CITY OF IOWA PARK, TEXAS

ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED SEPTEMBER 30, 2023

MWH GROUP
CERTIFIED PUBLIC ACCOUNTANTS
CONSULTANTS

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Financial Section

MWH GROUP
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Independent Auditor's Report on Financial Statements

Members of the City Council
City of Iowa Park, Texas

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Iowa Park, Texas as of and for the year ended September 30, 2023, and the related notes to the financial statements, which collectively comprise the City of Iowa Park, Texas' basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Iowa Park, Texas, as of September 30, 2023, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City of Iowa Park, Texas and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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- 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 of Iowa Park, Texas' 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 of Iowa Park, Texas' ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, Budgetary Comparison Schedule – General Fund, Texas Municipal Retirement System Schedule of Changes in Net Pension Liability and Related Ratios, and Texas Municipal Retirement System Schedule of Changes in Net Pension Liability and Related Ratios, Texas Municipal Retirement System Schedule of Contributions, and Texas Municipal Retirement System Schedule of Changes in Total OPEB Liability and Related Ratios, on pages 3 through 10 and 42 through 46 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.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 18, 2024, on our consideration of the City of Iowa Park, Texas' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City of Iowa Park, Texas' internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City of Iowa Park, Texas' internal control over financial reporting and compliance.

Respectfully submitted,

MWH Group, P.C.

MWH GROUP, P.C.
January 18, 2024

City of Iowa Park

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MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the City of Iowa Park, Texas, we offer readers of the City's Annual Financial Report this narrative overview and analysis of the City's financial performance during the fiscal year ended September 30, 2023 . Please read it in conjunction with the City's financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

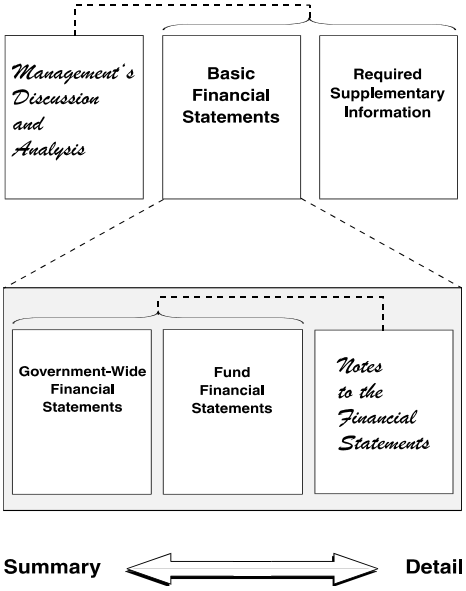
- The assets and deferred outflows of resources of the City exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by $19,434,847 (net position). Of this amount, $7,487,828 (unrestricted net position) may be used to meet the City's obligations.
- During the year, the City's total net position increased by $890,769.
- The governmental funds reported a fund balance this year of $7,245,377, which is a decrease of $600,953 in comparison with the prior year amount. $2,614,325, or 36%, of this amount is available for spending at the government's discretion (unassigned fund balance).
- At the end of the current fiscal year, unassigned fund balance for the General Fund was $2,614,325, or 56% of the total General Fund expenditures.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of three parts - *management's discussion and analysis* (this section), the *basic financial statements*, *and 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 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 *governmental funds* statements tell how *general government* services were financed in the *short-term* as well as what remains for future spending.
- The *proprietary fund statements* offer *short-* and *long-term* financial information about the activities the government operates *like businesses*, such as the water and sewer system.

Figure A-1
Required Components of the City's Annual Financial Report



The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. The statements are followed by a section of *required supplementary information* that further explains and supports the information in the financial statements. Figure A-1 shows how the required parts of this annual report are arranged and related to one another.

Figure A-2 summarizes the major features of the City's financial statements, including the portion of the City's government they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis explains the structure and contents of each of the statements.

Figure A-2. Major Features of the City's Government-wide and Fund Financial Statements

Type of Statements	**Government-wide**	**Governmental Funds**	**Proprietary Funds**
Scope	Entire Agency's government (except fiduciary funds) and the Agency's component units	The activities of the City that are not proprietary or fiduciary	Activities the City operates similar to private businesses - the water and sewer system
Required financial statements	• Statement of net position • Statement of activities	• Balance sheet • Statement of revenues, expenditures, and changes in fund balances	• Statement of net position • Statement of revenues, expenses, and changes in net position • Statement of cash flows
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus
Type of asset/liability information	All assets and liabilities, both financial and capital, short-term and long-term	Only assets expected to be used up and liabilities that come due during the year or soon thereafter, no capital assets included	All assets and liabilities, both financial and capital, and short-term and long-term
Type of inflow/outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and payment is due during the year or soon thereafter	All revenues and expenses during year, regardless of when cash is received or paid

Government-wide Statements

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

The two government-wide statements report the City's net position and how they have changed. Net position - the difference between the City's assets and liabilities - is one way to measure the City's financial health or *position*.

- Over time, increases or decreases in the City's net position are an indicator of whether its financial health is improving or deteriorating, respectively.

- To assess the overall health of the City, one needs to consider additional non-financial factors such as changes in the City's tax base.

The government-wide financial statements of the City are divided into three categories:

- *Governmental activities*. Most of the City's basic services are included here, such as the fire, police, street department, sanitation, parks services, library, animal control, and general administration.

- *Business-type activities.* The City charges fees to customers to help it cover the cost of certain services it provides. The City's water and sewer system are included here.

- *Component Units.* The City includes two other entities in its report - the Iowa Park 4A Development Corporation and the Iowa Park 4B Development Corporation. Although legally separate, these "component units" are important because the City is financially accountable for them.

Fund Financial Statements

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

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

The City has the following kinds of funds:

- *Governmental funds* - Most of the City's basic services are included in governmental funds, which focus on (1) how *cash and other financial assets* that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental fund statements provide a detailed *short-term* view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs. Because this information does not encompass the additional long-term focus of the government-wide statements, we provide additional information at the bottom of the governmental funds statement, or on the subsequent page, that explain the relationship (or differences) between them.
- *Proprietary funds* - Services for which the City charges customers a fee are generally reported in proprietary funds. Proprietary funds, like the government-wide statements, provide both long- and short-term financial information. In fact, the City's proprietary funds are the same as its business-type activities, but provide more detail and information, such as cash flows.

FINANCIAL ANALYSIS OF THE CITY AS A WHOLE

Net position. The City's combined net position was $19,434,847 at September 30, 2023. (See Table A-1)

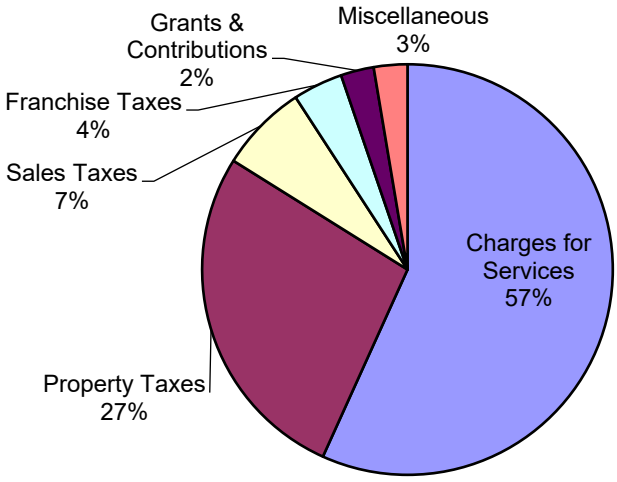
The $7,487,828 of unrestricted net position at September 30, 2023 represents resources available to fund the programs of the City next year if sufficient resources are not derived from future resources.

Table A-1
City's Net Position

	Governmental Activities		Business-type Activities		Total	
	2023	2022	2023	2022	2023	2022
Current and other assets	$ 7,793,438	$ 8,578,515	$ 5,524,281	$ 5,308,188	$ 13,317,719	$ 13,886,703
Capital assets, net	5,574,945	4,456,815	7,348,618	7,684,864	12,923,563	12,141,679
Total assets	13,368,383	13,035,330	12,872,899	12,993,052	26,241,282	26,028,382
Deferred outflows of resources	650,412	149,379	301,961	101,143	952,373	250,522
Current liabilities	462,496	338,619	554,139	583,442	1,016,635	922,061
Noncurrent liabilities	5,301,976	4,559,072	1,381,013	1,379,891	6,682,989	5,938,963
Total liabilities	5,764,472	4,897,691	1,935,152	1,963,333	7,699,624	6,861,024
Deferred inflows of resources	41,429	595,580	17,755	278,222	59,184	873,802
Net investment in capital assets	4,575,775	4,075,946	6,424,800	6,420,513	11,000,575	10,496,459
Restricted	651,379	640,780	295,065	334,952	946,444	975,732
Unrestricted	2,985,740	2,974,712	4,502,088	4,097,175	7,487,828	7,071,887
Total net position	$ 8,212,894	$ 7,691,438	$ 11,221,953	$ 10,852,640	$ 19,434,847	$ 18,544,078

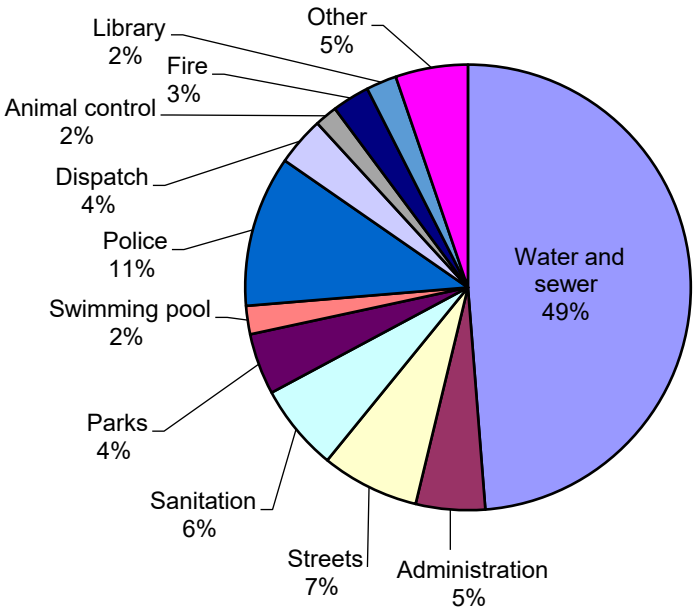
Changes in net position. The City's total revenues, both program and general, were $10,067,682. A significant portion, 57%, of the City's revenue comes from charges for services. (See Figure A-3.) 27% comes from property taxes, 7% from sales taxes, 4% from franchise taxes, and 2% from grants and contributions. Other minor categories combined make up approximately 3% of the City's total revenues.

Figure A-3
Sources of Revenue for Fiscal Year 2023



The total cost of all programs and services was $9,176,913. The City's expenses cover a range of services, with 49% for water and sewer related expenses, 11% for the police department, 7% for streets, 6% for sanitation, and 5% for administration. The other minor categories make up the remaining 22%.

Figure A-4
Functional Expenses for Fiscal Year 2023



Governmental Activities

Table A-2 presents the various revenue categories and gross costs of each of the City's functional areas for the current year.

Table A-2
Changes in Net Position

	Governmental Activities		Business-type Activities		Totals	
	2023	2022	2023	2022	2023	2022
Revenues						
Program revenues:						
Charges for services	$ 956,615	$ 918,714	$ 4,757,151	$ 5,051,431	$ 5,713,766	$ 5,970,145
Operating grants and contributions	157,574	118,388	13,623	15,133	171,197	133,521
Capital grants and contributions	90,845	3,112	-	92,595	90,845	95,707
General revenues:						
Property taxes	2,731,693	2,465,063	-	-	2,731,693	2,465,063
Sales taxes	699,149	627,492	-	-	699,149	627,492
Franchise taxes	395,867	378,880	-	-	395,867	378,880
Investment earnings	144,174	62,498	41,727	32,114	185,901	94,612
Gain on sale of assets	33,333	50,443	31,383	1	64,716	50,444
Miscellaneous	14,548	12,599	-	-	14,548	12,599
Transfers	-	-	-	-	-	-
Total revenues	5,223,798	4,637,189	4,843,884	5,191,274	10,067,682	9,828,463
Expenses						
Administration	460,398	415,672	-	-	460,398	415,672
Public works	55,272	51,191	-	-	55,272	51,191
Code enforcement	72,532	62,502	-	-	72,532	62,502
Streets	651,437	589,842	-	-	651,437	589,842
Sanitation	578,383	549,341	-	-	578,383	549,341
Parks	408,353	323,721	-	-	408,353	323,721
Swimming pool	188,653	181,090	-	-	188,653	181,090
Police	1,006,163	864,218	-	-	1,006,163	864,218
Dispatch	324,118	272,109	-	-	324,118	272,109
Animal control	150,264	139,335	-	-	150,264	139,335
Municipal court	93,156	78,948	-	-	93,156	78,948
Fire	249,767	208,916	-	-	249,767	208,916
Library	202,862	192,844	-	-	202,862	192,844
RAC - Youth Center	7,363	12,965	-	-	7,363	12,965
Economic development	109,236	82,446	-	-	109,236	82,446
Interest and fees on long-term debt	144,385	84,336	-	-	144,385	84,336
Water and sewer	-	-	4,474,571	4,185,482	4,474,571	4,185,482
Total expenses	4,702,342	4,109,476	4,474,571	4,185,482	9,176,913	8,294,958
Increase in net position	$ 521,456	$ 527,713	$ 369,313	$ 1,005,792	$ 890,769	$ 1,533,505

Explanations for large and/or unusual variances between 2022 and 2023 are as follows:

- Charges for services decreased by $256,379, or 4%, primarily due to a decrease in gallons of water sold during the year. Water sales fluctuate based on a number of factors, including temperatures, annual rainfall, and economic activity. Water and sewer expenses increased by $289,089, or 7%, which was largely driven by increases in employee compensation and pension expense in 2023.

- Property taxes increased by $266,630, or 11%, as the City's appraised taxable values increased by 17%.

- Police department expenses increased by $141,945, or 16%, primarily due to an increase in pension expense. The City recognized pension income of $216,956 in 2022, and the City recognized pension expense of $254,110 in 2023 – a $471,066 increase in expenses for the City as a whole. The police department reflects a larger portion of this change as it has the most employees.

- Interest and fees on long-term debt increased by $60,049, or 71%, as the City issued a new bond in 2022 to construct and furnish facilities for the police and fire departments and incurred a full year of interest expense thereon in 2023.

Table A-3 presents the net cost of the City's governmental functions (total cost less fees generated by the activities and intergovernmental aid). The net cost reflects what was funded by state revenues as well as local tax dollars.

- The cost of all *governmental* activities this year was $4,702,342; however, the amount that our taxpayers paid for these activities through property taxes was only $2,731,693.

- Some of the cost was paid by those who directly benefited from the programs through charges for services of $956,615.

Table A-3
Net Cost of Governmental Activities

	Total Cost of Services		Net Cost of Services	
	2023	2022	2023	2022
Administration	$ 460,398	$ 415,672	$ 372,467	$ 365,574
Public works	55,272	51,191	55,272	51,191
Code enforcement	72,532	62,502	39,569	26,319
Streets	651,437	589,842	594,844	530,224
Sanitation	578,383	549,341	(10,014)	(26,657)
Parks	408,353	323,721	321,203	269,272
Swimming pool	188,653	181,090	109,326	106,647
Police	1,006,163	864,218	993,196	862,074
Dispatch	324,118	272,109	324,118	272,109
Animal control	150,264	139,335	148,201	135,848
Municipal court	93,156	78,948	10,936	(2,241)
Fire	249,767	208,916	194,846	150,804
Library	202,862	192,844	109,523	188,055
RAC - Youth Center	7,363	12,965	7,363	12,965
Economic development	109,236	82,446	86,236	48,446
Interest and fees	144,385	84,336	140,222	78,632
Total government activities	$ 4,702,342	$ 4,109,476	$ 3,497,308	$ 3,069,262

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

As previously stated, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements and segregation for particular purposes.

Governmental Funds

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

General Fund

At the end of the current fiscal year, the ending fund balance for the General Fund was $3,180,304, of which, $2,614,325 was unassigned. Of the remaining, $470,669 is restricted for drainage improvement, $21,705 is restricted for Municipal Court, $8,694 is restricted for police, $7,086 is restricted for special projects, and $57,825 has been committed for specific projects by the City Council. The unassigned fund balance represents 56% of the total General Fund expenditures for the year ended September 30, 2023. The fund balance increased $312,588 in the current fiscal year.

General Fund revenues totaled $5,006,468, an increase of $24,594, or 0.5%, from the preceding year.

General Fund expenditures totaled $4,693,880, an increase of $256,269, or 6%, from the preceding year.

General Fund Budgetary Highlights

The City approved the budget prior to the start of the fiscal year, and no amendments were made during the course of the year.

Actual expenditures were $130,790 under final budget amounts. The least favorable expenditure variance was in the fire department, which was over $209,230. The overage is due to grant expenditures of $14,500 and machinery and equipment purchases of $193,800, which were not anticipated in the budget.

Revenues were $181,798 above the final budgeted amount. The general fund budget for property taxes included taxes levied for debt service, which was ultimately received in the debt service fund, creating a negative variance. Total property tax revenue for Governmental funds was $2,730,566, or $56,184 lower than the final budgeted amount. The negative variance was offset by higher-than-anticipated sales tax and miscellaneous revenue.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At September 30, 2023, the City had invested in a broad range of capital assets totaling $12,923,563, net of accumulated depreciation, including buildings, systems, equipment, infrastructure and construction in progress. (See Table A-4.)

Table A-4
Capital Assets, Net of Accumulated Depreciation

	Governmental Activities		Business-type Activities		Totals	
	2023	2022	2023	2022	2023	2022
Land	$ 112,438	$ 112,438	$ 631,320	$ 631,320	$ 743,758	$ 743,758
CIP	1,161,057	126,968	26,376	357,718	1,187,433	484,686
Buildings and improvements	1,328,734	1,401,416	432,082	107,887	1,760,816	1,509,303
System improvements	-	-	6,077,237	6,400,198	6,077,237	6,400,198
Machinery and equipment	1,371,550	1,155,388	181,603	187,741	1,553,153	1,343,129
Infrastructure	1,601,166	1,660,605	-	-	1,601,166	1,660,605
Totals	$ 5,574,945	$ 4,456,815	$ 7,348,618	$ 7,684,864	$ 12,923,563	$ 12,141,679

Capital assets, net of accumulated depreciation, increased $781,884, or 6% from the previous year. Additional information about the City's capital assets is presented in the notes to the financial statements.

Long-term Debt

At September 30, 2023, the City had $5,343,712 in long-term liabilities outstanding as shown in Table A-5 below.

Table A-5
Long-term Liabilities Outstanding

	Governmental Activities		Business-type Activities		Totals	
	2023	2022	2023	2022	2023	2022
Certificates of obligation	$ -	$ -	$ 280,000	$ 320,000	$ 280,000	$ 320,000
General obligation refunding	112,500	165,000	637,500	935,000	750,000	1,100,000
Taxable bonds	3,945,000	3,945,000	-	-	3,945,000	3,945,000
Premium on general obligation refunding	61,326	65,985	31,431	46,518	92,757	112,503
Financed purchase	183,010	210,417	-	-	183,010	210,417
Compensated absences	62,646	54,482	30,299	25,200	92,945	79,682
Totals	$4,364,482	$4,440,884	$ 979,230	$1,326,718	$5,343,712	$5,767,602

Additional information about the City's long-term liabilities outstanding is presented in the notes to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

- Appraised value used for the 2023-2024 budget preparation is $324,018,793, up $34,245,928, or 12% from last year's values.

These indicators were taken into account when adopting the General Fund budget for 2023-2024. Budgeted revenues in the General Fund are $5,650,060, an increase of 14.6% from the final 2022-2023 budget of $4,824,670.

General Fund expenditures are budgeted to increase 20.4% to $5,650,060 from final 2022-2023 actual expenditures before transfers of $4,693,880.

If these estimates are realized, the City's budgetary General Fund's fund balance is not expected to change by the end of fiscal year 2024.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

This financial report is designed to provide a general overview of the City's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report, or requests for additional financial information, should be addressed to the Finance Director at 103 North Wall Street, Iowa Park, Texas 76367.

Basic Financial Statements

CITY OF IOWA PARK, TEXAS
STATEMENT OF NET POSITION
SEPTEMBER 30, 2023

	Primary Government		
	Governmental Activities	Business-type Activities	Total
Assets:			
Cash and cash equivalents	$ 2,793,773	$ 3,819,617	$ 6,613,390
Investments	4,592,613	793,978	5,386,591
Receivables, net of allowances for uncollectibles:			
Property taxes	11,734	-	11,734
Sales taxes	120,150	-	120,150
Customer accounts	93,267	650,870	744,137
Municipal court	27,271	-	27,271
Grants	5,894	-	5,894
Other	10,468	5,584	16,052
Note receivable	-	-	-
Note receivable from component unit	112,500	280,000	392,500
Internal balances	25,768	(25,768)	-
Land held for sale	-	-	-
Capital assets, net of accumulated depreciation	5,574,945	7,348,618	12,923,563
Total assets	13,368,383	12,872,899	26,241,282
Deferred outflows of resources:			
Deferred loss on early retirement	4,432	25,113	29,545
Deferred outflows of resources from pensions	641,178	274,790	915,968
Deferred outflows of resources from OPEB	4,802	2,058	6,860
Total deferred outflows of resources	650,412	301,961	952,373
Liabilities:			
Accounts payable	342,470	210,871	553,341
Accrued payroll	32,712	14,750	47,462
Customer deposits	-	308,020	308,020
Other accrued liabilities	18,887	5,846	24,733
Accrued interest payable	68,427	14,652	83,079
Long-term liabilities:			
Accrued compensated absences	62,646	30,299	92,945
Net pension liability	852,322	365,281	1,217,603
Total OPEB liability	85,172	36,502	121,674
Portion due or payable within one year	157,247	346,000	503,247
Portion due or payable after one year	4,144,589	602,931	4,747,520
Total liabilities	5,764,472	1,935,152	7,699,624
Deferred inflows of resources:			
Deferred inflows of resources from OPEB	41,429	17,755	59,184
Total deferred inflows of resources	41,429	17,755	59,184
Net position:			
Net investment in capital assets	4,575,775	6,424,800	11,000,575
Restricted for:			
Debt service	138,805	295,065	433,870
Drainage improvements	470,669	-	470,669
Municipal court	26,125	-	26,125
Police	8,694	-	8,694
Special projects	7,086	-	7,086
Unrestricted	2,985,740	4,502,088	7,487,828
Total net position	$ 8,212,894	$ 11,221,953	$ 19,434,847

The accompanying notes are an integral part of these financial statements.

Component Units	
Iowa Park 4A Economic Development Corporation	Iowa Park 4B Community Development Corporation
$ 338,775	$ 259,148
780,003	642,704
-	-
60,075	60,075
-	-
-	-
-	-
-	-
308,750	-
-	-
-	-
68,217	-
87,182	-
1,643,002	961,927
-	-
-	-
-	-
-	-
38	-
-	-
-	-
-	122,133
-	-
-	-
-	-
-	-
40,000	54,000
240,000	58,500
280,038	234,633
-	-
-	-
87,182	-
-	-
-	-
-	-
-	-
-	-
1,275,782	727,294
$ 1,362,964	$ 727,294

CITY OF IOWA PARK, TEXAS

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED SEPTEMBER 30, 2023

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions
Governmental activities:				
Administration	$ 460,398	$ 55,528	$ 32,403	$ -
Public works	55,272	-	-	-
Code enforcement	72,532	32,963	-	-
Streets	651,437	56,593	-	-
Sanitation	578,383	588,397	-	-
Parks	408,353	-	87,150	-
Swimming pool	188,653	79,327	-	-
Police	1,006,163	1,213	11,754	-
Dispatch	324,118	-	-	-
Animal control	150,264	902	1,161	-
Municipal court	93,156	82,220	-	-
Fire	249,767	35,527	14,394	5,000
Library	202,862	945	6,549	85,845
RAC - Youth Center	7,363	-	-	-
Economic development	109,236	23,000	-	-
Interest and fees on long-term debt	144,385	-	4,163	-
Total governmental activities	4,702,342	956,615	157,574	90,845
Business-type activities:				
Water and sewer	4,474,571	4,757,151	13,623	-
Total business-type activities	4,474,571	4,757,151	13,623	-
Total primary government	$ 9,176,913	$ 5,713,766	$ 171,197	$ 90,845
Component units:				
4A Development Corporation	$ 99,729	$ -	$ -	$ -
4B Development Corporation	174,954	-	-	-
Total component units	$ 274,683	$ -	$ -	$ -
General revenues:				
Property taxes				
Sales taxes				
Franchise taxes				
Investment earnings				
Gain on sale of assets				
Miscellaneous				
Total general revenues				
Change in net position				
Net position - beginning				
Net position - ending				

The accompanying notes are an integral part of these financial statements.

EXHIBIT A-2

Net (Expense) Revenue and Changes in Net Position					
				Component Units	
Governmental Activities	Business-type Activities	Total		Iowa Park 4A Economic Development Corporation	Iowa Park 4B Community Development Corporation
$ (372,467)	$ -	$ (372,467)		$ -	$ -
(55,272)	-	(55,272)		-	-
(39,569)	-	(39,569)		-	-
(594,844)	-	(594,844)		-	-
10,014	-	10,014		-	-
(321,203)	-	(321,203)		-	-
(109,326)	-	(109,326)		-	-
(993,196)	-	(993,196)		-	-
(324,118)	-	(324,118)		-	-
(148,201)	-	(148,201)		-	-
(10,936)	-	(10,936)		-	-
(194,846)	-	(194,846)		-	-
(109,523)	-	(109,523)		-	-
(7,363)	-	(7,363)		-	-
(86,236)	-	(86,236)		-	-
(140,222)	-	(140,222)		-	-
(3,497,308)	-	(3,497,308)		-	-
-	296,203	296,203		-	-
-	296,203	296,203		-	-
(3,497,308)	296,203	(3,201,105)		-	-
-	-	-		(99,729)	-
-	-	-		-	(174,954)
-	-	-		(99,729)	(174,954)
2,731,693	-	2,731,693		-	-
699,149	-	699,149		349,575	349,575
395,867	-	395,867		-	-
144,174	41,727	185,901		17,977	17,956
33,333	31,383	64,716		-	-
14,548	-	14,548		-	-
4,018,764	73,110	4,091,874		367,552	367,531
521,456	369,313	890,769		267,823	192,577
7,691,438	10,852,640	18,544,078		1,095,141	534,717
$ 8,212,894	$ 11,221,953	$ 19,434,847		$ 1,362,964	$ 727,294

CITY OF IOWA PARK, TEXAS

EXHIBIT A-3

BALANCE SHEET - GOVERNMENTAL FUND
SEPTEMBER 30, 2023

	General Fund	Capital Projects Fund	Debt Service Fund	Totals
Assets:				
Cash and cash equivalents	$ 1,530,093	$ 1,237,375	$ 26,305	$ 2,793,773
Investments	1,531,754	3,060,859	-	4,592,613
Receivables, net of allowances:				
Property taxes	11,073	-	661	11,734
Sales taxes	120,150	-	-	120,150
Customer accounts	93,267	-	-	93,267
Municipal court	27,271	-	-	27,271
Grants	5,894	-	-	5,894
Other	10,468	-	-	10,468
Due from other funds	25,768	-	-	25,768
Total assets	$ 3,355,738	$ 4,298,234	$ 26,966	$ 7,680,938
Liabilities:				
Accounts payable	83,004	259,466	-	$ 342,470
Accrued payroll	32,712	-	-	32,712
Other accrued payables	18,887	-	-	18,887
Due to other funds	-	-	-	-
Total liabilities	134,603	259,466	-	394,069
Deferred inflows of resources:				
Unavailable revenue	40,831	-	661	41,492
Fund balances:				
Restricted for:				
Drainage improvements	470,669	-	-	470,669
Municipal court	21,705	-	-	21,705
Police	8,694	-	-	8,694
Special projects	7,086	-	-	7,086
Capital projects	-	3,038,768	-	3,038,768
Debt Service	-	-	26,305	26,305
Committed for:				
Risk management	23,104	-	-	23,104
Infrastructure	33,200	-	-	33,200
Capital projects	-	1,000,000	-	1,000,000
Other projects	1,521	-	-	1,521
Unassigned	2,614,325	-	-	2,614,325
Total fund balances	3,180,304	4,038,768	26,305	7,245,377
Total liabilities, deferred inflows of resources and fund balances	$ 3,355,738	$ 4,298,234	$ 26,966	$ 7,680,938

The accompanying notes are an integral part of these financial statements.

CITY OF IOWA PARK, TEXAS

EXHIBIT A-4

RECONCILIATION OF THE GOVERNMENTAL FUND BALANCE SHEET
TO THE STATEMENT OF NET POSITION
SEPTEMBER 30, 2023

Total fund balance - governmental fund balance sheet (Exhibit A-3)		$ 7,245,377
Amounts reported for governmental activities in the statement of net position (Exhibit A-1) are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. Capital assets at year-end consist of:		
Gross capital assets	$ 11,358,580	
Related accumulated depreciation	(5,783,635)	5,574,945
Accounts receivable are not available to pay for current period expenditures and therefore are deferred in the funds.		41,492
The City's proportionate share of net pension liability as well as pension-related deferred outflows of resources are recognized in the government-wide statements and include:		
Net pension asset	(852,322)	
Deferred outflows of resources from pensions	641,178	
Deferred inflows of resources from pensions	-	(211,144)
The City's total OPEB liability as well as OPEB-related deferred outflows of resources are recognized in the government-wide statements and include:		
Total OPEB liability	(85,172)	
Deferred outflows of resources from OPEB	4,802	
Deferred inflows of resources from OPEB	(41,429)	(121,799)
Some long-term liabilities and related assets are not due and payable in the current period and therefore are not reported in the funds. Those assets and liabilities at year-end consist of:		
Note receivable from component unit	112,500	
Bonds payable	(4,057,500)	
Premium on debt	(61,326)	
Financed purchase	(183,010)	
Accrued compensated absences	(62,646)	
Accrued interest	(68,427)	
Deferred loss on early retirement	4,432	(4,315,977)
Net position of governmental activities - statement of net position (Exhibit A-1)		$ 8,212,894

The accompanying notes are an integral part of these financial statements.

CITY OF IOWA PARK, TEXAS

EXHIBIT A-5

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - GOVERNMENTAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2023

	General Fund	Capital Projects Fund	Debt Service Fund	Totals
Revenue:				
Ad valorem taxes	$ 2,556,712	$ -	$ 173,854	$ 2,730,566
Franchise taxes	395,867	-	-	395,867
City sales taxes	699,149	-	-	699,149
Charges for services	744,567	-	-	744,567
Licenses and permits	35,079	-	-	35,079
Fines and forfeitures	80,608	-	-	80,608
Revenue from use of money and property	59,931	92,414	466	152,811
Intergovernmental revenues	22,649	-	-	22,649
Other revenues	411,906	-	-	411,906
Total revenues	5,006,468	92,414	174,320	5,273,202
Expenditures:				
Administration	441,043	-	-	441,043
Public works	53,961	-	-	53,961
Code enforcement	99,719	-	-	99,719
Streets	724,391	-	-	724,391
Sanitation	578,383	-	-	578,383
Parks	362,567	-	-	362,567
Swimming pool	191,916	-	-	191,916
Police	920,406	-	-	920,406
Dispatch	308,375	-	-	308,375
Animal control	109,405	-	-	109,405
Municipal court	91,239	-	-	91,239
Fire	336,045	-	-	336,045
Library	275,975	-	-	275,975
RAC - Youth Center	2,668	-	-	2,668
Economic development	107,270	-	-	107,270
Capital projects	-	1,031,589	-	1,031,589
Debt service:				
Principal	79,907	-	-	79,907
Interest and fiscal charges	10,610	-	148,686	159,296
Total expenditures	4,693,880	1,031,589	148,686	5,874,155
Surplus (deficiency) of revenues over (under) expenditures	312,588	(939,175)	25,634	(600,953)
Change in fund balance	312,588	(939,175)	25,634	(600,953)
Fund balance - beginning	2,867,716	4,977,943	671	7,846,330
Fund balance - ending	$ 3,180,304	$ 4,038,768	$ 26,305	$ 7,245,377

The accompanying notes are an integral part of these financial statements.

CITY OF IOWA PARK, TEXAS

EXHIBIT A-6

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGE IN FUND BALANCE OF THE GOVERNMENTAL FUND
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2023

Net change in fund balance - total governmental fund (Exhibit A-5)		$ (600,953)
Amounts reported for governmental activities in the statement of activities (Exhibit A-2) are different because:		
Capital outlays are reported in the governmental funds as expenditures. However, in the statement of activities, the costs of those assets are allocated over their useful lives as depreciation expense. The net difference between the two is as follows:		
Capital outlay during the year	$ 1,585,344	
Depreciation expense for the year	(467,214)	1,118,130
Because accounts receivable will not be collected for several months after the City's fiscal year ends, they are not considered 'available' revenues and are deferred in the governmental funds. Deferred revenues decreased by this amount this year.		3,096
The commitment from the component unit to provide funding in the future does not provide a current financial resource, but payments made under that commitment do provide a current resource. The City received this payment this year.		(52,500)
Under the modified accrual basis of accounting used in the governmental funds, expenditures are not recognized for transactions that are not normally paid with expendable available financial resources. In the statement of activities, however, which is presented on the accrual basis, expenses and liabilities are reported regardless of when financial resources are available. In addition, interest on long-term debt is not recognized under the modified accrual basis of accounting until due rather than as it accrues. This adjustment is a combination of five items.		
Compensated absences	(8,164)	
Amortization of advanced refunding difference	(2,127)	
Amortization of bond premium	4,658	
Accrued interest	12,379	6,746
The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. The net effect of these transactions are as follows:		
Repayment of long-term debt	79,908	79,908
Changes in the proportionate share of net pension liability and related deferred inflows and outflows reported in the Statement of Activities do not provide for or require use of current financial resources and therefore are not reported as revenues or expenditures in the governmental funds. The net effect of these transactions is:		(34,403)
Changes in the total OPEB liability and related deferred outflows reported in the Statement of Activities do not provide for or require use of current financial resources and therefore are not reported as revenues or expenditures in the governmental funds. The net effect of these transactions is:		1,432
Change in net position of governmental activities - statement of activities (Exhibit A-2)		$ 521,456

The accompanying notes are an integral part of these financial statements.

CITY OF IOWA PARK, TEXAS **EXHIBIT A-7**

STATEMENT OF NET POSITION
ENTERPRISE FUND
SEPTEMBER 30, 2023

		Utility Fund
Assets:		
Current assets:		
Cash and cash equivalents	$	3,819,617
Investments		793,978
Customer accounts receivable		650,870
Other receivables		5,584
Total current assets		5,270,049
Noncurrent assets:		
Note receivable from component unit		280,000
Capital assets, net of accumulated deprecation		7,348,618
Total noncurrent assets		7,628,618
Total assets		12,898,667
Deferred outflows of resources:		
Deferred loss on early retirement		25,113
Deferred outflows of resources from pensions		274,790
Deferred outflows of resources from OPEB		2,058
Total deferred outflows of resources		301,961
Total assets and deferred outflows of resources	$	13,200,628
Liabilities:		
Current liabilities:		
Accounts payable	$	210,871
Accrued payroll		14,750
Customer deposits		308,020
Other accrued liabilities		5,846
Accrued interest payable		14,652
Due to other funds		25,768
Total current liabilities		579,907
Long-term liabilities:		
Accrued compensated absences		30,299
Net pension liability		365,281
Total OPEB liability		36,502
Portion due within one year		346,000
Portion due after one year		602,931
Total long-term liabilities		1,381,013
Total liabilities		1,960,920
Deferred inflows of resources:		
Deferred inflows of resources from OPEB		17,755
Total deferred inflows of resources		17,755
Net position:		
Invested in capital assets, net of related debt		6,424,800
Restricted for:		
Debt service		295,065
Capital projects		-
Unrestricted		4,502,088
Total net position		11,221,953
Total liabilities, deferred inflows of resources, and net position	$	13,200,628

The accompanying notes are an integral part of these financial statements.

CITY OF IOWA PARK, TEXAS

EXHIBIT A-8

STATEMENT OF REVENUES, EXPENSES, AND CHANGES
IN FUND NET POSITION - ENTERPRISE FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2023

	Utility Fund
Operating revenues:	
Water	$ 3,865,302
Sewer	688,806
Tap fees	6,850
Contact fees	76,730
Other	119,463
Total operating revenues	4,757,151
Operating expenses:	
Administrative and support services	1,363,266
Water treatment and distribution	2,415,081
Sewer collection and treatment	279,507
Depreciation and amortization	387,346
Total operating expenses	4,445,200
Operating income	311,951
Nonoperating revenue (expense):	
Interest revenue	41,727
Capital grant revenue	-
Contributions	13,623
Bond interest expense	(29,371)
Gain on sale of assets	31,383
Total nonoperating revenue (expense)	57,362
Change in net position	369,313
Net position - beginning	10,852,640
Net position - ending	$ 11,221,953

The accompanying notes are an integral part of these financial statements.

CITY OF IOWA PARK, TEXAS

EXHIBIT A-9

STATEMENT OF CASH FLOWS
ENTERPRISE FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2023

	Utility Fund
Cash flows from operating activities:	
Cash received from customers	$ 4,905,947
Cash payments to employees for services	(624,703)
Cash payments to other suppliers for goods and services	(3,468,441)
Net cash provided by operating activities	812,803
Cash flows from non-capital financing activities:	
Payment on interfund loans	18,373
Net cash provided by non-capital financing activities	18,373
Cash flows from capital and related financing activities:	
Principal paid on long-term debt	(337,500)
Principal and interest received on note from component unit	53,623
Grant funding received for capital projects	106,560
Interest and agent fees paid on long-term debt	(37,209)
Acquisition of capital assets	(51,100)
Proceeds from sale of capital assets	31,383
Net cash used by capital and related financing activities	(234,243)
Cash flows from investing activities:	
Purchase of investments	(122,740)
Interest earned	41,727
Net cash used by investing activities	(81,013)
Net increase in cash and cash equivalents	515,920
Cash and cash equivalents - beginning	3,303,697
Cash and cash equivalents - ending	$ 3,819,617
Reconciliation of operating income to net cash provided by operating activities:	
Operating income	$ 311,951
Adjustments to reconcile operating income to net cash provided by operating activities	
Depreciation	387,346
(Increase) decrease in assets and deferred outflows of resources:	
Accounts receivable	135,872
Other receivables	(152)
Deferred outflows of resources from pensions	(220,275)
Deferred outflows of resources from OPEB	7,403
Increase (decrease) in liabilities and deferred inflows of resources:	
Accounts payable	(40,072)
Accrued liabilities	360
Accrued payroll	2,138
Customer deposits	13,076
Accrued compensated absences	5,099
Net pension liability	487,195
Total OPEB liability	(16,671)
Deferred inflows of resources from pensions	(260,467)
Net cash provided by operating activities	$ 812,803

The accompanying notes are an integral part of these financial statements.

A. Summary of Significant Accounting Policies

The combined financial statements of the City of Iowa Park, Texas (City) have been prepared in conformity with accounting principles applicable to governmental units which are generally accepted in the United States of America. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles.

1. Reporting Entity

The City's basic financial statements include the accounts of all its operations. The City evaluated whether any other entity should be included in these financial statements. The criteria for including organizations as component units within the City's reporting entity, as set forth in GASB Statement No. 14, *The Financial Reporting Entity*, include whether:

- the organization is legally separate (can sue and be sued in its name)
- the City holds the corporate powers of the organization
- the City appoints a voting majority of the organization's board
- the City is able to impose its will on the organization
- the organization has the potential to impose a financial benefit/burden on the City
- there is fiscal dependency by the organization on the City
- the exclusion of the organization would result in misleading or incomplete financial statements

Blended component units, although legally separate entities, are in substance, part of the City's operations and data from these units are combined with data presented by the City. Discretely presented component units, on the other hand, are reported in separate columns in the financial statements to emphasize they are legally separate from the City. Each blended and discretely presented component unit has a September 30th year end.

The City also evaluated each legally separate, tax-exempt organization whose resources are used principally to provide support to the City to determine if its omission from the reporting entity would result in financial statements which are misleading or incomplete. GASB Statement No. 39 requires inclusion of such an organization as a component unit when: 1) the economic resources received or held by the organization are entirely or almost entirely for the direct benefit of the City, its component units or its constituents; and 2) the City or its component units is entitled to, or has the ability to otherwise access, a majority of the economic resources received or held by the organization; and 3) such economic resources are significant to the City.

Discretely Presented Component Units

The Iowa Park 4A Economic Development Corporation is a non-profit corporation formed in March 2003 for the purpose of promoting economic development for the City in order to retain and expand existing business, expand and diversify the tax base of the City, attract new business and investment to the City, enhance existing job opportunities, create new job opportunities, and improve the quality of life and environment for the citizens of the City. The Corporation operates under the authority of Vernon's Civil Statutes, Article 5190.6, Section 4A and utilizes modified accrual basis of accounting. The Iowa Park 4A Economic Development Corporation is considered to be a part of the City's financial reporting entity because the City Council appoints its Board of Directors, approves its budgets, and exercises final authority over its operations.

The Iowa Park 4B Community Development Corporation is a non-profit corporation formed in March 2003 for the purpose of promoting or developing new or expanding business enterprises, parks, and other community projects. The Corporation operates under the authority of Vernon's Civil Statutes, Article 5190.6, Section 4B and utilizes modified accrual basis of accounting. The Iowa Park 4B Community Development Corporation is considered to be a part of the City's financial

reporting entity because the City Council appoints its Board of Directors, approves its budgets, and exercises final authority over its operations.

Excluded from Reporting Entity

The activities of the Firemen's Relief and Retirement Fund, in the City's professional judgment, are not a part of the City and thus are excluded from the accompanying financial statements. The Iowa Park Firemen's Relief and Retirement Fund is established and controlled through various state of Texas legislative enactments. This Fund is administered locally by a Board, independent of the City Council. City management and the City Council do not influence or control the administration and financial affairs of the Fund, and the net position of the Fund are not the property of the City.

2. Basis of Presentation, Basis of Accounting

a. Basis of Presentation

Government-wide Statements: The statement of net position and the statement of activities include the financial activities of the overall government. Eliminations have been made to minimize the double-counting of internal activities. These statements distinguish between the governmental and business-type activities of the City. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties.

The statement of activities presents a comparison between direct expenses and program revenues for the different business-type activities of the City and for each function of the City's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. The City does not allocate indirect expenses in the statement of activities. Program revenues include (a) fees, fines, and charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

Fund Financial Statements: The fund financial statements provide information about the City's funds, with separate statements presented for each fund category. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds.

Proprietary fund operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Nonoperating revenues, such as subsidies and investment earnings, result from nonexchange transactions or ancillary activities.

The City reports the following major governmental funds:

General Fund: This is the City's primary operating fund. It accounts for all financial resources of the City except those required to be accounted for in another fund.

Capital Project Fund: This fund is used for supporting large infrastructure costs. The City is using this fund for the purchase of a new building and remodel for a new police and fire station.

Debt Service Fund: This fund is used to service the City's debt.

The City reports the following major enterprise fund:

Water and Sewer Fund: This fund accounts for water and sewer services to residents of the City. Activities necessary to provide such services are accounted for in the fund, including, but not limited to, administration, operations, maintenance, finance, and related debt service.

b. Measurement Focus, Basis of Accounting

Government-wide and Proprietary Fund Financial Statements: These financial statements are reported using the economic resources measurement focus. The government-wide and proprietary fund financial statements are reported using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Nonexchange transactions, in which the City gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, entitlements, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Governmental Fund Financial Statements: Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The City considers all revenues reported in the governmental funds to be available if the revenues are collected within sixty days after year-end. Revenues from local sources consist primarily of property taxes. Property tax revenues and revenues received from the State are recognized under the susceptible-to-accrual concept. Miscellaneous revenues are recorded as revenue when received in cash because they are generally not measurable until actually received. Investment earnings are recorded as earned, since they are both measurable and available. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under financed purchases and leases are reported as other financing sources.

When the City incurs an expenditure or expense for which both restricted and unrestricted resources may be used, it is the City's policy to use restricted resources first, then unrestricted resources.

Under GASB Statement No. 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary Fund Accounting*, all proprietary funds will continue to follow Financial Accounting Standards Board (FASB) standards issued on or before November 30, 1989. However, from that date forward, proprietary funds will have the option of either 1) choosing not to apply future FASB standards (including amendments of earlier pronouncements), or 2) continuing to follow new FASB pronouncements unless they conflict with GASB guidance. The City has chosen to apply future FASB standards.

3. Financial Statement Amounts

a. Cash and Cash Equivalents

For purposes of the statement of cash flows, highly liquid investments are considered to be cash equivalents if they have a maturity of three months or less when purchased.

b. Property Taxes

Property taxes are levied by October 1 on the assessed value listed as of the prior January 1 for all real and business personal property in conformity with Subtitle E, Texas Property Tax Code. Taxes are due on receipt of the tax bill and are delinquent if not paid before February 1 of the year following the year in which imposed. On January 1 of each year, a tax lien attaches to property to secure the payment of all taxes, penalties, and interest ultimately imposed. Property tax revenues are considered available when they become due or past due and receivable within the current period.

Allowances for uncollectible tax receivables within the General Fund are based upon historical experience in collecting property taxes. Uncollectible personal property taxes are periodically reviewed and written off, but the City is prohibited from writing off real property taxes without specific statutory authority from the Texas Legislature.

At September 30, 2023, net property taxes receivable is calculated as follows:

Gross property taxes receivable	$	103,137
Allowance for uncollectible taxes		(91,403)
Net property taxes receivable	$	11,734

c. Capital Assets

Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated fixed assets are recorded at their estimated fair value at the date of the donation. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized. A capitalization threshold of $1,000 is used.

Capital assets are being depreciated using the straight-line method over the following estimated useful lives:

Asset Class	Estimated Useful Lives
Buildings and improvements	20-50
System improvements	10-50
Machinery and equipment	3-25
Infrastructure	50

d. Receivable and Payable Balances

The City believes that sufficient detail of receivable and payable balances is provided in the financial statements to avoid the obscuring of significant components by aggregation. Therefore, no disclosure is provided which disaggregates those balances.

There are no significant receivables, other than delinquent property taxes receivable, which are not scheduled for collection within one year of year end. Of the $100,934 outstanding at September 30, 2023, it is expected that the City will collect approximately $30,000 during the 2023-2024 fiscal year. This is similar to the delinquent taxes collected for the year ended September 30, 2023.

e. Interfund Activity

Interfund activity results from loans, services provided, reimbursements, or transfers between funds. Loans are reported as interfund receivables and payables as appropriate and are subject to elimination upon consolidation. Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures or expenses. Reimbursements occur when one fund incurs a cost, charges the appropriate benefiting fund and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers. Transfers In and Transfers Out are netted and presented as a single "Transfers" line on the government-wide statement of activities. Similarly, interfund receivables and payables are netted and presented as a single "Internal Balances" line of the government-wide statement of net position.

f. Net Position

Net position represents the difference between assets and deferred outflows of resources less liabilities and deferred inflows of resources. The City reports three categories of net position, as follows:

- Net investment in capital assets - consists of net capital assets reduced by outstanding balances of any related debt obligations and deferred inflows of resources attributable to the acquisition, construction, or improvement of those assets and increased by balances of deferred outflows of resources related to those assets.

- Restricted net position - net position is considered restricted if its use is constrained to a particular purpose. Restrictions are imposed by external organizations such as federal or state laws or buyers of the City's bonds. Restricted net position is restricted assets reduced by liabilities and deferred inflows of resources related to the restricted assets.

- Unrestricted net position - consists of all other net position that does not meet the definition of the above two components and is available for general use by the City.

When an expense is incurred for purposes for which both restricted and unrestricted net position are available, management applies restricted net position first, unless a determination is made to use unrestricted net position.

g. Governmental Fund Balances

Governmental Funds fund balances classified as restricted are balances with constraints placed on the use of resources by creditors, grantors, contributors, or laws or regulations of other governments. Fund balances classified as committed can only be used for specific purposes pursuant to constraints imposed by the City Council through an ordinance. Assigned fund balances are constrained by an intent to be used for specific purposes but are neither restricted nor committed. Assignments are made by City management based on Council direction.

For the classification of Governmental Fund balances, the City considers an expenditure to be made from the most restrictive fund balance classification first when more than one classification is available.

h. Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the Fiduciary Net Position 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.

i. Postemployment Benefits Other Than Pensions (OPEB)

For purposes of measuring the total OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense 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.

j. Use of Estimates

The preparation of financial statements in conformity with GAAP requires the use of management's estimates.

B. Compliance and Accountability

1. Finance-Related Legal and Contractual Provisions

For the year ended September 30, 2023, the City over expended in eight functional areas of the General Fund (see Note N). The City will be more diligent in monitoring its actual expenditures compared to the City's adopted budget during the year.

2. Deficit Fund Balance or Fund Net Position of Individual Funds

There are no funds with deficit fund balance or deficit net position as of September 30, 2023.

C. Deposits and Investments

The City's funds are required to be deposited and invested under the terms of a depository contract. The depository bank deposits for safekeeping and trust with the City's agent bank approved pledged securities in an amount sufficient to protect City funds on a day-to-day basis during the period of the contract. The pledge of approved securities is waived only to the extent of the depository bank's dollar amount of Federal Deposit Insurance Corporation (FDIC) insurance.

Cash Deposits:

At September 30, 2023, the carrying amount of the City's deposits (cash, certificates of deposit, and interest-bearing savings accounts included in temporary investments) was $6,613,390, and the bank balance was $6,717,048. The City's cash deposits at September 30, 2023 were entirely covered by FDIC insurance or by pledged collateral held by the City's agent bank in the City's name.

At September 30, 2023, the carrying amount and bank balance of the 4A Development Corporation's deposits (cash, certificates of deposit, and interest-bearing savings accounts included in temporary investments) was $338,775. The Corporation's cash deposits at September 30, 2023 and during the year

ended September 30, 2023, were entirely covered by FDIC insurance or by pledged collateral held by the City's agent bank in the City's name.

At September 30, 2023, the carrying amount and bank balance of the 4B Development Corporation's deposits (cash, certificates of deposit, and interest-bearing savings accounts included in temporary investments) was $259,148. The Corporation's cash deposits at September 30, 2023 and during the year ended September 30, 2023, were entirely covered by FDIC insurance or by pledged collateral held by the City's agent bank in the City's name.

Investments:

The Public Funds Investment Act (Act) requires an annual audit of investment practices. Audit procedures in this area conducted as a part of the audit of the basic financial statements disclosed that in the areas of investment practices, management reports and establishment of appropriate policies, the City adhered to the requirements of the Act. Additionally, investment practices of the City were in accordance with local policies.

The City's Investments at September 30, 2023 are shown below:

Investment or Investment Type	Weighted Maturity (Months)	Fair Value
Primary Government		
US Government Securities	8.52	$ 4,227
Certificate of Deposit	7.91	5,382,364
		$ 5,386,591

GASB Statement No. 40 requires a determination as to whether the City was exposed to the following specific investment risks at year end and, if so, the reporting of certain related disclosures:

1. Credit Risk

   Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The ratings of securities by nationally recognized rating agencies are designed to give an indication of credit risk. At year end, the City was not significantly exposed to credit risk.

2. Custodial Credit Risk

   Deposits are exposed to custodial credit risk if they are not covered by depository insurance and the deposits are uncollateralized, collateralized with securities held by the pledging financial institution, or collateralized with securities held by the pledging financial institution's trust department or agent but not in the City's name.

   Investment securities are exposed to custodial credit risk if the securities are uninsured, are not registered in the name of the government, and are held by either the counterparty or the counterparty's trust department or agent but not in the City's name. At year end, the City was not exposed to custodial credit risk.

3. Concentration of Credit Risk

   This risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. At year end, the City was not exposed to concentration of credit risk.

4. Interest Rate Risk

This is the risk that changes in interest rates will adversely affect the fair value of an investment. At year end, the City was not exposed to interest rate risk.

5. Foreign Currency Risk

This is the risk that exchange rates will adversely affect the fair value of an investment. At year end, the City was not exposed to foreign currency risk.

D. Due from Component Unit

In fiscal year 2014, the Iowa Park 4A Development Corporation agreed to pay principal and interest on $600,000 of City Certificate of Obligation Bonds. The bonds were issued to fund a water reuse project. The balance of this note as of September 30, 2023 is $280,000 in business-type activities.

In fiscal year 2006, the Iowa Park 4B Development Corporation agreed to pay principal and interest on $800,000 of City Certificate of Obligation Bonds. The bonds were issued to construct a municipal swimming pool. The balance of this note as of September 30, 2023 is $112,500 in governmental activities.

E. Capital Assets

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

Governmental activities:	Beginning Balances	Increases	Decreases	Ending Balances
Capital assets not being depreciated:				
Land	$ 112,438	$ -	$ -	$ 112,438
CIP	126,968	1,034,089	-	1,161,057
Total capital assets not being depreciated	239,406	1,034,089	-	1,273,495
Capital assets being depreciated:				
Buildings and improvements	2,861,141	36,058	-	2,897,199
Machinery and equipment	4,515,662	515,197	134,869	4,895,990
Infrastructure	2,291,896	-	-	2,291,896
Total capital assets being depreciated	9,668,699	551,255	134,869	10,085,085
Less accumulated depreciation for:				
Buildings and improvements	1,459,725	108,740	-	1,568,465
Machinery and equipment	3,360,274	299,035	134,869	3,524,440
Infrastructure	631,291	59,439	-	690,730
Total accumulated depreciation	5,451,290	467,214	134,869	5,783,635
Total capital assets being depreciated, net	4,217,409	84,041	-	4,301,450
Governmental activities capital assets, net	$ 4,456,815	$ 1,118,130	$ -	$ 5,574,945

Business-type activities:	Beginning Balances	Increases	Decreases	Ending Balances
Capital assets not being depreciated:				
Land	$ 631,320	$ -	$ -	$ 631,320
CIP	357,718	-	331,342	26,376
Total capital assets not being depreciated	989,038	-	331,342	657,696
Capital assets being depreciated:				
Buildings and improvements	443,650	331,342	15,970	759,022
System improvements	14,044,818	-	-	14,044,818
Machinery and equipment	1,525,286	51,100	15,548	1,560,838
Total capital assets being depreciated	16,013,754	382,442	31,518	16,364,678
Less accumulated depreciation for:				
Buildings and improvements	335,763	7,147	15,970	326,940
System improvements	7,644,620	322,961	-	7,967,581
Machinery and equipment	1,337,545	57,238	15,548	1,379,235
Total accumulated depreciation	9,317,928	387,346	31,518	9,673,756
Total capital assets being depreciated, net	6,695,826	(4,904)	-	6,690,922
Business-type activities capital assets, net	$ 7,684,864	$ (4,904)	$ 331,342	$ 7,348,618

Depreciation was charged to functions as follows:

Governmental activities:

Administration	$ 11,072
Animal control	39,400
Code enforcement	2,574
Dispatch	14,599
Fire	117,070
Library	11,164
Economic development	225
Municipal court	1,192
Parks	42,508
Police	77,549
Public works	524
RAC	4,696
Street	108,044
Swimming pool	36,597
Total	$ 467,214

Discretely presented component units

Activity for Iowa Park 4A Development Corporation for the year ended September 30, 2023, was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
Capital assets not being depreciated:				
Land	$ 46,828	$ 40,354	$ -	$ 87,182

F. Interfund Balances and Activity

1. Due To and From Other Funds

Balances due to and from other funds at September 30, 2023 consisted of the following:

Due to	Due from	Amount
General Fund	Water and Sewer Fund	$ 25,768

This interfund payable from the Water and Sewer Fund is expected to be paid within a year.

2. Transfers To and From Other Funds

There were no transfers between funds during the year ended September 30, 2023.

G. Long-Term Obligations

1. Long-Term Obligation Activity

Long-term obligations include debt and other long-term liabilities. Changes in long-term obligations for the period ended September 30, 2023, are as follows:

	Beginning Balances	Increases	Decreases	Ending Balance	Amounts Due Within One Year
Governmental activities:					
General obligation refunding bond	$ 165,000	$ -	$ 52,500	$ 112,500	$ 54,000
Bond premium	65,985	-	4,659	61,326	-
Taxable bonds	3,945,000	-	-	3,945,000	75,000
Financed purchase	210,417	-	27,407	183,010	28,247
Compensated absences	54,482	8,164	-	62,646	-
Total governmental activities	$ 4,440,884	$ 8,164	$ 84,566	$ 4,364,482	$ 157,247
Business-type activities:					
General obligation refunding	$ 935,000	$ -	$ 297,500	$ 637,500	$ 306,000
Premium on general obligation refunding	46,518	-	15,087	31,431	-
Taxable certificates of obligation	320,000	-	40,000	280,000	40,000
Compensated absences	25,200	5,099	-	30,299	-
Total business-type activities	$ 1,326,718	$ 5,099	$ 352,587	$ 979,230	$ 346,000

2. Bonds Payable

On July 1, 2006, the City issued Tax and Waterworks and Sewer System Revenue Certificates of Obligation Series 2006 in the amount of $800,000. The interest rate on the bonds ranges from 3.85% to 4.85% with an original maturity date of August 1, 2026. These bonds were issued to construct a municipal swimming pool. In 2014, a portion of these bonds were refunded. The final payment for the remaining outstanding issuance is due on August 1, 2026.

On April 3, 2014, the City issued Tax & Waterworks & Sewer System Revenue Certificates of Obligation, Taxable Series in the amount of $600,000. The interest rate on the bonds ranges from 0.65% to 4.90% with a maturity date of October 15, 2028. The bonds were issued to finance a water reuse project.

On February 1, 2014, the City issued $3,255,000 of Series 2014, General Obligation Refunding Bonds, allocated 15% to the general fund and 85% to the utility fund. The debt was issued to refund a portion of the City's outstanding debt to achieve a present value debt service savings. Net proceeds from the sale of the bonds totaled $3,376,629. The proceeds placed with an escrow agent to provide for all future debt payments of the refunded bonds. This refunding resulted in a decrease in the City's debt service payments of $363,373, which resulted in an economic gain (difference between the present value of the debt service payments of the old debt and new debt) of $319,617.

On March 17, 2022, the City issued Taxable Bonds for the general fund in the amount of $3,945,000. The interest rate on the bonds ranges from 2.75% to 4% with a maturity date of October 15, 2051. These bonds were issued to construct and furnish facilities for the police and fire departments.

Debt service requirements to maturity on bonds payable at September 30, 2023, are as follows:

Year Ending	Governmental Activities			Business-Type Activities		
September 30,	Principal	Interest	Total	Principal	Interest	Total
2024	$ 129,000	$ 138,828	$ 267,828	$ 346,000	$ 26,548	$ 372,548
2025	134,000	134,108	268,108	351,000	15,559	366,559
2026	89,500	129,930	219,430	70,500	8,595	79,095
2027	85,000	126,463	211,463	50,000	6,025	56,025
2028	90,000	122,963	212,963	50,000	3,650	53,650
2029-2033	505,000	556,913	1,061,913	50,000	1,225	51,225
2034-2038	620,000	447,661	1,067,661	-	-	-
2039-2043	730,000	334,056	1,064,056	-	-	-
2044-2048	875,000	187,950	1,062,950	-	-	-
2049-2052	800,000	49,050	849,050	-	-	-
Total	$ 4,057,500	$ 2,227,922	$ 6,285,422	$ 917,500	$ 61,602	$ 979,102

3. Financed Purchase

The City entered into a financed purchase agreement for a fire truck in February 2017. The fire truck lease has annual payments of $33,855, bears interest of 3.06%, and matures in February 2029. The lease is considered to be a financed purchase for accounting purposes. The liability for future payments total $183,010 and is reported as long-term liabilities due within one year of $28,247 and long-term liabilities due in more than one year of $154,763 in the Governmental Activities.

The commitments under financed purchase agreements for equipment provide for future payments as of September 30, 2023 as follows:

Year Ending September 30,	Principal	Interest	Total
2024	$ 28,247	$ 5,608	$ 33,855
2025	29,113	4,742	33,855
2026	30,005	3,850	33,855
2027	30,924	2,931	33,855
2028	31,872	1,983	33,855
2029	32,849	1,007	33,856
Total	$ 183,010	$ 20,121	$ 203,131

3. Component Units

Long-Term Obligation Activity

Long-term obligations for the discretely reported component units include long-term notes payable. Changes in long-term obligations for the period ended September 30, 2023, are as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Due Within One Year
Iowa Park 4A Development Corporation:					
Note payable to primary government	$ 320,000	$ -	$ 40,000	$ 280,000	$ 40,000
Iowa Park 4B Development Corporation:					
Note payable to primary government	$ 165,000	$ -	$ 52,500	$ 112,500	$ 54,000

Notes Payable

In fiscal year 2014, the Iowa Park 4A Development Corporation agreed to pay principal and interest on $600,000 of City Certificate of Obligation Bonds. The bonds were issued to fund a water reuse project. The balance of this note as of September 30, 2023 is $280,000.

In fiscal year 2006, the Iowa Park 4B Development Corporation agreed to pay principal and interest on $800,000 of City Certificate of Obligation Bonds. The bonds were issued to construct a municipal swimming pool. The balance of this note as of September 30, 2023 is $112,500.

Debt service requirements to maturity on notes payable at September 30, 2023, are as follows:

Year Ending	4A Development Corporation			4B Development Corporation		
September 30,	Principal	Interest	Total	Principal	Interest	Total
2024	$ 40,000	$ 12,013	$ 52,013	$ 54,000	$ 2,565	$ 56,565
2025	45,000	10,204	55,204	54,000	945	54,945
2026	45,000	8,213	53,213	4,500	68	4,568
2027	50,000	6,025	56,025	-	-	-
2028	50,000	3,650	53,650	-	-	-
2029	50,000	1,225	51,225	-	-	-
Total	$ 280,000	$ 41,330	$ 321,330	$ 112,500	$ 3,578	$ 116,078

H. Risk Management

The City is exposed to various risks of loss related to torts, theft, damage or destruction of assets, errors and omissions, injuries to employees, and natural disasters. The City maintains general liability insurance coverage at a cost that is considered to be economically justifiable by joining together with other governmental entities in the State as a member of the Texas Municipal League Intergovernmental Risk Pool (TML). TML is a self-funded pool operating as a common risk management and insurance program. The City pays an annual premium to TML for its insurance coverage discussed above. The agreement for the formation of TML provides that TML will be self-sustaining through member premiums and will reinsure through commercial companies for claims in excess of acceptable risk levels; however, each category of coverage has its own level of reinsurance. The City continues to carry commercial insurance for other risks of loss. There were no significant reductions in commercial insurance coverage in the past fiscal year and settled claims resulting from these risks have not exceeded coverage in any of the past three fiscal years.

I. Commitments and Contingencies

1. Contingencies

The City participates in grant programs which are governed by various rules and regulations of the grantor agencies. Costs charged to the respective grant programs are subject to audit and adjustment by the grantor agencies; therefore, to the extent that the City has not complied with the rules and regulations governing the grants, refunds of money received may be required and the collectability of any related receivable may be impaired. In the opinion of the City, there are no significant contingent liabilities relating to compliance with the rules and regulations governing the respective grants; therefore, no provision has been recorded in the accompanying basic financial statements for such contingencies.

2. Litigation

The City is a party to various legal actions normally associated with local governments, the aggregate of which, in the City's and legal counsel's opinion, would not be material to the financial statements of the City.

J. Accrued Compensated Absences

All full-time employees accumulate vacation benefits based on length of service, up to 20 days per year. The maximum allowable accumulation is 17 days. Upon leaving the City, employees will be paid for unused vacation days which they have accrued. At September 30, 2023 the City has accrued a liability of $92,945 for vacation leave. This liability is recorded as a long-term liability in the government-wide financial statements.

K. Defined Benefit Pension Plan

1. Plan Description

The City of Iowa Park participates as one of 919 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.tmrs.com*.

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

2. 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 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.

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

	Plan Year 2021	Plan Year 2022
Employee deposit rate	6%	6%
Matching ratio (city to employee)	2 to 1	2 to 1
Years required for vesting	5	5
Service retirement eligibility (expressed as age/years of service)	60/5, 0/25	60/5, 0/25
Updated service credit	100% Repeating Transfers	100% Repeating Transfers
Annuity increase (to retirees)	70% of CPI Repeating	70% of CPI Repeating

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

Inactive employees or beneficiaries currently receiving benefits	37
Inactive employees entitled to but not yet receiving benefits	52
Active employees	44
Total	133

3. 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 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 of Iowa Park were required to contribute 6% of their annual gross earnings during the fiscal year. The contribution rates for the City of Iowa Park were 11.41**%** and 9.24**%** in calendar years 2022 and 2023, respectively. The City's contributions to TMRS for the year ended September 30, 2023, were $210,161, and were equal to the required contributions.

4. Net Pension Liability

The City's Net Pension Liability (NPL) was measured as of December 31, 2022, and the Total Pension Liability (TPL) used to calculate the Net Pension Liability was determined by an actuarial valuation as of that date.

Actuarial assumptions:

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

Inflation	2.5% per year
Overall payroll growth	2.75% per year, adjusted down for population declines, if any
Investment Rate of Return	6.75%, net of pension plan investment expense, including inflation

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

The actuarial assumptions were developed primarily from the actuarial investigation of the experience of TMRS over the four-year period from December 31, 2014 to December 31, 2018. They were adopted in 2019 and first used in the December 31, 2019 actuarial valuation. The post-retirement mortality assumption for Annuity Purchase Rates (APRs) is based on the Mortality Experience Investigation Study covering 2009 through 2011 and dated December 31, 2013. Plan assets are managed on a total return basis with an emphasis on both capital appreciation as well as the production of income 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. 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 2023 are summarized in the following table:

Asset Class	Target Allocation	Long-term Expected Real Rate of Return (Arithmetic)
Global Public Equity	35%	7.7%
Core Fixed Income	6%	4.9%
Non-Core Fixed Income	20%	8.7%
Other Public and Private Markets	12%	8.1%
Real Estate	12%	5.8%
Hedge Funds	5%	6.9%
Private Equity	10%	11.8%
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 and employer contributions will be made at the rates specified in statute. Based on that assumption, the pension plan's Fiduciary Net Position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the Total Pension Liability.

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) – (b)
Balance at 12/31/2021	$ 10,109,359	$ 10,502,249	$ (392,890)
Changes for the year:			
Service cost	265,791	-	265,791
Interest	675,899	-	675,899
Change of benefit terms	-	-	-
Difference between expected and actual experience	264,728	-	264,728
Changes of assumptions	-	-	-
Contributions – employer	-	236,908	(236,908)
Contributions – employee	-	124,609	(124,609)
Net investment income	-	(766,874)	766,874
Benefit payments, including refunds of employee contributions	(457,869)	(457,869)	-
Administrative expense	-	(6,634)	6,634
Other changes	-	7,916	(7,916)
Net changes	748,549	(861,944)	1,610,493
Balance at 12/31/2022	$ 10,857,908	$ 9,640,305	$ 1,217,603

Sensitivity of the net pension liability to changes in the discount rate

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

	1% Decrease In Discount Rate (5.75%)	Discount Rate (6.75%)	1% Increase In Discount Rate (7.75%)
City's net pension liability	$ 2,752,469	$ 1,217,603	$ (40,276)

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.tmrs.com*.

5. 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 $254,110.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	$ 91,481	$ -
Difference between projected and actual investment earnings	669,881	-
Contributions subsequent to the measurement date	154,606	-
Total	$ 915,968	$ -

$154,606 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability for the year ending September 30, 2023. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year ending December 31,	
2023	$ 58,595
2024	229,639
2025	177,976
2026	295,152
Total	$ 761,362

L. Postemployment Benefits Other Than Pensions (OPEB)

1. Plan Description

The City of Iowa Park participates in a cost sharing multiple-employer defined benefit group 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 participate in SBDF, and 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. No assets are accumulated in a trust that meets the criteria in paragraph 4 of Statement 75.

2. Benefits Provided

The SBDF provides group-term life insurance coverage to both current and retired employees. 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.

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

Inactive employees currently receiving benefits	21
Inactive employees entitled to but not yet receiving benefits	5
Active employees	44
Total	70

3. Total OPEB Liability

The City's total OPEB liability was measured as of December 31, 2022, and was determined by an actuarial valuation as of that date.

Actuarial assumptions and other inputs

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

Inflation	2.5%
Salary increases	3.50% to 11.50%, including inflation
Discount rate	4.05%
Retirees' share of benefit-related costs	$0

The discount rate was based on the Fidelity Index's "20-Year Municipal GO AA Index" rate as of December 31, 2022.

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

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

Mortality rates for disabled retirees are based on 2019 Municipal Retirees of Texas Mortality Tables with a 4 year set-forward for males and a 3 year set-forward for females. In addition, 3.5% and 3% minimum mortality rate will be applied to reflect the impairment for younger members who become disabled for males and females, respectively. The rates are projected on a fully generational basis by Scale UMP to account for future mortality improvements subject to the floor.

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

Changes in the Total OPEB Liability

Total OPEB Liability - beginning of year	$	171,361
Changes for the year:		
Service Cost		7,871
Interest on Total OPEB Liability		3,192
Differences between expected and actual experience		(241)
Changes in assumptions or other inputs		(56,876)
Benefit payments		(3,633)
Net changes		(49,687)
Total OPEB Liability – end of year	$	121,674

Sensitivity of the Total OPEB Liability to changes in the discount rate

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

	1% Decrease In Discount Rate (3.05%)	Discount Rate (4.05%)	1% Increase In Discount Rate (5.05%)
City's total OPEB liability	$ 143,873	$ 121,674	$ 104,085

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

For the year ended September 30, 2023, the City recognized OPEB expense of $1,520.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	$ -	$ (31,582)
Change in assumptions and other inputs	-	(27,602)
Contributions subsequent to the measurement date	6,860	-
Total	$ 6,860	$ (59,184)

$6,860 reported as deferred outflows of resources related to OPEB resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability for the year ending September 30, 2023. Other amounts reported as deferred outflows and inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ending December 31,	
2023	$ (16,037)
2024	(17,311)
2025	(11,824)
2026	(12,030)
2027	(1,982)
Total	$ (59,184)

M. Ad Valorem Tax Abatements

The City of Iowa Park entered into an ad valorem tax abatement agreement with a local businesses to promote economic development as permitted by chapter 311 of the Texas Tax Code. Under the tax abatement program, the City may negotiate to abate taxes based upon a project's capital investment and the number of jobs created as a result of expansion or new project location. The City may abate 100% of their portion of increased Ad Valorem tax during the first year that improvements are in place. Terms of these abatements are negotiated on a case-by-case basis and apply only to primary employers.

For the fiscal year ended September 30, 2023, the City of Iowa Park abated property taxes under this program totaling $28,869 for a local manufacturing company.

N. Expenditures in Excess of Budgeted Amounts

During the year ended September 30, 2023, the City had expenditures in excess of the budgeted amounts in the General Fund as follows:

Department	Amount	Department	Amount
Sanitation	$ 53,383	Municipal court	$ 7,819
Parks	11,737	Fire	209,230
Swimming pool	69,858	Library	86,665
Animal control	9,605	Economic development	1,480

Required Supplementary Information

Required supplementary information includes financial information and disclosures required by the Governmental Accounting Standards Board but not considered a part of the basic financial statements.

CITY OF IOWA PARK, TEXAS

EXHIBIT B-1

GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED SEPTEMBER 30, 2023

	Budgeted Amounts			Variance with Final Budget Positive
	Original	Final	Actual	(Negative)
Revenue:				
Ad valorem taxes	$ 2,786,750	$ 2,786,750	$ 2,556,712	$ (230,038)
Franchise taxes	379,000	379,000	395,867	16,867
City sales taxes	532,000	532,000	699,149	167,149
Charges for services	691,650	691,650	744,567	52,917
Licenses and permits	36,150	36,150	35,079	(1,071)
Fines and forfeitures	72,850	72,850	80,608	7,758
Revenue from use of money and property	48,000	48,000	59,931	11,931
Intergovernmental revenues	1,000	1,000	22,649	21,649
Other revenues	277,270	277,270	411,906	134,636
Total revenues	4,824,670	4,824,670	5,006,468	181,798
Expenditures:				
Administration	654,560	654,560	441,043	213,517
Public works	54,520	54,520	53,961	559
Code enforcement	118,660	118,660	99,719	18,941
Streets	940,970	940,970	724,391	216,579
Sanitation	525,000	525,000	578,383	(53,383)
Parks	350,830	350,830	362,567	(11,737)
Swimming pool	178,720	178,720	248,578	(69,858)
Police	994,020	994,020	920,406	73,614
Dispatch	334,400	334,400	308,375	26,025
Animal control	99,800	99,800	109,405	(9,605)
Municipal court	83,420	83,420	91,239	(7,819)
Fire	160,670	160,670	369,900	(209,230)
Library	189,310	189,310	275,975	(86,665)
RAC - Youth Center	34,000	34,000	2,668	31,332
Economic development	105,790	105,790	107,270	(1,480)
Total expenditures	4,824,670	4,824,670	4,693,880	130,790
Excess of revenues over expenditures	-	-	312,588	312,588
Excess of revenues and other financing sources over expenditures	$ -	$ -	$ 312,588	$ 312,588

CITY OF IOWA PARK, TEXAS
NOTES TO THE BUDGETARY COMPARISON SCHEDULE – GENERAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2023

Budget and Budgetary Accounting

The City Council adopts an annual budget for the general and utility funds. The general fund budget is legally adopted on a modified accrual basis. The budget for the utility fund is adopted under a basis consistent with GAAP, except that amortization and depreciation are not considered (working capital basis).

The following procedures are followed in establishing the budgetary data reflected in the Basic Financial Statements:

Prior to the beginning of the fiscal year, the City prepares a budget for the next succeeding fiscal year. The operating budget includes proposed expenditures and the means of financing them. A meeting of the City Council is then called for the purpose of adopting the proposed budget. At least ten days public notice of the meeting must have been given. Prior to the start of the fiscal year, the budget is legally enacted through passage of a resolution by the City Council.

Once a budget is approved, it can only be amended by approval of a majority of the members of City Council. As required by law, such amendments are made before the fact, are reflected in the official minutes of City Council and are not made after fiscal year end. All budget appropriations lapse at year end.

Budget Amendments

There were no amendments to the budget during the year ended September 30, 2023.

CITY OF IOWA PARK, TEXAS **EXHIBIT B-2**

TEXAS MUNICIPAL RETIREMENT SYSTEM
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
DECEMBER 31, 2022

	2015	2016	2017	2018	2019	2020	2021	2022
Total Pension Liability								
Service cost	$ 220,303	$ 234,361	$ 231,830	$ 235,420	$ 237,574	$ 247,208	$ 253,236	$ 265,791
Interest (on the Total Pension Liability)	506,575	529,125	565,247	587,550	613,190	630,127	651,536	675,899
Changes of benefit terms	-	-	-	-	-	-	-	-
Difference between expected and actual experience	57,083	69,673	(110,049)	(58,690)	(273,430)	(208,636)	(129,418)	264,728
Changes of assumptions	55,548	-	-	-	28,282	-	-	-
Benefit payments, including refunds of employee contributions	(234,644)	(254,247)	(339,244)	(377,570)	(393,436)	(325,593)	(383,515)	(457,869)
Net Change in Total Pension Liability	604,865	578,912	347,784	386,710	212,180	343,106	391,839	748,549
Total Pension Liability - Beginning	7,243,963	7,848,828	8,427,740	8,775,524	9,162,234	9,374,414	9,717,520	10,109,359
Total Pension Liability - Ending (a)	$ 7,848,828	$ 8,427,740	$ 8,775,524	$ 9,162,234	$ 9,374,414	$ 9,717,520	$ 10,109,359	$ 10,857,908
Plan Fiduciary Net Position								
Contributions - employer	$ 254,507	$ 245,907	$ 261,498	$ 277,712	$ 266,611	$ 275,402	$ 250,964	$ 236,908
Contributions - employee	110,336	108,250	106,589	110,131	108,895	111,953	113,644	124,609
Net investment income	8,986	420,684	934,242	(230,587)	1,155,384	653,067	1,214,485	(766,874)
Benefit payments, including refunds of employee contributions	(234,644)	(254,247)	(339,244)	(377,570)	(393,436)	(325,593)	(383,515)	(457,869)
Administrative expenses	(5,473)	(4,749)	(4,840)	(4,455)	(6,526)	(4,225)	(5,617)	(6,634)
Other	(270)	(256)	(245)	(233)	(197)	(166)	38	7,916
Net Change in Plan Fiduciary Net Position	133,442	515,589	958,000	(225,002)	1,130,731	710,438	1,189,999	(861,944)
Plan Fiduciary Net Position - Beginning	6,089,052	6,222,494	6,738,083	7,696,083	7,471,081	8,601,812	9,312,250	10,502,249
Plan Fiduciary Net Position - Ending (b)	$ 6,222,494	$ 6,738,083	$ 7,696,083	$ 7,471,081	$ 8,601,812	$ 9,312,250	$ 10,502,249	$ 9,640,305
Net Pension (Asset) Liability - Ending (a) - (b)	$ 1,626,334	$ 1,689,657	$ 1,079,441	$ 1,691,153	$ 772,602	$ 405,270	$ (392,890)	$ 1,217,603
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	79.28%	79.95%	87.70%	81.54%	91.76%	95.83%	103.89%	88.79%
Covered Employee Payroll	1,838,927	1,804,164	1,776,476	1,816,512	1,814,924	1,860,107	1,894,064	2,018,157
Net Pension Liability as a Percentage of Covered Employee Payroll	88.44%	93.65%	60.76%	93.10%	42.57%	21.79%	-20.74%	60.33%

CITY OF IOWA PARK, TEXAS **EXHIBIT B-3**

TEXAS MUNICIPAL RETIREMENT SYSTEM
SCHEDULE OF CONTRIBUTIONS
SEPTEMBER 30, 2023

	2016	2017	2018	2019	2020	2021	2022	2023
Actuarially Determined Contribution	$ 246,278	$ 258,717	$ 273,848	$ 268,090	$ 273,317	$ 267,508	$ 230,348	$ 210,161
Contribution in relation to the actuarially determined contribution	246,278	258,717	273,848	268,090	273,317	267,508	230,348	210,161
Contribution excess (deficiency)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Covered employee payroll	$ 1,854,783	$ 1,852,028	$ 1,892,084	$ 1,921,614	$ 1,955,406	$ 2,102,524	$ 1,894,064	$ 2,018,157
Contributions as a percentage of covered employee payroll	13.28%	13.97%	14.47%	13.95%	13.98%	12.72%	12.16%	10.41%

NOTES TO SCHEDULE OF CONTRIBUTIONS

Valuation Date:

Notes	Actuarially determined contribution rates are calculated as of December 31 and become effective in January 13 months later.

Methods and Assumptions Used to Determine Contribution Rates:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percentage of Payroll, Closed
Remaining Amortization Period	23 Years (longest amortization ladder)
Asset Valuation Method	10 Year smoothed market; 12% soft corridor
Inflation	2.50%
Salary Increases	3.50% to 11.50% including inflation
Investment Rate of Return	6.75%
Retirement Age	Experience-based table of rates that are specific to the City's plan of benefits. Last updated for the 2019 valuation pursuant to an experience study of the period 2014 - 2018
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:

Notes	There were no benefit changes during the year.

CITY OF IOWA PARK, TEXAS **EXHIBIT B-4**

TEXAS MUNICIPAL RETIREMENT SYSTEM
SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY AND RELATED RATIOS
DECEMBER 31, 2022

	2017	2018	2019	2020	2021	2022
Total OPEB Liability						
Service cost	$ 4,086	$ 4,905	$ 4,174	$ 5,952	$ 7,766	$ 7,871
Interest	4,416	4,446	7,984	4,282	3,491	3,192
Changes of benefit terms	-	-	-	-	-	-
Difference between expected and actual experience	-	81,569	(95,446)	(10,953)	(13,685)	(241)
Changes of assumptions	9,560	(8,480)	24,275	21,093	4,847	(56,876)
Benefit payments	(888)	(1,090)	(1,270)	(1,488)	(3,409)	(3,633)
Net Change in Total OPEB Liability	17,174	81,350	(60,283)	18,886	(990)	(49,687)
Total OPEB Liability - Beginning	115,224	132,398	213,748	153,465	172,351	171,361
Total OPEB Liability - Ending (a)	$ 132,398	$ 213,748	$ 153,465	$ 172,351	$ 171,361	$ 121,674
Covered Employee Payroll	$ 1,852,028	$ 1,816,512	$ 1,814,924	$ 1,860,107	$ 1,894,064	$ 2,018,157
Total OPEB Liability as a Percentage of Covered Employee Payroll	7.15%	11.77%	8.46%	9.27%	9.05%	6.03%

NOTES TO SCHEDULE:

Changes of assumptions.

Changes of assumptions and other inputs reflect the change in the municipal bond rate index, which is used as a basis for the discount rate. The actuarial assumptions used in the December 31, 2019 valuation were based on the results of an actuarial experience study for the period December 31, 2014 to December 31, 2018.

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

Internal Control and Compliance

MWH GROUP
CERTIFIED PUBLIC ACCOUNTANTS
CONSULTANTS

Independent Auditor's Report

Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards

City Council
City of Iowa Park, Texas
103 N. Wall St.
Iowa Park, Texas 76367

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Iowa Park, Texas, as of and for the year ended September 30, 2023, and the related notes to the financial statements, which collectively comprise the City of Iowa Park, Texas' basic financial statements and have issued our report thereon dated January 18, 2024.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City of Iowa Park, Texas' internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City of Iowa Park, Texas' internal control. Accordingly, we do not express an opinion on the effectiveness of City of Iowa Park, Texas' internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and responses that we consider to be significant deficiencies. See finding 2023-1.

MWH GROUP, P.C. 624 Indiana P.O. Box 97000 Wichita Falls, TX 76307 (940) 723-1471 Fax (940) 723-2251 www.mwhpc.com

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Iowa Park, Texas' financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

City of Iowa Park, Texas' Response to Finding

Government Auditing Standards requires the auditor to perform limited procedures on the City of Iowa Park, Texas' response to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. The City of Iowa Park, Texas' response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

Purpose of this Report

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

Respectfully submitted,

MWH Group, P.C.

MWH Group, P.C.
Wichita Falls, Texas

January 18, 2024

CITY OF IOWA PARK, TEXAS
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED SEPTEMBER 30, 2023

A. Summary of Auditor's Results - Financial Statements

Type of auditor's report issued:	Unmodified	
Internal control over financial reporting:		
Material weakness(es) identified?	____ Yes	__X__ No
Significant deficiency (ies) identified that are not considered to be material weaknesses?	__X__ Yes	____ No
Noncompliance material to financial statements noted?	____ Yes	__X__ No

B. Financial Statement Finding

Finding 2023-1: Control Environment

Condition and Criteria: An ideal control environment provides structure and clear communication of responsibilities for the City and its employees. However, the City's control structure does not provide for an ideal control environment.

Cause: The size of the City's accounting and administrative staff precludes certain internal controls that would be preferred if the office staff were large enough in number to provide an optimum control environment.

Effect: There is a possibility that misstatements would not be detected or prevented by management or employees in a timely manner while performing their normal functions.

Recommendations: We recommend that the City always be aware of their deficiencies in internal control resulting from their small number of business office and administrative staff. We recommend that the City be open to opportunities to improve their internal controls as the opportunities present themselves. Below we have listed several such areas to consider.

- A monthly review should be performed to ensure detailed records and reconciliations agree to the general ledger amounts for items such as capital assets. This monthly review should be completed by someone that does not perform the functions related to that account.

- Written policies should be completed and updated periodically regarding areas such as capital assets, expense reports, purchasing, general administration, and finance procedures. Management is in the process of compiling a comprehensive set of policies and procedures, and we encourage them to complete the process as they are able.

Response: The City is aware of the limitations it has with regard to internal control because of the limited number of office staff. As a result, the City will always be aware of its need to improve internal controls when the opportunity presents itself and will remain committed to the involvement of the City Council in oversight and review of City functions and financial affairs.