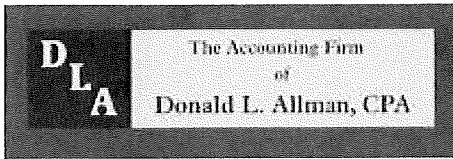


CITY OF INGRAM, TEXAS
BASIC FINANCIAL STATEMENTS
AND SUPPLEMENTAL SCHEDULES
AND INDEPENDENT AUDITOR'S REPORT
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2023

**CITY OF INGRAM, TEXAS
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Donald L. Allman, CPA, PC
160 Owen Pass
Liberty Hill Texas 78642
Email: dallman@donallmancpa.com

CERTIFIED PUBLIC ACCOUNTANT

INDEPENDENT AUDITOR'S REPORT

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

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Ingram, 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 Ingram, 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 Ingram, 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 Ingram, 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.

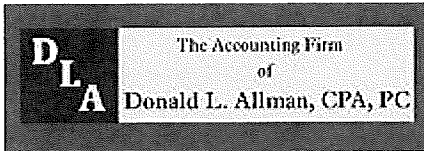
Responsibilities of Management for the Financial Statements

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 Ingram, 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.



CERTIFIED PUBLIC ACCOUNTANT

INDEPENDENT AUDITOR'S REPORT (Continued)

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City of Ingram, 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 Ingram, Texas' ability to continue as a going concern for a reasonable period of time.

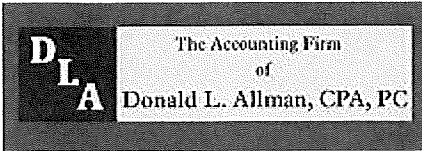
We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 7-15 and 63-64 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Ingram, Texas' basic financial statements. The accompanying combining and individual nonmajor fund financial statements and schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.



CERTIFIED PUBLIC ACCOUNTANT

INDEPENDENT AUDITOR'S REPORT (Continued)

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 23, 2025 on our consideration of the City of Ingram, 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 Ingram, 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 Ingram, Texas' internal control over financial reporting and compliance.

Donald L. Allman, CPA, PC

Georgetown, TX
September 23, 2025

Management's Discussion and Analysis City of Ingram, Texas

MANAGEMENT'S DISCUSSION AND ANALYSIS

Our discussion and analysis of the City of Ingram's financial performance provides an overview and analysis of the City's financial activities for the fiscal year ended September 30, 2023. Please read it in conjunction with the independent Auditors' Report on page 1, and the accompanying basic financial statements.

FINANCIAL HIGHLIGHTS

- The City's government-wide net position increased by \$3,009,873 as a result of the year's operations.
- The City's business-type activities net position increased by \$2,844,768 as a result of this year's operations. The City's general fund activities net position increased by \$165,105 as a result of this year's operations.
- Total revenues from all sources were \$5,345,997 an increase of \$2,526,790 from the prior year. This was primarily due to increases in sales tax, property tax, and grant income.
- During the year, the City's cost of all programs was \$2,336,124 which represents an increase of \$476,801 from the prior year.
- At September 30, 2023, the City's governmental funds reported an ending balance of \$1,017,286, which represents a decrease of \$(132,921) from the prior year.

USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements. The government-wide financial statements include the Statement of Net Position (on page 9). These provide information about the activities of the City as a whole and present a longer-term view of the City's property and debt obligations and other financial matters. They reflect the flow of total economic resources in a manner similar to the financial reports of a business enterprise.

Fund financial statements (starting on page 12) report the City's operations in more detail than the government-wide statements by providing information about the City's most significant funds. For governmental activities, these statements tell how services were financed in short term as well as what resources remain for future spending. They reflect the flow of current financial resources, and supply the basis for tax levies and appropriations budget. Proprietary statements provide the same type of information as the government-wide financial statements, only in more detail.

The notes to the financial statements (starting of page 19) provide narrative explanations or additional data needed for full disclosure in the government-wide statements and the fund financial statements.

Management's Discussion and Analysis City of Ingram, Texas

Reporting the City as a Whole

The Statement of Net Position and the Statement of Activities

The analysis of the City's overall financial condition and operations begins on page 9, Its primary purpose is to show whether the City is better off or worse off as a result of the year's activities. The Statement of Net Position includes all the City's assets and liabilities at the end of the year while the Statement of Activities includes all the revenues and expenses generated by the City's operations during the year. These statements are presented using the accrual basis of accounting, which means that all of the current year's revenues and expenses are taken into account regardless of when the cash is received or paid.

These two statements report the City's net position and changes in them. The City's net position (the difference between assets and liabilities) provide one measure of the City's financial health, or financial position. Over time, increases or decreases in the City's net position are one indicator of whether its financial health is improving or deteriorating. To fully assess the overall health of the City, however, you should consider non financial factors as well, such as changes in property tax base and condition of the City's facilities.

In the Statement of Net Position and the Statement of Activities, the City is divided into two kinds of activities.

Governmental activities – Most of the City's basic services are reported here, including police, and general government. Property taxes, sales taxes, and franchise fees finance most of these activities.

Business-type activities – The City charges a fee to customers to help cover all of most of the cost of certain services it provides. The City's water and sewer system activity are reported here.

Reporting the City's Most Significant Funds

Fund Financial Statements

The fund financial statements provide detailed information about the most significant funds – not the City as a whole. Some funds are required to be established by state law and by bond covenants. The City's two kinds of funds – governmental and proprietary – utilize different accounting approaches.

Management's Discussion and Analysis City of Ingram, Texas

Governmental funds – The majority of the City's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year end that are available for spending. These funds are reported using an accounting method identified as the modified accrual basis of accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the City's general government operations and the basic service it provides. Governmental fund information 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. By comparing information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements, readers may better understand the long-term impact of the government's near-term financing decisions.

Proprietary funds – The City charges customers for the services it provides, whether to outside customers or to other units within the City. These services are generally reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in Statement of Net Position and the Statement of Activities. In fact, The City's enterprise funds are identical to the business-type activities that are reported in the government-wide statements but provide more detail and additional information, such as cash flows, for proprietary funds.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

The City's combined net position was \$9,803,410 of September 30, 2023. When analyzing the net position and net expenses of governmental and business-type activities separately, the business type activities net position is \$7,946,393. The analysis focuses on net position (Table I) and general revenues and significant expenses of the City's governmental and business-type activities (Table II).

**Management's Discussion and Analysis
City of Ingram, Texas**

Table I

NET POSITION

	Governmental Activities		Business-type Activities		Total Government	Primary
	2023	2022	2023	2022	2023	2022
Current and other assets	1,123,190	1,238,788	494,247	754,363	1,617,437	1,993,151
Noncurrent and capital assets	974,033	791,771	10,036,305	7,025,535	11,010,338	7,817,306
Total Assets	2,097,223	2,030,559	10,530,552	7,779,898	12,627,775	9,810,457
Deferred Outflows of Resources	138,201	31,179	15,773	2,546	153,974	33,725
Current Liabilities	58,144	48,454	50,594	45,994	108,738	94,448
Long-term Liabilities	86,119	99,470	2,525,000	2,612,000	2,611,119	2,711,470
Total Liabilities	144,263	147,924	2,575,594	2,657,994	2,719,857	2,805,918
Deferred Inflows of Resources	234,144	221,902	24,338	22,825	258,482	244,727
Net Position:						
Net Investment in Capital Assets	887,914	692,301	7,511,305	4,413,535	8,399,219	5,105,836
Restricted for:						
Special Purpose	-	-	-	-	-	-
Debt Service	19,998	19,997	141,228	146,453	161,226	166,450
Unrestricted	949,105	979,614	293,860	541,637	1,242,965	1,521,251
Total Net Position	\$1,857,017	\$1,691,912	\$7,946,393	\$5,101,625	\$9,803,410	\$6,793,537

**Management's Discussion and Analysis
City of Ingram, Texas**

**Table II
CHANGE IN NET POSITION**

	Governmental Activities		Business-type Activities		Total Primary Government	
	2023	2022	2023	2022	2023	2022
Program Revenues:						
Charges for Services	\$22,427	15,334	\$474,019	\$542,271	\$496,446	\$557,605
Fines & forfeitures	42,792	\$72,681		\$0	42,792	\$72,681
Operating grants and contributions	229,655	231,275	3,053,898	509,558	3,283,553	\$740,833
General Revenues:						
Property tax	562,444	529,603			562,444	\$529,603
Sales & other taxes	846,730	823,439			846,730	\$823,439
Franchise fees	91,744	93,137			91,744	\$93,137
Investment earnings	1,482	1,524	419	385	1,901	\$1,909
Miscellaneous	20,387	0	0	0	20,387	\$0
Transfers	(171,782)	0	171,782	0	0	\$0
Total Revenue	1,645,879	1,766,993	3,700,118	1,052,214	5,345,997	2,819,207
Expenses:						
General government	417,925	341,488			417,925	341,488
Public Safety	669,691	615,896			669,691	615,896
Court Expenses	85,688	64,129			85,688	64,129
Public Works	300,824	207,109			300,824	207,109
Hotel/Tourism	-	13,909			-	13,909
Interest on long-term debt	6,646	7,330	54,453	55,621	61,099	62,951
Water and Sewer	-		800,897	553,841	800,897	553,841
Total Expenses	1,480,774	1,249,861	855,350	609,462	2,336,124	1,859,323
Change in net position	165,105	517,132	2,844,768	442,752	3,009,873	959,884
	-	-	-	-	-	-
Net position - beginning	1,691,912	1,174,780	5,101,625	4,658,873	6,793,537	5,833,653
Net position - ending	1,857,017	1,691,912	7,946,393	5,101,625	9,803,410	6,793,537

**Management’s Discussion and Analysis
City of Ingram, Texas**

GOVERNMENT-WIDE FINANCIAL ANALYSIS (continued)

A large portion of the City’s net position (86%) reflects its investment in capital assets (e.g., land, buildings, infrastructure, machinery, and equipment); less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to its citizens; consequently, these assets are not available for future spending. Although the City’s investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the City’s net position (2%) represents resources that are subject to external restrictions on how they may be used. The balance of *unrestricted net position*, \$1,242,965 or 13%, may be used to meet the government’s ongoing obligations to citizens and suppliers.

For the fiscal year 2023, revenues from governmental activities totaled \$1817,661. Property taxes and sales taxes are the largest components of revenues 78%.

For fiscal year 2023, expenses for governmental activities totaled \$1,480,774. The City’s two largest funded programs are public safety and general government.

Revenues of the city’s business-type activities were 3,528,336 for the fiscal year ending September 30, 2023. Expenses for the City’s business-type activities were \$855,350. The City’s largest expenses are wastewater treatment and depreciation.

THE CITY’S FUNDS

As the City completed the year, its governmental funds (as presented in the balance sheet on page 12) reported a combined fund balance of \$1,017,286 which is less than last year’s total of \$1,150,207.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At the end of 2023, the city has invested \$101,010,338 in capital assets, including equipment and land. This amount represents a net increase of \$3,193,032 due to current year additions and depreciation.

	Governmental Activities		Business-Type Activities	
	Year Ended 9/30/2023	9/30/2022	Year Ended 9/30/2023	9/30/2022
Land	147,139	69,482		
Buildings, net	132,165	132,165		
Vehicles, net	47,591	47,591		
Equipment, net	47,375	22,570		
Infrastructure, net	519,963	519,963		
Wastewater System, net			6,754,615	6,797,743
Construction in Progress	79,800	-	3,281,690	227,792
Total	974,033	791,771	10,036,305	7,025,535

More detailed information about the City’s capital assets is presented in the Notes to the Financial Statements starting on page 26.

Debt

At year-end, the City had \$2,611,119 in long-term debt outstanding, versus \$2,711,470 last year. This decrease is due to principal payments made in fiscal year 2023.

	Governmental Activities		Business-Type Activities	
	Year Ended		Year Ended	
	9/30/2023	9/30/2022	9/30/2023	9/30/2022
Notes and Loans Payable	86,119	99,470	-	-
Certificates of Obligation	-	-	2,525,000	2,612,000
Net Pension Liability	-	-	-	-
Total	86,119	99,470	2,525,000	2,612,000

More detailed information about the City’s long-term liabilities is presented in the Notes to the Financial Statements starting on page 27.

Management's Discussion and Analysis

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

The City's elected and appointed officials considered population growth and available resources from state revenues and tax revenues when setting the fiscal year budget and tax rate.

For the 2023 fiscal year, the City adopted a \$1,555,862 budget for the General Fund and a \$635,995 budget for the Enterprise Fund. It will be funded through property taxes via a \$0.4329 property tax rate and water and sewer revenue.

If the City does not incur any unforeseen expenditures or reductions in revenue, it should accomplish the task of providing services in the City within its available resources and not further reduce the current fund balance.

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 show the City's accountability for the money it receives. If you have any questions about this report or need additional information, contact the City's business office, at City of Ingram, 230 Highway 39 Ingram, Texas 78025.

BASIC FINANCIAL STATEMENTS

CITY OF INGRAM, TEXAS
STATEMENT OF NET POSITION
September 30, 2023

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and cash equivalents	1,018,593	429,283	1,447,876
Property taxes, net of allowance for uncollectibles	\$47,760		47,760
Other Receivables, net of allowance for uncollectibles	56,837	61,997	118,834
Prepaid Insurance	-	-	-
Net Pension Position	28,810	2,967	31,777
Capital assets not being depreciated:			
Land	147,139	-	147,139
Capital assets, net of accumulated depreciation			
Machinery and Equipment	94,966	-	94,966
Buildings & Improvements	652,128		652,128
Utility system	-	6,754,615	6,754,615
Construction in progress	79,800	3,281,690	79,800
Total Capital Assets	974,033	10,036,305	7,728,648
Total Assets	2,097,223	10,530,552	9,528,869
Deferred Outflows - Pension Plan	138,201	15,773	153,974
LIABILITIES			
Accounts payable	29,126	24,539	53,665
Accrued liabilities	29,018	26,055	55,073
Due to Other Funds		-	-
Noncurrent liabilities:			
Net Pension Liability	-	-	-
Due within one year	14,081	88,000	102,081
Due within more than one year	72,038	2,437,000	2,509,038
Total Liabilities	144,263	2,575,594	2,719,857
Deferred Inflows of Resources	234,144	24,338	258,482
NET POSITION			
Net Investment in Capital Assets	887,914	7,511,305	8,399,219
Restricted for:			
Debt Service	19,998	141,228	161,226
Unrestricted	949,105	293,860	1,242,965
Total Net Position	1,857,017	7,946,393	9,803,410

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

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CITY OF NORFOLK, VA
STATEMENT OF ACTIVITIES
For the Year Ended September 30, 2023

Functions / Programs	Program Revenues		Expenses	Grants and Contributions		and	Changes in Net Position	
	for			Primary Government			Business-type Activities	Total
	Expenses	Grants and Contributions		Governmental Activities	Business-type Activities			
Primary government:								
Governmental activities:								
General Government	\$417,925	\$22,427	\$0	(395,498)				(395,498)
Public safety	669,691	0	0	(669,691)				(669,691)
Court expenses	85,688	42,792		(42,896)				(42,896)
Public works	300,824	0		(300,824)				(300,824)
Hotel/Tourism	-			-				(44,051)
Interest on long-term debt	61,099	0		(6,646)			(54,453)	(61,099)
Total governmental activities	1,535,227	65,219	0	(1,415,555)			(54,453)	(1,470,008)
Business-type activities:								
Water, Sewer and Sanitation	800,897	474,019	3,053,898				2,727,020	2,727,020
Total business-type activities	800,897	474,019	3,053,898				2,727,020	2,727,020
Total primary government	2,336,124	539,238	0	(1,415,555)			2,672,567	1,257,012
General Revenues:								
Property tax				562,444				562,444
Sales & Mixed Beverage taxes				831,793				831,793
Hotel Occupancy taxes				14,937				14,937
Franchise fees				91,744				91,744
Investment earnings				1,482			419	1,901
Miscellaneous				20,387			-	20,387
Grant income				229,655			-	229,655
Transfers				(171,782)			171,782	-
Total General Revenues				1,580,660			172,201	1,752,861
Change in net position				165,105			2,844,768	3,009,873
- Net Position - Beginning				1,691,912			5,101,625	6,793,537
Net Position - Ending				1,857,017			7,946,393	9,803,410

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

**CITY OF INGRAM, TEXAS
BALANCE SHEET
GOVERNMENTAL FUNDS
September 30, 2023**

<u>ASSETS</u>	General	Debt Service	Total
Cash	998,595	19,998	1,018,593
Taxes receivable	\$47,760		47,760
Prepaid Insurance	-		-
Other receivables, net of allowance for uncollectibles	56,837		56,837
Total Assets	1,103,192	19,998	1,123,190
<u>LIABILITIES AND FUND BALANCES</u>			
Liabilities:			
Accounts payable	29,126		29,126
Accrued expenses	29,018		29,018
Due to other funds	-		-
Unearned revenues	\$47,760		47,760
Total Liabilities	105,904		105,904
Fund Balances:			
Nonspendable	-		-
Restricted for Debt Service		19,998	19,998
Assigned	-		-
Unassigned	997,288		997,288
Total Fund Balances	997,288	19,998	1,017,286
Total Liabilities and Fund Balances	1,103,192	19,998	1,123,190

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

CITY OF INGRAM, TEXAS
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
September 30, 2023

Total fund balances-governmental funds		1,017,286
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Amounts reported for governmental activities in the statement of net position are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. These assets consist of:

Construction in progress	79,800			
Land	\$147,139			
Buildings and Improvements	815,784			
Furniture and Equipment	1,101,769			
Accumulated Depreciation	<u>(1,170,459)</u>			
Total capital assets	<u>974,033</u>			\$974,033

Some revenues in the governmental funds are deferred because they are not collected within the prescribed time period after year end. On the accrual basis, however, those revenues would be recognized, regardless of when they are collected.

Deferred outflows Pension Plan	138,201			138,201
Unearned Property taxes not collected	<u>\$47,760</u>			<u>\$47,760</u>

Some long-term liabilities are not due and payable in the current period and therefore are not reported in the funds. Those liabilities consist of: Net Pension Liability

Longterm Liabilities	(86,119)			
Deferred Inflows Pension Plan	<u>(234,144)</u>			<u>(320,263)</u>

Net position of governmental activities		<u>1,857,017</u>
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The accompanying notes are an integral part of the financial statements.

CITY OF INGRAM, TEXAS
STATEMENT OF
REVENUES, EXPENDITURES, AND CHANGES IN GOVERNMENTAL FUNDS
For the Year Ended September 30, 2023

Revenues	Debt		Total
	General	Service	
Ad valorem tax	507,809	\$47,002	\$554,811
Sales tax & mixed beverage tax	831,793		831,793
Franchise fees	91,744		91,744
Fine and forfeitures	42,792		42,792
Hotel occupancy tax	14,937		14,937
Licenses and permits	22,427		22,427
Donations income	0		0
Grant income	229,655		229,655
Miscellaneous & other services	20,387	0	20,387
Interest income	1,482		1,482
Total Revenues	1,763,026	47,002	1,810,028
Expenditures			
Current:			
General government:			
Administration	581,964		581,964
Public Safety	634,326		634,326
Court expenses	85,688		85,688
Public Works	297,009		297,009
Hotel & tourism	0		0
Debt Service:			
Principal	0	13,351	13,351
Interest and fiscal cost	0	6,646	6,646
Bond issuance cost	0		0
Capital Outlay	152,183		152,183
Total Expenditures	1,751,170	19,997	1,771,167
Surplus of Revenues Over Expenditures	11,856	27,005	38,861
Other Financing Sources:			
Transfers in	27,004	0	27,004
Transfers out	(171,782)	(27,004)	(198,786)
Loan proceeds	0		0
Total Other Financing Sources	(144,778)	(27,004)	(171,782)
Net Change in Fund Balance	(132,922)	1	(132,921)
Fund Balances - beginning of year	1,130,210	19,997	1,150,207
Fund Balances - end of year	\$997,288	\$19,998	\$1,017,286

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

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

Amounts reported for governmental activities in the statement of activities are different because:

Net change in fund balances ----- total governmental funds	(\$132,921)
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Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their useful lives as depreciation expense. This is the amount by which depreciation exceeded capital outlays in the current period.

Capital outlay expenditures	\$152,183	
Depreciation expense	(42,573)	
	<u>\$109,610</u>	\$109,610

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

Debt Service		13,351
Property taxes not collected	\$47,760	
Less prior year	(40,127)	
	<u>\$7,633</u>	\$7,633

Total Pension Expense is not recognized in Governmental funds	0
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Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.

Decrease in Net Pension position	\$78,826	
Decrease in deferred outflows/inflows	88,606	
	<u>\$167,432</u>	\$167,432

Change in net position of governmental activities	<u>\$165,105</u>
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The accompanying notes are an integral part of the financial statements.

**CITY OF INGRAM, TEXAS
STATEMENT OF NET POSITION
PROPRIETARY FUND
September 30, 2023**

	Business-type Activities Enterprise Fund
	Water, Sewer and Sanitation Fund
<u>ASSETS</u>	
Current assets:	
Cash and cash equivalents	\$ 429,283
Accounts receivable	61,997
Total Current Assets	491,280
Capital assets:	
Net Pension Asset	2,967
Land	-
Utility System	8,871,476
Furniture and Equipment	3,610
Construction in Progress	3,281,690
Less accumulated depreciation	(2,120,471)
Total capital assets	10,036,305
Total Assets	10,530,552
Deferred Outflows of Resources	15,773
<u>LIABILITIES</u>	
Current liabilities:	
Accounts payable	24,539
Accrued expenses	-
Customer deposits	26,055
Net Pension liability	-
Current portion of long-term debt	88,000
Total Current liabilities	138,594
Non-Current liabilities	
Bonds payable	2,437,000
Total Liabilities	2,575,594
<u>NET POSITION</u>	
Net Investment in Capital Assets	7,511,305
Restricted for debt service	141,228
Unrestricted	293,860
Total Net Position	\$ 7,946,393
Deferred Inflows of Resources	24,338

The accompanying notes are an integral part of the financial statements

CITY OF INGRAM, TEXAS
STATEMENT OF REVENUE, EXPENSES,
AND CHANGES IN NET POSITION – PROPRIETARY FUND
Year Ended September 30, 2023

	Business-type Activities Enterprise Fund
	Water, Sewer and Sanitation Fund
<u>Operating Revenues</u>	
Water, Sewer, and Sanitation	\$474,019
Miscellaneous	0
Total Operating Revenues	474,019
<u>Operating Expenses</u>	
Personnel Services	69,057
Wastewater Treatment	281,096
Contract Services & related exp	194,525
Equipment repairs and maintenance	21,704
Depreciation	214,910
Materials & supplies	14,793
Office expenses and administration	4,812
Total Operating Expenses	800,897
Operating Income	(326,878)
<u>Nonoperating Revenues</u>	
Grant Funds received	3,053,898
Interest Income	419
Interest expense	(54,453)
Total Nonoperating Revenues (Expenses)	2,999,864
Income Before Transfers	2,672,986
Transfers (Out)/In	171,782
Change in Net Position	2,844,768
Net Position - beginning	5,101,625
	0
Net Position - ending	7,946,393

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

CITY OF INGRAM, TEXAS
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
September 30, 2023

	Business-type Activities Enterprise Fund
	Water, Sewer and Sanitation Fund
<u>Cash Flows from Operating Activities</u>	
Cash received from customers	\$466,501
Cash paid to suppliers	(532,295)
Cash paid to employees	(49,092)
Net Cash Provided by Operating Activities	(114,886)
<u>Cash Flows from Noncapital Financing Activities</u>	
Transfer (out)/In - cash only	171,782
Net Cash used by Noncapital Financing Activities	171,782
<u>Cash Flows from Capital and Related Financing Activities</u>	
Grant funds received	3,053,898
Capital asset expenditures	(3,225,680)
Principal proceeds received	0
Principal paid	(88,000)
Interest paid	(54,453)
Net Cash Used by Capital and Related Financing Activities	(314,235)
<u>Cash Flows from Investing Activities</u>	
Decrease in invested cash	(971)
Interest received	419
Net Cash Provided by Investing Activities	(552)
Net Increase in Cash and Cash Equivalents	(257,891)
Cash and cash equivalents - beginning of year	687,174
Cash and cash equivalents - end of year	\$429,283
<u>Reconciliation of operating income to net cash provided by operating activities:</u>	
Operating income	(326,878)
Adjustments to reconcile operating loss to net cash provided by Operating Activities:	0
Depreciation expense	214,910
Increase in accounts receivable	(7,518)
Decrease in prepaid insurance	0
Increase in accounts payable	2,231
Decrease in accrued liabilities	0
Decrease in customer deposits	2,369
Total Adjustments	211,992
Net Cash Provided by Operating Activities	(\$114,886)

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

CITY OF INGRAM, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2023

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

A. REPORTING ENTITY

The City of Ingram, Texas (the City), was incorporated in June of 1981. The City operates under a Council form of government and has a mayor and five city council members that appoints a City Manager. The City provides such services as public safety (police and EMS), highways and streets, wastewater, public improvements, planning and zoning, judicial, general administrative and other services as are authorized by its code of ordinances and its citizens.

The City Council consists of a Mayor and five council members, constituting an ongoing entity and is the level of government which has governing responsibilities over all activities related to the City. The City is not included in any other government reporting entity. The Mayor and Council members are elected by the public and have decision making authority, the power to designate management, the responsibility to significantly influence operations and primary accountability for fiscal matters.

In evaluating the City's financial reporting entity, management has considered all potential component units. The decision to include a potential component unit was made set forth in GASB Statement No. 14. The component units discussed below have been included based on this criteria.

B. FINANCIAL REPORTING MODEL

In June 1999, the Governmental Accounting Standards Board (GASB) issued Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*. This statement known as the "Reporting Model" statement, affects the way the City prepares and presents financial information. State and local governments traditionally have used a financial reporting model substantially different from the one used to prepare private-sector financial reports.

GASB Statement No. 34 established new requirements and a new reporting model for the annual financial reports of state and local governments. The Statement was developed to make annual reports more useful to the people who use governmental financial information to make decisions.

CITY OF INGRAM, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2023

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. FINANCIAL REPORTING MODEL (Continued)

Management's Discussion and Analysis – GASB Statement No. 34 requires that financial statements be accompanied by a narrative introduction and analytical overview of the government's financial activities (MD&A). This analysis is similar to the analysis the private sector provides in the annual reports.

Government-wide Financial Statements – The reporting model includes financial statements prepared using full accrual accounting for all of the government's activities. This approach includes not just current assets and liabilities (such as cash and accounts payable) but also capital assets and long-term liabilities (such as buildings and general obligation debt). Accrual accounting also reports all of the revenues and costs of providing services each year, not just those received or paid in the current year or soon thereafter.

Statement of Net Position – The Statement of Net Position is designed to display the financial position of the primary government (government and business-type activities) and its discretely presented component units. Governments report all capital assets, including infrastructure, in the government-wide Statement of Net Position and report depreciation expense- the cost of "using up" capital assets – in the Statement of Activities. The net position of the government will be broken down in three categories – 1) net investment in capital assets; 2) restricted; and 3) unrestricted.

Statement of Activities – The government-wide statement of activities reports expenses and revenues in a format that focuses on the cost of each of the government's functions. The expense of individual functions is compared to the revenues generated directly by the function (for instance, through user charges or intergovernmental grants).

C. MEASUREMENT OF FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to claims and judgments, are recorded only when payment is due.

Property taxes, sales taxes, franchise taxes, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Fines and miscellaneous revenues are considered to be measurable and available only when cash is received by the City.

CITY OF INGRAM, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2023

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. FUND ACCOUNTING

The City reports the following major governmental fund:

General Fund – The general fund is the City’s primary operating fund. It is used to account for all financial resources of the general government except those required to be accounted for in another fund.

The City reports the following major proprietary fund:

Wastewater Fund – The wastewater fund accounts for the activities of the wastewater system, the sewage treatment plant, sewage pumping stations and collections systems.

Additionally, the government reports the following fund type:

Debt Service Fund – accounts for the servicing of general long-term debt not being financed by proprietary funds.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are following in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The City has elected not to follow subsequent private-sector guidance.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

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

Proprietary fund distinguishes operating revenues and expenses from nonoperating items. Operating revenues and expenses result from providing services and producing and delivering goods in connection with a proprietary fund’s principal ongoing operations. The principal operating revenues of the water and sewer enterprise funds are charges to customers for sales and services. The water and sewer funds also recognize as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the system. Operating expenses for the enterprise funds include the cost of sales and services, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

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

Pensions:

For purposes of measuring the net pension liability, pension related deferred outflows and inflows of resources, and pension expense, City specific information about its Fiduciary Net Position in the Texas Municipal Retirement System (TMRS) and additions to/deductions from the City’s Fiduciary Net Position have been determined on the same basis as they are reported by TMRS. For this

CITY OF INGRAM, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2023

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. Information regarding the City's Total Pension Liability is obtained from TMRS through a report prepared for the City by TMRS consulting actuary, Gabriel Roeder Smith & Company, in compliance with Governmental Accounting Standards Board (GASB) Statement No. 68, Accounting and Financial Reporting for Pensions.

Deferred Outflows/Inflows of Resources:

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City has the following items that qualify for reporting in this category.

- Deferred charges on refunding – A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.
- Pension contributions after measurement date – These contributions are deferred and recognized in the following fiscal year.
- Difference in projected and actual earnings on pension assets – This difference is deferred and amortized over a closed five year period.
- Difference in expected and actual pension experience – This difference is deferred and recognized over the estimated average remaining lives of all members determined as of the measurement date. In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statements element, deferred inflows or resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City has only one type of item, which arises only under a modified accrual basis of accounting that qualifies for reporting in this category. Accordingly, this item is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from two sources: property taxes and municipal court fines. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

CITY OF INGRAM, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2023

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. ASSETS, LIABILITIES, AND NET POSITION

a. Deposits and Investments

The City's cash and cash equivalents for purposes of reporting cash flows of the proprietary fund consist of cash on hand and demand deposits.

State statutes authorize the City to invest in obligations of the United States or its agencies and instrumentalities and state or local governments, fully insured certificates of deposit, commercial paper, guaranteed investment contracts, repurchase agreement, and certain governmental investment pools. The City's local investment policy limits the City to invest in obligations of the United States or its agencies and instrumentalities, fully insured certificates of deposit, fully collateralized repurchase agreements by obligations of the United States or its agencies and instrumentalities, money market mutual funds, and local government investment pools.

b. Receivables and Payables

Activities between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" or "advances to/from other funds." All other outstanding balances between funds are reported as "due to/from other funds."

All accounts receivables are shown net of an allowance for uncollectibles.

c. Restricted Assets

Certain resources of the City's enterprise fund are set aside for the repayment of its revenue bonds and are classified as restricted assets on the balance sheet because their use is limited by applicable bond covenants.

d. Capital Assets

Capital assets, which include land, buildings and improvement, machinery and equipment, infrastructure, and water and sewer facilities are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. The City has elected not to report major general infrastructure assets retroactively as permitted by GASB Statement No. 34 for smaller governments. The City will report newly acquired or constructed general infrastructure assets subsequent to October 1, 2003 in the statement of net assets in the period they acquire or construct those assets. Capital assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

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

CITY OF INGRAM, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2023

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. ASSETS, LIABILITIES, AND NET POSITION (Continued)

d. Capital Assets (Continued)

Capital assets of the City are depreciated using the straight line method over the following estimated useful lives:

Assets	Years
Buildings and improvements	20-40
Pool and park improvements	10-15
Machinery and equipment	5-10
Water system	10-40
Sewer system	15-40
Software	3-5

e. General Obligation Enterprise Bonds

The Enterprise Fund provides the annual debt service requirements on certain obligations enterprise bonds (not secured by system revenues) issued to finance system improvements. Accordingly, these obligations have been recorded on the balance sheet of the Enterprise Fund.

f. Compensated Absences

The City accrues a liability for compensated absences which meet the following criteria:

- (a) The City's obligation relating to employees' rights to receive compensation for future absences is attributable to the employees' services already rendered.
- (b) The obligation relates to rights that vest or accumulate.
- (c) Payment of the compensation is probable.
- (d) The amount can be reasonably estimated.

In accordance with the above criteria, the City has accrued a liability for vacation pay which has been earned but not taken by employees. As of the balance sheet date, the City expected that all of the liability for accrued vacation would be liquidated with expendable resources. Therefore, the liability for accrued vacation and sick leave is reflected as a current liability in the financial statements for the year ended September 30, 2019.

g. Fund Equity

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

h. Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the

CITY OF INGRAM, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2023

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. ASSETS, LIABILITIES, AND NET POSITION (Continued)

h. Estimates (continued)

date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. BUDGETARY INFORMATION

The City Council follows these procedures in establishing the budgetary data reflected in the financial statements.

Prior to August 1 of each fiscal year, the Mayor submits to the City Council a proposed budget for the fiscal year beginning on the following October 1. The operating budget includes proposed expenditures and the means of financing them for the upcoming year, along with estimates for the current year and actual data from the preceding year.

Public hearings are conducted to obtain taxpayer comments. Prior to September 30, the budget is legally enacted through passage by majority vote of the City Council. The Council may authorize supplemental appropriations during the year.

The final amended budget is used in the report. Unused appropriations lapse at the end of the year unless carried forward to the next year by Council action. No encumbrances are recognized or recorded. The operating budget includes proposed expenditures for the General Fund. The City adopted the current year budget on a line item basis.

Receivables as of September 30, 2023 including allowance for uncollectible amounts were as follows:

	General	Water and Sewer
Receivables:		
Property Taxes	\$47,760	\$0
Accounts and other receivables	0	61,997
Less: allowance for uncollectibles	0	0
Sales Tax	56,837	0
Franchise fees	0	
Net total receivables	<u>\$104,597</u>	<u>\$61,997</u>

CITY OF INGRAM, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2023

3. DETAILED NOTES ON ALL FUNDS (Continued)

D. CAPITAL ASSETS

Changes in capital assets during the year ended September 30, 2023, were as follows:

	Beginning Balance	Increase	(Decrease)	Ending Balance
Governmental Activities				
Capital assets, not being depreciated:				
Construction in progress	-	79,800	-	79,800
Land	69,482	77,657		147,139
Total capital assets, not being depreciated	69,482	157,457	0	226,939
Capital assets, being depreciated:				
Buildings and Improvements	283,356	0		283,356
Infrastructure	532,428	-		532,428
Vehicles	555,050			555,050
Furniture & Equipment	472,193	74,526		546,719
Total capital assets, being depreciated	1,843,027	74,526	0	1,917,553
Less accumulated depreciation	(1,127,886)	(42,573)	0	(1,170,459)
Total capital assets, being depreciated net	715,141	31,953	0	747,094
Governmental capital assets, net	784,623	189,410	0	974,033

	Beginning Balance	Increase	(Decrease)	Ending Balance
Business-type activities				
Land	-			
Total capital assets, not being depreciated	-	-		
Capital assets, being depreciated:				
Water & Wastewater System	8,699,694	171,782		8,871,476
Furniture and Equipment	3,610	-		3,610
Construction in progress	227,792	3,053,898	-	3,281,690
Less accumulated depreciation	(1,905,561)	(214,910)		(2,120,471)
Total capital assets, being depreciated	7,025,535	2,838,988	-	10,036,303
Business-type capital assets, net	7,025,535	2,838,988	-	10,036,303

CITY OF INGRAM, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2023

3. DETAILED NOTES ON ALL FUNDS (Continued)

D. CAPITAL ASSETS (Continued)

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

Governmental activities:		
General Government		3,393
Public Safety		35,365
Public Works		3,815
		<u>\$0</u>
Total depreciation expense - governmental activities		<u>\$42,573</u>
Business-type activities:		
Water, sewer and sanitation		\$214,910
Total depreciation expense - business-type activities		<u>\$214,910</u>

E. LONG-TERM DEBT

The following is a summary of long-term debt transactions in the general fund and business-type activities for the year ended September 30, 2023:

	Governmental- Type Activities
Note payable, 8% interest, maturing in monthly installments Of \$971, matures December 2031 secured by land	\$70,926
Note payable, 3.25% interest, maturing in 5 annual installments of \$8,339, matures January 2025, secured by equipment	15,193
Total Debt	<u>\$86,119</u>
	Business-Type Activities
Combination Tax and Revenue Certificates of Obligation, Series 2009, no interest maturing in annual installments of \$27,000 to \$28,000 through February 2040.	442,000
Combination Tax and Revenue Certificates of Obligation, Series 2011, 1.875% interest maturing in annual installments of \$36,482 to \$61,577 through 2051	1,043,000
Combination Tax and Revenue Certificates of Obligation, Series 2013, 0% to 2% maturing in annual installments of \$16,642 to \$21,468, through 2023	-
Combination Tax and Revenue Certificates of Obligation Series 2014, 1.875% interest maturing in annual installments of \$20,000 to \$85,000 through 2043.	1,040,000
	-
Total Debt	<u>\$2,525,000</u>

CITY OF INGRAM, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2023

3. DETAILED NOTES ON ALL FUNDS (Continued)

E. LONG-TERM DEBT (Continued)

Long-term debt for business-type activities at September 30, 2023 consists of the following:

Fiscal Year Fiscal Year Ending September 30, 2023	Principal	Interest	Total
2024	14,081	5,917	19,998
2025	14,857	5,140	19,997
2026	14,903	5,094	19,997
2027	14,957	5,040	19,997
Thereafter	27,321	5,607	32,928
Total	\$86,119	\$26,798	\$112,917

The annual requirements to amortize the long term debt outstanding in the business-type activities as of September 30, 2023, are as follows:

Long-term debt for governmental activities at September 30, 2023 consists of the following:

Fiscal Year Ending September 30, 2023	Principal	Interest	Total
2024	88,000	53,228	141,228
2025	89,000	51,779	140,779
2026	90,000	50,300	140,300
2027	91,000	48,751	139,751
2028			
Thereafter	2,167,000	533,061	2,700,061
Total	2,525,000	737,119	3,262,119

	Amounts Outstanding 10/1/22	Additions	Retirements	Amounts Outstanding 9/30/2023	Current Portion
General Fund:					
General Obligation					
Note Payable-Land	76,315	0	5,389	70,926	5,754
Note Payable- Equipment	23,155	-	7,962	15,193	8,327
					-
Long-term liabilities	99,470	-	13,351	86,119	14,081

CITY OF INGRAM, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2023

3. DETAILED NOTES ON ALL FUNDS (Continued)

E. LONG-TERM DEBT (Continued)

The following is a summary of long term debt transactions in the governmental activities for the year ending September 30, 2023:

Long term debt for governmental activities as September 30, 2023 consists of the following:

Payee and Terms

Utility Fund:					
Bonds Payable 2009	470,000	-	28,000	442,000	28,000
Bonds Payable 2011	1,062,000	-	19,000	1,043,000	30,000
Bonds Payable 2013	20,000		20,000	-	-
Bonds Payable 2014	1,060,000	-	20,000	1,040,000	30,000
Long-term liabilities	<u>2,612,000</u>	<u>-</u>	<u>87,000</u>	<u>2,525,000</u>	<u>88,000</u>

3. DETAILED NOTES ON ALL FUNDS (Continued)

4. OTHER INFORMATION

A. RISK MANAGEMENT

The City is exposed to various risks of loss related to torts, theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City has joined together with other governments in the State of Texas to form the Texas Municipal League Intergovernmental Risk Pool (the Pool), a public entity risk pool currently operating as a common risk management and insurance program for liability, property, and workmen's compensation coverage. The City pays a quarterly contribution to the Pool for its insurance coverage. The agreement for formation of the Pool provides that the Pool will be self-sustaining through member contributions and will reinsure through commercial companies for claims in excess of specific limits.

The City has experienced no significant reductions in coverage through the Pool over the past year. There have been no insurance settlements exceeding Pool coverage for any of the last three years.

CITY OF INGRAM, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2022

4. OTHER INFORMATION (Continued)

Contingencies The City is a party in various lawsuits. Although the outcome of these lawsuits is not presently determinable, it is the opinion of the City's management that the resolution of these matters will not have a material adverse effect on the financial condition of the City. COVID-19 In early 2020, the COVID-19 virus caused a global pandemic which resulted in an overall decline in economic activity which has persisted into 2022. Although it is reasonably possible that the virus could have a negative effect on the City's future operations, the specific impact is not readily determinable as of the date of these financial statements. Accordingly, the financial statements as of and for the year ended September 30, 2022 have not been adjusted to reflect the impact that may result from the outcome of this uncertainty.

F. PENSION PLAN

Plan Description

The City of Ingram participates as one of 860 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 comprehensive annual report (CAFR) that can be obtained at www.tmr.com.

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

B. 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 payment options. Members may also choose to receive a portion of their benefit as a Partial Lump Sum Distribution in an amount equal to 12, 24 or 36 monthly payments, which cannot exceed 75% of the member's deposits and interest.

CITY OF INGRAM, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2023

III. DETAILED NOTES ON ALL FUNDS (Continued)

I. PENSION PLAN (Continued)

Employees covered by benefit terms.

At the December 31, 2021 valuation and measurement date, the following employees were covered by the benefit terms.

Inactive employees or beneficiaries currently receiving benefits	14
Inactive employees entitled to but not yet receiving benefits	29
Active employees	<u>8</u>
Total	51

C. Contributions

The contribution rate for the employees in TMRS is 5%, 6% and 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 annually determined 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 Ingram were required to contribute 5% of their annual gross earnings during the fiscal year. The contribution rates for the City of Ingram were 5% and 5% in calendar years 2022 and 2021 respectively. The city's contributions to TMRS for the year ended September 30, 2023 were 43,319, and were equal to the required contributions.

D. Net Pension asset

The city's Net Pension asset (NPA) was measured as of December 31, 2022, and the Total Pension asset (TPA) used to calculate the Net Pension Asset was determined by an actuarial valuation as of that date.

Actuarial assumptions:

The Total Pension Asset in the December 31, 2021 actuarial valuation was determined using the following actuarial assumptions:

Inflation 2.5% per year

Overall payroll growth 3.5-10.5% per year

Investment Rate of Return 6.75% net of pension plan investment expense, including inflation

**CITY OF INGRAM, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)**

III. DETAILED NOTES ON ALL FUNDS (Continued)

Salary increases were based on a service-related table. Mortality rates for active members, retirees, and beneficiaries were based on the gender-distinct RP2000 Combined Healthy Mortality Table, with male rates multiplied by 109% and female rates multiplied by 103%. The rates are projected on a fully generational basis by scale BB o account for future mortality improvements. For disabled annuitants, the gender-distinct RP2000 Disabled Retiree Mortality Table is used, with slight adjustments.

Actuarial assumptions used in the December 31, 2021, valuation were based on the results of actuarial experience studies. The experience study in TMRS was for the period January 1, 2010 through December 31, 2014, first used in the December 31, 2017 valuation. Healthy post-retirement mortality rates and annuity purchase rates were updated based on a Mortality Experience Investigation Study covering 2009 through 2011, and dated December 31, 2013. These assumptions were first used in the December 31, 2013 valuation, along with a change to the Entry Age Normal (EAN) actuarial cost method. Assumptions are reviewed annually. No additional changes were made for the 2020 valuation.

The long-term expected rate of return on pension plan investments is 6.75%. The pension plan's policy in regard to the allocation of invested assets is established and may be amended by the TMRS Board of Trustees. Plan assets are managed on a total return basis with an emphasis on both capital appreciation as well as the production of income, in order to satisfy the short-term and long-term funding needs of TMRS.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset class	Target allocation	Long-Term Expected Real Rate of Return (Arithmetic)
Domestic Equity	17.5%	4.80%
International Equity	17.5%	6.05%
Core Fixed Income	30.0%	1.50%
Non-Core Fixed Income	10.0%	3.50%
Real Return	5.0%	1.75%
Real Estate	10.0%	5.25%
Absolute Return	5.0%	4.25%
Private Equity	5.0%	8.50%
Total	100.0%	

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.

CITY OF INGRAM, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)

III. DETAILED NOTES ON ALL FUNDS (Continued)

I. PENSION PLAN (Continued)

City of Ingram
Schedule of Changes in Net Pension Liability and Related Ratios
Current Period

A. Total pension liability	
1. Service Cost	59,831
2. Interest (on the Total Pension Liability)	64,048
3. Changes of benefit terms	-
4. Difference between expected and actual experience	(43,245)
5. Changes of assumptions	-
6. Benefit payments, including refunds of employee contributions	(61,863)
7. Net change in total pension liability	\$ 18,771
8. Total pension liability - beginning	949,878
9. Total pension liability - ending	968,649
B. Plan fiduciary net position	
1. Contributions - employer	43,319
2. Contributions - employee	26,687
3. Net investment income	(78,072)
4. Benefit payments, including refunds of employee contributions	(61,863)
5. Administrative Expense	(676)
6. Other	807
7. Net change in plan fiduciary net position	\$ (69,798)
8. Plan fiduciary net position - beginning	1,070,224
9. Plan fiduciary net position - ending	1,000,426
C. Net pension liability [A.9-B.9]	(31,777)
D. Plan fiduciary net position as a percentage of the total pension liability [B.9 / A.9]	103.28%
E. Covered-employee payroll	\$ 533,731
F. Net pension liability as a percentage of covered employee payroll [C / E]	-5.95%

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	\$86,494	\$(31,777)	\$(128,167)

Pension Plan Fiduciary Net Position

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

CITY OF INGRAM, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)

III. DETAILED NOTES ON ALL FUNDS (Continued)

I. PENSION PLAN (Continued)

CITY OF INGRAM
SCHEDULE OF PENSION EXPENSE
SEPTEMBER 30, 2023

1. Total Service Cost	\$ 59,831
2. Interest on the Total Pension Liability	64,048
3. Current Period Benefit Changes	-
4. Employee Contributions (Reduction of Expense)	(26,687)
5. Projected Earnings on Plan Investments (Reduction of Expense)	(72,240)
6. Administrative Expense	676
7. Other Changes in Fiduciary Net Position	(807)
8. Recognition of Current Year Outflow (Inflow) of Resources - Liabilities	(18,885)
9. Recognition of Current Year Outflow (Inflow) of Resources - Assets	30,063
10. Amortization of Prior Year Outflows (Inflows) of Resources - Liabilities	(42,514)
11. Amortization of Prior Year Outflows (Inflows) of Resources - Assets	(11,410)
12. Total Pension Expense	<u>\$ (17,925)</u>

CITY OF INGRAM
SCHEDULE OF OUTFLOWS AND INFLOWS - CURRENT AND FUTURE EXPENSE
SEPTEMBER 30, 2023

A.	Recognition Period (or amortization yrs)	Total (Inflow) or Outflow of Resources	2022 Recognized in current pension expense	Deferred (Inflow) Outflow in future expense
<u>Due to Liabilities:</u>				
Difference in expected and actual experience [actuarial (gains) or losses]	2.2900	\$ (43,245)	\$ (18,885)	\$ (24,360)
Difference in assumption changes [actuarial (gains) or losses]	2.2900	\$ -	\$ -	\$ -
			<u>\$ (18,885)</u>	<u>\$ (24,360)</u>
<u>Due to Assets:</u>				
Difference in projected and actual earnings on pension plan investments [actuarial (gains) or losses]	5.0000	\$ 150,312	\$ 30,063	\$ 120,249
			<u>\$ 30,063</u>	<u>\$ 120,249</u>
<u>Total:</u>				<u>\$ 95,889</u>

B. Deferred Outflows and Deferred Inflows of Resources, by year, to be recognized in future pension expense as follows:

	Net deferred outflows (inflows) of resources
2023	\$ (45,814)
2024	(1,681)
2025	18,063
2026	30,060
2027	-
Thereafter	-
Total	\$ 628

Subsequent Events/Pending Litigation - No items of audit significance or audit materiality noted.

CITY OF INGRAM, TEXAS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
NET ASSETS – BUDGET TO ACTUAL – GENERAL FUND
For the year ended September 30, 2023

	Original	Final	Actual Amounts	Variance with Final Budget
<u>Revenues</u>				
Ad valorem tax	\$457,097	\$457,097	\$554,811	\$97,714
Sales & Mixed Beverage tax	757,491	757,491	831,793	74,302
Franchise fees	85,000	85,000	91,744	6,744
Fine and forfeitures	27,200	27,200	42,792	15,592
Miscellaneous income	7,400	7,400	20,387	12,987
Licenses and permits	8,100	8,100	22,427	14,327
Hotel Occupancy tax	-	-	14,937	14,937
Interest income	1,200	1,200	1,482	282
Grant income	229,202	229,202	229,655	453
Donations	1,200	1,200	-	(1,200)
	-	-	-	-
	-	-	-	-
Total Revenue	\$1,573,890	\$1,573,890	1,810,028	\$236,138
<u>Expenditures</u>				
Current:				
General government	370,212	370,212	581,964	(211,752)
Public Safety	656,580	656,580	634,326	22,254
Court Expenses	75,029	75,029	85,688	(10,659)
Public Works	302,420	302,420	297,009	5,411
Hotel & Tourism	-	-	0	-
Debt Service:	151,621	151,621	-	151,621
Principal	-	-	13,351	(13,351)
Interest and fiscal charges	-	-	6,646	(6,646)
Capital Outlay:	-	-	152,183	(152,183)
Total Expenditures	1,555,862	1,555,862	1,771,167	(215,305)
Excess (Deficiency) of Revenues Over Expenditures:	18,028	18,028	38,861	20,833
Other Financing Sources (Uses):				
Loan Proceeds	-	-	-	-
Transfers in	-	-	-	-
Transfers out	-	-	(171,782)	(171,782)
Total Other Financing Sources (Uses)	-	-	(171,782)	-
Net Change in Fund Balance	18,028	18,028	(132,921)	\$20,833
Fund Balances - beginning of year	1,150,207	1,150,207	1,150,207	-
Fund Balances - end of year	\$1,168,235	\$1,168,235	\$1,017,286	\$20,833

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

CITY OF INGRAM, TEXAS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
NET ASSETS – BUDGET TO ACTUAL
For the year ended September 30, 2023

	Budgeted Amounts		Actual Amounts	Variance with Final Budget -
	Original	Final		
<u>Operating Revenues</u>				
Wastewater usage	250,000	250,000	\$461,894	211,894
M&O fees	40,000	40,000	-	(40,000)
Admin fees	25,000	25,000	-	(25,000)
CIP/DS Revenue	22,000	22,000	220	(21,780)
Debt Service revenue	40,000	40,000	-	(40,000)
System access fees	10,000	10,000	6,380	(3,620)
Tap Fees	5,000	5,000	4,900	(100)
Interest income	200	200	419	219
service access fees	1,500	1,500	625	(875)
late fees	4,500	4,500	-	(4,500)
disconnect fees & miscellaneous	800	800	-	(800)
Total Operating Revenues	399,000	399,000	474,438	75,438
<u>Operating Expenses</u>				
Wastewater Treatment	300,000	300,000	281,096	18,904
Personnel expenses	70,035	70,035	69,057	978
Contracts and related expenses	21,000	21,000	194,525	(173,525)
Equipment repairs & maintenance	22,000	22,000	21,704	296
Office expenses & Administration	12,960	12,960	4,812	8,148
Depreciation/Capital outlay	210,000	210,000	214,910	(4,910)
Materials and Supplies	-	-	14,793	(14,793)
Total Operating Expenses	635,995	635,995	800,897	(164,902)
Operating Income	(236,995)	(236,995)	(326,459)	89,464
Nonoperating Revenues (Expenses)				
Grant income	-	-	3,053,898	3,053,898
Interest expense/Debt service	-	-	(54,453)	(54,453)
Total nonoperating revenues (expenses)	-	-	2,999,445	2,999,445
Excess (Deficiency) of Revenues				
Over Expenditures:	(236,995)	(236,995)	2,672,986	2,909,981
Other Financing Sources (Uses):				
Transfers in	-	-	171,782	
Transfers out	(158,508)	(158,508)	-	158,508
Total Other Financing Sources (Uses)	(158,508)	(158,508)	171,782	330,290
Net Change in Fund Balance	(395,503)	(395,503)	2,844,768	3,240,271
Fund Balances - beginning of year	5,101,625	5,101,625	5,101,625	
Prior period adjustment				
Fund Balances - end of year	4,706,122	4,706,122	7,946,393	3,240,271

City of Ingram, Texas
Note to Statement of Revenues, Expenditures and
Changes in Fund Balance-Budget and Actual-
General Fund

For the Year Ended September 30, 2023

1. Budgetary Highlights

The City's original budget was not amended during the year ended September 30, 2023.

The City's overall actual revenue was \$1,810,028 or \$236,138 more than budgeted. This was primarily generated from more than expected revenues in Sales Taxes and Grant Revenue. The City's overall actual expenses were \$1,771,167 or \$215,306 more than budgeted.

The City's overall enterprise fund actual revenue was \$474,438 or \$75,438 more than budgeted. This was primarily due to more wastewater usage revenues. The City's overall enterprise fund expenses were \$326,459 or \$89,464 more than budgeted. The increases in proprietary fund expenses were primarily in small increases in every category.

City of Ingram

Table of Changes in Net Pension Liability and Related

Last ten years (will ultimately be displayed)

A.	Total pension liability	2014	2015	2016	2017	2018	2019	2020	2021	2022
	1. Service Cost	42,719	47,356	47,099	48,561	49,265	64,587	65,547	64,066	59,831
2.	Interest (on the Total Pension Liability)	43,673	48,808	50,148	52,165	54,662	61,419	65,938	66,083	64,048
	3. Changes of benefit terms	13,491	(26,196)	(2,822)	-	-	(9,351)	-	-	-
	Difference between expected and actual experience	-	24,671	-	(781)	(311)	6,015	(57,815)	(86,657)	(43,245)
	5. Changes of assumptions	(20,960)	(36,729)	-	-	-	43,333	-	-	-
6.	Benefit payments, including refunds on contributions	-	-	(60,915)	(69,637)	(56,994)	(52,001)	(60,412)	(81,162)	(61,863)
7.	Net change in total pension liability	78,923	\$ 57,910	33,510	30,308	46,622	114,002	13,258	(37,670)	18,771
8.	Total pension liability - beginning	613,015	691,938	749,848	783,358	813,666	860,288	974,290	987,548	949,878
9.	Total pension liability - ending	691,938	749,848	783,358	813,666	860,288	974,290	987,548	949,878	968,649
B.	Plan fiduciary net position									
	1. Contributions - employer	23,322	25,622	25,590	30,708	28,738	32,238	48,573	45,564	43,319
	2. Contributions - employee	23,724	24,951	23,549	25,435	25,342	28,081	29,367	28,729	26,687
	3. Net investment income	33,522	952	44,583	95,902	(23,177)	115,514	66,073	124,360	(78,072)
4.	Benefit payments, including refunds on contributions	(20,960)	(36,729)	(60,915)	(69,637)	(56,994)	(52,001)	(60,412)	(81,162)	(61,863)
	5. Administrative Expense	(350)	(580)	(503)	(498)	(448)	(653)	(427)	(575)	(676)
	6. Other	(29)	(29)	(27)	(25)	(23)	(19)	(17)	2	807
7.	Net change in plan fiduciary net position	59,229	\$ 14,187	32,277	81,885	(26,562)	123,160	83,157	116,918	(69,798)
8.	Plan fiduciary net position - beginning	585,973	645,202	659,389	691,666	773,551	746,989	870,149	953,306	1,070,224
9.	Plan fiduciary net position - ending	645,202	659,389	691,666	773,551	746,989	870,149	953,306	1,070,224	1,000,426
C.	Net pension liability [A.9-B.9]	46,736	90,459	91,692	40,115	113,299	104,141	34,242	(120,346)	(31,777)
D.	Net pension liability as a percentage of the total pension liability [B.9 / A.9]	1	87.90%	88.30%	95.10%	86.80%	89.30%	96.53%	112.67%	103.28%
E.	Covered-employee payroll	474,489	\$ 499,012	470,985	507,959	506,843	586,672	587,340	574,580	533,731
F.	Net pension liability as a percentage of covered employee payroll [C / E]	9.85%	18.13%	19.47%	7.90%	22.35%	17.75%	5.83%	-20.95%	-5.95%

**City of Ingram
Schedule of Contributions
Last 10 Fiscal Years (will ultimately be displayed)
September 30, 2023**

	2014	2015	2016	2017	2018	2019	2020	2021	2022
Actually Determined Contribution	\$ 24,733	\$25,590	\$25,590	\$28,757	31,291	\$43,413	\$48,573	\$45,564	\$ 43,319
Contributions in relation to the actually determined contribution	<u>25,622</u>	<u>26,154</u>	<u>26,154</u>	<u>28,757</u>	<u>31,291</u>	<u>43,413</u>	<u>48,573</u>	<u>45,564</u>	<u>43,319</u>
	-	-	-	-	-	-	-	-	-
Contribution deficiency (Excess)	(889)	564	564	-	-	-	-	-	-
Covered employee payroll	499,012	470,985	470,985	509,868	548,167	586,672	587,340	574,580	533,731
Contributions as a percentage of employee payroll	5.13%	5.55%	5.55%	5.64%	5.71%	7.40%	8.27%	7.93%	-5.95%

Actuarial Information

2017

Actuarial cost method	Entry Age Normal
Amortization method	Level percent of payroll
Amortization period	25 years-closed period
Amortization period for new Gains/Losses	15 years
Asset valuation method	10 year smoothed market 15% soft corridor
Actuarial assumptions	
Investment return	6.75%
Projected salary increases	Varies by age and service
Inflation	3%
Cost-of-living Adjustments	0%

SINGLE AUDIT ACT REQUIREMENTS

**CITY OF INGRAM
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED SEPTEMBER 30, 2023**

Federal Grantor Pass Through Grantor Program Title	Federal AL Number	Project Number	Disbursements
United States Department of Agriculture Water and Waste Disposal Systems for Rural Communities	10.760	17101	\$3,053,898
TOTAL FEDERAL AWARDS			\$3,053,898

CITY OF INGRAM
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the year ended September 30, 2023

NOTE A BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of City of Ingram (the "City") under programs of the federal government for the year ended September 30, 2023. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the City, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the City.

NOTE B SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

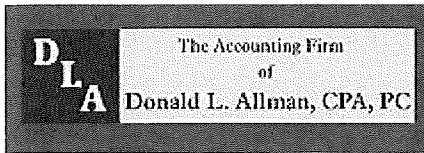
Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

NOTE C INDIRECT COST RATE

The City has elected not to use 10% de minimis indirect cost rate as allowed under the Uniform Guidance.

NOTE D FEDERAL AWARDS PASSED THROUGH TO SUBRECIPIENTS

Federal awards are passed through to subrecipients through the State of Texas and then to the City of Ingram.



Donald L Allman, CPA, PC
4749 Williams Drive., Ste. 322
Georgetown, Texas 78633
Email: dallman@donallmancpa.com

CERTIFIED PUBLIC ACCOUNTANT

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To the City Council
City of Ingram, Texas

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 City of Ingram, Texas, as of and for the year ended September 30, 2023 and the related notes to the financial statements, which collectively comprise City of Ingram, Texas's basic financial statements, and have issued our report thereon dated September 23, 2025

Report on Internal Control over Financial Reporting

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements, on a timely basis. A *material weakness* is a deficiency, or 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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

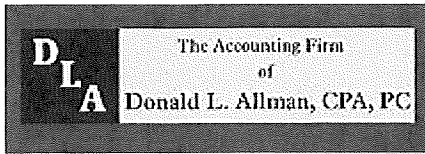
As part of obtaining reasonable assurance about whether City of Ingram, Texas' financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and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

Purpose of This Report

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

Donald L. Allman, CPA, PC

Georgetown, Texas
September 23, 2025



Donald L Allman, CPA, PC
4749 Williams Drive., Ste. 322
Georgetown, Texas 78633
Email: dallman@donallmancpa.com

CERTIFIED PUBLIC ACCOUNTANT

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

To the City Council
City of Ingram, Texas

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

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

In our opinion, City of Ingram, Texas complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2022.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance).¹ Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of City of Ingram, Texas and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of City of Ingram, Texas's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding City of Ingram, Texas's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of City of Ingram, Texas's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of City of Ingram, Texas's internal control over compliance. Accordingly, no such opinion is expressed.

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

Report on Internal Control over Compliance

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

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

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

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

Donald L. Allman, CPA, PC



Georgetown TX
September 23, 2025

**CITY OF INGRAM
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED SEPTEMBER 30, 2023**

I. SUMMARY OF AUDITORS' RESULTS

Financial Statements

Type of auditors' report issued: Unmodified

Internal control over financial reporting:

• Material weakness(es) identified? No

Significant deficiencies identified not considered to be material weaknesses? • None Reported

Noncompliance material to the financial statements noted? No

Federal Awards

Internal control over major programs:

• Material weakness(es) identified? No

Significant deficiencies identified not considered to be material weaknesses? • None Reported

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

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?
No

Identification of major programs:

AL #	Federal Program Title – U.S. Department of Agriculture
10.760	Water and Waste Disposal Systems for Rural Communities

Dollar Threshold to identify Type A and Type B programs? \$750,000

Auditee qualified as low-risk auditee? No

CITY OF INGRAM
SCHEDULE OF FINDINGS AND QUESTIONED COSTS - CONTINUED FOR THE YEAR ENDED
SEPTEMBER 30, 2023

A. Financial Statement Findings

2023-1 General Accounting Procedures

Condition: There were material errors in the General Fund and Proprietary fund trial balance prepared by the previous administration. The General Fund and Enterprise Fund balance sheets and profit & loss statements were incomplete and did not contain all activity for the fiscal year ended September 30, 2023. The current administration had to recreate the balance sheet and income statement information from the bank statements.

Criteria: Internal control procedures should be in place to assure that the best accounting reports and records are available to enable the council to have accurate financial information for decision making and budgeting purposes.

Effect: Incorrect internal financial statements inhibit the budgetary process and do not allow the City Council to make informed decisions regarding the City's correct current position.

Cause: Enterprise Fund and General Fund financial statements were incomplete and did not contain 12 months of information.

Recommendation: The City of Ingram needs to ensure the most accurate accounting information is used to prepare internal financial statements.

City's response: The city administrator will ensure the most accurate accounting information is used to prepare internal financial statements.

CITY OF INGRAM
SCHEDULE OF FINDINGS AND QUESTIONED COSTS - CONTINUED
FOR THE YEAR ENDED SEPTEMBER 30, 2023

2023-2 The 2023 audit was not filed timely, it was completed almost a year and 3 months late.

Condition: The 2023 audit was not filed on time, it was completed a year and 3 months late.

Criteria: The 2023 audit was due by June 30, 2024.

Effect: Grant funds could be in jeopardy due to late filing of audit reports.

Cause: There have been 3 changes in personnel for the City Secretary and accounting position since 2023 and previous administrations did not get the audit completed.

Recommendation: The City of Ingram needs to ensure the audit is completed timely

City's response: The current City Secretary got the information to complete the 2023 audit, and is working on the 2024 audit, which is also late due to the previous personnel problems, and will get the 2025 audit filed timely.

CITY OF INGRAM
SCHEDULE OF PRIOR YEAR FINDINGS
FOR THE YEAR ENDED SEPTEMBER 30, 2023

None

CITY OF INGRAM
CORRECTIVE ACTION PLAN
FOR THE YEAR ENDED SEPTEMBER 30, 2023

The City Administrator will ensure the most accurate accounting information is used so the city council will have accurate and up to date information to assist in making decisions for the City.

The City Administrator will ensure audit reports are filed imely.

