt service:						
Principal	3,269	-	330,000	-	-	333,269
Interest and fees	521	-	658,910	-	-	659,431
Bond issuance costs	-	-	750	-	-	750
Capital outlay	1,616,777	-	-	2,843,547	356,528	4,816,852
Total Expenditures	8,797,902	-	989,660	3,133,817	506,415	13,427,794
Revenues Over (Under) Expenditures	(77,233)	-	574,591	(2,778,799)	(2,547)	(2,283,988)
Other Financing Sources (Uses)						
Operating transfers in	-	-	-	32,682	112,000	144,682
Operating transfers out	(144,682)	-	-	-	-	(144,682)
Total Other Financing Sources (Uses)	(144,682)	-	-	32,682	112,000	-
Changes in Fund Balance	(221,915)	-	574,591	(2,746,117)	109,453	(2,283,988)
Fund Balances - Beginning, as Previously Reported	5,639,407	-	563,657	2,746,117	792,218	9,741,399
Error correction	644,238	-	(644,238)	-	-	-
Fund Balances - Beginning	6,283,645	-	(80,581)	2,746,117	792,218	9,741,399
Fund Balances - Ending	\$ 6,061,730	\$ -	\$ 494,010	\$ -	\$ 901,671	\$ 7,457,411

CITY OF IOWA COLONY, TEXAS**GOVERNMENTAL FUNDS****RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES****For the Year Ended September 30, 2024**

Net Change in Fund Balances - Total Governmental Funds: \$ (2,283,988)

Governmental funds report outlays for capital assets as expenditures. However, in the statement of activities, the cost of those assets is allocated over the assets' estimated useful lives and reported as depreciation expense.

Capital outlay	4,816,852
Depreciation/amortization	(1,116,258)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.

Property taxes	11,788
Fines and forfeitures	(357)

Bond and other debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Position. Repayment of bond and other debt principal is an expenditure in the governmental funds, but repayment reduces long-term liabilities in the Statement of Net Position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.

Principal paid on bonds	330,000
Principal paid on leases	3,269

Some expenses reported in the statement of activities do not require the use of current resources and these are not reported as expenditures in governmental funds:

Accrued interest on long-term debt	7,101
Amortization of bond premiums and discounts	11,217
Changes in pension liabilities and related deferred outflows and inflows of resources	48,700

Change in net financial net position of governmental activities \$ 1,828,324

CITY OF IOWA COLONY, TEXAS
PROPRIETARY FUND
STATEMENT OF NET POSITION
For the Year Ended September 30, 2024

	<u>Business-type Activities</u>
	<u>Utility Fund</u>
Assets	
Current Assets:	
Cash and cash equivalents	\$ 519,247
Restricted cash and cash equivalents	1,259,218
Receivables:	
Accounts receivable, net	332,105
Total Current Assets	<u>2,110,570</u>
Noncurrent Assets:	
Capital assets:	
Construction in progress	2,800,543
Buildings, improvements and roads	22,351,043
Less accumulated depreciation	(173,027)
Total capital assets	<u>24,978,559</u>
Total Noncurrent Assets	<u>24,978,559</u>
Total Assets	<u>27,089,129</u>
Liabilities	
Current Liabilities:	
Accounts payable and accrued expenses	685,855
Unearned revenue	20,906
Customer deposits	165,095
Total Current Liabilities	<u>871,856</u>
Noncurrent liabilities:	
Financing arrangement	3,483,278
Total Noncurrent liabilities	<u>3,483,278</u>
Total Liabilities	<u>4,355,134</u>
Net Position	
Net investment in capital assets	22,102,864
Unrestricted	631,131
Total Net Position	<u>\$ 22,733,995</u>

CITY OF IOWA COLONY, TEXAS**PROPRIETARY FUND****STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION****For the Year Ended September 30, 2024**

	Business-type Activities
	Utility Fund
Operating revenues:	
Charges for services:	
Water	\$ 470,012
Sewer	294,800
Garbage	183,181
Inspection fees	107,661
Other fees and charges	75,412
Miscellaneous	2,812
Total operating revenues	1,133,878
Operating expenses:	
Contractual services	218,827
Materials and supplies	169,451
Utilities and insurance	114,866
Depreciation	173,027
Total operating expenses	676,171
Other nonoperating revenues (expenses):	
Investment earnings	113,523
Capital contributions	22,351,043
Interest expense	(188,278)
Total other nonoperating revenues (expenses):	22,276,288
Increase (decrease) in net position	22,733,995
Net position - beginning of year	-
Net position - end of year	\$ 22,733,995

CITY OF IOWA COLONY, TEXAS
PROPRIETARY FUND
STATEMENT OF CASH FLOWS
For the Year Ended September 30, 2024

	<u>Business-type Activities</u> <u>Utility Fund</u>
Cash Flows from Operating Activities	
Receipts from customers and users	\$ 984,962
Other receipts	2,812
Payments to suppliers and service providers	<u>182,711</u>
Net Cash Provided (Used) by Operating Activities	<u>1,170,485</u>
 Cash Flows from Capital and Related Financing Activities	
Acquisition and construction of capital assets	(2,800,543)
Proceeds from financing arrangements	3,483,278
Interest paid on financing arrangements	<u>(188,278)</u>
Net cash Provided (Used) by Capital and Related Financing Activities	<u>494,457</u>
 Cash Flows from Investing Activities	
Interest on investments	<u>113,523</u>
Net Cash Provided (Used) by Investing Activities	<u>113,523</u>
 Net Increase (Decrease) in Cash and Cash Equivalents	1,778,465
 Beginning Cash and Cash Equivalents	-
Ending Cash and Cash Equivalents	<u>\$ 1,778,465</u>
 Reconciliation to the Statement of Net Position - Proprietary Funds	
Unrestricted cash and cash equivalents	\$ 519,247
Restricted cash and cash equivalents	<u>1,259,218</u>
	<u>\$ 1,778,465</u>
 Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities	
Operating income (loss)	\$ 457,707
Adjustment to reconcile operating income (loss) to net cash provided (used) by operating activities:	
Depreciation and amortization expense	173,027
(Increase) decrease in assets	
Accounts receivable, net	(332,105)
Increase (decrease) in liabilities:	
Accounts payable and accrued expenses	685,855
Unearned revenue	20,906
Customer deposits	<u>165,095</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ 1,170,485</u>



CITY OF IOWA COLONY, TEXAS

NOTES TO BASIC FINANCIAL STATEMENTS

Note 1 - Organization

The City of Iowa Colony, Texas (the "City") is a political subdivision incorporated in 1972 through the State of Texas operating as a type B, general law city. In 2005, a resolution was passed to change to a type A, general law city. In 2020, the City adopted a Home Rule Charter and became a home rule municipality with the Council-Manager form of government. The City is governed by an elected Mayor and six-member Council. The Mayor and Council appoint a Manager to oversee the daily operations and manage all personnel.

The City provides the following services: general government, public safety, public works and community development.

Note 2 - Summary of Significant Accounting Policies

The financial statements of the City have been prepared in conformity with U.S. generally accepted accounting principles (GAAP) as applied to government units. The GASB is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the government's accounting policies are described below.

A. Reporting Entity

The City Council is elected by the public and it has the authority to make decisions, appoint administrators and managers, and significantly influence operations. It also has the primary accountability for fiscal matters. Therefore, the City is a primary government as defined by GAAP.

In March 2010, City Council formed the City of Iowa Colony Development Authority (ICDA) and the City of Iowa Colony Tax Increment Reinvestment Zone No. 2 (TIRZ 2) to facilitate development in connection with a residential neighborhood. The objective of the Zone is to facilitate quality mixed-use development with a self-sustaining tax base for the City of Iowa Colony, Brazoria County, and any other participating taxing entity. As of September 30, all financial activity of ICDA and TIRZ 2 has been funded privately by the developer and is reflected as a discretely presented component unit under the ICDA caption. Separate financial statements are available for the ICDA through the City Secretary's office.

B. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Changes in Net Position) report information about the City as a whole. These statements include all activities of the primary government. All activities of the City are classified as governmental activities, as they are supported primarily by taxes and non-exchange revenues.

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 segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

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

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recognized when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Franchise tax and sales tax revenues are recognized, for external reporting purposes, when the underlying sales or transaction occurs. Sales tax revenues are collected by individual commercial enterprises and filed with the State of Texas. The State of Texas remits the City's and Crime Control District's portion of the sales tax on a monthly basis, two months after the sales are reported. Interest is recorded when earned. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

CITY OF IOWA COLONY, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS (continued)

Note 2 - Summary of Significant Accounting Policies (continued)

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation (continued)

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 if they are collectible within the current period or soon enough to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures are generally recorded when a liability is incurred, as under accrual accounting. As a practical matter, there is no material difference in the recognition of revenues between the government-wide and governmental fund financial statements. Expenditures for governmental funds are recorded when the related liability is incurred.

The City reports the following major governmental funds:

- The *General Fund* is used to account for all financial transactions that are not accounted for in another fund. The principal sources of revenue of the General Fund include local property taxes, sales and use taxes, franchise taxes, licenses and permits, fines and forfeitures, and charges for services. Expenditures include general administration, public safety, public works, and economic development.
- The *American Rescue Plan Act (ARPA) Fund* is used to account for grant funds received from the American Rescue Plan Act to aid in the recovery from the COVID-19 pandemic.
- The *Debt Service Fund* is used to account for interest and sinking property tax revenue and the debt service payments for outstanding bonds.
- The *Capital Projects Fund* is used to account for the proceeds of capital-related bonds and their related capital spending for major building additions and renovations.

The City reports the following major enterprise fund:

- The *Utility Fund* accounts for the City's water and sewer services.

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

Net Position of the City and its component units are reported under the following captions:

- Net investment in capital assets - This component of Net Position consists of capital assets, including restricted capital assets, net of accumulated depreciation and related debt.
- Restricted - This component of Net Position consists of constraints placed on net position use through external constraints imposed by creditors, grantors, contributors, or laws or regulations of other governments or constraints imposed by law through contractual provisions or enabling legislation.
- Unrestricted Net Position - This component of Net Position consists of Net Position that do not meet the definition of "restricted" or "investment in capital assets".

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the City considers restricted funds 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 spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless City Council has provided otherwise in its commitment or assignment actions.

CITY OF IOWA COLONY, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS (continued)

Note 2 - Summary of Significant Accounting Policies (continued)

D. Investments

The City's local government investment pools are recorded at amortized costs as permitted by GASB Statement No. 79, *Certain Investment Pools and Pool Participants*. The City categorizes fair value measurements of its investments based on the hierarchy established by generally accepted accounting principles. The fair value hierarchy, which has three levels, is based on the valuation inputs used to measure an asset's fair value: Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

E. Property Taxes

Property taxes are levied by October 1 in conformity with Subtitle E, Texas Property Tax Code. Taxes are due upon receipt and all taxes not paid prior to February 1 are deemed delinquent and are subject to such penalty and interest set forth by the Property Tax Code. On January 1 of each year, a tax lien attaches to property to secure the payment of all taxes, penalties and interest ultimately imposed. Appraised values are established by the Brazoria County Central Appraisal District (the "CAD"). Taxes are levied by the City Council based on the appraised values received from the CAD. Beginning in tax year 2016, the City began making payments into the City Tax Increment Fund in the Reinvestment Zone Number Two. The City agreed to transfer all Tax Increment received to the Iowa Colony Development Authority. The Zone and the Authority agreed to pay the City an amount equal to thirty percent of each Tax Increment payment.

F. Receivables

All receivables are reported at their gross value, with the exception of fines and forfeitures receivables. A provision has been made for an allowance for uncollectible for fines and forfeitures.

G. Capital Assets

Capital assets are reported in the applicable governmental activities' column in the government-wide financial statements. The government defines capital assets as assets with an initial, individual cost of \$5,000. All purchased fixed assets are valued at cost where historical records exist. Donated fixed assets are valued at their estimated fair value on the date received.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Improvements, including public domain, and equipment are capitalized and depreciated over the remaining useful lives of the related fixed assets using the straight-line method, as applicable. Buildings, improvements and roads have an estimated useful life of 10 – 40 years. Machinery and equipment have an estimated useful life of 5 – 7 years.

H. Compensated Absences

It is the City's policy to permit employees to accumulate earned personal and sick leave. Employees can earn up to a maximum number of hours of personal leave equal to two times the employee's current accrual rate at termination and sick leave hours can accrue up to 480 hours. No amounts have been reported for accrued but unpaid compensated absences as they are not material to the financial statements.

CITY OF IOWA COLONY, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS (continued)

Note 2 - Summary of Significant Accounting Policies (continued)

I. Fund Balance

As of September 30, 2024, fund balances of the governmental funds are classified as follows:

Restricted - amounts that can be spent only for specific purposes because of constitutional provisions or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments.

Assigned - amounts that are intended to be used by the City for specific purposes but do not meet the criteria to be classified as committed. The Council has by resolution authorized the finance director to assign fund balance. The Council may also assign fund balance, as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.

Unassigned - all other spendable amounts.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the City considers restricted funds to have been spent first. The City has not adopted a minimum fund balance policy for the General Fund.

J. Deferred Outflows / Inflows of Resources

In addition to assets, the statement of financial position includes a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net assets that applies to a future period(s) and therefore will not be recognized as an outflow of resources (expense/expenditure) until then. The City has one item that qualifies for reporting in this category, which is the deferred amounts related to pension. This amount represents the differences between estimated and actual investment earnings, changes in actuarial assumptions, and other pension changes.

In addition to liabilities, the statement of financial position includes a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net assets that applies to a future period(s) and therefore will not be recognized as an inflow of resources (revenue) until that time. The City has three items that qualify for reporting in this category. Unavailable revenue is reported only in the governmental funds balance sheet from two sources: property taxes and fines. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. In the government-wide financial statements the District reports deferred amounts related to pension.

K. Pensions

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

L. Other Post-Employment Benefits (OPEB)

The City participates in the Supplemental Death Benefits Fund (SBDF) administered by the Texas Municipal Retirement System (TMRS). Information regarding the City's total OPEB liability is obtained from TMRS through a report prepared for the City by TMRS' consulting actuary, Gabriel Roeder Smith & Company, in compliance with GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. The City does not consider it necessary to record the related net OPEB liability as it is not material to the government-wide financial statements.

CITY OF IOWA COLONY, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS (continued)

Note 2 - Summary of Significant Accounting Policies (continued)

M. Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the amounts reported in the financial statements. Actual amounts could vary from those estimates.

N. Leases

The City recognizes lease liabilities with an initial value of \$5,000 or more. At the commencement of a lease, the City initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over its useful life. Lease assets are reported with other capital assets and lease liabilities are reported with long-term debt on the statement of net position.

Implementation of New Standards

GASB issued Statement No. 99, *Omnibus 2022*, in April 2022. This Statement was issued to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements and accounting and financial reporting for financial guarantees. The requirements of this statement had various effective dates and specific provisions were implemented prior to fiscal year 2024. The remaining requirements related to financial guarantees and the classification and reporting of derivative instruments within the scope of Statement 53 are effective for fiscal years beginning after June 15, 2023, and all reporting periods thereafter. The remaining requirements of this statement were implemented in fiscal year 2024 and did not have a material impact on the financial statements.

GASB issued Statement No. 100, *Accounting Changes and Error Corrections – an Amendment of GASB Statement No. 62*, in June 2022. The primary objective of this Statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. The requirements of this Statement are effective for accounting changes and error corrections made in fiscal years beginning after June 15, 2023, and all reporting periods thereafter. The requirements of this statement were implemented in fiscal year 2024 and did not have a material impact on the financial statements.

GASB issued Implementation Guide 2021-1, *Implementation Guidance Update – 2021*, in May 2021. The primary objective of this Implementation Guide is to provide guidance that clarifies, explains, or elaborates on GASB Statements. The requirements of this Implementation Guide had various effective dates and specific provisions were implemented prior to fiscal year 2024. The remaining requirement, an amendment to Question 7.9.8 in Implementation Guide 2015-1 effective for reporting periods beginning after June 15, 2023, requires governments to capitalize assets whose individual acquisition costs are less than the threshold for an individual asset if those assets in the aggregate are significant. The requirements of this statement were implemented in fiscal year 2024 and did not have a material impact on the financial statements.

GASB issued Implementation Guide 2023-1, *Implementation Guidance Update – 2023*, in June 2023. The primary objective of this Implementation Guide is to provide guidance that clarifies, explains, or elaborates on GASB Statements. This Implementation Guide amends Implementation Guide No. 2019-3, *Leases*, Question 4.16, and Implementation Guide No. 2021-1, *Implementation Guidance Update—2021*, Question 4.13. The requirements of this Implementation Guide are effective for fiscal years beginning after June 15, 2023, and all reporting periods thereafter. The requirements of this Implementation Guide were implemented in fiscal year 2024 and did not have a material impact on the financial statements.

CITY OF IOWA COLONY, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS (continued)

Note 3 - Cash and Temporary Investments (Cash Equivalents)

Authorization for Deposits and Investments

The Texas Public Funds Investment Act (PFIA), as prescribed in Chapter 2256 of the Texas Government Code, regulates deposits and investment transactions of the City. The Council has adopted a written investment policy regarding the investment of City funds as required by the PFIA. Acceptable investments under this policy are limited to (1) fully insured or collateralized certificates of deposit from a bank in the State of Texas and under the terms of a written depository agreement with that bank; (2) obligations of the United States Government, its agencies and instrumentalities and government sponsoring enterprises; and (3) Texas Local Government Investment Pools as by the PFIA and have been authorized by the City Council. The investments of the City are in compliance with the City's investment policy as to form.

Local Government Investment Pool

As of September 30, 2024, the City's investments included balances in the TexSTAR Public Funds Investment Pool and Texas CLASS. The investment pool investments are not evidenced by securities that exist in physical or book entry form and, accordingly, do not have custodial risk.

Texas Short Term Asset Reserve Program ("TexSTAR") has been organized in conformity with the Interlocal Cooperation Act, Chapter 791 of the Texas Government Code, and the Public Funds Investment Act, Chapter 2256 of the Texas Government Code. These two acts provide for the creation of public funds investment pools (including TexSTAR) and authorize eligible governmental entities ("Participants") to invest their public funds and funds under their control through the investment pools. J.P. Morgan Investment Management, Inc. ("JPMIM" or the "investment manager") and First Southwest Asset Management, Inc. ("FSAM") serve as co-administrators for TexSTAR under an agreement with the TexSTAR board of directors (the "Board"). The value of City portions in TexSTAR are the same as the value of the shares. Unlike money market mutual funds which are registered with the Securities and Exchange Commission, TexSTAR does not operate in a manner consistent with Rule 2a-7 of the Investment Company Act of 1940. The external pooled fund uses amortized cost rather than market value to report Net Position to compute share price, because such funds have daily liquidity.

Texas CLASS is a local government investment pool pursuant to Section 2256.016 of the Public Funds Investment Act, Texas Government Code. Per State Code, entities may pool any of their funds, or funds under their control, to preserve principal, maintain the liquidity of the funds and maximize yield. The Texas CLASS and Texas CLASS Government agreement is an agreement of indefinite term regarding the investment, reinvestment, and withdrawal of local government funds. Texas CLASS seeks to maintain a constant net asset value of \$1.00, although this cannot be fully guaranteed. Texas CLASS is rated AAAM and must maintain a dollar weighted average maturity not to exceed 60 days, which is the limit.

CITY OF IOWA COLONY, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS (continued)

Note 3 - Cash and Temporary Investments (Cash Equivalents) (continued)

Deposit and Investment Amounts

The following schedule shows the City's recorded cash and investments at year-end:

	General Fund	American Rescue Plan Act (ARPA) Fund	Debt Service Fund	Capital Projects Fund	Non-Major Governmental Funds	Total
Petty cash	\$ 300	\$ -	\$ -	\$ -	\$ -	\$ 300
Demand deposits:						
Consolidated	310,497	900,751	494,010	32,682	71,628	1,809,568
Bond funds	-	-	-	1,608,084	-	1,608,084
Retainer account	482,807	-	-	-	-	482,807
Certificates of deposit Local Government	151,290	-	-	-	-	151,290
Investment Pools	4,240,391	-	-	4,518,999	794,496	9,553,886
Totals	\$ 5,185,285	\$ 900,751	\$ 494,010	\$ 6,159,765	\$ 866,124	\$ 13,605,935

	Fair Value / Amortized Cost	Percentage of Portfolio	Weighted Average Maturity (days)	S&P Rating
Petty cash	\$ 300	0%	1	N/A
Demand deposits	3,900,459	29%	1	N/A
Certificates of deposit Local Government	151,290	1%	268	N/A
Investment Pools	9,553,886	70%	32	AAAm
Totals	\$ 13,605,935	100%	26	

CITY OF IOWA COLONY, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS (continued)

Note 3 - Cash and Temporary Investments (Cash Equivalents) (continued)

Deposit and Investment Amounts (continued)

All bank balances for demand and certificates of deposits for the primary government and the discretely presented component unit at year end was covered by FDIC insurance of \$250,000 and the remaining balance was covered by pledged collateral. The values of certificates of deposit are determined using level 2 inputs as described in Note 2 D of the financial statements.

Interest Rate Risk and Concentration of Credit Risk

In accordance with the City's investment policy, the maturity of investments (to include certificates of deposit) shall not exceed one year, or with the approval of City Council, two years. For pooled fund groups, the maximum dollar-weighted average maturity allowed based on the stated maturity date for the portfolio shall not exceed two years. The City's investment policy does not restrict or specify levels of concentration or diversification within the City's portfolio. It does provide that *"The City shall diversify its investments in order to minimize the risk of loss resulting from a concentration of assets in a specific maturity, a specific issuer, or a specific type of investment."*

Note 4 - Receivables

Amounts recorded as receivables as of September 30, 2024, are as follows:

	General Fund	Debt Service Fund	Non-Major Governmental Funds	Total
Receivables:				
Property taxes	\$ 42,056	\$ 20,433	\$ -	\$ 62,489
Sales taxes	122,693	-	53,130	175,823
Fines and forfeitures	314,011	-	-	314,011
Gross receivables	478,760	20,433	53,130	552,323
Less: allowance for uncollectibles	(298,310)	-	-	(298,310)
Net total receivables	\$ 180,450	\$ 20,433	\$ 53,130	\$ 254,013

CITY OF IOWA COLONY, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS (continued)

Note 5 - Developer Deposits

The City has entered into various agreements with Land Tejas Sterling Lakes (the "Developer"). The Developer is developing certain facilities within the city limits or extraterritorial jurisdiction of the City. The Developer deposits refundable funds with the City at the beginning of the agreement term with a non-refundable administrative fee. The refundable deposits will be returned to the Developer upon completion of each project. The agreements do not represent an escrow agreement and the City shall not owe any fiduciary duty to the Developer. The following is a summary of activity for developer deposits for the year ended September 30, 2024:

Project	Balance 9/30/2023	Additions	Deductions	Balance 9/30/2024
County Road 64	\$ 1,731,000	\$ -	\$ -	\$ 1,731,000
Early Plat - Sterling Lakes North Sec 2, 3	-	2,114,356	(1,910,468)	203,888
Early Plat - Sterling Lakes North Sec 1	-	383,828	(225,549)	158,279
Early Plat - Sterling Lakes North Sec 4 & Force Main	-	1,061,411	(917,595)	143,816
	<u>\$ 1,731,000</u>	<u>\$ 3,559,595</u>	<u>\$ (3,053,612)</u>	<u>\$ 2,236,983</u>

Note 6 - Unearned Revenue

As of September 30, 2024, unearned revenue balances consisted of the following:

	General Fund	American Rescue Plan Act (ARPA) Fund	Total
Unearned Revenues:			
Grants	\$ 1,284	\$ 900,751	\$ 902,035
Developer deposits	1,505,304	-	1,505,304
Other	13,876	-	13,876
Road damage deposits	342,184	-	342,184
Total Unearned Revenues	<u>\$ 1,862,648</u>	<u>\$ 900,751</u>	<u>\$ 2,763,399</u>

The Road Damage Deposits are for potential repairs that may be required to be completed at a later date. The retainer fees are amounts advanced to the City by developers for community development project costs that will occur at a later date. The grant funds are reported as unearned revenue until qualifying expenditures are incurred.

CITY OF IOWA COLONY, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS (continued)

Note 7 - Interfund Receivables and Payables and Transfers

As of September 30, 2024, interfund balances consisted of the following:

	Interfund Receivable	Interfund Payable	Net Totals
General Fund	\$ 5,682,771	\$ -	\$ 5,682,771
American Rescue Plan Act (ARPA) Fund	-	(5,086)	(5,086)
Capital Projects Fund	-	(5,677,685)	(5,677,685)
Totals	<u>\$ 5,682,771</u>	<u>\$ (5,682,771)</u>	<u>\$ -</u>

	Transfer In	Transfer Out	Net Totals
General Fund	\$ -	\$ (144,682)	\$ (144,682)
Capital Projects Fund	32,682	-	32,682
Non-Major Governmental Funds	112,000	-	112,000
Totals	<u>\$ 144,682</u>	<u>\$ (144,682)</u>	<u>\$ -</u>

The transfer from the general fund to the vehicle replacement fund of \$112,000 represents amounts set aside for future vehicle replacement costs and 32,682 to the Capital Projects Fund to cover remaining project costs to close out the bond fund.

CITY OF IOWA COLONY, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS (continued)

Note 8 - Capital Assets

Capital assets activity of the governmental activities for the year ended September 30, 2024, was as follows:

	Beginning Balance	Additions	Disposals	Ending Balance
Governmental activities:				
Capital assets not being depreciated/amortized:				
Land and right of way	\$ 3,760,244	\$ 1,292,094	\$ -	\$ 5,052,338
Construction in progress	229,779	99,775	-	329,554
Total capital assets not being depreciated/amortized	3,990,023	1,391,869	-	5,381,892
Capital assets being depreciated/amortized:				
Buildings, improvements and roads	24,665,533	1,641,096	-	26,306,629
Machinery and equipment	823,145	1,783,887	-	2,607,032
Right-to-use lease assets	17,150	-	-	17,150
Total capital assets being depreciated/amortized	25,505,828	3,424,983	-	28,930,811
Less accumulated depreciation/amortization for:				
Buildings, improvements and roads	(2,785,054)	(829,892)	-	(3,614,946)
Machinery and equipment	(601,849)	(282,936)	-	(884,785)
Right-to-use lease assets	(2,858)	(3,430)	-	(6,288)
Total accumulated depreciation/amortization	(3,389,761)	(1,116,258)	-	(4,506,019)
Total capital assets being depreciated/amortized, net	22,116,067	2,308,725	-	24,424,792
Governmental activities capital assets, net	\$ 26,106,090	\$ 3,700,594	\$ -	\$ 29,806,684

Depreciation and amortization were charged to functions of the governmental activities of the primary government as follows:

Governmental activities:	Depreciation/ Amortization Expense
Administration	\$ 73,665
Public safety	398,423
Public works	3,739
Community development	640,431
	\$ 1,116,258

As of September 30, 2024, the governmental activities had the following remaining commitments related to capital projects:

	Authorized Contract	Construction in Progress	Amount Remaining
TWDB Grant Projects		\$ 91,250	\$ (91,250)
2021 Waterline Extension		8,525	(8,525)
	\$ -	\$ 99,775	\$ (99,775)

CITY OF IOWA COLONY, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS (continued)

Note 8 - Capital Assets (continued)

Capital assets activity of the business-type activities for the year ended September 30, 2024, was as follows:

	Beginning Balance	Additions	Disposals	Ending Balance
Business-type activities:				
Capital assets not being depreciated/amortized:				
Construction in progress	\$ -	\$ 2,800,543	\$ -	\$ 2,800,543
Total capital assets not being depreciated/amortized	-	2,800,543	-	2,800,543
Capital assets being depreciated/amortized:				
Water/sewer facilities	\$ -	\$ 22,351,043	\$ -	\$ 22,351,043
Less accumulated depreciation/amortization for:				
Water/sewer facilities	-	(173,027)	-	(173,027)
Total accumulated depreciation/amortization	-	(173,027)	-	(173,027)
Total capital assets being depreciated/amortized, net	-	22,178,016	-	22,178,016
Business-type activities capital assets, net	\$ -	\$ 24,978,559	\$ -	\$ 24,978,559

During the current fiscal year, Brazoria County Municipal Utility District No. 31 transferred water/sewer facilities to the City in the amount of \$22,351,043.

Depreciation and amortization were charged to functions of the business-type activities of the primary government as follows:

Business-type activities:	Depreciation/ Amortization Expense
Water	\$ 67,428
Sewer	105,599
	<u>\$ 173,027</u>

As of September 30, 2024, the business-type activities had the following remaining commitments related to capital projects:

	Authorized Contract	Construction in Progress	Amount Remaining
PSI Water Meters	\$ 3,295,000	\$ 2,800,543	\$ 494,457

CITY OF IOWA COLONY, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS (continued)

Note 9 - Long-term Debt

Changes in Long-Term Liabilities

The following is a summary of changes in the City's governmental activities long-term liabilities for the year ended September 30, 2024:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental activities:					
Private placement					
certificates of obligation	\$ 1,025,000	\$ -	\$ (75,000)	\$ 950,000	\$ 80,000
Tax and revenue					
certificates of obligation	12,760,000	-	(255,000)	12,505,000	265,000
Premium	1,097,211	-	(11,217)	1,085,994	-
Leases payable	14,524	-	(3,269)	11,255	3,402
Total Governmental Activities	<u>\$ 14,896,735</u>	<u>\$ -</u>	<u>\$ (344,486)</u>	<u>\$ 14,552,249</u>	<u>\$ 348,402</u>

The following is a summary of changes in the City's business-type activities long-term liabilities for the year ended September 30, 2024:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Business-type activities:					
Financing arrangement	\$ -	\$ 3,483,278	\$ -	\$ 3,483,278	\$ -
Total business-type activities	<u>\$ -</u>	<u>\$ 3,483,278</u>	<u>\$ -</u>	<u>\$ 3,483,278</u>	<u>\$ -</u>

Certificates of Obligation

Additional information for the City's certificates of obligations as of September 30, 2024 is as follows:

	<u>Original Borrowing</u>	<u>Interest Rate</u>	<u>Final Maturity</u>	<u>Outstanding at Year-end</u>
Governmental activities:				
Private Placement Certificates of				
Obligation Series 2020	\$ 1,255,000	2.040%	2035	\$ 950,000
Tax and Revenue Certificates of				
Obligation Series 2022	\$ 13,125,000	5.000%	2047	12,505,000

CITY OF IOWA COLONY, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS (continued)

Note 9 - Long-term Debt (continued)

Certificates of Obligation (continued)

Debt service requirements to maturity are as follows:

Fiscal Year	Private Placement Certificates of Obligation			Tax and Revenue Certificates of Obligation		
	Principal	Interest	Total	Principal	Interest	Total
2025	\$ 80,000	\$ 19,380	\$ 99,380	\$ 265,000	\$ 625,250	\$ 890,250
2026	80,000	17,748	97,748	275,000	612,000	887,000
2027	80,000	16,116	96,116	295,000	598,250	893,250
2028	80,000	14,484	94,484	310,000	583,500	893,500
2029	85,000	12,852	97,852	320,000	568,000	888,000
2030 - 2034	450,000	37,638	487,638	1,870,000	2,582,000	4,452,000
2035 - 2039	95,000	1,938	96,938	2,795,000	2,036,250	4,831,250
2040 - 2044	-	-	-	3,690,000	1,242,500	4,932,500
2045 - 2049	-	-	-	2,685,000	273,000	2,958,000
2050 - 2054	<u>\$ 950,000</u>	<u>\$ 120,156</u>	<u>\$ 1,070,156</u>	<u>\$ 12,505,000</u>	<u>\$ 9,120,750</u>	<u>\$ 21,625,750</u>

Leases Payable

The City is under contract for noncancellable leases that convey control of the right to use assets. The lease liabilities outstanding as of September 30, 2024, are as follows:

Description	Start Date	End Date	Interest Rate	Lease Liability		Lease Asset	
				Original Amount	Outstanding Balance	Original Amount	Accumulated Amortization
Copiers	12/28/22	12/31/27	4.00%	\$ 17,150	\$ 11,255	\$ 17,150	\$ 6,288
				<u>\$ 17,150</u>	<u>\$ 11,255</u>	<u>\$ 17,150</u>	<u>\$ 6,288</u>

All amounts paid were previously included in the measurement of the lease liability and there were no other related outflows of resources for the period such as variable payments or termination penalties. In addition, there were no commitments incurred prior to commencement of the lease term and there were no impairment losses related to lease assets.

The future principal and interest lease payments as of September 30, 2024, were as follows:

Fiscal Year	Principal	Interest	Total
2025	\$ 3,402	\$ 388	\$ 3,790
2026	3,540	250	3,790
2027	3,685	105	3,790
2028	628	3	631
Total	<u>\$ 11,255</u>	<u>\$ 746</u>	<u>\$ 12,001</u>

CITY OF IOWA COLONY, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS (continued)

Note 9 - Long-term Debt (continued)

Financing Arrangement

During fiscal year 2024, the City entered into a financing arrangement for the acquisition of water meters. The project is to be completed in phases and the first phase is structured as a lease purchase agreement. The financing arrangements outstanding as of September 30, 2024, were as follows:

	<u>Original Borrowing</u>	<u>Interest Rate</u>	<u>Final Maturity</u>	<u>Outstanding at Year-end</u>
Business-type activities:				
Lease Purchase Agreement - Phase 1				
October 4, 2023	\$ 3,483,278	4.944%	2040	\$ 3,483,278

The future principal and interest financing arrangement payments as of September 30, 2024, were as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2026	\$ 162,105	\$ 172,213	\$ 334,318
2027	170,119	164,199	334,318
2028	178,530	155,788	334,318
2029	187,356	1,146,962	1,334,318
2030 - 2034	1,085,229	586,360	1,671,589
2035 - 2039	1,381,370	290,219	1,671,589
2040 - 2044	318,569	15,750	334,319
Total	<u>\$ 3,483,278</u>	<u>\$ 2,531,491</u>	<u>\$ 6,014,769</u>

Note 10 - Risk Management

General Liability

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City's risk management program encompasses various means of protecting the City against loss by obtaining property, casualty, and liability coverage through commercial insurance carriers and from participation in a risk pool. The participation of the City in the risk pool is limited to the payment of premiums. There has not been any significant reduction in insurance coverage from the previous year.

Worker's Compensation

The City is a member of the Texas Municipal League (TML) Workers' Compensation Intergovernmental Risk Pool, an unincorporated association of political subdivision of the State of Texas. The company is not intended to operate as an insurance company but rather a contracting mechanism by which the City provides self-insurance benefits to its employees. The fund contracts with a third-party administrator for administration, investigation, and adjustment services in the handling of claims. Premiums are based on the estimated City payroll by risk factor and rates. The premiums are adjusted by the City's experience modifier. All loss contingencies, including claims incurred but not reported, if any, are recorded and accounted for by the TML Pool.

CITY OF IOWA COLONY, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS (continued)

Note 11 - Employee Retirement System

Texas Municipal Retirement System

Effective October 20, 2014, City council approved the participation in the Texas Municipal Retirement System to provide pension benefits for full time employees. Subsequently, the City began making necessary contributions in accordance with the provisions of the plan.

Plan Description

The City participates as one of 934 plans in the nontraditional, joint contributory, hybrid defined benefit pension plan administered by the Texas Municipal Retirement System (TMRS). TMRS is an agency created by the State of Texas and administered in accordance with the TMRS Act, Subtitle G, Title 8, Texas Government Code (the TMRS Act) as an agent multiple-employer retirement system for municipal employees in the State of Texas. The TMRS Act places the general administration and management of the System with a six-member Board of Trustees. Although the Governor, with the advice and consent of the Senate, appoints the Board, TMRS is not fiscally dependent on the State of Texas. TMRS's defined benefit pension plan is a tax-qualified plan under Section 401 (a) of the Internal Revenue Code. TMRS issues a publicly available annual comprehensive financial report (ACFR) that can be obtained at www.tmr.com.

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

Note 11 - Employee Retirement System (continued)

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 benefit is calculated as if the sum of the employee’s contributions, with interest, and the city-financed monetary credits with interest were used to purchase an annuity. Members may choose to receive their retirement benefit in one of seven actuarially equivalent payments options. Members may also choose to receive a portion of their benefit as a Partial Lump Sum Distribution in an amount equal to 12, 24, or 36 monthly payments, which cannot exceed 75% of the member’s deposits and interest.

At the date the plan began, the City granted monetary credits for service rendered before the plan began of a theoretical amount equal to two times what would have been contributed by the employee, with interest, prior to establishment of the plan. Monetary credits for service since the plan began are 200% of the employee's accumulated contributions.

A summary of plan provisions for the City are as follows:

Employee deposit rate	7%
Matching ratio (City to employee)	2 to 1
Years required for vesting	5
Service retirement eligibility	20 years at any age, 5 years at age 60 and above
Updated Service Credit	None
Annuity Increase to retirees	Ad Hoc

The City participates in Social Security.

Employees Covered by Benefit Terms

At the December 31, 2023, valuation and measurement date, 23 active City employees were covered by the benefit terms and 16 inactive employees was entitled to but not yet receiving benefits. There were 2 inactive employees or beneficiaries currently receiving benefits as of that date.

Contributions

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

Employees for the City were required to contribute 7% of their annual gross earnings during the fiscal year. The contribution rates for the City were 10.52% and 7.17% for 2024 and 2023, respectively.

Net Pension Liability/(Asset)

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

CITY OF IOWA COLONY, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS (continued)

Note 11 - Employee Retirement System (continued)

Actuarial Assumptions

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

Inflation	2.5% per year
Overall payroll growth	3.6% to 11.85% including inflation
Investment Rate of Return	6.75% net of pension plan investment expense, including inflation

Salary increases are based on a service-related table. Mortality rates for active members are based on the PUB(10) mortality tables with 110% of the Public Safety table used for males and 100% of the General Employee table used for females. Mortality rates for healthy retirees and beneficiaries are based on the Gender-distinct 2019 Municipal Retirees of Texas mortality tables. Male rates are multiplied by 103% and female rates are multiplied by 105%. The rates for actives, healthy retirees and beneficiaries are projected on a fully generational basis by the most recent Scale MP-2021 to account for future mortality improvements. For disabled annuitants, the same mortality tables for healthy retirees are used with a 4-year set forward for males and a 3-year set-forward for females. In addition, a 3.5% and 3.0% minimum mortality rate is applied, for males and females respectively, to reflect the impairment for younger members who become disabled. The rates are projected on a fully generational basis by the most recent Scale MP-2021 to account for future mortality improvements subject to the 3% floor.

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

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. In determining their best estimate of a recommended investment return assumption under the various alternative asset allocation portfolios, GRS focused on the area between (1) arithmetic mean (aggressive) without an adjustment for time (conservative) and (2) the geometric mean (conservative) with an adjustment for time (aggressive). The target allocation and best estimates of real rates of return for each major asset class in fiscal year 2024 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return (Arithmetic)
Global Equities	35%	6.70%
Core Fixed Income	6%	4.70%
Non-core Fixed Income	20%	8.00%
Other Public and Private Markets	12%	8.00%
Real Estate	12%	7.60%
Hedge Funds	5%	6.40%
Private Equity	10%	11.60%
Total	100%	

CITY OF IOWA COLONY, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS (continued)

Note 11 - Employee Retirement System (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 employee contributions will remain at the current 7% 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 plan 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.

Sensitivity of the Net Pension Liability/(Asset) to changes in the discount rate

The following presents the Net Pension Liability/(Asset) of the City, calculated using the discount rate of 6.75%, as well as what the City's Net Pension Liability/(Asset) 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	Current Discount Rate (6.75%)	1% Increase
City's net pension liability	\$ 346,678	\$ 128,775	\$ (46,748)

Changes in the Net Pension Liability/(Asset)

	Total Pension Liability	Increase (Decrease) Plan Fiduciary Net Position	Net Pension Liability
	(a)	(b)	(a) - (b)
Balance at 12/31/2022	\$ 1,112,244	\$ 927,864	\$ 184,380
Changes for the year:			
Service Cost	299,389	-	299,389
Interest	82,208	-	82,208
Difference between expected and actual experience	14,639	-	14,639
Changes in assumptions	(24,028)	-	(24,028)
Contributions - employer	-	194,145	(194,145)
Contributions - employee	-	125,718	(125,718)
Net Investment income	-	108,637	(108,637)
Benefit payments, including refunds, of employee contributions	(88,094)	(88,094)	-
Administrative expense	-	(683)	683
Other changes	-	(4)	4
Net changes	284,114	339,719	(55,605)
Balance at 12/31/2023	\$ 1,396,358	\$ 1,267,583	\$ 128,775

CITY OF IOWA COLONY, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS (continued)

Note 11 - Employee Retirement System (continued)

Pension Plan Fiduciary Net Position

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

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

For the year ended September 30, 2024, the City recognized pension expense of \$178,324.

At September 30, 2024, the City reported deferred outflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences in expected and actual experience	\$ 20,949	\$ (20,933)
Change in assumptions	-	(19,659)
Difference in projected and actual earnings on pension plan investments	16,866	-
Contributions subsequent to measurement date	176,756	-
Total	\$ 214,571	\$ (40,592)

Deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date of \$176,756 will be recognized as a reduction of the Net Pension Liability/(Asset) for the measurement year ending December 31, 2024 (i.e., recognized in the city's financial statements September 30, 2025). Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Fiscal Year	Net Deferred Outflows (Inflows) of Resources
2025	\$ (2,940)
2026	507
2027	11,158
2028	(10,648)
2029	(854)
Total	\$ (2,777)

Note 12 - Post-employment Benefits Other Than Pensions (OPEB)

TMRS Supplemental Death Benefits Fund

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

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

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

The retiree portion of the City’s contributions to the TMRS SDBF for the fiscal year 2024 was \$818 which equaled the required contribution amount.

Based on calculations of the plan’s actuary under the provisions of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, the city has a total OPEB liability of \$22,223. Management has determined the effects of implementing this pronouncement on the City’s government wide net position are not material to the financial statements and no provision for this liability or activity, other than cash paid as part the TMRS contribution of \$818 have been recorded in the City’s financial statements.

Note 13 - Fund Balance Assignments

The City has assigned fund balances as of September 30, 2024 for the following purposes:

	Assigned Fund Balance
Public works equipment	\$ 200,000
Public works roadwork	350,000
Unified development code update project	25,000
Government Center master plan	250,000
MUD facility conveyance	50,000
Capital planning	50,000
ARPA water line project	300,000
Disaster response funds	400,000
	<u>\$ 1,625,000</u>

CITY OF IOWA COLONY, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS (continued)

Note 14 - Contracts with Municipal Utility Districts

The City has active agreements with municipal utility districts (MUDs) located within the City's boundaries.

Brazoria County Municipal Utility District No. 31 (MUD 31)

Strategic Partnership Agreement

Effective July 17, 2006, amended September 1, 2012, and November 16, 2020, the City entered into a Strategic Partnership Agreement (the Agreement) under which the City annexed a tract of land (the tract) within the boundaries of MUD 31 for limited purposes. MUD 31 continues to exercise all powers and functions of a municipal utility district as provided by law. As consideration for MUD 31 providing services as detailed in the Agreement, the City agrees to remit one-half of all sales and use tax revenues generated within the boundaries of the tract. As consideration for the sales tax payments and the services provided by the City, MUD 31 agrees to continue to provide and develop water, sewer and drainage services within MUD 31 in lieu of full-purpose annexation. During the current year, the City did not make any payments related to this Agreement.

Annexation Agreement

Effective December 17, 2018, the City entered into an Annexation Agreement with MUD 31 to defer the conversion of the limited purpose annexation of MUD 31 to a full purpose annexation by the City to a date no earlier than January 2, 2019, to be determined by the City, in order to defer City taxes on the annexation area. The City will still be obligated to provide certain services to MUD 31 after annexation and before receiving property taxes from the annexation area, therefore, the Annexation Agreement provides for certain service expense sharing payments from MUD 31 to the City to help defray the costs of services. During prior years, MUD 31 made two payments of \$350,000 to the City and the City has completed the full purpose annexation. The Annexation Agreement provides for the City to remit to MUD 31 70% of the maintenance and operations ad valorem property tax received by the City on property in the annexation area. The due dates of the payments shall be the last day of March and August of each year, for tax revenues received by the City at least 10 days before the due date of the payment. The tax sharing payments shall begin on the ad valorem property taxes received by the City from the annexation area for the 2020 tax year and continue for 20 years, totaling 40 semiannual payments, subject to the terms of the Annexation Agreement. During the current year, the City paid \$739,886 in tax sharing payments to MUD 31 in accordance with the Annexation Agreement.

Brazoria County Municipal Utility District No. 32 (MUD 32)

Strategic Partnership Agreement

Effective July 18, 2016, the City entered into a Strategic Partnership Agreement (the Agreement) under which the City annexed a tract of land (the tract) within the boundaries of MUD 32 for limited purposes. MUD 32 continues to exercise all powers and functions of a municipal utility district as provided by law. As consideration for MUD 32 providing services as detailed in the Agreement, the City agrees to remit one-half of all sales and use tax revenues generated within the boundaries of the tract. As consideration for the sales tax payments and the services provided by the City, MUD 32 agrees to continue to provide and develop water, sewer and drainage services within MUD 32 in lieu of full-purpose annexation. The City agrees it will not annex MUD 32 for full purposes or commence any action to annex MUD 32 during the term of the Agreement, which is 15 years. During the current year, the City did not make any payments related to this Agreement.

Annexation Agreement

By letter dated January 16, 2024, the City notified MUD 32 that it intends to exercise its option to take ownership of MUD 32's water and wastewater facilities, including all completed and future water, sewer and drainage facilities serving MUD 32 within six months. On November 14, 2024, subsequent to year-end, the City and MUD 32 entered into a Utility Conveyance and Security Agreement to transfer certain improvements, structures, and facilities designed to provide water and wastewater to serve areas within MUD 32's boundaries and the extraterritorial jurisdiction of the City.

CITY OF IOWA COLONY, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS (continued)

Note 14 - Contracts with Municipal Utility Districts (continued)

Brazoria County Municipal Utility District No. 53 (MUD 53)

Strategic Partnership Agreement

Effective January 10, 2022, the City entered into a Strategic Partnership Agreement (the Agreement) with MUD 53 whereby the City may annex any commercial portion of MUD 53 from time to time for the purpose of levy and collection of the City's sales and use taxes. MUD 53 would continue to exercise all the powers of a municipal utility district in the area of limited purpose annexation as provided by law. The City will keep all of the sales and use taxes collected under the Agreement. As of this date, no area has been so annexed. In addition, the Agreement provides for the provision of fire, police, garbage and building regulation within MUD 53. The City agrees that it will not annex MUD 53 for full purposes until one of the following conditions has been satisfied: (i) 90% of the developable acreage in MUD 53 has been developed with water, sanitary sewer, drainage and paving, and the developer has been reimbursed to the maximum extent permitted by the rules of the Commission, or the City assumes any obligation for such reimbursement of MUD 53 under such rules, or (ii) 20 years from the date of the Agreement, whichever comes first.

Brazoria County Municipal Utility District No. 55 (MUD 55)

Strategic Partnership Agreement

On February 15, 2011, the City entered into a Shared Financing Agreement (the "Agreement") with MUD 55, City of Iowa Colony TIRZ #2 (the "Zone") and Iowa Colony Development Authority (the "Authority") for the purpose of constructing TIRZ Projects which include various public works and improvements. The Authority and MUD 55 agree to assist the City and the Zone in the implementation of the TIRZ Projects and in the funding, ownership, operation, and maintenance of the TIRZ Projects. MUD 55 will act as Project Manager for the TIRZ projects set out in the Agreement and will give written notice to the Authority Board before initiating the design or construction of a TIRZ project for approval. Upon completion of TIRZ Project construction, the project shall be conveyed to the responsible party as stated in the Agreement. For any year in which the City collects or receives Tax Increment, the City will pay such Tax Increment to the Authority. For any year the Authority receives payments from the City, the amount of Project Costs to be paid from Tax Increment by the Authority ("TIRZ Share") to MUD 55 is the percentage of the actual project costs set out in the Agreement. MUD 55 will begin to receive TIRZ Share payments no later than thirty days prior to the fall principal and interest payment date subsequent to MUD 55 issuance of bonds. The term of the Agreement will expire on the later of January 1 in the year following completion of the TIRZ plan or the date that the Developer has been repaid in full for all eligible project costs. As of March 31, 2024, certain projects in the Zone have been completed and MUD 55 is in process of conveying assets to the City and submitting documentation for reimbursement. The date of conveyance, value of assets to be conveyed and amount of reimbursement are not known as of fiscal year end.

Proposed Brazoria County Municipal Utility District No. 90 (MUD 90)

Utility Functions Agreement

On August 12, 2024, the City entered into a Utility Functions Agreement (the "Agreement") with four developers on-behalf of proposed MUD 90, a municipal utility district not yet created. MUD 90 is to construct or acquire water and wastewater facilities with ownership of the facilities to be conveyed to the City as the facilities are constructed. In consideration of the acquisition and construction of the facilities, the City is to make an annual payment to MUD 90 from real property taxes collected from property located within MUD 90. These revenues generated by M&O portion of the City tax rate are to be rebated to MUD 55 beginning on February 1 in the calendar year following the calendar year for which MUD 90 initially receives a tax roll from Brazoria County Appraisal District and shall be payable each May 1 thereafter (e.g., if MUD 90 receives a tax roll for calendar year 2027, the annual payment for such year will be due May 1, 2028). The structure of the annual payments shall be as follows: 2025 – 2029 payment will be equal to 100% of M&O taxes collected; 2030 – 2034 payment will be equal to 75% of M&O taxes collected; and 2035-2039 will be equal to 50% of M&O taxes collected.

CITY OF IOWA COLONY, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS (continued)

Note 15 - Subsequent Events

On October 1, 2024, the City entered into a promissory note agreement in the amount of \$2,156,022 for the financing of water meters. The note is payable in annual installments at a rate of 4.85% per annum, beginning on October 1, 2025, and ending on October 1, 2040.

On November 14, 2024, the City entered into a Utility Conveyance and Security Agreement with MUD 32 to transfer certain improvements, structures, and facilities designed to provide water and wastewater to serve areas within MUD 32's boundaries and the extraterritorial jurisdiction of the City.

On April 14, 2025, the City Council approved a Utility Conveyance and Security Agreement with MUD 55 to transfer certain improvements, structures, and facilities designed to provide water and wastewater to serve areas within MUD 55's boundaries and the extraterritorial jurisdiction of the City.

Note 16 – Restatements of Beginning Balances

During fiscal year 2024, an error correction resulted in restatements of beginning fund balance in the General Fund and Debt Service Fund, as follows:

	General Fund	Debt Service Fund	Total
Fund Balances - Beginning, as Previously Reported	\$ 5,639,407	\$ 563,657	\$ 6,203,064
Error correction	644,238	(644,238)	-
Fund Balances - Beginning	<u>\$ 6,283,645</u>	<u>\$ (80,581)</u>	<u>\$ 6,203,064</u>

REQUIRED SUPPLEMENTARY INFORMATION



CITY OF IOWA COLONY, TEXAS

REQUIRED SUPPLEMENTARY INFORMATION - GENERAL FUND

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL (BUDGETARY BASIS)**

For the Year Ended September 30, 2024

	Budgeted Amounts			Variance with
	Original	Final	Actual	Final Budget
Revenues				
Property taxes	\$ 2,889,000	\$ 2,889,000	\$ 1,493,443	\$ (1,395,557)
Sales taxes	-	-	828,921	828,921
Franchise taxes	310,000	310,000	567,534	257,534
License and permits	2,204,000	2,204,000	3,857,581	1,653,581
Intergovernmental	-	-	250	250
Charges for services - Intergovernmental	779,400	779,400	853,143	73,743
Fines and forfeitures	285,500	285,500	392,067	106,567
Investment earnings	-	-	214,198	214,198
Miscellaneous revenue	1,481,450	1,481,450	513,532	(967,918)
Total Revenues	7,949,350	7,949,350	8,720,669	771,319
Expenditures				
Current:				
Administration	1,189,250	1,189,250	1,113,810	75,440
Finance	246,620	246,620	216,338	30,282
Police	1,701,890	1,701,890	1,545,524	156,366
Animal control	98,120	98,120	91,523	6,597
Emergency management	11,000	11,000	322,612	(311,612)
Municipal court	267,080	267,080	237,243	29,837
Public works	719,750	719,750	435,885	283,865
Parks and recreation	162,500	162,500	187,903	(25,403)
Community development	983,830	983,830	2,519,979	(1,536,149)
Fire marshal/inspections	418,710	418,710	506,518	(87,808)
Debt service:				
Principal	-	-	3,269	(3,269)
Interest and fees	-	-	521	(521)
Capital outlay	450,000	450,000	1,616,777	(1,166,777)
Total Expenditures	6,248,750	6,248,750	8,797,902	(2,549,152)
Revenues Over (Under) Expenditures	1,700,600	1,700,600	(77,233)	(1,777,833)
Other Financing Sources (Uses)				
Operating transfers out	-	-	(144,682)	(144,682)
Total Other Financing Sources (Uses)	-	-	(144,682)	(144,682)
Changes in Fund Balance	1,700,600	1,700,600	(221,915)	(1,922,515)
Fund Balances - Beginning, as Previously Reported	5,639,407	5,639,407	5,639,407	-
Error correction	-	-	644,238	644,238
Fund Balances - Beginning	5,639,407	5,639,407	6,283,645	644,238
Fund Balances - Ending	\$ 7,340,007	\$ 7,340,007	\$ 6,061,730	\$ (1,278,277)

CITY OF IOWA COLONY, TEXAS

NOTES TO REQUIRED SUPPLEMENTARY BUDGETARY INFORMATION

Legal Compliance - Budgets

Typically, prior to September 1, the departments and agencies of the City transmit their estimates of their budgetary requirements to the Mayor. The Council may revise, alter, increase or decrease the items of the budget, provided that when it shall increase the total proposed expenditures, it shall also increase the total anticipated income. The Council approves the budget plan prior to September 30. One or more public hearings are conducted to obtain taxpayer comments. City Council members may transfer unencumbered appropriated balances, or portion thereof, from one department to another. During the year, Council made no amendments to the original budget.

The City's expenditures exceeded appropriations in categories of emergency management, parks and recreation, community development, fire marshal/inspections, debt service, and capital outlay. The overages were caused by the City experiencing significant growth as the total revenue exceeded anticipated amounts.

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CITY OF IOWA COLONY, TEXAS
REQUIRED SUPPLEMENTARY PENSION INFORMATION
TEXAS MUNICIPAL RETIREMENT SYSTEM
SCHEDULE OF CHANGES IN NET PENSION LIABILITY/(ASSET) AND RELATED RATIOS
Last Ten Measurement Years Ended December 31

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Total Pension Liability:										
Service cost	\$ 299,389	\$ 238,243	\$ 145,207	\$ 104,170	\$ 51,130	\$ 35,822	\$ 27,020	\$ 25,040	\$ 18,263	\$ 2,931
Interest	82,208	65,826	45,012	40,500	38,226	35,677	32,084	28,720	26,581	24,149
Changes of benefit terms	-	124,964	-	7,461	-	-	-	-	-	-
Difference between expected and actual experience	14,639	(10,051)	16,271	(31,039)	(3,796)	(21,411)	(8,477)	(3,118)	(18,632)	343,523
Change in assumptions	(24,028)	-	-	-	(30,309)	-	-	-	16,153	-
Benefit payments, including refunds of employee contributions	(88,094)	(75,716)	(63,492)	(71,119)	(39,967)	-	(3,602)	-	-	-
Net change in total pension liability	284,114	343,266	142,998	49,973	15,284	50,088	47,025	50,642	42,365	370,603
Total pension liability - beginning	1,112,244	768,978	625,980	576,007	560,723	510,635	463,610	412,968	370,603	-
Total pension liability - ending (a)	1,396,358	1,112,244	768,978	625,980	576,007	560,723	510,635	463,610	412,968	370,603
Plan fiduciary net position:										
Contributions - employer	194,145	128,807	110,498	106,960	94,661	80,321	75,643	81,768	61,097	9,799
Contributions - employee	125,718	101,195	74,520	37,798	24,511	17,857	13,403	12,004	8,730	1,401
Net investment income	108,637	(61,490)	82,868	39,615	59,208	(8,765)	25,102	5,506	17	-
Benefit payments, including refunds of employee contributions	(88,094)	(75,716)	(63,492)	(71,119)	(39,967)	-	(3,602)	-	-	-
Administrative expense	(683)	(527)	(381)	(254)	(332)	(168)	(129)	(65)	(11)	-
Other	(4)	629	1	(10)	(9)	(10)	(8)	-	-	-
Net change in plan fiduciary net position	339,719	92,898	204,014	112,990	138,072	89,235	110,409	99,213	69,833	11,200
Plan fiduciary net position - beginning	927,864	834,966	630,952	517,962	379,890	290,655	180,246	81,033	11,200	-
Plan fiduciary net position - ending (b)	1,267,583	927,864	834,966	630,952	517,962	379,890	290,655	180,246	81,033	11,200
Net Pension Liability (Asset) - Ending (a) - (b)	\$ 128,775	\$ 184,380	\$ (65,988)	\$ (4,972)	\$ 58,045	\$ 180,833	\$ 219,980	\$ 283,364	\$ 331,935	\$ 359,403
Plan fiduciary net position as a % of total pension liability	90.78%	83.42%	108.58%	100.79%	89.92%	67.75%	56.92%	38.88%	19.62%	3.02%
Covered payroll (measurement year)	\$ 1,795,977	\$ 1,445,645	\$ 1,064,566	\$ 755,952	\$ 490,220	\$ 357,145	\$ 268,052	\$ 240,075	\$ 174,599	\$ 28,020
Net pension liability (asset) as a percentage of covered payroll	7.17%	12.75%	-6.20%	-0.66%	11.84%	50.63%	82.07%	118.03%	190.11%	1282.67%

Note: The City began participating in TMRS during the 2014 calendar year.

CITY OF IOWA COLONY, TEXAS
REQUIRED SUPPLEMENTARY PENSION INFORMATION
TEXAS MUNICIPAL RETIREMENT SYSTEM
SCHEDULE OF CONTRIBUTIONS
Last Ten Fiscal Years

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Actuarially determined contribution	\$ 204,441	\$ 176,512	\$ 127,048	\$ 114,253	\$ 101,598	\$ 92,000	\$ 81,648	\$ 75,874	\$ 76,809	\$ 52,491
Contribution in relation of the actuarially determined contribution	225,335	176,512	127,048	114,253	101,598	92,000	81,648	75,874	76,809	52,491
Contribution deficiency (excess)	<u>\$ 20,894</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll (fiscal year)	\$ 2,087,699	\$ 1,710,034	\$ 1,363,746	\$ 1,015,011	\$ 665,101	\$ 448,754	\$ 335,852	\$ 253,819	\$ 224,351	\$ 149,040
Contributions as a percentage of covered payroll	10.79%	10.32%	9.32%	11.26%	15.28%	20.50%	24.31%	29.89%	34.24%	35.22%

Note: The City began participating in TMRS during the 2015 fiscal year.

Notes to Required Supplementary Pension Information:

Valuation Date: Actuarial determined contribution rates are calculated as of December 31 each year and become effective in January, 12 months and a day later.

Methods and Assumptions Used to Determine Contribution Rates:

Actuarial Cost Method:	Entry Age Normal
Amortization Method:	Level Percentage of Payroll, Closed
Remaining Amortization Period:	20 Years (longest amortization ladder)
Asset Valuation Method:	10 Year smoothed market; 12% soft corridor
Inflation:	2.5%
Salary Increases:	3.60% to 11.85% including inflation
Investment Rate of Return:	6.75%
Retirement Age:	Experience-based table of rates that vary by age. Last updated for the 2023 valuation pursuant to an experience study of the period ending 2022.
Mortality:	Post-retirement: 2019 Municipal Retirees of Texas Mortality Tables. Male rates are multiplied by 103% and female rates are multiplied by 105%. The rates are projected on a fully generational basis by the most recent Scale MP-2021 (with immediate convergence). Pre-retirement: PUB(10) mortality tables, with the 110% of the Public Safety table used for males and the 100% of the General Employee table used for females. The rates are projected on a fully generational basis by the most recent Scale MP-2021 (with immediate convergence).
Other Information:	There were no benefit changes during the year.

NONMAJOR GOVERNMENTAL FUNDS

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

The *Crime Control District* is used to account for the accumulation and use of the half-cent sales tax proceeds dedicated for crime prevention and reduction programs.

The *Law Enforcement Fund* is used to account for a portion of fines and forfeitures collected which are restricted to law enforcement programs.

The *Public Works Grants Fund* is used to account for the grant revenues and expenditures related to public works programs.

The *Public Safety Grants Fund* is used to account for the grant revenues and expenditures related to public safety programs.

The *Court Technology Fund* is used to account for revenues and expenditures related to the municipal court technology fee.

The *Court Security Fund* is used to account for revenues and expenditures related to the municipal court security fee.

The *Vehicle Replacement Fund* is used to account for funds set aside from the General Fund to be used for future vehicle replacement costs.

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CITY OF IOWA COLONY, TEXAS
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
September 30, 2024

	Crime Control District	Law Enforcement	Public Works Grants Fund	Public Safety Grants Fund	Court Technology	Court Security	Vehicle Replacement	Total Nonmajor Governmental Funds
Assets								
Current assets:								
Cash and cash equivalents	\$ 565,525	\$ 1,586	\$ -	\$ 22,522	\$ 20,436	\$ 33,065	\$ 222,990	\$ 866,124
Sales tax receivable	53,130	-	-	-	-	-	-	53,130
Due from other governments	-	-	13,213	-	-	-	-	13,213
Total Assets	\$ 618,655	\$ 1,586	\$ 13,213	\$ 22,522	\$ 20,436	\$ 33,065	\$ 222,990	\$ 932,467
Liabilities								
Accounts payable	\$ 4,100	\$ -	\$ 12,199	\$ -	\$ -	\$ -	\$ 8,318	\$ 24,617
Accrued expenses	1,093	-	-	-	-	-	-	1,093
Due to other funds	3,993	-	1,014	-	79	-	-	5,086
Total Liabilities	9,186	-	13,213	-	79	-	8,318	30,796
Fund Balances								
Restricted:								
Public safety	609,469	1,586	-	-	20,357	33,065	-	664,477
Grants	-	-	-	22,522	-	-	-	22,522
Assigned:								
Capital projects	-	-	-	-	-	-	214,672	214,672
Total Fund Balances	609,469	1,586	-	22,522	20,357	33,065	214,672	901,671
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 618,655	\$ 1,586	\$ 13,213	\$ 22,522	\$ 20,436	\$ 33,065	\$ 222,990	\$ 932,467

CITY OF IOWA COLONY, TEXAS

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES

NONMAJOR GOVERNMENTAL FUNDS

September 30, 2024

	Crime Control District	Law Enforcement	Public Works Grants Fund	Public Safety Grants Fund	Court Technology	Court Security	Vehicle Replacement	Total Nonmajor Governmental Funds
Revenues								
Sales taxes	\$ 326,410	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 326,410
Intergovernmental	-	-	96,837	21,405	-	-	-	118,242
Fines and forfeitures	-	-	-	-	9,068	11,102	-	20,170
Investment earnings	22,145	-	-	-	-	-	16,901	39,046
Total Revenues	348,555	-	96,837	21,405	9,068	11,102	16,901	503,868
Expenditures								
Current:								
Administration	-	-	1,013	-	-	-	5,810	6,823
Police	142,202	-	-	629	-	-	-	142,831
Municipal court	-	-	-	-	160	73	-	233
Capital outlay	65,663	-	95,824	-	-	-	195,041	356,528
Total Expenditures	207,865	-	96,837	629	160	73	200,851	506,415
Revenues Over (Under) Expenditures	140,690	-	-	20,776	8,908	11,029	(183,950)	(2,547)
Other Financing Sources (Uses)								
Operating transfers in	-	-	-	-	-	-	112,000	112,000
Total Other Financing Sources (Uses)	-	-	-	-	-	-	112,000	112,000
Changes in Fund Balance	140,690	-	-	20,776	8,908	11,029	(71,950)	109,453
Fund Balances - Beginning, as Previously R	468,779	1,586	-	1,746	11,449	22,036	286,622	792,218
Fund Balances - Beginning	468,779	1,586	-	1,746	11,449	22,036	286,622	792,218
Fund Balances - Ending	\$ 609,469	\$ 1,586	\$ -	\$ 22,522	\$ 20,357	\$ 33,065	\$ 214,672	\$ 901,671

