

CITY OF IOWA COLONY, TEXAS

ANNUAL FINANCIAL REPORT

September 30, 2023



CITY OF IOWA COLONY, TEXAS

TABLE OF CONTENTS

	<u>Page</u>
Independent Auditor's Report	1
Management's Discussion and Analysis	5
Basic Financial Statements	
Government-wide Financial Statements:	
Statement of Net Position	12
Statement of Activities	13
Fund Financial Statements:	
Balance Sheet - General Fund	14
Reconciliation of the General Fund Balance Sheet to the Statement of Net Position	15
Statement of Revenues, Expenditures and Changes in Fund Balances - General Fund	16
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of General Fund to the Statement of Activities	17
Notes to Basic Financial Statements	19
Required Supplementary Information	
General Fund Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual	37
Notes to Required Supplementary Budgetary Information	38
Required Supplementary Pension Information:	
Schedule of Changes in Net Pension Liability/(Asset) and Related Ratios	39
Schedule of Contributions	40
Other Supplementary Information	
Combining and Individual Fund Statements and Schedules:	
Combining Balance Sheet - Nonmajor Governmental Funds	42
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Nonmajor Governmental Funds	43



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, 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, 2023, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, the discretely presented component unit, and the aggregate remaining fund information of the City, as of September 30, 2023, 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.

June 30, 2024

Houston, Texas

June 30, 2024 June 30, 2024



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, 2023.

Overview of the Financial Statements

This annual report consists of three parts - management's discussion and analysis (this section), the basic financial statements, and the required supplementary information. The basic financial statements include two kinds of statements that present different views of the City:

- The first two statements are government-wide financial statements that provide both long-term and short-term information about the City's overall financial status.
- The governmental funds statements tell how general government services were financed in the short term as well as what remains for future spending.
- The remaining statements are fund financial statements that focus on individual parts of the government, reporting the City's operations in more detail than the government-wide statements.
- The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data.

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

The statement of net position presents information on all of the City's assets, deferred outflows of resources, liabilities and deferred inflows of resources, with the difference between the four 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 government'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 in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and adjudicated fines).

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues. The governmental activities of the City include general government, public safety, public works, municipal court, and community development.

Additionally, the City reports the activities of its sole discretely presented component unit, the Iowa Colony Development Authority in the government-wide financial statements.

The government-wide financial statements can be found beginning on page 12 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 four 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 42 of this report.

The basic governmental fund financial statements can be found beginning on page 14 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 19 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 37 of this report.

Government-wide Financial Analysis

Below is a condensed schedule of Net Position as of September 30, 2023 and 2022, in thousands:

	Governmental Activities	
	2023	2022
Assets		
Current assets	\$ 14,829	\$23,132
Capital assets	26,092	13,553
Net Pension Asset	-	66
Total Assets	40,921	\$36,751
Deferred outflows of resources - pension	217	110
Liabilities		
Current liabilities	5,347	4,239
Long term liabilities - net pension liability	15,081	15,330
Total Liabilities	20,428	19,569
Deferred inflows of resources - pension	36	86
Net Position:		
Net investment in capital assets	13,955	10,980
Restricted	751	380
Unrestricted	5,981	5,845
Total Net Position	\$ 20,688	\$ 17,205

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

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 at the close of the most recent fiscal year by \$20.7 million. Of this amount, \$14.0 million was invested in capital assets, \$6.0 million was unrestricted and the balance of \$751 thousand was restricted primarily for economic development activities.

Below is a condensed schedule of Changes in Net Position for fiscal year 2023 and 2022, in thousands:

Revenues	Governmental Activities	
	2023	2022
Program Revenues:		
Charges for services:		
Administration	\$ 312	\$ 422
Police	396	228
Community development	2,425	3,091
Operating grants	226	179
Capital grants	2,901	905
General revenues:		
Property taxes	4,894	2,346
Franchise taxes	886	779
Sales taxes	258	209
Other	439	25
Total Revenues	12,737	8,184
Expenses:		
Administration	989	533
Finance	141	130
Police	1,731	1,294
Animal control	85	71
Emergency management	1	1
Municipal court	240	209
Public works	762	273
Parks and recreation	190	118
Community development	4,306	2,523
Fire marshal/inspections	395	445
Interest	661	448
Total Expenses	9,501	6,045
Change in net position	3,484	2,137
Beginning Net Position	17,203	15,066
Ending Net Position	\$ 20,687	\$ 17,203

The government's net position increased by approximately \$3.5 million during the current fiscal year. This increase was mostly due to revenues for community development and property taxes exceeding the current period expenses.

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

Expenses, Program Revenues, and Net Cost of Services – Governmental Activities (in thousands)
For the Fiscal Years Ended September 30, 2023 and 2022

	Expenses		Program Revenues		Net (Cost) of Services	
	2023	2022	2023	2022	2023	2022
Program:						
Administration	\$ 989	\$ 533	\$ 420	\$ 588	\$ (569)	\$ 55
Finance	141	130	-	-	(141)	(130)
Police	1,731	1,294	3,332	1,145	1,601	(149)
Animal control	85	71	-	-	(85)	(71)
Emergency management	1	1	-	-	(1)	(1)
Municipal court	240	209	-	-	(240)	(209)
Public works	762	273	83	-	(679)	(273)
Parks and recreation	190	118	-	-	(190)	(118)
Community development	4,306	2,523	2,425	3,091	(1,881)	568
Fire marshal/inspections	395	445	-	-	(395)	(445)
Interest	661	448	-	-	(661)	(448)
	<u>\$ 9,501</u>	<u>\$ 6,045</u>	<u>\$ 6,260</u>	<u>\$ 4,824</u>	<u>\$ (3,241)</u>	<u>\$ (1,221)</u>

As indicated above, governmental program expenses were supported by program revenues including permits and developer contributions. The balance of the program expenses was supported by general revenues.

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 \$5,640,691, an increase from the previous fiscal year of \$58,355 after a prior period adjustment to decrease fund balance by \$180,000.

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 \$563,657, an increase from the previous fiscal year of \$489,759 due to increases in property tax collections.

The Capital Projects Fund reported an ending fund balance of \$2,746,117, a decrease from the previous fiscal year of \$10,011,065 due to planned spending from the Series 2022 Tax and Revenue Certificates of Obligation funds to construct a 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, 2023 amounted to \$26,106,090 (net of accumulated depreciation). This investment in capital assets includes land, buildings, park facilities and machinery and equipment. Additions in the current year consisted of lands, roads, and police equipment.

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 \$13,785,000.

General Fund Budgetary Highlights

During the 2023 fiscal year, the City's final amended budget planned for \$8,423,600 in revenues and \$7,428,720 in expenditures. Actual revenues were less than estimated revenues by \$789,077 and total expenditures were greater than appropriations by \$57,015 resulting in an ending fund balance of \$5,640,691 which was -\$936,525 less than expected. The increases in favorable ending fund balance was a result of higher than expected revenues for license and permits with less than expected spending related to public works and community development.

Economic Factors and Next Year's Budgets and Rates

The city has adopted a General Fund operating budget for the 2023 fiscal year as follows:

	<u>Fiscal Year</u> <u>2024</u>
General Fund:	
Revenues	\$ 8,423,600
Expenditures	(8,407,910)
Revenues Over/(Under) Expenditures	<u>\$ 15,690</u>

The 2023 budget includes property tax rates of \$0.361992 for maintenance and operations (M&O) and \$0.157217 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 an increase of 6% from the 2022 fiscal year tax rate of \$0.489209 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, 2023

	Primary Government Governmental Activities	Discretely Presented Component Unit
Assets		
Cash and cash equivalents	\$ 14,203,229	\$ 3,147,776
Investments	410,070	-
Receivables, net of allowance for uncollectibles	215,288	-
Capital assets:		
Land	3,760,244	-
Construction in progress	1,433,966	-
Capital assets net of accumulated depreciation:		
Buildings, improvements and roads	20,676,292	-
Machinery and equipment	221,296	-
Right-to-use lease assets	14,292	-
Total Assets	40,934,677	3,147,776
Deferred Outflows of Resources		
Deferred outflows - pension	216,823	-
Total Deferred Outflows of Resources	216,823	-
Liabilities		
Accounts payable and accrued expenses	2,009,329	12,578
Unearned revenue	1,278,816	-
Developer deposits	1,731,000	-
Accrued interest payable	327,655	432,487
Noncurrent liabilities:		
Due within one year - bonds and leases	333,269	645,000
Leases payable	11,255	-
Bonds payable	14,552,211	34,094,786
Net pension liability	184,380	-
Total Liabilities	20,427,915	35,184,851
Deferred Inflows of Resources		
Deferred inflows - pension	35,939	-
Total Deferred Inflows of Resources	35,939	-
Net Position		
Investment in capital assets	13,955,472	-
Restricted for:		
Public safety	503,850	-
Debt service	245,723	-
Grants	1,746	-
Unrestricted	5,980,855	(32,037,075)
Total Net Position	\$ 20,687,646	\$ (32,037,075)

CITY OF IOWA COLONY, TEXAS
STATEMENT OF ACTIVITIES
For the Year Ended September 30, 2023

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	Discretely Presented Component Unit
Primary Government:						
Governmental Activities:						
Administration	\$ 988,759	\$ 312,000	\$ 108,387	\$ -	\$ (568,372)	
Finance	140,980	-	-	-	(140,980)	
Police	1,730,924	396,065	34,864	2,900,702	1,600,707	
Animal control	84,868	-	-	-	(84,868)	
Emergency management	895	-	-	-	(895)	
Municipal court	240,001	-	-	-	(240,001)	
Public works	761,843	-	83,076	-	(678,767)	
Parks and recreation	190,120	-	-	-	(190,120)	
Community development	4,306,072	2,425,227	-	-	(1,880,845)	
Fire marshal/inspections	395,386	-	-	-	(395,386)	
Interest	661,128	-	-	-	(661,128)	
Total Governmental Activities	<u>9,500,976</u>	<u>3,133,292</u>	<u>226,327</u>	<u>2,900,702</u>	<u>(3,240,655)</u>	
Total Primary Government	\$ 9,500,976	\$ 3,133,292	\$ 226,327	\$ 2,900,702	(3,240,655)	
Component Unit						
Iowa Colony Development						
Authority	<u>\$ 10,203,768</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>		\$ (10,203,768)
General Revenues:						
Taxes:						
Property taxes				4,893,551	2,579,173	
Sales taxes				886,097	15,619	
Franchise taxes				257,885	-	
Unrestricted investment earnings				380,391	64,016	
Miscellaneous				58,958	-	
Gain on sale of capital assets				247,532	-	
Total General Revenues				<u>6,724,414</u>	<u>2,658,808</u>	
Change in net position				3,483,759	(7,544,960)	
Net Position - beginning				<u>17,203,887</u>	<u>(24,492,115)</u>	
Net Position - ending				<u>\$ 20,687,646</u>	<u>\$ (32,037,075)</u>	

CITY OF IOWA COLONY, TEXAS
BALANCE SHEET - GENERAL FUND
September 30, 2023

	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	\$ 2,504,658	\$ 900,751	\$ 563,657	\$ 9,444,087	\$ 790,076	\$ 14,203,229
Investments	410,070	-	-	-	-	410,070
Due from other funds	5,115,215	-	-	-	-	5,115,215
Property taxes receivable	40,980	-	9,721	-	-	50,701
Sales tax receivable	105,613	-	-	-	43,273	148,886
Fines and forfeitures receivable	15,701	-	-	-	-	15,701
Total Assets	\$ 8,192,237	\$ 900,751	\$ 573,378	\$ 9,444,087	\$ 833,349	\$ 19,943,802
Liabilities						
Accounts payable	\$ 333,981	\$ -	\$ -	\$ 1,582,755	\$ 41,131	\$ 1,957,867
Accrued expenses	51,462	-	-	-	-	51,462
Due to other funds	-	-	-	5,115,215	-	5,115,215
Developer deposits	1,731,000	-	-	-	-	1,731,000
Unearned revenue	378,065	900,751	-	-	-	1,278,816
Total Liabilities	2,494,508	900,751	-	6,697,970	41,131	10,134,360
Deferred Inflows of Resources						
Unavailable revenue - property taxes	40,980	-	9,721	-	-	50,701
Unavailable revenue - fines	16,058	-	-	-	-	16,058
Total Deferred Inflows of Resources	57,038	-	9,721	-	-	66,759
Fund Balances						
Restricted:						
Public safety	-	-	-	-	503,850	503,850
Debt Service	-	-	563,657	-	-	563,657
Capital projects	-	-	-	2,746,117	-	2,746,117
Grants	-	-	-	-	1,746	1,746
Assigned:						
Park Reserves	-	-	-	-	286,622	286,622
Capital improvements	600,000	-	-	-	-	600,000
Unassigned	5,040,691	-	-	-	-	5,040,691
Total Fund Balances	5,640,691	-	563,657	2,746,117	792,218	9,742,683
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 8,192,237	\$ 900,751	\$ 573,378	\$ 9,444,087	\$ 833,349	\$ 19,943,802

CITY OF IOWA COLONY, TEXAS
RECONCILIATION OF THE GENERAL FUND BALANCE SHEET
TO THE STATEMENT OF NET POSITION
September 30, 2023

Total Fund Balance, Governmental Funds \$ 9,742,683

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. 26,106,090

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. 66,759

Long-term liabilities that are not due and payable in the current period, and therefore, are not reported in the funds.

Certificates of obligation	(13,785,000)
Premium on bonds	(1,097,211)
Leases payable	(14,524)
Net pension asset/(liability)	(184,380)
Accrued interest payable on long-term debt	(327,655)

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	216,823
Deferred inflows - pension related	(35,939)

Net Position of Governmental Activities \$ 20,687,646

CITY OF IOWA COLONY, TEXAS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GENERAL FUND
For the Year Ended September 30, 2023

	General Fund	American Rescue Plan Act (ARPA) Fund	Debt Service Fund	Capital Projects Fund	Non-Major Governmental Funds	Total Governmental Funds
Revenues						
Property taxes	\$ 3,415,730	\$ -	\$ 1,476,126	\$ -	\$ -	\$ 4,891,856
Sales taxes	629,823	-	-	-	256,274	886,097
Franchise taxes	257,885	-	-	-	-	257,885
License and permits	2,425,227	-	-	-	-	2,425,227
Intergovernmental	108,387	-	-	-	117,940	226,327
Charges for services - Intergovernmental	312,000	-	-	-	-	312,000
Fines and forfeitures	370,827	-	-	-	24,881	395,708
Investment earnings	55,686	-	-	324,705	-	380,391
Miscellaneous revenue	58,958	-	-	-	-	58,958
Total Revenues	7,634,523	-	1,476,126	324,705	399,095	9,834,449
Expenditures						
Current:						
Administration	902,711	-	-	-	40,378	943,089
Finance	135,980	-	-	-	-	135,980
Police	1,368,838	-	-	-	190,076	1,558,914
Animal control	81,868	-	-	-	-	81,868
Emergency management	895	-	-	-	-	895
Municipal court	234,001	-	-	-	-	234,001
Public works	399,955	-	-	-	350,740	750,695
Parks and recreation	190,120	-	-	-	-	190,120
Community development	3,735,160	-	-	-	-	3,735,160
Fire marshal/inspections	389,386	-	-	-	-	389,386
Debt service:						
Principal	2,626	-	440,000	-	-	442,626
Interest and fees	533	-	545,617	-	-	546,150
Bond issuance costs	-	-	750	-	-	750
Capital outlay	43,662	-	-	10,335,770	-	10,379,432
Total Expenditures	7,485,735	-	986,367	10,335,770	581,194	19,389,066
Revenues Over (Under) Expenditures	148,788	-	489,759	(10,011,065)	(182,099)	(9,554,617)
Other Financing Sources (Uses)						
Proceeds from sale of land	247,532	-	-	-	-	247,532
Operating transfers in	-	-	-	-	355,115	355,115
Issuance of debt - leases	17,150	-	-	-	-	17,150
Operating transfers out	(355,115)	-	-	-	-	(355,115)
Total Other Financing Sources (Uses)	(90,433)	-	-	-	355,115	264,682
Changes in Fund Balance	58,355	-	489,759	(10,011,065)	173,016	(9,289,935)
Fund Balances - Beginning of Year	5,582,336	-	73,898	12,757,182	619,202	19,032,618
Fund Balances - End of Year	\$ 5,640,691	\$ -	\$ 563,657	\$ 2,746,117	\$ 792,218	\$ 9,742,683

CITY OF IOWA COLONY, TEXAS
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - GENERAL FUND TO THE STATEMENT OF ACTIVITIES
For the Year Ended September 30, 2023

Net Change in Fund Balances - Total Governmental Funds:	\$ (9,289,935)
<p>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.</p>	
Capital outlay	10,379,432
Contributed capital	2,900,702
Depreciation	(727,071)
<p>Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.</p>	
Property taxes	1,695
Fines and forfeitures	357
<p>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.</p>	
Principal paid on bonds	440,000
Issuance of leases	(17,150)
Principal paid on leases	2,626
<p>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:</p>	
Accrued interest on long-term debt	(122,510)
Amortization of bond premiums and discounts	8,282
Changes in pension liabilities and related deferred outflows and inflows of resources	(92,669)
Change in net financial net position of governmental activities	<u>\$ 3,483,759</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.

Amounts reported as program revenues include: (1) charges to customers or applicants for goods, services or privileges provided (primarily inspection and platting fees), (2) operating grants and contributions (primarily retainer or development fees from developers), 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:

- Investment in capital assets - This component of Net Position consists of capital assets, including restricted capital assets, net of accumulated depreciation.
- 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, 2023, 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.

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

Note 2 - Summary of Significant Accounting Policies (continued)

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.

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 Standard

GASB No. 87, *Leases*, was issued to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. This statement did not impact the City in fiscal year 2022.

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.

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

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

Local Government Investment Pool

As of September 30, 2023, the City’s investments included balances in the TexSTAR Public Funds Investment Pool. 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.

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	(1,297,206)	900,751	563,657	-	790,076	957,278
Bond funds				1,608,084	-	1,608,084
Retainer deposits	500,587	-	-	-	-	500,587
Certificates of deposit	410,070	-	-	-	-	410,070
Texstar investment pool	3,300,977	-	-	7,836,003	-	11,136,980
Totals	<u>\$ 2,914,728</u>	<u>\$ 900,751</u>	<u>\$ 563,657</u>	<u>\$ 9,444,087</u>	<u>\$ 790,076</u>	<u>\$ 14,613,299</u>

	Fair Value / Amortized Cost	Percentage of Portfolio	Weighted Average Maturity (days)	S&P Rating
Petty cash	\$ 300	0%	1	N/A
Demand deposits:	-	18%	1	N/A
Retainer deposits	500,587	3%	1	N/A
Certificates of deposit	410,070	3%	203	N/A
Texstar investment pool	11,136,980	76%	30	AAAm
U.S. Treasury Notes	-	0%	49	AAA
Totals	<u>\$ 12,047,937</u>	<u>100%</u>	<u>29</u>	

At September 30, 2023, all of the cash and temporary investments of Iowa Colony Development Authority consisted of balances in demand deposit accounts.

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.

Cash and temporary investments of were restricted for amounts related to retainer fees, road damage deposits, and developer deposits.

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, 2023, are as follows:

	General Fund	Debt Service Fund	Non-Major Governmental Funds	Total
Receivables:				
Property taxes	\$ 40,980	\$ 9,721	\$ -	\$ 50,701
Sales taxes	105,613	-	43,273	148,886
Fines and forfeitures	314,011	-	-	314,011
Gross receivables	460,604	9,721	43,273	513,598
Less: allowance for uncollectibles	(298,310)	-	-	(298,310)
Net total receivables	<u>\$ 162,294</u>	<u>\$ 9,721</u>	<u>\$ 43,273</u>	<u>\$ 215,288</u>

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, 2023.

<u>Project</u>	<u>Balance 9/30/2022</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance 9/30/2023</u>
County Road 64	\$ 1,731,000	\$ -	\$ -	\$ 1,731,000
Early Plat - Sierra V W Sec 8	51,734	-	(51,734)	-
Early Plat - Sierra V W Sec 9	89,463	-	(89,463)	-
Early Plat - Sierra V W Sec 10	74,158	-	(74,158)	-
	<u>\$ 1,946,355</u>	<u>\$ -</u>	<u>\$ (215,355)</u>	<u>\$ 1,731,000</u>

Note 6 - Unearned Revenue

As of September 30, 2023, unearned revenue balances consisted of the following:

	<u>General Fund</u>	<u>American Rescue Plan Act (ARPA) Fund</u>	<u>Non-Major Governmental Funds</u>	<u>Total</u>
Unearned Revenues:				
Grants	\$ -	\$ 900,751	\$ -	\$ 900,751
Developer deposits	25,935	-	-	25,935
Other	9,946	-	-	9,946
Road damage deposits	342,184	-	-	342,184
Total Unearned Revenues	<u>\$ 378,065</u>	<u>\$ 900,751</u>	<u>\$ -</u>	<u>\$ 1,278,816</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.

Note 7 - Interfund Receivables and Payables and Transfers

As of September 30, 2023, interfund balances consisted of the following:

	<u>Interfund Receivable</u>	<u>Interfund Payable</u>	<u>Net Totals</u>
General Fund	\$ 5,115,215	\$ -	\$ 5,115,215
Capital Projects Fund	-	(5,115,215)	(5,115,215)
Totals	<u>\$ 5,115,215</u>	<u>\$ (5,115,215)</u>	<u>\$ -</u>

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

Note 7 - Interfund Receivables and Payables and Transfers (continued)

The amount of the interfund balance represents the amount of sales tax proceeds collected in the General Fund that will be used for future crime control prevention is - .

	Transfer In	Transfer Out	Net Totals
General Fund	\$ -	\$ (355,115)	\$ (355,115)
Non-Major Governmental Funds	355,115	-	355,115
Totals	\$ 355,115	\$ (355,115)	\$ -

The transfer from the general fund to the vehicle replacement fund of \$70,000 represents amounts set aside for future vehicle replacement costs.

Note 8 - Capital Assets

A summary of activity for capital assets for the year ended September 30, 2023, follows:

	Balance 9/30/2022	Additions	Disposals	Transfers	Balance 9/30/2023
Governmental activities:					
Capital assets not being depreciated/amortized:					
Land and right of way	\$ 3,746,042	\$ 14,202	\$ -	\$ -	\$ 3,760,244
Construction in progress	1,407,454	10,302,002	-	(10,275,490)	1,433,966
Total capital assets not being depreciated/amortized	5,153,496	10,316,204	-	(10,275,490)	5,194,210
Capital assets being depreciated/amortized:					
Buildings, improvements and roads	10,285,154	2,900,702	-	10,275,490	23,461,346
Machinery and equipment	777,067	46,078	-	-	823,145
Right-to-use lease assets	-	17,150	-	-	17,150
Total capital assets being depreciated/amortized	11,062,221	2,963,930	-	10,275,490	24,301,641
Less accumulated depreciation/amortization for:					
Buildings, improvements and roads	(2,191,689)	(593,365)	-	-	(2,785,054)
Machinery and equipment	(471,001)	(130,848)	-	-	(601,849)
Right-to-use lease assets	-	(2,858)	-	-	(2,858)
Total accumulated depreciation/amortization	(2,662,690)	(727,071)	-	-	(3,389,761)
Total capital assets being depreciated/amortized, net	8,399,531	2,236,859	-	10,275,490	20,911,880
Governmental activities capital assets, net	\$ 13,553,027	\$ 12,553,063	\$ -	\$ -	\$ 26,106,090

Depreciation was charged to functions of the primary government as follows:

Governmental activities:	Depreciation/ Amortization Expense
Administration	\$ 26,670
Public safety	125,341
Public works	7,148
Community development	567,912
	\$ 727,071

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

Note 8 - Capital Assets (continued)

Private Placement Certificates of Obligation

During the current fiscal year, the City issued Combination Tax and Revenue Certificates of Obligation, Series 2022, in the amount of \$13,125,000. The principal is payable annually on April 1 and the interest is payable semiannually on October 1 and April 1 at an interest rate of 5.000%. The proceeds are to be used for the acquisition, construction, installation and equipping of a police station and additional City office space physically connected thereto. Additional information for the City's outstanding debt as of September 30, 2023 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	\$ 1,025,000
Tax and Revenue Certificates of Obligation				
Series 2022	\$ 13,125,000	5.000%	2047	12,760,000

Debt service requirements to maturity are as follows:

<u>Fiscal Year</u>	<u>Private Placement Certificates of Obligation</u>			<u>General Obligation Bonds</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 75,000	\$ 20,910	\$ 95,910	\$ 255,000	\$ 638,000	\$ 893,000
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
2029-2033	440,000	46,614	486,614	1,780,000	2,671,000	4,451,000
2034-2038	190,000	5,814	195,814	2,570,000	2,164,750	4,734,750
2039-2043	-	-	-	3,515,000	1,418,250	4,933,250
2044-2048	-	-	-	3,495,000	447,750	3,942,750
	<u>\$ 1,025,000</u>	<u>\$ 141,066</u>	<u>\$ 1,166,066</u>	<u>\$ 12,760,000</u>	<u>\$ 9,758,750</u>	<u>\$ 22,518,750</u>

Note 9 - Changes in Long-term Debt

The following is a summary of changes in the City's total governmental long-term liabilities for the year ended September 30, 2023:

	<u>Balance 9/30/2022</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 9/30/2023</u>	<u>Due Within One Year</u>
Governmental activities:					
Private placement					
certificates of obligation	\$ 1,100,000	\$ -	\$ (75,000)	\$ 1,025,000	\$ 75,000
Tax and revenue					
certificates of obligation	13,125,000	-	(365,000)	12,760,000	255,000
Premium	1,105,493	-	(8,282)	1,097,211	-
Leases payable	-	17,150	(2,626)	14,524	3,269
Total	<u>\$ 15,330,493</u>	<u>\$ 17,150</u>	<u>\$ (450,908)</u>	<u>\$ 14,896,735</u>	<u>\$ 333,269</u>

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

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.

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 887 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.

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.

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

Note 11 - Employee Retirement System (continued)

Benefits Provided (continued)

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, 2022, valuation and measurement date, 19 active City employees were covered by the benefit terms and 13 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. For fiscal year 2023, the City made contributions of 10.38% of the employees' annual gross income.

Net Pension Liability/(Asset)

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

Actuarial Assumptions

The Total Pension Liability in the December 31, 2022, actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.5% per year
Overall payroll growth	3.5% to 11.5% including inflation
Investment Rate of Return	6.75% net of pension plan investment expense, including inflation

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

Note 11 - Employee Retirement System (continued)

Actuarial Assumptions (continued)

Salary increases were based on a service-related table. Mortality rates for active members, retirees, and beneficiaries were based on the gender-distinct 2019 Municipal Retirees of Texas mortality tables, with rates multiplied by an additional factor of 93.0%. The rates are projected on a fully generational basis by scale UMP to account for future mortality improvements. For disabled annuitants, the mortality tables for healthy retirees is used with a 4-year set-forward for males and a 3-year set-forward for females. In addition, a 3.5% and 3% minimum mortality rate will be applied to reflect the impairment for younger members who become disabled for males and females, respectively. The rates are projected on a fully generational basis by scale UMP to account for future mortality improvements subject to the floor.

Actuarial assumptions used in the December 31, 2022, valuation were based on the results of actuarial experience studies. This experience study was for the period January 1, 2014 through December 31, 2018, first used in the December 31, 2019 valuation. Assumptions are reviewed annually. Plan assets are managed on a total return basis with an emphasis on both capital appreciation as well as the production of income, in order to satisfy the short-term and long-term funding needs of TMRS.

The long-term expected rate of return on pension plan investments is 6.75%. The pension plan’s policy in regard to the allocation of invested assets is established and may be amended by the TMRS Board of Trustees. Plan assets are managed on a total return basis with an emphasis on both capital appreciation as well as the production of income, in order 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. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return (Arithmetic)
Global Equities	35%	7.55%
Core Fixed Income	6%	2.00%
Non-core Fixed Income	20%	5.68%
Other Public and Private Markets	12%	7.22%
Real Estate	12%	6.85%
Hedge Funds	5%	5.35%
Private Equity	10%	10.00%
Total	100%	

Discount Rate

The discount rate used to measure the Total Pension Liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that 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.

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

Note 11 - Employee Retirement System (continued)

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:

	<u>1% Decrease</u>	<u>Current Discount Rate (7.75%)</u>	<u>1% Increase</u>
City's net pension liability	\$ 345,980	\$ 184,380	\$ 54,513

Changes in the Net Pension Liability/(Asset)

	<u>Increase (Decrease)</u>		
	<u>Total Pension Liability</u>	<u>Plan Fiduciary Net Position</u>	<u>Net Pension Liability</u>
	(a)	(b)	(a) - (b)
Balance at 12/31/2021	\$ 768,978	\$ 834,966	\$ (65,988)
Changes for the year:			
Service Cost	238,243	-	238,243
Interest	65,826	-	65,826
Change in benefit terms	124,964	-	124,964
Difference between expected and actual experience	(10,051)	-	(10,051)
Contributions - employer	-	128,807	(128,807)
Contributions - employee	-	101,195	(101,195)
Net Investment income	-	(61,490)	61,490
Benefit payments, including refunds, of employee contributions	(75,716)	(75,716)	-
Administrative expense	-	(527)	527
Other changes	-	629	(629)
Net changes	<u>343,266</u>	<u>92,898</u>	<u>250,368</u>
Balance at 12/31/2022	<u>\$ 1,112,244</u>	<u>\$ 927,864</u>	<u>\$ 184,380</u>

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.

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

Note 11 - Employee Retirement System (continued)

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

For the year ended September 30, 2023, the City recognized pension expense of \$57,412.

At September 30, 2023, 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	\$ 11,405	\$ (31,206)
Change in assumptions	-	(4,733)
Difference in projected and actual earnings on pension plan investments	61,540	-
Contributions subsequent to measurement date	143,878	-
Total	\$ 216,823	\$ (35,939)

Deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date of \$143,878 will be recognized as a reduction of the Net Pension Liability/(Asset) for the measurement year ending December 31, 2023 (i.e., recognized in the city’s financial statements September 30, 2024). 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
2024	\$ (4,703)
2025	7,969
2026	11,416
2027	22,067
2028	257
Total	\$ 37,006

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.

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

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

TMRS Supplemental Death Benefits Fund (continued)

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

The City's contributions to the TMRS SDBF for the fiscal year 2023 was \$1,634 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 \$18,007. 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 \$1,634 have been recorded in the City's financial statements.

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, 2023

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget
Revenues				
Property taxes	\$ 4,825,700	\$ 4,825,700	\$ 3,415,730	\$ (1,409,970)
Sales taxes	421,000	421,000	629,823	208,823
Franchise taxes	200,000	200,000	257,885	57,885
License and permits	2,399,500	2,399,500	2,425,227	25,727
Intergovernmental	-	-	108,387	108,387
Charges for serices - Intergovernmental	-	-	312,000	312,000
Fines and forfeitures	265,300	265,300	370,827	105,527
Investment earnings	100	100	55,686	55,586
Miscellaneous revenue	312,000	312,000	58,958	(253,042)
Total Revenues	8,423,600	8,423,600	7,634,523	(789,077)
Expenditures				
Current:				
Administration	748,360	748,360	902,711	(154,351)
Finance	136,730	136,730	135,980	750
Police	1,520,120	1,520,120	1,368,838	151,282
Animal control	88,120	88,120	81,868	6,252
Emergency management	11,000	11,000	895	10,105
Municipal court	243,350	243,350	234,001	9,349
Public works	377,890	377,890	399,955	(22,065)
Parks and recreation	162,000	162,000	190,120	(28,120)
Community development	3,136,540	3,136,540	3,735,160	(598,620)
Fire marshal/inspections	454,610	454,610	389,386	65,224
Debt service:				
Principal	-	-	2,626	(2,626)
Interest and fees	-	-	533	(533)
Capital outlay	550,000	550,000	43,662	506,338
Total Expenditures	7,428,720	7,428,720	7,485,735	(57,015)
Revenues Over (Under) Expenditures	994,880	994,880	148,788	(846,092)
Other Financing Sources (Uses)				
Proceeds from sale of land	-	-	247,532	247,532
Issuance of debt - leases	-	-	17,150	17,150
Operating transfers out	-	-	(355,115)	(355,115)
Total Other Financing Sources (Uses)	-	-	(90,433)	(90,433)
Changes in Fund Balance	994,880	994,880	58,355	(936,525)
Fund Balances - Beginning of Year	5,582,336	5,582,336	5,582,336	-
Fund Balances - End of Year	\$ 6,577,216	\$ 6,577,216	\$ 5,640,691	\$ (936,525)

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 by for the year ended September 30, 2023. The overages were caused by the City experiencing significant growth as the total revenue exceeded anticipated amounts by .

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 Eight Measurement Years Ended December 31

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Total Pension Liability:									
Service cost	\$ 238,243	\$ 145,207	\$ 104,170	\$ 51,130	\$ 35,822	\$ 27,020	\$ 25,040	\$ 18,263	\$ 2,931
Interest	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	(10,051)	16,271	(31,039)	(3,796)	(21,411)	(8,477)	(3,118)	(18,632)	343,523
Change in assumptions	-	-	-	(30,309)	-	-	-	16,153	-
Benefit payments, including refunds of employee contributions	(75,716)	(63,492)	(71,119)	(39,967)	-	(3,602)	-	-	-
Net change in total pension liability	343,266	142,998	49,973	15,284	50,088	47,025	50,642	42,365	370,603
Total pension liability - beginning	768,978	625,980	576,007	560,723	510,635	463,610	412,968	370,603	-
Total pension liability - ending (a)	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	128,807	110,498	106,960	94,661	80,321	75,643	81,768	61,097	9,799
Contributions - employee	101,195	74,520	37,798	24,511	17,857	13,403	12,004	8,730	1,401
Net investment income	(61,490)	82,868	39,615	59,208	(8,765)	25,102	5,506	17	-
Benefit payments, including refunds of employee contributions	(75,716)	(63,492)	(71,119)	(39,967)	-	(3,602)	-	-	-
Administrative expense	(527)	(381)	(254)	(332)	(168)	(129)	(65)	(11)	-
Other	629	1	(10)	(9)	(10)	(8)	-	-	-
Net change in plan fiduciary net position	92,898	204,014	112,990	138,072	89,235	110,409	99,213	69,833	11,200
Plan fiduciary net position - beginning	834,966	630,952	517,962	379,890	290,655	180,246	81,033	11,200	-
Plan fiduciary net position - ending (b)	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)	\$ 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	83.42%	108.58%	100.79%	89.92%	67.75%	56.92%	38.88%	19.62%	3.02%
Covered payroll (measurement year)	\$ 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	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 Eight Fiscal Years

	2023	2022	2021	2020	2019	2018	2017	2016	2015
Actuarially determined contribution	\$ 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	176,512	127,048	114,253	101,598	92,000	81,648	75,874	76,809	52,491
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered payroll (fiscal year)	\$ 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	10.32%	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:	N/A
Asset Valuation Method:	10 Year smoothed market; 12% soft corridor
Inflation:	2.5%
Salary Increases:	3.50% to 11.50% including inflation
Investment Rate of Return:	6.75%
Retirement Age:	Age Experience-based table of rates that are specific to the City's plan of benefits. Last updated for the 2019 valuation pursuant to an experience study of the period 2014 – 2018.
Mortality:	Post-retirement - 2019 Municipal Retirees of Texas Mortality Tables. The rates are projected on a fully generational basis with scale UMP. Pre-retirement - PUB(10) mortality tables, with the Public Safety table used for males and the General Employee table used for females. The rates are projected on a fully generational basis with scale UMP.
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 *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.

CITY OF IOWA COLONY, TEXAS
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
September 30, 2023

	<u>Crime Control District</u>	<u>Law Enforcement</u>	<u>Public Works Grants Fund</u>	<u>Public Safety Grants Fund</u>	<u>Court Technology</u>	<u>Court Security</u>	<u>Vehicle Replacement</u>	<u>Total Nonmajor Governmental Funds</u>
Assets								
Current assets:								
Cash and cash equivalents	\$ 428,132	\$ 1,586	\$ 38,505	\$ 1,746	\$ 11,449	\$ 22,036	\$ 286,622	\$ 790,076
Sales tax receivable	43,273	-	-	-	-	-	-	43,273
Total Assets	<u>\$ 471,405</u>	<u>\$ 1,586</u>	<u>\$ 38,505</u>	<u>\$ 1,746</u>	<u>\$ 11,449</u>	<u>\$ 22,036</u>	<u>\$ 286,622</u>	<u>\$ 833,349</u>
Liabilities								
Accounts payable	\$ 2,626	\$ -	\$ 38,505	\$ -	\$ -	\$ -	\$ -	\$ 41,131
Total Liabilities	<u>2,626</u>	<u>-</u>	<u>38,505</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>41,131</u>
Fund Balances								
Restricted:								
Public safety	468,779	1,586	-	-	11,449	22,036	-	503,850
Grants	-	-	-	1,746	-	-	-	1,746
Assigned:								
Capital projects	-	-	-	-	-	-	286,622	286,622
Total Fund Balances	<u>468,779</u>	<u>1,586</u>	<u>-</u>	<u>1,746</u>	<u>11,449</u>	<u>22,036</u>	<u>286,622</u>	<u>792,218</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 471,405</u>	<u>\$ 1,586</u>	<u>\$ 38,505</u>	<u>\$ 1,746</u>	<u>\$ 11,449</u>	<u>\$ 22,036</u>	<u>\$ 286,622</u>	<u>\$ 833,349</u>

CITY OF IOWA COLONY, TEXAS
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
September 30, 2023

	<u>Crime Control District</u>	<u>Law Enforcement</u>	<u>Public Works Grants Fund</u>	<u>Public Safety Grants Fund</u>	<u>Court Technology</u>	<u>Court Security</u>	<u>Vehicle Replacement</u>	<u>Total Nonmajor Governmental Funds</u>
Revenues								
Sales taxes	\$ 256,274	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 256,274
Intergovernmental	-	-	83,076	34,864	-	-	-	117,940
Fines and forfeitures	-	1,586	-	-	10,478	12,817	-	24,881
Total Revenues	<u>256,274</u>	<u>1,586</u>	<u>83,076</u>	<u>34,864</u>	<u>10,478</u>	<u>12,817</u>	<u>-</u>	<u>399,095</u>
Expenditures								
Current:								
Administration	-	-	-	-	-	-	40,378	40,378
Police	155,815	-	-	34,261	-	-	-	190,076
Public works	-	-	350,740	-	-	-	-	350,740
Total Expenditures	<u>155,815</u>	<u>-</u>	<u>350,740</u>	<u>34,261</u>	<u>-</u>	<u>-</u>	<u>40,378</u>	<u>581,194</u>
Revenues Over (Under) Expenditures	100,459	1,586	(267,664)	603	10,478	12,817	(40,378)	(182,099)
Other Financing Sources (Uses)								
Operating transfers in	-	-	278,115	-	-	-	77,000	355,115
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>278,115</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>77,000</u>	<u>355,115</u>
Changes in Fund Balance	100,459	1,586	10,451	603	10,478	12,817	36,622	173,016
Fund Balances - Beginning of Year	368,320	-	(10,451)	1,143	971	9,219	250,000	619,202
Fund Balances - End of Year	<u>\$ 468,779</u>	<u>\$ 1,586</u>	<u>\$ -</u>	<u>\$ 1,746</u>	<u>\$ 11,449</u>	<u>\$ 22,036</u>	<u>\$ 286,622</u>	<u>\$ 792,218</u>

