

CITY OF IOWA PARK, TEXAS

ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED SEPTEMBER 30, 2010

City of Iowa Park, Texas
Annual Financial Report
For The Year Ended September 30, 2010

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Financial Section



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Independent Auditor's Report on Financial Statements

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

Members of the City Council:

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, 2010, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City of Iowa Park, Texas' management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

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, 2010, and the respective changes in financial position, and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the budgetary comparison information and the schedule on the Texas Municipal Retirement System identified as Required Supplementary Information in the table of contents be presented to supplement the basic financial statements. Such information, 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.

Respectfully submitted,

Edgin, Parkman, Fleming & Fleming, PC
Edgin, Parkman, Fleming & Fleming, PC

January 3, 2011

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, 2010. Please read it in conjunction with the City's financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

- The City's assets exceeded its liabilities at September 30, 2010 by \$8,558,946 (net assets). Of this amount, \$702,867 (unrestricted net assets) may be used to meet the City's obligations.
- During the year, the City's total net assets decreased by \$283,605. The City's expenses, which totaled \$6,188,121, were more than the City's program revenues of \$3,349,167 and general revenues of \$2,555,349.
- The total cost of the City's programs increased \$487,258 from last year mainly due to the increased costs in the street department, police department and water and sewer.
- The governmental funds reported a fund balance this year of \$811,482, which is a decrease of \$129,346 in comparison with the prior year amount. This decrease is mostly due to the transfers to the Water and Sewer fund for debt service payments.
- At the end of the current fiscal year, the unreserved, undesignated fund balance of the General Fund was \$588,136, or 17% of the total General Fund expenditures.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the basic financial statements. This report also contains required supplementary information and other supplementary information in addition to the basic financial statements.

Government-Wide Financial Statements

All of the City's services are reported in the government-wide financial statements, including general government and water, sewer and sanitation. Property taxes, sales taxes and franchise fees finance most of the general government activities. User charges finance the water, sewer and sanitation activities. Additionally, all capital and debt financing activities are reported here.

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

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

The *statement of activities* details how the City's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows. Therefore, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g. uncollected property taxes).

Fund Financial Statements

The City uses fund accounting to keep track of specific sources of funding and spending for particular purposes. The fund financial statements provide more detailed information about the City's most significant *funds* – not the City as a whole. Some funds are required by State law and or bond covenants. Other funds may be established by the City to control and manage money for particular purposes or to evidence appropriate use of certain taxes, grants, and other special revenues.

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

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

Because the focus on *governmental funds* is narrower than that of government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the City's short-term financing decisions. Reconciliations are provided for both the governmental fund balance sheet and statement of revenues, expenditures, and changes in fund balances. These reconciliations facilitate the comparison between *governmental funds* and *governmental activities*.

The City's primary governmental fund is the General Fund. Other governmental funds include the Debt Service Fund.

A **proprietary fund** is used to account for operations that are financed similar to those in the private sector. This fund provides both long- and short-term financial information. The City maintains only one proprietary fund, the Water and Sewer Fund. The City uses this fund to report the activities for water, sewer and sanitation activities.

Notes to the Basic Financial Statements

The notes to the basic financial statements provide additional information that is essential to obtain a full understanding of the data provided in the government-wide and fund financial statements.

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information* that further explains and supports the information in the financial statements.

Government-wide Financial Analysis

As noted previously, net assets may serve over time as a useful indicator of a government's financial position. Exhibited below in Table 1 are the City's net assets summarized for both *governmental activities* and *business-type activities*.

Table 1 - City's Net Assets

	Governmental Activities		Business-type Activities		Total	
	2010	2009	2010	2009	2010	2009
Current and other assets	\$ 995,775	\$ 1,046,883	\$ 262,421	\$ 911,498	\$ 1,258,196	\$ 1,958,381
Capital assets, net	4,216,878	4,189,207	8,119,201	7,992,061	12,336,079	12,181,268
Total Assets	5,212,653	5,236,090	8,381,622	8,903,559	13,594,275	14,139,649
Current liabilities	167,776	115,805	342,849	450,554	510,625	566,359
Noncurrent liabilities	739,704	795,077	3,785,000	3,965,000	4,524,704	4,760,077
Total Liabilities	907,480	910,882	4,127,849	4,415,554	5,035,329	5,326,436
Net assets:						
Invested in capital assets, net of related debt	3,521,878	3,437,002	4,334,201	4,027,061	7,856,079	7,464,063
Restricted	-	-	-	33,262	-	33,262
Unrestricted	783,295	888,206	(80,428)	427,682	702,867	1,315,888
Total Net Assets	\$ 4,305,173	\$ 4,325,208	\$ 4,253,773	\$ 4,488,005	\$ 8,558,946	\$ 8,813,213

Investment in capital assets (e.g. land, buildings, furniture, and equipment) less any related debt used to acquire those assets that is still outstanding is \$7,856,079. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since capital assets themselves cannot be used to liquidate these liabilities.

The remaining balance of net assets of \$702,867 may be used to meet the City's ongoing obligations.

Changes in Net Assets

The City's total revenues were \$5,904,516. The governmental activities generated revenues of \$3,448,373, or 58%, including 31% from property taxes and 12% from charges for services. The remaining 42%, or \$2,456,143, comes from the business-type activities which included charges for services. Table 2 shows the City's revenues for the years ended September 30, 2010 and 2009.

Table 2 - City's Revenues

	2010	Percent	2009	Percent
Governmental Activities				
Charges for services	\$ 726,587	12%	\$ 733,330	12%
Operating grants and contributions	177,343	3%	295,248	5%
Property taxes	1,833,384	31%	1,687,368	28%
Sales taxes	335,884	6%	369,893	6%
Franchise fees	321,323	5%	326,843	5%
Investment earnings	7,327	0%	9,078	0%
Miscellaneous	46,525	1%	46,864	1%
Total governmental activities	<u>3,448,373</u>	<u>58%</u>	<u>3,468,624</u>	<u>57%</u>
Business-type activities				
Charges for services	2,445,237	42%	2,548,265	43%
Investment earnings	10,906	0%	9,750	0%
Total business-type activities	<u>2,456,143</u>	<u>42%</u>	<u>2,558,015</u>	<u>43%</u>
Total revenues	<u>\$ 5,904,516</u>	<u>100%</u>	<u>\$ 6,026,639</u>	<u>100%</u>

The total cost of all programs and services was \$6,188,121. The City's expenses cover a range of services with 45% related to the water and sewer system, 12% for police, and 11% for streets. Exhibited below in Table 3 are the City's expenses for the years ended September 30, 2010 and 2009.

Table 3 - City's Expenses

	<u>2010</u>	<u>Percent</u>	<u>2009</u>	<u>Percent</u>
Governmental activities				
Administration	\$ 311,191	5%	\$ 343,046	6%
Police	760,502	12%	654,342	11%
Sanitation	369,770	6%	363,499	6%
Streets	662,742	11%	489,615	9%
Dispatch	244,837	4%	213,596	4%
Parks	272,180	4%	235,971	4%
Swimming pool	129,850	2%	145,889	3%
Other	663,771	11%	613,634	11%
Total governmental activities	<u>3,414,843</u>	<u>55%</u>	<u>3,059,592</u>	<u>54%</u>
Business-type activities				
Water and sewer	<u>2,773,278</u>	<u>45%</u>	<u>2,641,271</u>	<u>46%</u>
Total expenses	<u>\$ 6,188,121</u>	<u>100%</u>	<u>\$ 5,700,863</u>	<u>100%</u>

Governmental Activities

Table 4 presents the various revenue categories and gross costs of each of the City's functional areas for both the current and prior year. Following the table, we provide explanations for the significant or unusual fluctuations between the two years.

Table 4 - Change in Net Assets

	Governmental Activities		Business-type Activities		Total	
	2010	2009	2010	2009	2010	2009
Revenues:						
Program revenues:						
Charges for services	\$ 726,587	\$ 733,330	\$ 2,445,237	\$ 2,548,265	\$ 3,171,824	\$ 3,281,595
Operating grants and contributions	177,343	295,248	-	-	177,343	295,248
General revenues:						
Property taxes	1,833,384	1,687,368	-	-	1,833,384	1,687,368
Sales taxes	335,884	369,893	-	-	335,884	369,893
Franchise fees	321,323	326,843	-	-	321,323	326,843
Investment earnings	7,327	9,078	10,906	9,750	18,233	18,828
Miscellaneous	46,525	46,864	-	-	46,525	46,864
Transfers	(77,770)	165,572	77,770	(165,572)	-	-
Total revenues and transfers	<u>3,370,603</u>	<u>3,634,196</u>	<u>2,533,913</u>	<u>2,392,443</u>	<u>5,904,516</u>	<u>6,026,639</u>
Expenses:						
Administration	311,191	343,046	-	-	311,191	343,046
Public works director	89,854	82,466	-	-	89,854	82,466
Code enforcement	40,942	34,968	-	-	40,942	34,968
Streets	662,742	489,615	-	-	662,742	489,615
Sanitation	369,770	363,499	-	-	369,770	363,499
Parks	272,180	235,971	-	-	272,180	235,971
Swimming pool	129,850	145,889	-	-	129,850	145,889
Police	760,502	654,342	-	-	760,502	654,342
Dispatch	244,837	213,596	-	-	244,837	213,596
Animal control	51,121	50,797	-	-	51,121	50,797
Municipal court	78,163	71,352	-	-	78,163	71,352
Fire	95,571	98,878	-	-	95,571	98,878
Narcotics division	63,989	48,110	-	-	63,989	48,110
Library	110,907	101,353	-	-	110,907	101,353
RAC - Youth Center	15,675	18,042	-	-	15,675	18,042
Friendly Door	304	430	-	-	304	430
Economic development	84,385	73,403	-	-	84,385	73,403
Interest and fees on long-term debt	32,860	33,835	-	-	32,860	33,835
Water and sewer	-	-	2,773,278	2,641,271	2,773,278	2,641,271
Total expenses	<u>3,414,843</u>	<u>3,059,592</u>	<u>2,773,278</u>	<u>2,641,271</u>	<u>6,188,121</u>	<u>5,700,863</u>
Increase (decrease in net assets)	<u>\$ (44,240)</u>	<u>\$ 574,604</u>	<u>\$ (239,365)</u>	<u>\$ (248,828)</u>	<u>\$ (283,605)</u>	<u>\$ 325,776</u>

- Charges for services decreased by \$109,771 due mostly due to decreased water consumption during the year.
- Operating grants and contributions decreased by \$117,905 due to receiving a grant for a new fire truck in the prior year.
- Property tax revenues increased \$146,016 due to a rise in the appraised values within the City and an increased tax rate in the current year.
- Street expenses increased \$173,127 due to increased salaries and benefits as well as few street repair projects being capitalized in the current year as most were repairs.
- Police expenses increased \$106,160 due to additional salaries and purchase of a new vehicle.

Table 5 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 local tax dollars, state aid, and other miscellaneous general revenues.

Table 5 - Net Cost of Governmental Activities

	Governmental Activities			
	2010	Percent	2009	Percent
Administration	\$ 291,220	12%	\$ 332,229	16%
Public works director	89,854	4%	82,466	4%
Code enforcement	23,433	1%	18,503	1%
Streets	609,951	24%	436,055	21%
Sanitation	(2,584)	-1%	(12,061)	-1%
Parks	206,816	8%	182,472	9%
Swimming pool	15,908	1%	37,755	2%
Police	759,707	30%	653,862	32%
Dispatch	244,837	10%	180,437	9%
Animal control	51,121	2%	50,797	3%
Municipal Court	(9,836)	-1%	(47,854)	-2%
Fire	20,028	1%	(79,517)	-4%
Narcotics division	63,989	3%	48,110	2%
Library	98,327	4%	91,674	5%
RAC - Youth Center	15,675	1%	18,042	1%
Friendly Door	304	0%	430	0%
Economic development	61,591	2%	62,614	3%
Interest and fees	(29,428)	-1%	(25,000)	-1%
Total governmental activities	<u>\$ 2,510,913</u>	<u>100%</u>	<u>\$ 2,031,014</u>	<u>100%</u>

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, *unreserved and undesignated fund balance* may serve as a useful measure of the City's net resources available for spending at the end of the fiscal year.

As of September 30, 2010, the City's governmental funds reported a combined ending fund balance of \$811,482, a decrease of \$129,346 from the previous year. \$218,481 of this amount is reserved for debt service in the Debt Service Fund. \$4,865 has been designated for capital projects by the City Council. The remaining \$588,136 is unreserved and undesignated in the General Fund.

General Fund

At the end of the current fiscal year, the ending fund balance for the General Fund was \$593,001, \$588,136 of which was unreserved and undesignated. The total fund balance represents 17% of the total General Fund expenditures for the year ended September 30, 2010. The fund balance decreased \$51,576 in the current fiscal year.

General Fund revenues totaled \$3,446,311, a decrease of \$23,991 or 1% under the preceding year. This decrease resulted from a decrease in intergovernmental revenue received during the current year.

General Fund expenditures totaled \$3,497,887, an increase of \$221,014 or 7% from the preceding year. This increase was mostly due to an increase in street and police expenditures in the current year.

General Fund Budgetary Highlights

Over the course of the year, the City revised its budget several times. Actual expenditures were \$17,587 over final budget amounts. This was mostly due to overages in the parks and police departments.

On the other hand, revenues were \$149,371 above the final budgeted amount due to positive budget variances in several revenue categories. The two most significant variances were in ad valorem tax collection (\$43,332) and other revenues (\$104,665).

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At September 30, 2010, the City had invested in a broad range of capital assets totaling \$12,336,079, net of accumulated depreciation, including buildings, systems, equipment and construction in progress. See Table 6 below.

Table 6 - Capital Assets, Net

	Governmental Activities		Business-type Activities		Total	
	2010	2009	2010	2009	2010	2009
Land	\$ 117,459	\$ 102,459	\$ 646,320	\$ 631,320	\$ 763,779	\$ 733,779
Buildings and improvements	1,840,345	1,700,433	311,484	236,878	2,151,829	1,937,311
System improvements	-	-	7,036,247	6,997,278	7,036,247	6,997,278
Machinery and equipment	811,936	915,867	125,150	126,585	937,086	1,042,452
Infrastructure	1,447,138	1,470,448	-	-	1,447,138	1,470,448
Totals	\$ 4,216,878	\$ 4,189,207	\$ 8,119,201	\$ 7,992,061	\$ 12,336,079	\$ 12,181,268

Capital assets, net of accumulated depreciation, increased \$154,811 or 1% from the previous year. Additional information about the City's capital assets is presented in the notes to the financial statements.

Long-term Obligations

At September 30, 2010, the City had \$4,524,704 in long-term obligations outstanding as shown in Table 7 below.

Table 7 - Long-term Obligations

	Governmental Activities		Business-type Activities		Total	
	2010	2009	2010	2009	2010	2009
Capital leases payable	\$ -	\$ 27,205	\$ -	\$ -	\$ -	\$ 27,205
Certificates of obligation	695,000	725,000	3,785,000	3,965,000	4,480,000	4,690,000
Compensated absences	44,704	42,872	-	-	44,704	42,872
Totals	\$ 739,704	\$ 795,077	\$ 3,785,000	\$ 3,965,000	\$ 4,524,704	\$ 4,760,077

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

Appraised value used for the 2010-11 budget preparation is down to \$222,277,570 from \$224,128,317 in the prior year, an decrease of 0.8%.

General Fund expenditures are budgeted to decrease 9.0% to \$3,182,550 from final 2009-10 expenditures of \$3,497,887.

Revenues in the General Fund's budget are \$3,216,400, a decrease of 2.4% below the final 2009-10 budget of \$3,296,770.

If these estimates are realized, the City's General Fund's fund balance will not change appreciably by September 30, 2011.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the City's finances and to demonstrate the City's accountability for the money it receives. If you have questions about this report or need additional financial information, contact City Hall.

Basic Financial Statements

CITY OF IOWA PARK, TEXAS

STATEMENT OF NET ASSETS

SEPTEMBER 30, 2010

	Primary Government		
	Governmental Activities	Business-type Activities	Total
Assets			
<i>Cash and cash equivalents</i>	\$ 492,051	\$ (64,210)	\$ 427,841
<i>Investments</i>	73,608	154,980	228,588
<i>Property taxes receivable (net)</i>	16,517	--	16,517
<i>Sales taxes receivable</i>	63,756	--	63,756
<i>Customer accounts receivable</i>	45,622	229,607	275,229
<i>Due from component units</i>	112,000	--	112,000
<i>Due from primary government</i>	--	--	--
<i>Other accounts receivable</i>	12,530	850	13,380
<i>Internal balances</i>	157,967	(157,967)	--
<i>Prepaid items</i>	21,724	--	21,724
Restricted assets:			
<i>Cash and cash equivalents</i>	--	33,223	33,223
<i>Investments</i>	--	39	39
<i>Deferred charges</i>	--	65,899	65,899
<i>Capital assets, net of accumulated depreciation</i>	4,216,878	8,119,201	12,336,079
Total assets	<u>5,212,653</u>	<u>8,381,622</u>	<u>13,594,275</u>
Liabilities			
<i>Accounts payable</i>	72,905	116,391	189,296
<i>Accrued payroll</i>	36,993	17,299	54,292
<i>Other accrued payables</i>	1,878	69,562	71,440
<i>Due to component units</i>	56,000	--	56,000
<i>Due to primary government</i>	--	--	--
<i>Customer meter deposits</i>	--	139,597	139,597
Long-term liabilities:			
<i>Portion due within one year</i>	34,470	190,000	224,470
<i>Portion due after one year</i>	705,234	3,595,000	4,300,234
Total liabilities	<u>907,480</u>	<u>4,127,849</u>	<u>5,035,329</u>
Net Assets			
<i>Invested in capital assets, net of related debt</i>	3,521,878	4,334,201	7,856,079
<i>Unrestricted</i>	783,295	(80,428)	702,867
Total net assets	<u>\$ 4,305,173</u>	<u>\$ 4,253,773</u>	<u>\$ 8,558,946</u>

The accompanying notes are an integral part of this statement.

Component Units	
Iowa Park 4A Development Corporation	Iowa Park 4B Development Corporation
\$ 288,419	\$ 42,545
64,305	51,266
--	--
31,878	31,878
--	--
--	--
--	56,000
--	--
--	--
--	--
691,624	--
<u>1,076,226</u>	<u>181,689</u>
--	--
--	--
950	4,987
--	--
112,000	--
--	--
19,009	--
188,159	--
<u>320,118</u>	<u>4,987</u>
484,456	--
271,652	176,702
<u>\$ 756,108</u>	<u>\$ 176,702</u>

CITY OF IOWA PARK, TEXAS
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2010

Functions/Programs	Expenses	Program Revenues	
		Charges for Services	Operating Grants and Contributions
Primary government:			
Governmental activities:			
Administration department	\$ 311,191	\$ 19,971	\$ --
Public works director	89,854	--	--
Code enforcement	40,942	17,509	--
Streets	662,742	52,791	--
Sanitation	369,770	372,354	--
Parks	272,180	18	65,346
Swimming pool	129,850	113,942	--
Police	760,502	795	--
Dispatch	244,837	--	--
Animal control	51,121	--	--
Municipal court	78,163	87,999	--
Fire	95,571	34,125	41,418
Narcotics division	63,989	--	--
Library	110,907	4,289	8,291
RAC - Youth Center	15,675	--	--
Friendly Door	304	--	--
Economic development	84,385	22,794	--
Interest and fees on long-term debt	32,860	--	62,288
Total governmental activities	<u>3,414,843</u>	<u>726,587</u>	<u>177,343</u>
Business-type Activities:			
Water and Sewer	2,773,278	2,445,237	--
Total primary government	<u>\$ 6,188,121</u>	<u>\$ 3,171,824</u>	<u>\$ 177,343</u>
Component Units:			
4A Development Corporation	\$ 47,838	\$ --	\$ --
4B Development Corporation	168,921	--	--
Total Component Units	<u>\$ 216,759</u>	<u>\$ --</u>	<u>\$ --</u>

General Revenues and Transfers:

Property taxes
Sales taxes
Franchise fees
Investment earnings
Miscellaneous
Transfers
Total General Revenues and Transfers
Change in Net Assets
Net Assets - Beginning
Net Assets - Ending

The accompanying notes are an integral part of this statement.

Net (Expense) Revenue and Changes in Net Assets				
Governmental Activities	Business-type Activities	Total	Component Units	
			Iowa Park 4A Development Corporation	Iowa Park 4B Development Corporation
\$ (291,220)	\$ --	\$ (291,220)	\$ --	\$ --
(89,854)	--	(89,854)	--	--
(23,433)	--	(23,433)	--	--
(609,951)	--	(609,951)	--	--
2,584	--	2,584	--	--
(206,816)	--	(206,816)	--	--
(15,908)	--	(15,908)	--	--
(759,707)	--	(759,707)	--	--
(244,837)	--	(244,837)	--	--
(51,121)	--	(51,121)	--	--
9,836	--	9,836	--	--
(20,028)	--	(20,028)	--	--
(63,989)	--	(63,989)	--	--
(98,327)	--	(98,327)	--	--
(15,675)	--	(15,675)	--	--
(304)	--	(304)	--	--
(61,591)	--	(61,591)	--	--
29,428	--	29,428	--	--
<u>(2,510,913)</u>	<u>--</u>	<u>(2,510,913)</u>	<u>--</u>	<u>--</u>
--	(328,041)	(328,041)	--	--
<u>(2,510,913)</u>	<u>(328,041)</u>	<u>(2,838,954)</u>	<u>--</u>	<u>--</u>
--	--	--	(47,838)	--
--	--	--	--	(168,921)
--	--	--	<u>(47,838)</u>	<u>(168,921)</u>
1,833,384	--	1,833,384	--	--
335,884	--	335,884	160,812	160,808
321,323	--	321,323	--	--
7,327	10,906	18,233	2,658	965
46,525	--	46,525	--	--
<u>(77,770)</u>	<u>77,770</u>	<u>--</u>	<u>--</u>	<u>--</u>
2,466,673	88,676	2,555,349	163,470	161,773
(44,240)	(239,365)	(283,605)	115,632	(7,148)
4,349,413	4,493,138	8,842,551	640,476	183,850
<u>\$ 4,305,173</u>	<u>\$ 4,253,773</u>	<u>\$ 8,558,946</u>	<u>\$ 756,108</u>	<u>\$ 176,702</u>

CITY OF IOWA PARK, TEXAS
BALANCE SHEET - GOVERNMENTAL FUNDS
SEPTEMBER 30, 2010

	General Fund	Other Governmental Funds	Total Governmental Funds
Assets			
<i>Cash and cash equivalents</i>	\$ 273,570	\$ 218,481	\$ 492,051
<i>Investments</i>	73,608	--	73,608
<i>Property taxes receivable (net)</i>	16,517	--	16,517
<i>Sales tax receivable</i>	63,756	--	63,756
<i>Customer accounts receivable</i>	45,622	--	45,622
<i>Other accounts receivable</i>	12,530	--	12,530
<i>Prepaid expenditures</i>	21,724	--	21,724
<i>Due from other funds</i>	157,967	--	157,967
<i>Due from component units</i>	112,000	--	112,000
Total assets	<u>\$ 777,294</u>	<u>\$ 218,481</u>	<u>\$ 995,775</u>
Liabilities and Fund Balances			
Liabilities:			
<i>Accounts payable</i>	\$ 72,905	\$ --	\$ 72,905
<i>Accrued payroll</i>	36,993	--	36,993
<i>Other accrued payables</i>	1,878	--	1,878
<i>Due to component units</i>	56,000	--	56,000
<i>Deferred revenues</i>	16,517	--	16,517
Total liabilities	<u>184,293</u>	<u>--</u>	<u>184,293</u>
Fund balances:			
<i>Reserved for debt service</i>	--	218,481	218,481
<i>Designated for capital projects</i>	4,865	--	4,865
<i>Unreserved-undesignated</i>	588,136	--	588,136
Total fund balances	<u>593,001</u>	<u>218,481</u>	<u>811,482</u>
Total liabilities and fund balances	<u>\$ 777,294</u>	<u>\$ 218,481</u>	<u>\$ 995,775</u>

The accompanying notes are an integral part of this statement.

CITY OF IOWA PARK, TEXAS

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
 TO THE STATEMENT OF NET ASSETS
 SEPTEMBER 30, 2010

Total fund balances - governmental funds balance sheet (Exhibit A-3)	\$	811,482
<p>Amounts reported for governmental activities in the statement of net assets (Exhibit A-1) are different because:</p>		
<p>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:</p>		
Gross capital assets	\$	6,507,540
Related accumulated depreciation		<u>2,290,662</u>
		4,216,878
<p>Property taxes receivable are not available to pay for current period expenditures and therefore are deferred in the funds.</p>		
		16,517
<p>Long-term liabilities are not due and payable in the current period and therefore are not reported as liabilities in the funds. The long-term liability at year-end consists of:</p>		
Certificates of obligation	695,000	
Compensated absences	<u>44,704</u>	<u>(739,704)</u>
Net assets of governmental activities - statement of net assets (Exhibit A-1)	\$	<u>4,305,173</u>

The accompanying notes are an integral part of this statement.

CITY OF IOWA PARK, TEXAS

EXHIBIT A-5

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2010

	General Fund	Other Governmental Funds	Total Governmental Funds
Revenue:			
<i>Ad valorem tax collection</i>	\$ 1,831,322	\$ --	\$ 1,831,322
<i>Franchise taxes</i>	335,884	--	335,884
<i>City sales taxes</i>	321,323	--	321,323
<i>Licenses and permits</i>	18,304	--	18,304
<i>Fines and forfeitures</i>	90,388	--	90,388
<i>Revenues from use of money and property</i>	12,654	--	12,654
<i>Charges for current services</i>	573,213	--	573,213
<i>Other revenues</i>	221,805	--	221,805
<i>Intergovernmental revenues</i>	41,418	--	41,418
Total revenues	<u>3,446,311</u>	<u>--</u>	<u>3,446,311</u>
Expenditures:			
<i>Administration department</i>	404,026	--	404,026
<i>Public works director</i>	89,854	--	89,854
<i>Code enforcement</i>	40,942	--	40,942
<i>Streets</i>	602,484	--	602,484
<i>Sanitation</i>	369,770	--	369,770
<i>Parks</i>	333,093	--	333,093
<i>Swimming pool</i>	124,284	--	124,284
<i>Police</i>	773,164	--	773,164
<i>Dispatch</i>	240,015	--	240,015
<i>Animal control</i>	48,816	--	48,816
<i>Municipal court</i>	75,848	--	75,848
<i>Fire</i>	70,384	--	70,384
<i>Narcotics division</i>	61,115	--	61,115
<i>Library</i>	106,796	--	106,796
<i>RAC - Youth Center</i>	9,978	--	9,978
<i>Friendly Door</i>	304	--	304
<i>Economic development</i>	84,154	--	84,154
Debt service:			
<i>Principal</i>	30,000	--	30,000
<i>Interest charges</i>	32,860	--	32,860
Total expenditures	<u>3,497,887</u>	<u>--</u>	<u>3,497,887</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(51,576)</u>	<u>--</u>	<u>(51,576)</u>
Other financing sources (uses):			
<i>Transfers to other funds</i>	--	(77,770)	(77,770)
Total other financing sources (uses)	<u>--</u>	<u>(77,770)</u>	<u>(77,770)</u>
Excess (deficiency) of revenues and other sources over (under) expenditures and other uses	<u>(51,576)</u>	<u>(77,770)</u>	<u>(129,346)</u>
Fund balances, beginning of year	644,577	296,251	940,828
Fund balances, end of year	<u>\$ 593,001</u>	<u>\$ 218,481</u>	<u>\$ 811,482</u>

The accompanying notes are an integral part of this statement.

CITY OF IOWA PARK, TEXAS

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2010

Net change in fund balances - total governmental funds (Exhibit A-5) \$ (129,346)

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	\$ 256,584	
Depreciation expense for the year	<u>228,913</u>	27,671

Because property taxes 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 increased by this amount
this year. 2,062

Repayment of long-term debt principal is an expenditure in the governmental
funds, but the repayment reduces long-term liabilities in the Statement of Net
Assets. Bond and capital lease principal payments in the current year were: 57,205

Included in long-term debt are obligations for accrued compensated absences.
The changes in these obligations are not included in the governmental fund
financial statements, but are included in the government-wide financial
statements. The change in this long-term obligation was: (1,832)

Change in net assets of governmental activities - statement of activities (Exhibit A-2) \$ (44,240)

The accompanying notes are an integral part of this statement.

CITY OF IOWA PARK, TEXAS

STATEMENT OF NET ASSETS

PROPRIETARY FUNDS

SEPTEMBER 30, 2010

	Enterprise Fund <u>Water and Sewer Fund</u>
Assets	
<i>Cash and cash equivalents</i>	\$ (64,210)
<i>Investments</i>	154,980
<i>Customer accounts receivable</i>	229,607
<i>Other accounts receivable</i>	850
Restricted assets:	
<i>Cash and cash equivalents</i>	33,223
<i>Investments</i>	39
<i>Deferred charges</i>	65,899
<i>Capital assets, net of accumulated depreciation</i>	8,119,201
Total assets	<u>8,539,589</u>
Liabilities	
<i>Accounts payable</i>	116,391
<i>Accrued payroll</i>	17,299
<i>Other accrued payables</i>	69,562
<i>Due to other funds</i>	157,967
<i>Customer meter deposits</i>	139,597
Long-term liabilities:	
<i>Portion due within one year</i>	190,000
<i>Portion due after one year</i>	3,595,000
Total liabilities	<u>4,285,816</u>
Net Assets	
<i>Invested in capital assets, net of related debt</i>	4,334,201
<i>Unrestricted</i>	(80,428)
Total net assets	<u>\$ 4,253,773</u>

The accompanying notes are an integral part of this statement.

CITY OF IOWA PARK, TEXASSTATEMENT OF REVENUES, EXPENSES, AND CHANGES
IN FUND NET ASSETS - PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2010

	Enterprise Fund <u>Water and Sewer Fund</u>
Operating revenues:	
<i>Water revenues</i>	\$ 1,977,685
<i>Sewer revenues</i>	365,511
<i>Tap fees</i>	2,400
<i>Contact fees</i>	36,274
<i>Other revenues</i>	63,367
Total operating revenues	<u>2,445,237</u>
Operating expenses:	
<i>Administration and support services</i>	944,860
<i>Water treatment and distribution</i>	1,119,800
<i>Sewer collection and treatment</i>	272,873
<i>Depreciation and amortization expense</i>	279,947
Total operating expenses	<u>2,617,480</u>
Operating loss	<u>(172,243)</u>
Nonoperating revenues (expenses):	
<i>Interest earned</i>	10,906
<i>Interest paid on long-term debt</i>	(155,798)
Total nonoperating revenues (expenses)	<u>(144,892)</u>
Income (loss) before transfers	<u>(317,135)</u>
Transfers	<u>77,770</u>
Change in net assets	<u>(239,365)</u>
Net assets, beginning of year	4,493,138
Net assets, end of year	<u>\$ 4,253,773</u>

The accompanying notes are an integral part of this statement.

CITY OF IOWA PARK, TEXAS
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2010

	Enterprise Fund Water and Sewer Fund
Cash flows from operating activities:	
<i>Cash received from customers</i>	\$ 2,470,698
<i>Cash payments to employees for services</i>	(438,687)
<i>Cash payments to other suppliers for goods and services</i>	(2,011,164)
Net cash provided by operating activities	<u>20,847</u>
Cash flows from noncapital financing activities:	
<i>Transfers from other funds</i>	<u>77,770</u>
Cash flows from capital and related financing activities:	
<i>Principal paid on long-term debt</i>	(180,000)
<i>Interest and fiscal agent fees paid on long-term debt</i>	(158,690)
<i>Acquisition of capital assets</i>	(402,393)
Net cash used for capital & related financing activities	<u>(741,083)</u>
Cash flows from investing activities:	
<i>Sale of investments</i>	227,136
<i>Interest on investments</i>	10,906
Net cash provided by investing activities	<u>238,042</u>
Net decrease in cash and cash equivalents	(404,424)
Cash and cash equivalents at beginning of year	373,437
Cash and cash equivalents at end of year	<u>\$ (30,987)</u>
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:	
Operating income (loss)	\$ (172,243)
Adjustments to reconcile operating income to net cash provided by operating activities:	
<i>Depreciation and amortization</i>	279,947
Change in assets and liabilities:	
<i>Decrease in customer accounts receivable</i>	21,698
<i>Increase in other accounts receivable</i>	(850)
<i>Decrease in accounts payable</i>	(111,780)
<i>Decrease in other accrued payables</i>	(538)
<i>Increase in customer meter deposits</i>	4,613
Total adjustments	<u>193,090</u>
Net cash provided by operating activities	<u>\$ 20,847</u>
Reconciliation of cash and cash equivalents on the balance sheet to the statement of cash flows:	
Cash and cash equivalents	\$ (64,210)
Restricted assets - cash and cash equivalents	33,223
Total cash and cash equivalents at end of year	<u>\$ (30,987)</u>

The accompanying notes are an integral part of this statement.

CITY OF IOWA PARK, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2010

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. 14 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; 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 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 the modified accrual basis of accounting. The Iowa Park 4A 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.

CITY OF IOWA PARK, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2010

The Iowa Park 4B 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 4B and utilizes the modified accrual basis of accounting. The Iowa Park 4B 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. During the year ended September 30, 2010, the Corporation funded \$62,860 to the City for debt service payments related to the swimming pool as well as \$85,222 in swimming pool and parks improvements. These items are recorded as "Other revenues" by the City.

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 assets 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 assets 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 fund:

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.

CITY OF IOWA PARK, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2010

Other governmental funds is a summarization of all the non-major governmental funds.

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 capital 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 not 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.

CITY OF IOWA PARK, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2010

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, 2010, net property taxes receivable is calculated as follows:

Gross property taxes receivable	\$	98,827
Allowance for uncollectible taxes		(82,310)
Net property taxes receivable	\$	<u>16,517</u>

c. Inventories and Prepaid Items

Inventories on the balance sheet are stated at weighted average cost. Inventory items are recorded as expenditures when they are consumed.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items.

d. 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:

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

e. 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 \$98,827 outstanding at September 30, 2010, it is expected that the City will collect approximately \$20,000 during the 2010-2011 fiscal year. This is similar to the delinquent taxes collected for the year ended September 30, 2010.

CITY OF IOWA PARK, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2010

f. **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 assets.

g. **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, 2010, the City overexpended six functional areas of the General Fund (see Note M). 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 Assets of Individual Funds**

There are no funds with deficit fund balance or deficit net assets as of September 30, 2010.

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, 2010, the carrying amount of the City's deposits (cash, certificates of deposit, and interest-bearing savings accounts included in temporary investments) was \$789,931 and the bank balance was \$923,900. However, included in this amount was \$405,065 being held for the City's component units as described below. The City's cash deposits at September 30, 2010 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, 2010, the carrying amount of the 4A Development Corporation's deposits (cash, certificates of deposit, and interest-bearing savings accounts included in temporary investments) was \$319,165 and the bank balance was \$330,877. The Corporation's cash deposits at September 30, 2010 and during the year ended September 30, 2010, were entirely covered by FDIC insurance or by pledged collateral held by the component unit's agent bank in the component unit's name.

At September 30, 2010, the carrying amount of the 4B Development Corporation's deposits (cash, certificates of deposit, and interest-bearing savings accounts included in temporary investments) was \$85,900 and the bank balance was \$91,066. The Corporation's cash deposits at September 30, 2010 and during the year ended September 30, 2010, were entirely covered by FDIC insurance or by pledged collateral held by the component unit's agent bank in the component unit's name.

CITY OF IOWA PARK, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2010

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, 2010 are shown below.

<u>Investment or Investment Type</u>	<u>Weighted Maturity (Months)</u>	<u>Fair Value</u>
<u>Primary Government:</u>		
US Government Securities	233.00	\$ 5,043
Certificates of deposit	9.23	202,568
Texpool	1.00	4,793
Total primary government investments		<u>212,404</u>
<u>Iowa Park 4A Development Corporation:</u>		
Certificates of deposit	3.75	<u>64,305</u>
<u>Iowa Park 4B Development Corporation:</u>		
Certificates of deposit	6.10	<u>51,266</u>
Total investments		<u>\$ 327,975</u>

Texpool is a public funds investment pool administered by the Treasurer of the State of Texas pursuant to the Interlocal Cooperation Act passed in 1989 by the 71st Texas Legislature. This Act authorized the City to delegate to Texpool the authority to make investment purchases and to hold legal title as custodian of the investment securities. All Texpool investments are in the possession of the Texas Treasury Safekeeping Trust Company and held in its book-entry safekeeping account at the Federal Reserve Bank of Dallas. The Texas Treasury Safekeeping Trust Company was created in 1986 by the 69th Texas Legislature to enable the Treasurer of the State of Texas to manage, safekeep, and invest public funds of state agencies and political subdivisions more efficiently and economically.

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:

a. 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.

b. 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.

CITY OF IOWA PARK, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2010

c. 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.

d. 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.

e. 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. Capital Assets

Capital asset activity for the year ended September 30, 2010 was as follows:

Primary government	Beginning Balances	Increases	Decreases	Ending Balances
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 102,459	\$ 15,000	\$ --	\$ 117,459
Capital assets being depreciated:				
Buildings and improvements	2,260,539	185,957	--	2,446,496
Machinery and equipment	2,307,302	47,268	--	2,354,570
Infrastructure	1,580,656	8,359	--	1,589,015
Total capital assets being depreciated	6,148,497	241,584	--	6,390,081
Less accumulated depreciation for:				
Buildings and improvements	560,106	46,045	--	606,151
Machinery and equipment	1,391,435	151,199	--	1,542,634
Infrastructure	110,208	31,669	--	141,877
Total accumulated depreciation	2,061,749	228,913	--	2,290,662
Total capital assets being depreciated, net	4,086,748	12,671	--	4,099,419
Governmental activities capital assets, net	\$ 4,189,207	\$ 27,671	\$ --	\$ 4,216,878
	Beginning Balances	Increases	Decreases	Ending Balances
Business-type activities:				
Capital assets not being depreciated:				
Land	\$ 631,320	\$ 15,000	\$ --	\$ 646,320
Capital assets being depreciated:				
Buildings and improvements	435,507	85,445	--	520,952
System improvements	11,461,314	272,469	--	11,733,783
Machinery and equipment	1,208,252	29,479	--	1,237,731
Total capital assets being depreciated	13,105,073	387,393	--	13,492,466
Less accumulated depreciation for:				
Buildings and improvements	198,629	10,839	--	209,468
System improvements	4,464,036	233,500	--	4,697,536
Machinery and equipment	1,081,667	30,914	--	1,112,581
Total accumulated depreciation	5,744,332	275,253	--	6,019,585
Total capital assets being depreciated, net	7,360,741	112,140	--	7,472,881
Business-type activities capital assets, net	\$ 7,992,061	\$ 127,140	\$ --	\$ 8,119,201

CITY OF IOWA PARK, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2010

Depreciation was charged to functions in governmental activities as follows:

Governmental activities:	
Administration	\$ 5,778
Animal control	2,305
Dispatch	4,822
Economic development	231
Fire	25,187
Library	4,111
Municipal court	2,315
Narcotics division	2,874
Parks	21,328
Police	21,930
RAC	5,697
Street	95,822
Swimming pool	36,513
Total	<u>\$ 228,913</u>

Discretely presented component units

Activity for the Iowa Park 4A Development Corporation for the year ended September 30, 2010 was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
Capital assets not being depreciated:				
Land	\$ 24,795	\$ --	\$ --	\$ 24,795
Capital assets being depreciated:				
Buildings	675,840	--	--	675,840
Less accumulated depreciation for:				
Buildings	9,011	--	--	9,011
Total capital assets being depreciated, net	666,829	--	--	666,829
4A Development Corporation capital assets, net	<u>\$ 691,624</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 691,624</u>

E. Interfund Balances and Activity

1. Due To and From Other Funds

Balances due to and from other funds at September 30, 2010 were as follows:

Due to	Due from	Amount	Purpose
General Fund	Water and Sewer Fund	<u>\$ 222,177</u>	Utility payments not transferred

This interfund payable is expected to be repaid within one year.

Balances due to and from component units at September 30, 2010 consisted of the following:

Due to	Due from	Amount	Purpose
General Fund	Iowa Park 4A Development Corp.	\$ 112,000	Short-term loan
Iowa Park 4B Development Corp.	General Fund	56,000	Short-term loan
		<u>\$ 168,000</u>	

All of these amounts are expected to be repaid within one year.

CITY OF IOWA PARK, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2010

2. Transfers To and From Other Funds

Transfers to and from other funds during the year ended September 30, 2010 were as follows:

Transfer To	Transfer From	Amount	Purpose
Enterprise Fund	General Fund	\$ 77,770	Fund deficit net assets

F. 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, 2010 are as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
Governmental activities:					
Capital leases payable	\$ 27,205	\$ --	\$ 27,205	\$ --	\$ --
Certificates of obligation	725,000	--	30,000	695,000	30,000
Compensated absences	42,872	9,500	7,668	44,704	4,470
Total governmental activities	\$ 795,077	\$ 9,500	\$ 64,873	\$ 739,704	\$ 34,470
Business-type activities:					
Certificates of obligation	\$ 3,965,000	\$ --	\$ 180,000	\$ 3,785,000	\$ 190,000
Component unit:					
Note payable	\$ 225,037	\$ --	\$ 17,869	\$ 207,168	\$ 19,009

For governmental activities, compensated absences are generally liquidated by the General Fund.

2. Certificates of Obligation, Series 2006

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%. Debt service requirements for the Certificates are shown below.

Year Ending September 30,	Governmental Activities		
	Principal	Interest	Total
2011	\$ 30,000	\$ 31,690	\$ 61,690
2012	30,000	30,490	60,490
2013	35,000	29,260	64,260
2014	35,000	27,790	62,790
2015	35,000	26,285	61,285
2016-2020	205,000	106,605	311,605
2021-2025	265,000	53,310	318,310
2026	60,000	2,910	62,910
Total	\$ 695,000	\$ 308,340	\$ 1,003,340

CITY OF IOWA PARK, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2010

3. Certificates of Obligation, Series 2005

On April 15, 2005 the City issued Tax and Waterworks and Sewer System Surplus Revenue Certificates of Obligation in the amount of \$4,630,000. The interest rate on the bonds ranges from 3.00% to 4.40%. Debt service requirements for the Certificates are shown below.

Year Ending September 30,	Business-type Activities		
	Principal	Interest	Total
2011	\$ 190,000	\$ 151,978	\$ 341,978
2012	195,000	144,759	339,759
2013	200,000	137,103	337,103
2014	210,000	128,903	338,903
2015	220,000	120,303	340,303
2016-2020	1,245,000	457,965	1,702,965
2021-2025	1,525,000	169,897	1,694,897
Total	\$ 3,785,000	\$ 1,310,908	\$ 5,095,908

4. Note payable

On January 19, 2006 the Iowa Park 4A Development Corporation issued a note payable in the amount of \$500,000. The original note carried monthly installment payments of \$4,533 with an interest rate of 7% and final payment of \$443,125 due on February 1, 2009. This note was refinanced during the year ended September 30, 2009. The remaining principal at the time of the refinance, \$227,059, plus interest at 5% was to be repaid in 120 monthly installments of \$2,410, with the last payment being due on August 1, 2019. Debt service requirements on this note are shown below.

Year Ending September 30,	4A Development Corporation		
	Principal	Interest	Total
2011	\$ 19,009	\$ 9,915	\$ 28,924
2012	19,982	8,943	28,925
2013	21,004	7,921	28,925
2014	22,079	6,846	28,925
2015	22,079	6,846	28,925
2016-2019	103,015	9,244	112,259
Total	\$ 207,168	\$ 49,715	\$ 256,883

5. Debt Service Requirements

Total debt service requirements on long-term debt at September 30, 2010 are as follows:

Year Ending September 30,	Governmental Activities		
	Principal	Interest	Total
2011	\$ 30,000	\$ 31,690	\$ 61,690
2012	30,000	30,490	60,490
2013	35,000	29,260	64,260
2014	35,000	27,790	62,790
2015	35,000	26,285	61,285
2016-2020	205,000	106,605	311,605
2021-2025	265,000	53,310	318,310
2026	60,000	2,910	62,910
Total	\$ 695,000	\$ 308,340	\$ 1,003,340

CITY OF IOWA PARK, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2010

Year Ending September 30,	Business-type Activities		
	Principal	Interest	Total
2011	\$ 190,000	\$ 151,978	\$ 341,978
2012	195,000	144,759	339,759
2013	200,000	137,103	337,103
2014	210,000	128,903	338,903
2015	220,000	120,303	340,303
2016-2020	1,245,000	457,965	1,702,965
2021-2025	1,525,000	169,897	1,694,897
Total	\$ 3,785,000	\$ 1,310,908	\$ 5,095,908

Year Ending September 30,	4A Development Corporation		
	Principal	Interest	Total
2011	\$ 19,009	\$ 9,915	\$ 28,924
2012	19,982	8,943	28,925
2013	21,004	7,921	28,925
2014	22,079	6,846	28,925
2015	22,079	6,846	28,925
2016-2019	103,015	9,244	112,259
Total	\$ 207,168	\$ 49,715	\$ 256,883

G. Restricted Assets - Water and Sewer Fund

Restricted assets in the Water and Sewer Fund, held for specific purposes in accordance with bond ordinances, are comprised of the following:

For Debt Service:	
Cash and Cash Equivalents	\$ 33,223
Investments	39
Total	<u>\$ 33,262</u>

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. During fiscal year 2010, the City obtained general liability 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 above insurance coverage. 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 any money received may be required and the collectibility 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.

CITY OF IOWA PARK, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2010

2. Litigation

No reportable litigation was pending against the City at September 30, 2010.

J. Accumulated Unpaid Vacation Leave Benefits

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, 2010 the City has accrued \$44,704 of liability for vacation leave. This liability is recorded as a long-term liability in the government-wide financial statements.

K. Pension Plan

1. Plan Description

The City provides pension benefits for all of its full-time employees through a non-traditional, joint contributory, hybrid defined benefit plan in the state-wide Texas Municipal Retirement System (TMRS), an agent multiple-employer public employee retirement system. The plan provisions that have been adopted by the City are within the options available in the governing state statutes of TMRS.

TMRS issues a publicly available comprehensive annual financial report that includes financial statements and required supplementary information (RSI) for TMRS; the report also provides detailed explanations of the contributions, benefits and actuarial methods and assumptions used by the System. This report may be obtained by writing to TMRS, P.O. Box 149153, Austin, TX 78714-9153 or by calling 800-924-8677; in addition, the report is available on TMRS' website at www.tmr.org.

Benefits depend upon the sum of the employee's contributions to the plan, with interest, and the City-financed monetary credits, with interest. At the date the plan began, the City granted monetary credits for service rendered before the plan began of a theoretical amount equal to two times what would have been contributed by the employee, with interest, prior to establishment of the plan. Monetary credits for service since the plan began are a percent (100%, 150%, or 200%) of the employee's accumulated contributions. In addition, the City can grant, as often as annually, another type of monetary credit referred to as an updated service credit which is a theoretical amount which, when added to the employee's accumulated contributions and the monetary credits for service since the plan began, would be the total monetary credits and employee contributions accumulated with interest if the current employee contribution rate and City matching percent had always been in existence and if the employee's salary had always been the average of his salary in the last three years that are one year before the effective date. At retirement, the benefit is calculated as if the sum of the employee's accumulated contributions with interest and the employer-financed monetary credits with interest were used to purchase an annuity.

Members can retire at ages 60 and above with 5 or more years of service or with 20 years of service regardless of age. A member is vested after 5 years. The plan provisions are adopted by the governing body of the City, within the options available in the state statutes governing TMRS and within the actuarial constraints also in the statutes.

CITY OF IOWA PARK, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2010

2. Contributions

The contribution rate for the employees is 6%, and the City matching ratio is currently 1.5 to 1, both as adopted by the governing body of the City. Under the state law governing TMRS, the actuary annually determines the City contribution rate. This rate consists of the normal cost contribution rate and the prior service contribution rate, both of which are calculated to be a level percent of payroll from year to year. The normal cost contribution rate finances the currently accruing monetary credits due to the City matching percent, which are the obligation of the City as of an employee's retirement date, not at the time the employee's contributions are made. The normal cost contribution rate is the actuarially determined percent of payroll necessary to satisfy the obligation of the City to each employee at the time his/her retirement becomes effective. The prior service contribution rate amortizes the unfunded (overfunded) actuarial liability (asset) over the remainder of the plan's 25-year amortization period. The unit credit actuarial cost method is used for determining the City contribution rate. Both the employees and the City make contributions monthly. Since the City needs to know its contribution rate in advance for budgetary purposes, there is a one-year delay between the actuarial valuation that is the basis for the rate and the calendar year when the rate goes into effect (i.e. December 31, 2009 valuation is effective for rates beginning January 2011).

Schedule of Actuarial Liabilities and Funding Progress

Actuarial Valuation Date		12/31/09
Actuarial Value of Assets	\$	2,979,296
Actuarial Accrued Liability	\$	4,543,774
Percentage Funded		65.6%
Unfunded (Overfunded) Actuarial Accrued Liability (UAAL)	\$	1,564,478
Annual Covered Payroll	\$	1,414,235
UAAL as a Percentage of Covered Payroll		110.6%
Net Pension Obligation (NPO) at the Beginning of the Period	\$	--
Annual Pension Cost:		
Annual required contribution (ARC)	\$	232,103
Contributions Made	\$	<u>(232,103)</u>
NPO at the end of the period	\$	<u><u>--</u></u>
Two preceding years:		
12/31/08:		
Annual Pension Cost	\$	145,768
Percentage of Annual Pension Costs Contributed		100%
NPO at the end of the period		--
12/31/07:		
Annual Pension Cost	\$	117,182
Percentage of Annual Pension Costs Contributed		100%
NPO at the end of the period		--

CITY OF IOWA PARK, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2010

3. Actuarial Assumptions

- Actuarial Cost Method - Projected Unit Credit
- Amortization Method - Level Percent of Payroll
- Remaining Amortization Period - 28 years; closed period
- Asset Valuation Method - 10-year Smoothed Market
- Investment Rate of Return - 7.5%
- Projected Salary Increases - Varies greatly by age and service
- Includes inflation at 3.0%
- Cost-of-living adjustments - 2.1%

L. Group-Term Life Insurance Plan

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

TMRS issues a publicly available comprehensive annual financial report that includes financial statements and required supplementary information (RSI) for TMRS; the report also provides detailed explanations of the contributions, benefits and actuarial methods and assumptions used by the System. This report may be obtained by writing to TMRS, P.O. Box 149153, Austin, TX 78714-9153 or by calling 800-924-8677; in addition, the report is available on TMRS' website at www.TMRS.org.

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

The City contributes to the SDBF at a contractually required rate as determined by an annual actuarial valuation. The rate is equal to the cost of providing one-year term life insurance. During calendar year 2009 this rate was 0.06% and during calendar year 2010 this rate was 0.06%. The funding policy for the SDBF program is to assure that adequate resources are available to meet all death benefit payments for the upcoming year; the intent is not to pre-fund retiree life insurance during employees' entire careers.

The City's contribution to the TMRS SDBF for the years ended September 30, 2010, 2009, and 2008 were \$920, \$799, and \$647, respectively, which equaled the required contributions each year.

M. Expenditures in Excess of Budgeted Amounts

During the year ended September 30, 2010, the City had expenditures in excess of the budgeted amounts in the General Fund as follows:

Public works director	\$	1,114
Code enforcement		2,262
Parks		103,603
Police		59,694
Animal control		5,055
Library		11,316

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
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED SEPTEMBER 30, 2010

EXHIBIT B-1

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenue:				
<i>Ad valorem tax collection</i>	\$ 1,788,000	\$ 1,788,000	\$ 1,831,322	\$ 43,322
<i>Franchise taxes</i>	340,000	340,000	335,884	(4,116)
<i>City sales taxes</i>	320,000	320,000	321,323	1,323
<i>Licenses and permits</i>	21,300	21,300	18,304	(2,996)
<i>Fines and forfeitures</i>	65,400	65,400	90,388	24,988
<i>Revenues from use of money and property</i>	20,100	20,100	12,654	(7,446)
<i>Charges for current services</i>	583,200	583,200	573,213	(9,987)
<i>Other revenues</i>	104,740	117,140	221,805	104,665
<i>Intergovernmental revenues</i>	--	41,800	41,418	(382)
Total revenues	<u>3,242,740</u>	<u>3,296,940</u>	<u>3,446,311</u>	<u>149,371</u>
Expenditures:				
<i>Administration department</i>	313,850	414,350	404,026	10,324
<i>Public works director</i>	88,740	88,740	89,854	(1,114)
<i>Code enforcement</i>	38,680	38,680	40,942	(2,262)
<i>Streets</i>	640,550	640,550	602,484	38,066
<i>Sanitation</i>	413,000	413,000	369,770	43,230
<i>Parks</i>	219,690	229,490	333,093	(103,603)
<i>Swimming pool</i>	145,140	145,140	124,284	20,856
<i>Police</i>	649,070	713,470	773,164	(59,694)
<i>Dispatch</i>	234,960	234,960	240,015	(5,055)
<i>Animal control</i>	53,860	53,860	48,816	5,044
<i>Municipal court</i>	85,830	85,830	75,848	9,982
<i>Fire</i>	88,100	88,100	70,384	17,716
<i>Narcotics division</i>	68,350	68,350	61,115	7,235
<i>Library</i>	95,480	95,480	106,796	(11,316)
<i>RAC - Youth Center</i>	14,600	14,600	9,978	4,622
<i>Friendly Door</i>	700	700	304	396
<i>Economic development</i>	92,140	92,140	84,154	7,986
Debt service:				
<i>Principal</i>	30,000	30,000	30,000	--
<i>Interest charges</i>	32,860	32,860	32,860	--
Total expenditures	<u>3,305,600</u>	<u>3,480,300</u>	<u>3,497,887</u>	<u>(17,587)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(62,860)</u>	<u>(183,360)</u>	<u>(51,576)</u>	<u>131,784</u>
Fund balances, beginning of year	<u>644,577</u>	<u>644,577</u>	<u>644,577</u>	<u>--</u>
Fund balances, end of year	<u>\$ 581,717</u>	<u>\$ 461,217</u>	<u>\$ 593,001</u>	<u>\$ 131,784</u>

CITY OF IOWA PARK, TEXAS
 REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF FUNDING PROGRESS
 TEXAS MUNICIPAL RETIREMENT SYSTEM
 YEAR ENDED SEPTEMBER 30, 2010

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
12/31/07	\$ 2,433,868	\$ 3,341,884	\$ 908,016	72.8%	\$ 1,293,364	70.2%
12/31/08	2,612,024	3,669,525	1,057,501	71.2%	1,408,974	75.1%
12/31/09	2,979,296	4,543,774	1,564,478	65.6%	1,414,235	110.6%